IMPORTANT NOTICE

NOT TO BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON.

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER QIBS OR NON-U.S. PERSONS OUTSIDE THE UNITED STATES (EACH AS DEFINED BELOW).

IF YOU DO NOT AGREE TO THE TERMS AND CONDITIONS CONTAINED IN THIS NOTICE YOU SHOULD NOT READ THE ATTACHED OFFERING CIRCULAR AND SHOULD DELETE THIS ELECTRONIC TRANSMISSION.

IMPORTANT: You must read the following before continuing. The following disclaimers apply to the attached offering circular (the "Offering Circular"), and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. If you are not the intended recipient, please notify us immediately and delete this electronic transmission and the Offering Circular from your system. You agree you will not forward this electronic transmission or the Offering Circular to any other person.

Attached for your information is a copy of the Offering Circular in connection with the proposed offering outside Japan of certain securities (the "Securities") of the initial purchasers set forth in the Offering Circular (the "Initial Purchasers").

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS UNLAWFUL. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR IS PERSONAL TO YOU, IS CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS REQUIREMENT MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS ELECTRONIC TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED TO AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Please refer to additional restrictions in the section entitled "Plan of Distribution—Selling Restrictions" in the Offering Circular.

By receiving and accepting this electronic transmission and accessing the Offering Circular, you will be deemed to have represented to us that you agree to comply with the restrictions set forth in this notice and in the Offering Circular.

Confirmation of Your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Securities, investors must either be Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or non-U.S. persons outside of the United States (within the meaning of Regulation S under the Securities Act). You have been sent the Offering Circular on the basis that you have confirmed that (a) you and any customers you represent are either QIBs or non-U.S. persons outside of the United States and the electronic mail address that you have given to us and to which this electronic transmission has been delivered is not located in the United States and (b) you consent to delivery of the Offering Circular by electronic transmission.

Notice to Prospective Investors in the European Economic Area

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular is being distributed only to, and are directed only at (i) persons who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order, or (iii) persons outside the UK (which persons together are referred to as "relevant persons"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This Offering Circular must not be acted on or relied on in the UK by persons who are not relevant persons. In the UK, any investment or investment activity to which this Offering Circular relates are only available to, and will be engaged in with, relevant persons only.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of the Initial Purchasers, nor any person who controls them nor any director, officer, employee or agent of it, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in the Offering Circular and such persons do not accept responsibility or liability for any such information or opinions.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Initial Purchasers nor any person who controls any of them nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SoftBank

SoftBank Corp.

$500,000,000 4.699% Senior Notes due 2030
$500,000,000 5.332% Senior Notes due 2035

SoftBank Corp. (the "Company"), a joint stock corporation incorporated under the laws of Japan, proposes to issue an aggregate principal amount of $500,000,000 of senior notes due 2030 denominated in U.S. dollars (the "2030 Notes") and an aggregate principal amount of $500,000,000 of senior notes due 2035 denominated in U.S. dollars (the "2035 Notes" and, together with the 2030 Notes, the "Notes"). The 2030 Notes will bear interest at the rate of 4.699% per year and the 2035 Notes will bear interest at the rate of 5.332% per year. Interest on the Notes is payable on January 9 and July 9 of each year, beginning on January 9, 2026. The 2030 Notes will mature on July 9, 2030 and the 2035 Notes will mature on July 9, 2035.

The Notes will be the Company's direct, unsecured and unsubordinated general obligations and will rank equally and *pari passu* with all of the Company's other unsubordinated indebtedness (except for statutorily preferred obligations), from time to time outstanding, that is unsecured, and without any preference among themselves.

The Notes will be issued only in registered form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.

Each series of the Notes is subject to redemption, at the Company's option and sole discretion (i) in whole or in part, at any time prior to June 9, 2030 (the date that is one month before maturity) in the case of the 2030 Notes and April 9, 2035 (the date that is three months before maturity) in the case of the 2035 Notes (in each case, the "Par Call Date"), (ii) in whole or in part, on or after the relevant Par Call Date, at any time and from time to time, or (iii) in whole, but not in part, at any time if the Company has been or will be obliged to pay any Additional Amounts (as defined in "Description of the Notes") with respect to such series as a result of an Additional Amounts Event (as defined in "Description of the Notes"), in each case at redemption prices described in "Description of the Notes" in this offering circular. The Notes are not subject to any optional or mandatory redemption or other features triggered by a change of control. See "Description of the Notes—Redemption."

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of us, our subsidiaries, our associated companies or the Notes.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 19.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other place. The Notes are subject to limitations on transfer and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold only: (1) to a person who is reasonably believed to be a qualified institutional buyer (a "Qualified Institutional Buyer") (as defined in Rule 144A under the Securities Act), purchasing for its own account or the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; or (2) in offshore transactions to persons other than U.S. persons in reliance on Regulation S under the Securities Act, and in each case, in accordance with any other applicable law. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions" and "Plan of Distribution."

Price for the 2030 Notes: 100.000%
Price for the 2035 Notes: 100.000%
plus, in each case, accrued interest, if any, from July 9, 2025.

The initial purchasers expect to deliver the Notes to purchasers on or about July 9, 2025 only in book-entry form through the facilities of The Depository Trust Company ("DTC"), and its participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

Joint Bookrunners and Joint Lead Managers

Morgan Stanley **Citigroup** **J.P. Morgan** **Mizuho** **SMBC NIKKO**

BNP PARIBAS **BofA Securities** **Goldman Sachs & Co. LLC**

Co-Managers

Crédit Agricole CIB **Daiwa Capital Markets** **Nomura**

The date of this offering circular is June 30, 2025.

IMPORTANT INFORMATION ABOUT THIS OFFERING CIRCULAR

This offering circular is confidential. This offering circular has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering circular. This offering circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this offering circular solely for the purpose of considering the purchase of the Notes. Distribution of this offering circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering circular, agrees to the foregoing and to make no photocopies of this offering circular or any documents referred to in this offering circular.

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE ANYTHING IN THIS OFFERING CIRCULAR AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ADVISORS AS NEEDED TO MAKE ITS INVESTMENT DECISION AND TO DETERMINE WHETHER IT IS LEGALLY PERMITTED TO PURCHASE THE SECURITIES UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

We have furnished the information in this offering circular. You acknowledge and agree that the initial purchasers, Citicorp International Limited (the "Trustee") or Citibank, N.A., London Branch (the "Agents") or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them or any of their respective affiliates make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this offering circular is, or shall be relied upon as, a promise or representation by the initial purchasers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them or any of their respective affiliates. This offering circular contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

We have prepared the information contained in this offering circular. Neither we nor any of the initial purchasers, the Trustee, any Agent or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them or any of their respective affiliates has authorized anyone to provide you with any other information and neither we nor any of the initial purchasers, the Trustee, any Agent or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them or any of their respective affiliates takes any responsibility for other information others may give you.

Each prospective investor who places an order for the Notes consents to the disclosure by the initial purchasers to us of the prospective investor's identity, the details of such order and the actual amount of Notes subscribed, if any.

The distribution of this offering circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law. We and the initial purchasers require persons into whose possession this offering circular comes to inform themselves about and to observe any such restrictions. This offering circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or sale would be unlawful.

Notice to Prospective Investors in the United States

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this offering circular is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes have not been and will not be registered under the Securities Act, or with any securities authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Notes are being offered:

- in the United States to persons reasonably believed to be Qualified Institutional Buyers in reliance on the exemption from registration requirements provided by Rule 144A under the Securities Act; or

- in offshore transactions to persons other than U.S. persons in reliance on Regulation S under the Securities Act.

You are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A

Notice to Prospective Investors in the European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering circular is being distributed only to, and are directed only at (i) persons who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order, or (iii) persons outside the UK (which persons together are referred to as "relevant persons"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This offering circular must not be acted on or relied on in the UK by persons who are not relevant persons. In the UK, any investment or investment activity to which this offering circular relates are only available to, and will be engaged in with, relevant persons only.

Notice to Prospective Investors in Singapore

This offering circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; or

(ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice Concerning Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended, the "Special Taxation Measures Act"). The Notes may not be offered or sold in Japan or to, or for the benefit of, any person resident in Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan. In addition, the Notes are not, as part of the initial distribution by the initial purchasers at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with us as described in Article 6, Paragraph (4) of the Special Taxation Measures Act (a "Specially-Related Person"), (ii) a Japanese financial institution, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order (Cabinet Order No. 43 of 1957, as amended, the "Cabinet Order") relating to the Special Taxation Measures Act that will hold the Notes for its own proprietary account, or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

BY SUBSCRIBING FOR THE NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS (I) A BENEFICIAL OWNER THAT IS, FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A SPECIALLY-RELATED PERSON, (II) A JAPANESE FINANCIAL INSTITUTION, DESIGNATED IN ARTICLE 3-2-2, PARAGRAPH (29) OF THE CABINET ORDER THAT WILL HOLD THE NOTES FOR ITS OWN PROPRIETARY ACCOUNT, OR (III) ANY OTHER EXCLUDED CATEGORY OF PERSONS, CORPORATIONS OR OTHER ENTITIES UNDER THE SPECIAL TAXATION MEASURES ACT.

Interest payments on the Notes will generally be subject to Japanese withholding tax unless it is established that the Notes are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither an individual resident of Japan nor a Japanese corporation, nor an individual non-resident of Japan nor a non-Japanese corporation that in either case is a Specially-Related Person, (ii) a designated Japanese financial institution described in Article 6, Paragraph (11) of the Special Taxation Measures Act which complies with the requirement for tax exemption under that paragraph or (iii) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Special Taxation Measures Act and which has received such payments through a Japanese payment handling agent as provided in Article 3-3, Paragraph (1) of the Special Taxation Measures Act and Article 2-2, Paragraph (2) of the Cabinet Order (a "Japanese Payment Handling Agent").

Interest payments on the Notes paid to an individual resident of Japan, to a Japanese corporation, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Person (except for the designated Japanese financial institution and the public corporation, the financial institution, the financial instruments business operator and certain other entity described in the preceding paragraph) will be subject to deduction in respect of Japanese income tax at a rate of 15.315 per cent of the amount of such interest.

AVAILABLE INFORMATION

We have agreed that so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, we will, at

any time we are neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), furnish, upon written request, to holders of the Notes, any owner of any beneficial interest in the Notes or any prospective purchaser designated by such a holder or such an owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

LISTING ON THE SGX-ST

Approval in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of us, our subsidiaries, our associated companies or the Notes. Currently, there is no public market for the Notes.

The Notes will be traded on the SGX-ST in a minimum board lot size of $200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes (as defined below) are exchanged for Definitive Notes (as defined below). In addition, in the event that any of the Global Notes are exchanged for Definitive Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of Definitive Notes, including details of the paying agent in Singapore.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless the context otherwise requires or unless otherwise indicated:

- references herein to the "Company" or the "Issuer" refer to SoftBank Corp., and references to "we," "our," "us," and "SoftBank" refer to the Company, its subsidiaries and its associates, as the context may require;
- references herein to "SoftBank Group Corp." and "our ultimate parent company" are to SoftBank Group Corp., and references to the "SoftBank Group" are to SoftBank Group Corp., its subsidiaries and its associates, as the context may require;
- references herein to "LY" are to LY Corporation, our consolidated subsidiary, the common stock of which is listed on the Prime Market of the Tokyo Stock Exchange (the "TSE"); all the transactions and events pertaining to LY, including those that occurred prior to (i) its transition into a holding company structure through an absorption-type company split and the subsequent name change from Yahoo Japan Corporation to Z Holdings Corporation on October 1, 2019 and (ii) the business integration and consolidation of Z Holdings Corporation, LINE Corporation, Yahoo Japan Corporation and other subsidiaries, and the subsequent name change from Z Holdings Corporation to LY Corporation on October 1, 2023, are referred to as those of LY;
- references herein to "AHD" are to A Holdings Corporation, a consolidated subsidiary of the Company. AHD is a 50-50 joint venture between the Company and NAVER Corporation. AHD is the parent company of LY;
- references herein to "BHD" are to B Holdings Corporation, a consolidated subsidiary of the Company. BHD is a 50-50 joint venture between the Company and LY. BHD is the parent company of PayPay Corporation;
- references herein to our "telecommunications businesses" refer to the mobile telecommunications and broadband businesses of our Consumer segment and the mobile telecommunications and fixed-line telecommunications businesses of our Enterprise segment;
- references herein to "¥" or "yen" are to the lawful currency of Japan;
- references herein to "$" or "dollar" are to the lawful currency of the United States; and
- references herein to "S$" are to the lawful currency of Singapore.

Where information herein is presented in thousands, millions or billions of a given currency, amounts of less than one thousand, one million or one billion, as the case may be, have been rounded unless otherwise specified. Where information herein is presented as percentages, amounts less than one tenth of one percent or one hundredth of one percent, as the case may be, have been rounded unless otherwise specified. Accordingly, the totals of columns of figures presented in tables herein may not be equal to the totals of the individual items. Where we present information on pricing for our services and products, unless otherwise specified, such pricing is presented prior to consumption or other taxes.

Our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

Unless otherwise indicated, all financial information included herein has been prepared using IFRS, which differs from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Potential investors should consult their own professional advisors for an understanding of the differences among IFRS and U.S. GAAP, or accounting principles generally accepted in other jurisdictions, and an understanding of how those differences might affect the financial information presented herein.

Segment revenue for our reportable segments presented in this offering circular includes intersegment transactions and transferred revenue. Segment income or losses for our reportable segments presented in this offering circular are before the elimination of intersegment transactions and exclude expenses not allocable to any specific reportable segment.

Our fiscal year end date is March 31 of each year.

Scope of Consolidation

As of March 31, 2025, we held 50.0% of the total voting rights of AHD. We hold the rights to appoint a majority of the members of AHD's board of directors. In light of the control we exert over it, AHD is accounted

for as a consolidated subsidiary for the purposes of our financial reporting in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein. As of March 31, 2025, we held 62.5% of the total voting rights of LY through AHD. On June 5, 2025, LY announced the result of a share repurchase tender offer, pursuant to which it had agreed to repurchase approximately 3.05% of its outstanding shares, of which approximately 2.46% were tendered by AHD. Upon the settlement of this tender, AHD is expected to hold approximately 61.9% of LY's voting rights.

As of March 31, 2025, we held 46.6% of the total voting rights of PayPay Bank Corporation. We hold the rights to appoint a majority of the members of PayPay Bank Corporation's board of directors. In light of the control we exert over it, PayPay Bank Corporation is accounted for as a consolidated subsidiary for the purposes of our financial reporting in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein. On April 11, 2025, we completed an intra-group reorganization whereby PayPay Corporation acquired all of the shares of PayPay Bank Corporation held by Z Financial Corporation, the intermediary financial holding company of LY. Following the conversion of class A preferred shares of PayPay Bank Corporation held by PayPay Corporation on April 28, 2025, we held 75.5% of the total voting rights of PayPay Bank Corporation through PayPay Corporation.

For details of our scope of consolidation, see Note 3(1) to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Changes in Presentation

Consolidated Statement of Income

"Gain on changes in equity interest," which was included in "Share of losses of associates accounted for using the equity method" for the fiscal year ended March 31, 2023, has been presented as a separate item for the fiscal year ended March 31, 2024 as the amount became material. In order to reflect this change, reclassification has been made in the consolidated statement of income for the fiscal year ended March 31, 2023. For the avoidance of doubt, no reclassifications have been made in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2022.

Consolidated Statement of Cash Flows

"Gain on changes in equity interest," which was included in "Share of losses of associates accounted for using the equity method" for the fiscal year ended March 31, 2023, has been presented as a separate item for the fiscal year ended March 31, 2024 as the amount became material. In order to reflect this change, reclassification has been made in the consolidated statement of cash flows for the fiscal year ended March 31, 2023. For the avoidance of doubt, no reclassifications have been made in the consolidated statement of cash flows for the fiscal years ended March 31, 2021 and 2022.

"Proceeds from (payments for) loss of control over subsidiaries," which was included in "Other" under cash flows from investing activities for the fiscal years ended March 31, 2023 and 2024, has been presented as a separate item for the fiscal year ended March 31, 2025 as the amount became material. In order to reflect this change, reclassification has been made in the consolidated statement of cash flows for the fiscal years ended March 31, 2023 and 2024. For the avoidance of doubt, no reclassifications have been made in the consolidated statement of cash flows for the fiscal years ended March 31, 2021 and 2022.

For the fiscal years ended March 31, 2023 and 2024, 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 fiscal year ended March 31, 2025, 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. In order to reflect this change, reclassification has been made in the consolidated statement of cash flows for the fiscal years ended March 31, 2023 and 2024. For the avoidance of doubt, no reclassifications have been made in the consolidated statement of cash flows for the fiscal years ended March 31, 2021 and 2022.

For details of the changes in presentation, see Note 2(5) to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Reportable Segments

Our reportable segments are based on operating segments for which separate financial information is available, and which our board of directors regularly reviews to determine the allocation of management resources and evaluate their performance. We currently have five reportable segments: "Consumer," "Enterprise," "Distribution," "Media & EC" and "Financial," with "Other" representing businesses not included in our reportable segments.

Segment revenue for our reportable segments presented in this offering circular includes intersegment transactions and transferred revenue. Segment income or losses for our reportable segments presented in this offering circular are before the elimination of intersegment transactions and exclude expenses not allocable to any specific reporting segment.

For details of our reportable segments, the changes in our reportable segments and the retrospective adjustments made to the corresponding figures, see, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Changes in Reportable Segments."

The "Media & EC" segment was renamed from the "Yahoo! JAPAN/LINE" segment starting in the fiscal year ended March 31, 2024, but there has been no adjustment to the businesses of this reportable segment in connection with this name change. In May 2024, ValueCommerce Co., Ltd. ceased to be our consolidated subsidiary and became an equity method associate, resulting in its results being transferred to "Other." No retrospective adjustments for this change have been made to the segment information presented in this offering circular for the fiscal years ended March 31, 2021, 2022, 2023 and 2024 and as a result, the segment results for such periods are not directly comparable to those for the subsequent period.

The "Financial" segment was added as a reportable segment effective October 1, 2022 following the conversion of PayPay Corporation into our consolidated subsidiary. Accordingly, we have applied retrospective adjustments to account for such change in the reportable segments and have restated the corresponding figures for the fiscal year ended March 31, 2023 in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein. No retrospective adjustments for this change have been made to the segment information presented in this offering circular for the fiscal years ended March 31, 2021 and 2022 and as a result, the segment results for such periods are not directly comparable to those for subsequent periods.

Starting in the fiscal year ended March 31, 2025, certain subsidiaries, including SB Technology Corp. and Cybertrust Japan Co., Ltd., previously under "Other" businesses have been transferred to the "Enterprise" segment, and certain subsidiaries previously under the "Consumer" segment have been transferred to "Other" businesses. Accordingly, we have applied retrospective adjustments to account for such change in the reportable segments and have restated the corresponding figures for the fiscal years ended March 31, 2023 and 2024 in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein. No retrospective adjustments for this change have been made to the segment information presented in this offering circular for the fiscal years ended March 31, 2021 and 2022 and as a result, the segment results for such periods are not directly comparable to those for subsequent periods.

Starting in the fiscal year ending March 31, 2026, PayPay Bank Corporation has been transferred from the "Media & EC" segment to the "Financial" segment following its acquisition by PayPay Corporation in April 2025. This segment change is not reflected in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein or in the segment information for the fiscal years ended March 31, 2021 and 2022 presented herein. As such, the historical financial information and discussions of historical performance throughout this offering circular, including under "Selected Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," do not reflect this segment change. However, we include PayPay Bank Corporation under the "Financial" segment in our business plan and strategic outlook discussions, and for consistency, this segment change is also reflected in the relevant "Risk Factors" and "Business" sections where we discuss forward-looking matters such as anticipated growth drivers, operational synergies and risks specific to our financial businesses.

MARKET AND INDUSTRY DATA

We rely on and refer herein to statistical and other information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used herein were obtained from market research, governmental and other publicly available information, industry publications and reports prepared by industry consultants. Industry publications and other third-party surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe the third-party information included herein is reliable, we have not independently verified such third-party information and do not make any representation or warranty as to the accuracy or completeness of such information as set forth herein. Where information has been sourced from a third party, we confirm that the information has been accurately reproduced and, so far as we are aware and able to ascertain from information published by those third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used, the source of such information has been identified wherever it appears herein.

As noted herein, we have obtained market and industry data relating to our business from providers of industry data, including:

- J.D. Power is a global research company for customer satisfaction and customer insight.
- The Ministry of Internal Affairs and Communications of Japan (the "MIC"), a Japanese government ministry that, among other duties, oversees the administration of information and communications systems. The MIC provides volume, subscriber and market share information for the fixed, mobile and broadband telecommunications industries.
- Payments Japan Association ("PAYMENTS JAPAN"), an organization created to promote the adoption and growth of cashless payments in Japan.
- Mobile Marketing Data Labo. ("MMD Labo"), a for-profit research firm that specializes in mobile businesses.

Additionally, in this offering circular, we make references to network performance data compiled by our wholly-owned subsidiary, Agoop, Inc. ("Agoop"), to support our claim of having the highest 5G connectivity rate in major Japanese cities, when compared to other telecommunications operators in Japan. Prospective investors should be aware that different testing methodologies could result in different outcomes. The data presented by Agoop has not been compiled or verified by third-party sources, and undue reliance should not be placed on them.

FORWARD-LOOKING STATEMENTS

This offering circular contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements appear in a number of places in this offering circular and include statements regarding the intent, belief or current expectations of our management with respect to our business, results of operations and financial condition. In many cases, but not all, we use such words as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "intend," "may," "outlook," "plan," "potential," "predict," "probability," "project," "risk," "seek," "should," "target," "will," "would," and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate.

Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We do not undertake any duty to update the forward-looking statements, or the estimates and assumptions associated with them, after the date of this offering circular, except to the extent required by law. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this offering circular that might cause the forward-looking statements not to be

realized. These factors may not be exhaustive as we operate in a continually changing business environment with new risks emerging from time to time that we are unable to predict or that we currently do not expect to have a material adverse effect on our business. You should carefully read this offering circular in its entirety as it contains important information about our business and the risks we face.

ENFORCEMENT OF CIVIL LIABILITIES

We are a joint stock corporation *(kabushiki kaisha)* established under the laws of Japan. All of our directors, executive directors and our Audit & Supervisory Board members reside outside the United States, and the substantial majority of our assets and the assets of such persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in U.S. courts in actions such as those predicated upon the civil liability provisions of U.S. federal or state securities laws. We have been advised by our Japanese counsel, Mori Hamada & Matsumoto, that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, of liabilities predicated solely upon U.S. federal or state securities laws.

GLOSSARY

3G	Third-generation mobile telecommunications systems ("3G"). 3G refers to the methods that enabled high-speed data communications, such as W-CDMA (Wideband Code Division Multiple Access) and CDMA2000, which became widely used after 2000. For the most part, 3G uses the CDMA method and provides high-speed data communications and various services that utilize multi-media. In Japan, 3G services started in 2001. In April 2024, we terminated our 3G services after approximately 22 years of service.
4G	Fourth-generation mobile telecommunications systems ("4G") came about as part of the development of the 3G mobile telecommunications standard, which was being developed with the goal of achieving a telecommunications speed of 100 Mbps (which is comparable to the speed of an optical fiber line). According to the International Telecommunication Union, "LTE-Advanced" and "WiMAX2+" fall into this category. See the definition of "LTE" below.
5G	Fifth-generation mobile telecommunications systems ("5G") with high-speed and large-capacity transmission and low latency properties, as described in "*IMT (International Mobile Telecommunications) Vision—Framework and overall objectives of the future development of IMT for 2020 and beyond*," published by the International Telecommunication Union, and currently under research and development by large mobile telecommunications providers globally. After the release of the 5G New Radio ("NR") specifications for Non-Standalone ("NSA") operation in December 2017, the 3GPP (Third Generation Partnership Project) Technical Specification Group ("TSG") Plenary Meeting approved in June 2018 the completion of the standalone ("SA") Release 15 (5G specifications), which was another essential step towards the standardization of 5G across the industry. The first roll-out of 5G networks and devices was brought under NSA operation, which means the 5G networks are supported by existing 4G infrastructure. 5G-enabled mobile devices connect to 5G frequencies for data throughput, but continue to use 4G for non-data features, such as connecting to the base stations and servers. Operators in Japan have launched 5G services in 2020 in selected locations, with service expected to expand in subsequent years.
AI	Artificial intelligence
ARPU	Average revenue per user per month, rounded to the nearest ¥10. Measures the average monthly revenue generated per subscription. <u>Mobile ARPU:</u> In our mobile telecommunications business, Mobile ARPU is calculated as (i) the sum of data-related revenues plus basic monthly charges and voice-related revenues plus device warranty services, content-related revenues, advertising revenues and others, for the applicable period, *divided by* (ii) the sum of the number of active Main subscribers (as defined below) in the months (based on a monthly average

calculated as the number at the beginning and end of each month divided by two) in the applicable period and rounded to the nearest ¥10, *netted of* (iii) certain discounts. For the purposes of this calculation, discounts on Mobile ARPU consist of monthly discounts available to long-term contract subscribers and discounts available on bundling packages such as the *Home Bundle Discount Hikari Set* and *Fiber-optic Discount*. Discounts on Mobile ARPU do not include the effect of discounts relating to reward points and carrier subsidies for handsets. The number of subscribers to *Wireless Home Phone* (a wireless home phone service using our LTE network) is included in the number of Main subscribers. However, *Wireless Home Phone* is excluded from the calculation of Mobile ARPU and churn rate. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Key Performance Indicators in Our Mobile Telecommunications Businesses."

Broadband ARPU:

"Broadband ARPU" is calculated as (i) the sum of basic monthly charges (in the case of *SoftBank Hikari*, *SoftBank Air* and *Yahoo! BB ADSL* (until its discontinuation in early 2024)), provider charges, modem or unit rental charges, voice call charges and optional and other service charges, for the applicable period, divided by (ii) the sum of the number of active subscribers in the months (based on a monthly average calculated as the number at the beginning and end of each month divided by two) in the applicable period and rounded to the nearest ¥10. In each case, the calculation of Broadband ARPU excludes revenues that are not representative of monthly average usage such as initial activation or installation charges and cancellation fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Consumer Segment—Revenue—Broadband."

broadband . . . . . A descriptive term for evolving digital technologies that provide consumers with a signal-switched facility offering integrated access to voice, high-speed data service, video-on-demand services and interactive delivery services.

churn . . . . . The number of subscribers who terminate their service in any particular period.

churn rate . . . . . "Churn rate" is a measure for our mobile telecommunications business that tracks customer retention by showing the percentage of Main subscribers who terminate their service ("churn") relative to the total Main subscriber base for a given period (excluding subscribers who switch among *SoftBank*, *Y!mobile* or *LINEMO*, using mobile number portability ("MNP")). Churn rate is calculated by dividing the number of terminations during the applicable period by the average number of Main subscribers during the applicable period, rounded to the nearest 0.01%. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Key Performance Indicators in Our Mobile Telecommunications Businesses."

cloud / cloud computing services	"Cloud computing services" refers to the method of providing software and hardware user rights as services over communication networks, and "the cloud" refers to the data centers or groups of servers operated at the data centers.
FinTech	"FinTech" is a coined term that combines "finance" with "technology" and refers to innovative financial services that utilize ICT.
FTTH	Fiber-to-the-home. An optical fiber access network in which the optical fiber network unit is on or within the customer's premises. Although the first-connected capacity of an FTTH network varies, the upgrade capacity of an FTTH network exceeds all other transmission media.
GB	Gigabyte, a measure of data representing approximately one billion bytes of information.
HAPS	HAPS (High Altitude Platform Station) is a telecommunication platform located in the stratosphere.
ICT	Information and communication technology.
interconnect	The connection of one telecommunications carrier's network to another or of a piece of telephone equipment to the telephone network.
interconnection fee	The charge levied by one telecommunications carrier to another for interconnection between their networks.
IoT	The Internet of Things, a network of physical devices, including vehicles, home appliances and other items with built-in sensors which are able to connect to each other over the internet and exchange data.
IP	Internet protocol, meaning generally the protocol for exchanging data between computers on the internet.
IP telephony	The transmission of voice calls over an IP network.
ISP	Internet service provider.
LLM	Large language model, a type of machine learning model designed for natural language processing tasks such as language generation.
LTE	Long-term evolution. An advanced wireless communications standard that achieves high-speed communications comparable to optical fiber. There are two LTE systems: FDD (frequency division duplex) and TDD (time division duplex). The FDD system assigns uplink and downlink communications to a pair of different frequency bandwidths, and is referred to as FDD-LTE. The TDD system uses the same frequency bandwidth for both uplink and downlink, and is referred to as TD-LTE. LTE-Advanced is a fourth generation (4G) high-speed wireless communication standard, capable of downlink speeds of more than 1 Gbps under certain system configurations.
Main subscribers	"Main subscribers" in our mobile telecommunications business consist of subscribers of smartphones, feature phones, tablets,

mobile data communications devices, *Wireless Home Phone* and others, such as voice call SIMs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Key Performance Indicators in Our Mobile Telecommunications Businesses."

MNO . . . . . Mobile network operator. An MNO is an operator of a mobile telecommunications business that provides mobile telecommunications services and which establishes or operates its own radio stations for mobile telecommunications services.

MNP . . . . . Mobile number portability. A system whereby mobile telephone users retain their mobile telephone numbers when changing from one mobile telecommunications provider to another. MNP has been available in Japan since 2006.

MVNO . . . . . Mobile virtual network operator. MVNO refers to a telecommunications business operator that provides mobile telecommunications services by using mobile telecommunications services provided by an MNO or by connecting to an MNO instead of establishing or operating its own radio stations related to the mobile telecommunications services.

NFC . . . . . Near field communication. NFC is a short-range wireless communication technology that enables secure data exchange and mobile payments between compatible devices, such as smartphones and contactless payment terminals, typically within a few centimeters.

population coverage ratio . . . . . The population coverage ratio is calculated based on the number of the approximately 500m^2 zones used in the Japanese national census that have mobile telecommunications service area coverage of more than 50%.

QR code . . . . . A QR code, or Quick Response code, is a type of matrix barcode (or two-dimensional barcode) that can be read by devices such as smartphones and QR scanners. It consists of black squares arranged on a white grid and is used to store information such as hyperlinks, contact details, or other data that can be quickly accessed by scanning the code.

SaaS . . . . . Software as a Service

SIM . . . . . Subscriber identity module. SIM also refers to subscriber identity module cards, which are cards that record information that identifies the person that has entered into a subscription agreement with the mobile telecommunications business operator (such as the subscriber identification number, e-mail address and telephone number) and that is inserted into a mobile device such as a smartphone.

SIM lock . . . . . A SIM lock refers to the restrictions on mobile devices that set up the mobile phone so that it operates only when a specific SIM card is inserted. SIM lock is designed to match sales of devices with the company that issues SIM cards, and SIM unlock refers to releasing the SIM lock (SIM card use restrictions) on a mobile device.

Spectrum . . . . . A range of the electromagnetic spectrum, particularly the range with frequencies from 3 Hz to 300 GHz that is widely used in modern technology such as telecommunication. The spectrum is strictly regulated by national laws, which are coordinated by the International Telecommunication Union, in order to prevent interference between users. In the United States and the United Kingdom, spectrum for mobile phones is generally allotted based on auctions. In Japan, however, the MIC determines a spectrum-allotment policy based on usage plans submitted by operators seeking an allotment. Such plans are then examined by the Radio Regulatory Council and, upon receiving a report on these deliberations from the Radio Regulatory Council, the MIC allots spectrum to the operators.

VPN . . . . . Virtual private network. A VPN refers to a virtual network within an organization that is constructed via a telecommunications business operator's public network. VPN also refers to telecommunications services that can construct such a network. VPNs are used for such things as connecting corporate networks between separate sites so that communications can be made with distant sites as though they are internal communications within the company's network. Because data is protected and managed strictly with certifications and encryption, VPNs are generally characterized by low risks of interference, leakage and wiretapping.

SUMMARY

The following summary is qualified in its entirety by, is subject to and should be read together with the more detailed information, including "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes thereto contained elsewhere herein.

SoftBank Corp.

Overview

We are one of Japan's largest telecommunications providers and a comprehensive information and technology company that provides an extensive array of ICT services, including a wide range of telecommunications, network and technological support and consulting, digitalization solutions, merchandising, media, e-commerce, cashless payment and other financial services, AI and related services, data centers and other services to individual and enterprise customers primarily in Japan, and believe we are positioned to be at the forefront of technological development headed by the developments in AI and related technologies in Japan.

Since becoming a member of the SoftBank Group in 2006, we have been the primary operating company in Japan for the SoftBank Group, a leading global group of technology companies that aims to be at the forefront of the information revolution. Our corporate philosophy is "Information Revolution—Happiness for everyone." To achieve this mission, we have sought to harness the information revolution to contribute to the wellbeing of people and society. Our vision is to become a corporate group needed most by people around the world. To achieve this vision, we strive to create an ideal society where everyone can feel the convenience, comfort, and safety offered by the power of digital technology supported by the strong foundation of our business.

Our businesses, operating primarily in Japan, are organized into five reportable segments, plus other businesses:

- In our Consumer segment, we provide mobile telecommunications services and products (including the latest and most in-demand smartphones), home broadband and trading and supply of electric power to domestic individual customers.
- In our Enterprise segment, we operate a solutions-based business that provides mobile telecommunications services, fixed-line telecommunications services and other cutting-edge digital business-focused services and products beyond mobile and fixed-line telecommunications, such as data centers, cloud computing, cyber-security, global business, AI, IoT and digital marketing solutions, to meet the growing demand for digitalization and AI utilization of our enterprise customers, leveraging our 5G networks in Japan.
- In our Distribution segment, we sell a variety of hardware and software to enterprise customers and provide them with service and support for the implementation of ICT, including AI and cloud products and services. We also sell a wide variety of products, such as mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, to individual customers.
- Our Media & EC segment offers e-commerce and advertising-related services targeting small to medium-sized businesses and individual customers primarily through our popular digital platforms, *Yahoo! JAPAN* and *LINE*, which provide search engine, news, online shopping, social media, advertising and marketing services and FinTech services, including smartphone-based insurance brokerage and consumer credit evaluation and financing services.
- Our Financial segment was added in October 2022 following the consolidation of PayPay Corporation, which was formerly our equity method associate, and operates our flagship cashless payment service, *PayPay*. We have transferred the online banking business of PayPay Bank Corporation from the Media & EC segment to the Financial segment in April 2025. In our Financial segment, we offer a comprehensive array of payment and finance services such as cashless payment, payment processing, online banking and online securities trading and brokerage services to individual and enterprise customers.
- Our other businesses mainly comprise the planning and production of digital media and digital content, among other operations.

Our "*Beyond Carrier*" growth strategy aims to achieve sustainable growth in our core telecommunications business, primarily operated by the Consumer segment and the telecommunications business from the Enterprise segment, while expanding our business beyond telecommunications to new businesses in the information and technology field. For example, in our Consumer segment, we employ a multi-brand strategy, offering full-service traditional MNO service under our flagship *SoftBank* brand, lower-cost MNO service under the *Y!mobile* brand and MNO service available exclusively through online distribution with SIM-only plans and bundled with unlimited use of *LINE* services under the *LINEMO* brand. This multi-brand strategy is intended in part to provide diverse services and products that match customer preferences, expand our customer base by increasing our competitiveness with other carriers and preventing subscriber loss in the mobile communications market that has become increasingly price-competitive. In addition, we have introduced new pricing plans that offer discounts and other benefits when used with our other services such as the *PayPay* cashless payment service to cross-sell and capture an even wider subscriber base. In our Enterprise segment, we have increased our offerings of solutions and services focused on digitalization, cloud services, cyber-security and IoT services as the companies and local governments in Japan have increasingly adopted digitalization in recent years. In our Media & EC segment, we have consolidated various businesses in the segment primarily held by LINE Corporation and Yahoo Japan Corporation into a single entity, LY Corporation, in October 2023 to promote cross-use and cross-sale of our services within and outside the segment, and launched a cross-group membership called *LYP Premium Membership* in November 2023. In our Financial segment, we have transferred the online banking business of PayPay Bank Corporation from the Media & EC segment in April 2025 to streamline our comprehensive array of payment and finance services in the segment and to improve synergies among our inter-segment services by leveraging *PayPay*'s market-leading position in QR code payments.

Through these initiatives, we have successfully diversified our business, as demonstrated by the decrease in the overall share of our consolidated revenue that is derived from our Consumer segment (excluding intersegment transactions and transferred revenue), which derives its revenue primarily from the mobile and fixed-line telecommunications services for individual customers, from 73% in the fiscal year ended March 31, 2018 to 45% in the fiscal year ended March 31, 2025 while growing our total consolidated revenue from ¥3.6 trillion in the fiscal year ended March 31, 2018 to ¥6.5 trillion in the fiscal year ended March 31, 2025. The effectiveness of our "*Beyond Carrier*" strategy to develop diverse businesses centered on information and technology is further demonstrated by the revenue breakdown among our reportable segments. For the fiscal year ended March 31, 2025, revenue attributable to the Consumer segment and the Enterprise segment (in each case, excluding intersegment transactions and transferred revenue) contributed 45% and 14%, respectively, of our consolidated revenue. Our Media & EC segment is the second largest segment following our Consumer segment, accounting for 25% of our consolidated revenue. The Distribution segment accounts for 11% of our consolidated revenue, while the Financial segment accounts for 4%. The remaining 2% of our consolidated revenue is comprised of our other businesses which do not fall into our five reportable business segments.

Through the implementation of the initiatives under our "*Beyond Carrier*" growth strategy, we have achieved a leading position in Japan's digital ecosystem:

- Our mobile telecommunications network is among the largest in Japan, with approximately 41 million mobile subscribers as of March 31, 2025. As of March 31, 2024, our share of the Japanese smartphone market by subscribers was 29% of the mobile subscriber market in Japan according to data published by the MIC. Our smartphone subscribers have steadily increased from 27.6 million as of March 31, 2022 to 31.8 million as of March 31, 2025. We have three well-developed, highly-differentiated brands, *SoftBank, Y!mobile* and *LINEMO,* which allow us to attract mobile phone users with various user needs as their needs change and evolve. The *SoftBank* brand, our flagship MNO service, offers high value-added services with various subscriber benefits, targeting heavy data users, business users and users with high-end smartphones including the latest-model smartphones, and provides pricing plans with large data allowances (minimum 30 GB per month) that include bundles with a wide range of our broadband services and *PayPay* services and loyalty programs. The *Y!mobile* brand, our lower-cost MNO service, responds to increased demand in the price-sensitive smartphone market and offers a budget-friendly price plans to light users. The *LINEMO* brand offers unlimited data usage for certain social networking services as messaging and voice calls on the *LINE* communication app and is available exclusively through online distribution channels with SIM-only plans, targeting subscribers in their teens and early twenties.

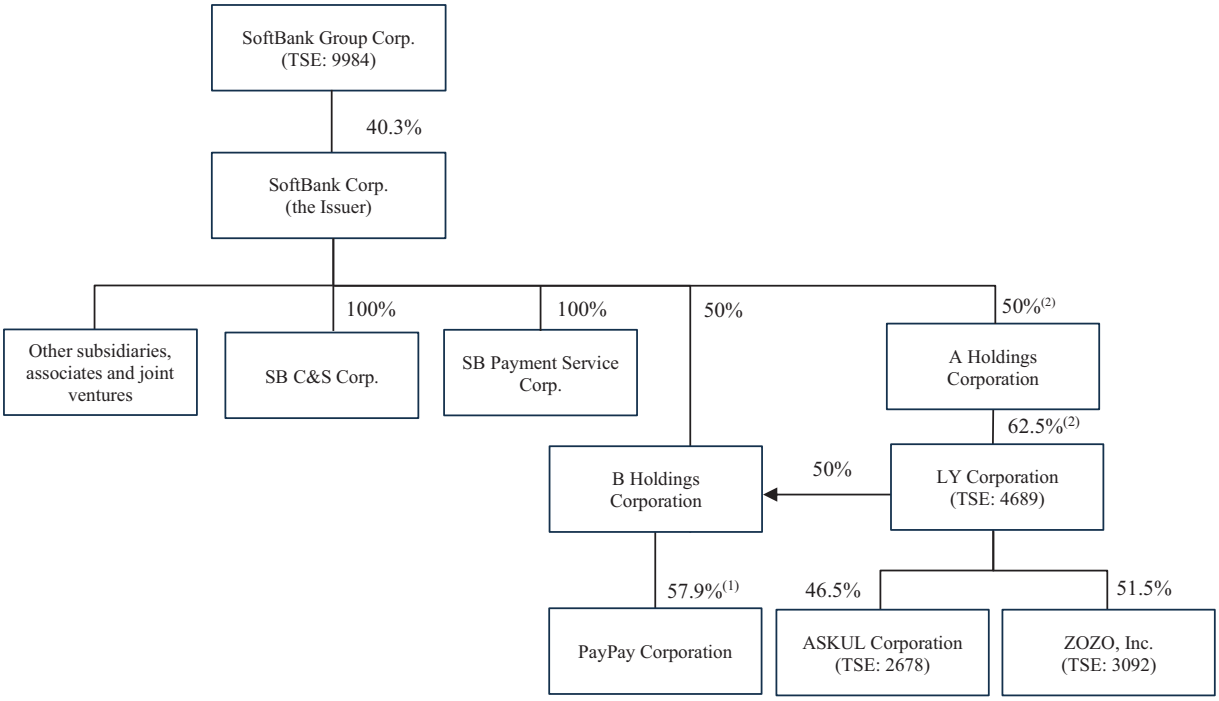
- We have one of the largest enterprise customer bases in Japan, conducting transactions with 92% of the companies listed on the Tokyo Stock Exchange with annual revenue exceeding ¥100 billion during the fiscal year ended March 31, 2025. Our Enterprise segment revenue has steadily increased from ¥792 billion in the fiscal year ended March 31, 2023 to ¥922 billion in the fiscal year ended March 31, 2025, with the revenue from our business solution products and services other than mobile and fixed-line telecommunications increasing at an accelerated rate from ¥302 billion in the fiscal year ended March 31, 2023 to ¥437 billion in the fiscal year ended March 31, 2025. In addition, approximately 78% of the revenue from our business solution products and services for the fiscal year ended March 31, 2025 consisted of recurring revenue from continuing service or other revenue expected to repeat, such as revenue from cloud, security, IoT, data centers and digital marketing.
- We operate the most popular social media platform in Japan based on usage rate according to a 2024 survey by the MIC, with 98 million monthly active users of *LINE* in March 2025. We believe that we have one of the largest total digital reach in Japan through our popular *Yahoo! JAPAN* service. Through our e-commerce services such as *Yahoo! JAPAN Shopping*, *ZOZOTOWN* and *Yahoo! JAPAN Auction*, we are uniquely positioned to create intragroup synergies and turn this market-leading digital and social media user base into individual customers for our various e-commerce and other digital products and services such as *Yahoo! JAPAN Shopping*, *PayPay*, *ASKUL*, *ZOZOTOWN and IKYU*, as demonstrated by the gross merchandise value of our e-commerce businesses reaching ¥4.4 trillion in the fiscal year ended March 31, 2025.
- *PayPay,* our QR code payment service, has the market-leading position in Japan, with 68 million registered users as of March 31, 2025. For the fiscal year ended March 31, 2025, the gross merchandise value of the QR code payments in Japan (excluding cash remittance) processed by *PayPay* and *PayPay Card* (after elimination of internal transactions) was ¥15.4 trillion. In addition, according to data published by PAYMENTS JAPAN, *PayPay* is the leader among QR and barcode payment services in Japan, accounting for approximately 64% of the gross merchandise value of transactions processed by such services in Japan for the year ended December 31, 2024.

We have expanded beyond our core telecommunications business into a number of different business areas involving the development of new technology applications such as big data, IoT, AI, cloud services, data center and FinTech, among others. These high-tech innovations and developments are made possible in part due to synergies with other businesses of the SoftBank Group. Our long history of developing and implementing technology in our core telecommunications business enables us to be faster in deploying such know-how to other non-telecommunications businesses, and we aim to translate this know-how into new areas such as e-commerce, FinTech (including payments), cyber-security, cloud computing services and mobility as a service (MaaS), among others. One of our core principles is to develop and implement new technologies in related business areas that have the potential to loop back and reinforce our customer base and revenue growth and profitability in our core telecommunications business.

Our long-term vision is to build the "Next-generation Social Infrastructure" essential for development and deployment of AI as an integral part of our society. To achieve this vision, we aim to invest in sustainable AI data centers as a part of the "Next-generation Social Infrastructure," starting the construction of an AI data center in Hokkaido, Japan and have already completed the acquisition of land and buildings for another AI data center in Osaka, Japan. The AI data centers will be spread out across various locations to drive growth of regional industries and economies and to use locally sourced renewable energy for their operations. In addition to the AI data centers, we aim to develop and deploy various AI products, including an LLM specializing in Japanese which we call "*Sarashina"* and an AI enterprise agent, tentatively named "Cristal intelligence." We aim to develop and deploy various AI products through collaboration with OpenAI and SoftBank Group, to form strategic alliances with other entities in the generative AI field.

Corporate Structure

The following is a simplified summary of the corporate structure of the Issuer as of March 31, 2025, unless otherwise specified in the notes below. The chart does not include all of our subsidiaries or associates. Percentages represent direct voting rights in the entities shown as of March 31, 2025. For more details, see "Subsidiaries and Associates."



Notes:

(1) The Issuer indirectly holds shares of PayPay Corporation via BHD, a holding company jointly managed by the Issuer and LY, an indirect subsidiary of the Issuer. The Issuer and LY each holds 50% of BHD's voting rights. BHD in turn holds 57.9% of PayPay Corporation's voting rights. In addition, the Issuer and LY each holds 5.9% of PayPay Corporation's voting rights directly. Through this capital structure, the Issuer controls 69.8% of PayPay Corporation's voting rights and 45.9% of the economic interest in PayPay Corporation. The remaining 30.2% of PayPay Corporation's voting rights are held by SVF II Piranha (DE) LLC, an affiliate of our ultimate parent company. PayPay Corporation is currently preparing for an initial public offering. The timing, structure, and listing venue for such offering have not been determined and remain subject to future developments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Announcement of Potential IPO of PayPay Corporation."

(2) The Issuer indirectly holds shares of LY via AHD, a consolidated subsidiary of the Issuer. 50% of the voting rights of AHD are held by the Issuer and the remaining 50% of the voting rights are held by NAVER Corporation. On June 5, 2025, LY announced the result of a share repurchase tender offer, pursuant to which it had agreed to repurchase approximately 3.05% of its outstanding shares, of which approximately 2.46% were tendered by AHD. Upon the settlement of this tender, AHD is expected to hold approximately 61.9% of LY's voting rights.

Strengths

We believe the following core strengths have been critical to our success to date and are the foundations for our future growth.

Our position as a leader in the Japanese mobile telecommunications market, one of the most attractive in the world

We are one of Japan's leading mobile and fixed-line telecommunications providers and have played a pivotal role in the development of Japan's advanced mobile telecommunications services market. The domestic telecommunications market continues to be among the world's largest and most attractive. The total number of mobile phone subscribers in the domestic telecommunications market has reached an all-time high of 221 million subscribers as of December 31, 2024, driven by increases in individuals with multiple contracts and enterprise subscribers. In particular, the Japanese market features widespread and growing smartphone use, with the number of

smartphone contracts growing steadily at a CAGR of 3.8% between March 2020 and March 2024 to reach 107 million smartphone contracts as of March 31, 2024, according to data published by the MIC.

We have a strong and stable mobile telecommunications customer base, with 31.8 million smartphone subscribers as of March 31, 2025 which are characterized by higher ARPU relative to feature phone subscribers. Our market share by number of smartphone subscribers was approximately 29% as of March 31, 2024 according to data published by the MIC, maintaining our leading position as one of the three large MNOs. The market is highly concentrated, with Japan's three largest established carriers, including us, NTT DOCOMO and KDDI, collectively serving 93% of the market in terms of smartphone subscribers (including MVNO) as of March 31, 2024. The Japanese telecommunications industry has substantial barriers to entry, and we expect that the three traditional MNOs, including us, will continue to hold a significant presence based on high-quality networks, subscriber network effects, flexible pricing plans and the ability to deploy value-added services and meet diverse customer needs. In contrast, new entrants, including MVNOs, have historically struggled to capture a significant share of Japanese smartphone subscribers. For example, Rakuten Mobile, which newly established an MNO in 2020, together with other MVNOs, had under 7% of the market share of Japanese smartphone subscribers as of March 31, 2024 according to data published by the MIC.

We believe we are well-positioned for further growth in this market as we leverage our group synergies to capture new users by encouraging cross-referrals and cross-promotions from our *PayPay* and *LINE* services, to increase our Mobile ARPU by promoting upgrades from our lower-cost brands to our flagship *SoftBank* brand, and to reduce churn and maintain retention by guiding our existing customers to affordable plans within our mobile brands. Additionally, we incentivize new contracts through discounted bundling of telecommunications contracts with our home broadband services, *SoftBank Hikari* and *SoftBank Air*, which enables us to leverage our subscriber base of 8.5 million broadband subscribers as of March 31, 2025. We also offer a discount bundle for our smartphone subscribers with our *Ouchi Denki* electricity services offered via SB Power Corp., which had 2.0 million customers as of March 31, 2025. This strategy of leveraging group synergies has been instrumental in mitigating the impact on our Mobile ARPU of Japanese government pressure during prior administrations to lower mobile phone charges and in maintaining our Mobile ARPU for the fiscal year ended March 31, 2025 compared to the previous fiscal year.

We believe that our well-established position in this well-developed mobile telecommunications market in Japan will enable us to execute our growth strategy with a long-term vision and to capture further growth.

Our customer-oriented spirit and transformative corporate culture

Under our bedrock corporate philosophy of "Information Revolution—Happiness for everyone" as well as our vision of "Becoming a Corporate Group needed most by people around the world," we have consistently sought to harness the information revolution to contribute to the wellbeing of people and society since becoming a part of the SoftBank Group in 2006. Our "*Beyond Carrier*" growth strategy aims for sustainable growth in our core telecommunications business, while simultaneously expanding into various other businesses in the information and technology industries, such as technological support and consulting, digitalization solutions, merchandising, media, e-commerce, cashless payment and other financial services, AI and related services, data centers and other services to individual and enterprise customers.

The SoftBank Group entered the broadband business in 2001 and entered the mobile telecommunications business in 2006 through our acquisition of Vodafone K.K. Since then, we have continuously led the development of telecommunication services in Japan by providing innovative offerings to our customers. For example, in 2007, we launched the innovative "*White Plan*," offering free calls between SoftBank users during specific timeframes. In 2008, based on our anticipation of the smartphone revolution, we became the first company to sell *iPhone* in Japan. Since then, we have continued to innovate with our offerings according to the needs of our consumer base, such as launching the "*Giga Monster*" plans for high data usage in 2016 and providing benefits through *PayPay* through our "*Pay-toku*" plans starting in 2023.

Since our initial public offering in December 2018, we have expanded our non-telecommunication businesses through our acquisition of Yahoo Japan Corporation (currently, LY Corporation), ZOZO Inc., LINE Corporation (currently, LY Corporation), and launch of the *PayPay* cashless payment service in 2018, evolving into one of the foremost telecommunications and information and technology groups in Japan. Our *PayPay* service pioneered cashless QR code payment services in Japan, and is Japan's leading QR code and barcode payment platform according to data published by PAYMENTS JAPAN.

To support our long-term vision of building the "Next-generation Social Infrastructure" essential for development and deployment of AI as an integral part of our society and evolve into an AI platform, we are continuing to invest in AI and related technologies and infrastructures.

Our well-invested, high-quality wireless network and 5G technology position us to lead in next-generation communications technologies

We have developed a leading-edge wireless network using a disciplined and efficient approach to capital expenditures, focused on thorough management of procurement costs and on the use of big data, which we believe maintains our competitive advantage over the other MNOs and helps us achieve high levels of consumer satisfaction. We are highly experienced in developing and deploying a high-quality wireless network across a wide range of spectrum. We launched commercial 5G services in March 2020, which has achieved a population coverage ratio of more than 95% in Japan as of March 31, 2024, providing a super-fast, high-capacity communication network to consumers. We have received highly positive evaluations in surveys for network quality conducted by third-party organizations. For example, our network service has been ranked the highest in "Customer Satisfaction for Japan Network Service Customer Satisfaction—Large Enterprise" by J.D. Power for three consecutive years from 2022 to 2024. We have also been ranked at the top in terms of outdoor connectivity satisfaction by smartphone users across various applications, including web browsing, video streaming and phone calls in Japan, according to a survey conducted in December 2024 by MMD Labo, a mobile marketing research firm. Our high network quality compared to competitors is one of the key competitive strengths of our telecommunications business. To maintain and solidify our position as a leader in next-generation communication technologies, we are continuing to invest in advanced research and development of next-generation communication technologies, including the recently announced development and trial deployment of "AITRAS," which is an AI computing platform on a radio access network ("RAN").

Our strong business foundation and highly-differentiated service offerings allow us to maintain the strength of our mobile telecommunications business while expanding beyond telecommunications

Our business is built on a robust subscriber and user base across our key offerings. We have a leading position in the domestic mobile telecommunications industry. During the fiscal year ended March 31, 2025, we had 56 million cumulative mobile subscribers. Our enterprise customer base includes 92% of the companies listed on the Tokyo Stock Exchange with annual revenue exceeding ¥100 billion based on transactions conducted during the fiscal year ended March 31, 2025. Additionally, we have established a top-class customer base in Japan within the mobile telecommunications industry with numerous customer contact points through our group companies, including our large sales force consisting of approximately 15,000 sales staff. Our *LINE* service is the most popular social media platform in Japan based on usage rate according to a 2024 survey by the MIC and had 98 million monthly active users as of March 31, 2025. We believe our popular *Yahoo! JAPAN* service gives us one of the largest total digital reach in Japan. *PayPay,* our QR and barcode payment service, has 68 million registered users as of March 31, 2025 and processed the greatest number of transactions and the highest gross merchandise value of transactions processed among such services in Japan for the year ended December 31, 2024 according to data published by PAYMENTS JAPAN.

Our strong user base and group ecosystem in non-telecommunications areas has been a key advantage in the implementation of our "*Beyond Carrier*" strategy and expansion into new business areas. The success of this strategy is demonstrated by the diversification of our revenue, where we successfully decreased the contribution to total consolidated revenue from our Consumer segment (excluding intersegment transactions and transferred revenue), which derives its revenue primarily from the mobile and fixed-line telecommunications services for individual customers, from 73% in the fiscal year ended March 31, 2018 to 45% of our consolidated revenue in the fiscal year ended March 31, 2025. An important contributor to this transformation was the additions during this period of our Media & EC segment (excluding intersegment transactions and transferred revenue), comprising commerce-related services, advertising-related services and banking services, and our Financial segment (excluding intersegment transactions and transferred revenue), comprising cashless payment services, payment processing services, and online securities brokerage services, which contributed 25% and 4% of our consolidated revenue, respectively, during the fiscal year ended March 31, 2025. This diversification of our services has been a key driver of the concurrent growth of our total consolidated revenue from ¥3.6 trillion in the fiscal year ended March 31, 2018 to ¥6.5 trillion in the fiscal year ended March 31, 2025.

We have also leveraged our group ecosystem and highly differentiated service offerings to mitigate pressure on our Mobile ARPU in the telecommunications business. The three largest Japanese MNOs, including

us, have seen drops in monthly Mobile ARPU since the Japanese government's initiatives under prior administrations aimed at enhancing competition in the Japanese mobile telecommunications industry starting in 2019; our Mobile ARPU declined from ¥4,290 in the fiscal year ended March 31, 2021 to ¥3,740 in the fiscal year ended March 31, 2024. By launching pricing plans linked to *PayPay* services and offering increased earning of loyalty points, called *Pay-toku* plans, introducing discounts for payments of monthly fees for our flagship *SoftBank* brand when using *PayPay Card*, increasing data allowances in response to increased data usage and focusing on converting users of our lower-priced *Y!mobile* and *LINEMO* brands to our premium *SoftBank* brand, we have stabilized our Mobile ARPU, which remained the same level at ¥3,740 for the fiscal year ended March 31, 2025, compared to ¥3,740 for the previous fiscal year ended March 31, 2024, reversing the downward trend started in 2021.

Our strong financial performance supported by strong cash flow generation

We have consistently implemented a highly disciplined financial policy that allocates capital to aim to achieve an optimal balance of medium-to-long-term growth and shareholder returns. Our financial strategy is centered around fortifying the core telecommunications business represented by our Consumer and Enterprise segments, which collectively comprised ¥3.9 trillion of our ¥6.5 trillion of total revenue for the fiscal year ended March 31, 2025, while diversifying our revenue sources into non-telecommunications businesses.

We have strongly emphasized disciplined, effective spending pursuant to a clear capital investment plan aligned with our growth strategy with respect to capital expenditures necessary to maintain and update our telecommunications networks. As part of these efforts, we have leveraged and strengthened our centralized purchasing functions and using AI and big data to closely analyze the expected costs and benefits of initiatives.

As a result of such cost-saving and revenue diversification initiatives, adjusted EBITDA from the businesses primarily composed of the Company and its non-public subsidiaries (i.e., excluding the Non-Primary Entities), a measure not presented in accordance with IFRS, has grown steadily at ¥1,240 billion, ¥1,275 billion and ¥1,299 billion during the fiscal years ended March 31, 2023, 2024, and 2025, respectively. Adjusted EBITDA (excluding the Non-Primary Entities) is a measure not presented in accordance with IFRS and should not be considered alternatives to the measures presented in accordance with IFRS, as it has important limitations as analytical tools, because it excludes some, but not all, items that affect net income. For reconciliation of adjusted EBITDA figures, see "Selected Financial and Other Data—Non-IFRS Measures—Adjusted EBITDA and adjusted EBITDA margin."

The capital expenditures of the Company and its non-public subsidiaries (i.e., excluding the Non-Primary Entities), excluding investments in devices for rental services and shared equipment and operating leases recorded as lease liabilities in accordance with IFRS 16, for the fiscal years ended March 31, 2023, 2024 and 2025 were ¥481 billion, ¥382 billion and ¥641 billion, respectively. Capital expenditures in our Consumer and Enterprise segments have been stabilized since the completion of our initial 5G rollout as we efficiently control the amount of capital investment by optimizing the use of existing base station sites, decreasing from ¥408 billion in the fiscal year ended March 31, 2023 to ¥322 billion in the fiscal year ended March 31, 2025, in addition to ¥66 billion representing the lump-sum recognition of the establishment license fee on the 4.9 GHz spectrum band in the same fiscal year.

In our financial policy, we emphasize maintaining a stable primary free cash flow, a non-IFRS measure that we use to evaluate our ongoing cash generating ability, including for debt repayment and shareholder returns, primarily in our core existing businesses (excluding free cash flows from the Non-Primary Entities, and including the net proceeds from and repayments of the securitization of installment sale receivables and adding back long-term growth investments in building the "Next-generation Social Infrastructure" and related AI computing infrastructure). We believe our established network and advanced 5G technology enable us to continue to generate stable and ample cash flow to maintain a high level of primary free cash flow, partly thanks to our ability to maintain capital expenditures at a reasonable level. We have generated stable primary free cash flow of ¥619 billion, ¥608 billion and ¥603 billion annually during the three fiscal years ended March 31, 2023, 2024 and 2025, respectively, exceeding the total dividends in fiscal years ended March 31, 2023, 2024 and 2025 of ¥406 billion, ¥407 billion and ¥409 billion, respectively. Our payout ratio, which is a non-IFRS financial measure defined as the percentage calculated by dividing dividends paid on our common stock during a given period by net income attributable to owners of the Company for the period, was 83.2% and 78.5% for the fiscal years ended March 2024 and 2025, respectively. For the fiscal year ended March 31, 2023, we adjust our payout ratio by dividing the sum of the total dividends paid on our common stock during the three-year period ended March 31,

2023 and the amount of share repurchase of our common stock conducted in the fiscal year ended March 31, 2024 by the net income attributable to owners of the Company for the three-year period ended March 31, 2023, which was 85.6%. As a result of our disciplined financial policy, our adjusted net leverage ratio (excluding the Non-Primary Entities), which is a non-IFRS financial measure defined as the ratio of our adjusted net interest-bearing debt to adjusted EBITDA, was 2.3x as of March 31, 2025. For calculation of our adjusted net leverage ratio, see "Selected Financial and Other Data—Non-IFRS Measures—Net interest-bearing debt, adjusted net interest-bearing debt (excluding the Non-Primary Entities), net leverage ratio and adjusted net leverage ratio (excluding the Non-Primary Entities)."

The foregoing discussion contains measures not presented in accordance with IFRS. For an explanation of these measures and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures."

Our highly experienced management team with a proven track record

We believe our experienced management team is key to our ability to effectively execute our growth strategies. Since our initial public offering in December 2018, we have strengthened our corporate governance, with a board of directors consisting of 11 members. To achieve an effective management system, six of the 11 directors are independent external directors, with each of the directors (including four women) having various areas of expertise and experience outside of our core businesses. We believe that this provides a diverse range of informed perspectives critical to our strategy of strengthening our core telecommunications business while expanding into new business areas.

Strategies

We have made significant progress in our transformation into a comprehensive information and technology company, sparking new customer demand and fueling innovations that push the boundaries of and redefine what it means to be a telecommunications service provider. While we aim to continue to build upon our successful track record in the mobile telecommunications business, we also intend to continue to pursue growth opportunities outside of the telecommunications business, by further implementing our "*Beyond Carrier*" strategy. This involves expanding our capabilities in the information and technology sector through collaborations with our various subsidiaries, other members of the SoftBank Group, and strategic partners.

Under our current mid-term management plan, which runs through the fiscal year ending March 31, 2026, we are focused on driving growth by enhancing synergies between our telecommunications businesses and non-telecommunications businesses, particularly in the areas of e-commerce, media, and digital financial services. By leveraging our customer base, infrastructure, and technological assets, we aim to expand integrated service offerings and increase user engagement across our businesses. As part of this plan, we are also prioritizing investments in advanced technologies such as AI, IoT, and data platforms that support our broader digital ecosystem to prepare for the next phase of our long-term vision to build the "Next-generation Social Infrastructure" that will serve as the foundation for Japan's digital society. This vision encompasses the deployment of nationwide ultra-fast, low-latency, high-capacity network infrastructure; the construction of AI-optimized data centers to support domestic development and operation of large-scale AI models including an enterprise AI agent and a homegrown Japanese LLM; and the creation of computing platforms that integrate networks, AI, and high-performance computing. Through these initiatives, we aim to provide the foundational digital infrastructure necessary to accelerate innovation and address the evolving needs of individuals, businesses, and public institutions in the era of AI and digitalization.

Further enhance our telecommunications customer base through a multi-faceted smartphone strategy

Since entering the telecommunications business, we have established ourselves as a leading provider in the Japanese mobile telecommunications market. We believe our brand is associated with innovative services and offerings, attracting new customers and enhancing brand loyalty. We plan to pursue further growth in our customer base and profitability by implementing a multi-faceted strategy focused on smartphones and related technologies.

Intensify our multi-brand strategy

We implement a multi-brand strategy that attempts to address varied consumer profiles in the Japanese telecommunications market via our differentiated family of brands, including *SoftBank*, *Y!mobile* and *LINEMO*.

We believe our multi-brand strategy enables us to capture a wider range of mobile users in Japan. Utilizing our familiarity with customer usage patterns at each generational, income and demographic level, we aim to keep subscribers within our family of brands while looking for opportunities to upgrade subscribers to premium offerings. Our brands offer highly distinct products via our unified network: *SoftBank* offers premium plans centered on unlimited data usage, *Y!mobile* offers lower monthly fees for small to medium data usage, and *LINEMO* offers online-exclusive SIM services and support. We seek to further grow our subscriber base in part by continuing to leverage this multi-brand strategy to meet diversified and evolving customer demand. We also plan to leverage our multi-brand strategy to introduce not only data-intensive users but also young or elderly, first-time and price-sensitive smartphone subscribers to our network and to retain them as many of such subscribers develop into more sophisticated and profitable consumers of mobile services. We intend to do this by providing a comprehensive range of subscription options that satisfy their specific voice and data usage needs as such needs evolve, preventing outflow of subscribers to competing service providers. We are also considering revisions to our pricing plans to stay ahead of the market trends we see in the telecommunications industry in Japan while carefully considering what additional values we can offer to satisfy our customers. Following a period of decline, as our Mobile ARPU for the fiscal year ended March 31, 2025 has stabilized and remained unchanged at ¥3,740 from the fiscal year ended March 31, 2024, we aim to further increase our Mobile ARPU by providing value-added services and promoting upgrades between our brands based on increased data usage.

Collaboration with LINE, Yahoo! JAPAN and PayPay

We believe that our continued ability to offer attractive, innovative services and programs differentiates us from our competitors and leads to subscriber growth and strong, sustainable ARPU levels. Specifically, we aim to provide our customer base with daily benefits and services beyond telecommunications, such as shopping, payments, and finance, offered through our ecosystems that provide added value through integrated services and loyalty programs within our group such as *LINE, Yahoo! JAPAN* and *PayPay*. By leveraging group synergies, we aim to strengthen cross-referrals between services, improve retention in the telecommunications business, and further improve our Mobile ARPU.

Further implement our "Beyond Carrier" strategy

Under our "*Beyond Carrier*" growth strategy, we aim to maximize corporate value by aggressively pursuing business opportunities and cutting-edge technological innovations outside of traditional telecommunications businesses, transforming into a comprehensive information and technology company that offers a wide variety of e-commerce, payment and social networking services and media-related services, while maintaining sustainable growth in the telecommunications business. By strengthening collaborations leveraging the strong offline footprint of our telecommunications platform, together with the online services prowess of the *LINE* and *Yahoo! JAPAN* platforms, we aim to bolster the competitiveness of our telecommunications business while promoting the creation of synergies, which we believe will lead to benefits such as increasing the number of service users and user engagement for our group companies.

We will promote the expansion of the *PayPay* customer base by leveraging our existing telecommunications business subscriber base. In April 2025, we made PayPay Bank Corporation and PayPay Securities Corporation subsidiaries of PayPay Corporation, completing the reorganization of our businesses in the Financial segment under PayPay Corporation by simplifying capital structure to make PayPay Card Corporation, PayPay Bank Corporation and PayPay Securities Corporation all subsidiaries of PayPay Corporation. We believe this reorganization has centralized our digital financial services under a single umbrella and positioned PayPay Corporation to accelerate integration across its offerings, strengthening its business foundation. For the fiscal year ended March 31, 2025, the gross merchandise value of the QR code payments in Japan (excluding cash remittance) processed by *PayPay* and *PayPay Card* (after elimination of internal transactions) was ¥15.4 trillion. PayPay Corporation's consolidated EBITDA, calculated as consolidated operating income *plus* depreciation and loss on disposal of non-current assets, in each case based on unaudited basis, became positive for the first time in the fiscal year ended March 31, 2024, reaching ¥9.8 billion, and increased to ¥45.6 billion in the fiscal year ended March 31, 2025. While PayPay Corporation prepares its financial information in accordance with IFRS, it does not necessarily apply the same accounting policies as we do, and accordingly its financial information may not be directly comparable with ours. Moreover, PayPay Corporation's consolidated EBITDA is a measure not presented in accordance with IFRS and should not be considered alternatives to the measures presented in accordance with IFRS, as it has important limitations as analytical tools, because it excludes some, but not all, items that affect net income. We will continue to focus on developing the businesses under PayPay Corporation and evolving the *PayPay* ecosystem into a comprehensive

constellation of seamlessly connected financial services including cashless payments, online banking, credit cards, online brokerage services, payments of utility bills and peer-to-peer transactions among individuals as well as other lifestyle-related services. Through this strategy we aim to develop the *PayPay* ecosystem into a vital tool that improves convenience and quality of life of our customers, while growing PayPay Corporation and its businesses into one of the pillars of our future revenue.

In our Enterprise segment, we plan to develop and offer more turn-key and comprehensive business solutions and services that provide cutting-edge digital products and services, such as digitalization, cloud computing and services, cyber-security and IoT services. By focusing on the ongoing provision of such products and comprehensive services, which go beyond traditional telecommunications services and network solutions, we aim to capture the increased demand for digitalization and AI transformation from enterprise customers in Japan and secure recurring revenue.

Development and deployment of AI technologies and AI infrastructure is a key component of our long-term vision of building the "Next-generation Social Infrastructure." Because the incorporation of AI in various products and services will necessitate massive processing and power consumption, we aim to develop sustainable data centers as part of our "Next-generation Social Infrastructure." We plan to invest in large-scale AI data centers, which we refer to as "Brain DataCenters," and medium-sized AI data centers, which we refer to as "Regional Brains," throughout Japan that will enable the use of renewable energy generated locally. In November 2023, we announced the construction of the "Hokkaido Tomakomai AI Data Center," which will be one of the four "Brain DataCenters," to be located in Tokyo, Osaka, Hokkaido and Kyushu. We expect the Hokkaido facility to ultimately exceed 300 megawatts of power usage capacity and to cover all of its power needs with renewable energy from within Hokkaido Prefecture, making it a model case of a locally produced and consumed data center. Currently, we plan to invest approximately ¥35 billion (net of ¥30 billion in government subsidies) in this facility. In March 2025, we acquired the land and buildings of Sharp Corporation's Sakai Plant in Osaka Prefecture with a total acquisition cost of approximately ¥100 billion. This site will be developed into a large-scale AI data center hub and positioned as a core infrastructure asset to support future demand for AI computing. We aim to launch operations of this data center hub in 2026, with an initial power usage capacity of approximately 150 megawatts, which we expect to exceed 250 megawatts in the future. The location and details of the Brain DataCenter in Kyushu are yet to be decided. Regarding investments in AI computing infrastructure, we plan to invest a total of ¥122 billion (net of ¥47 billion in government subsidies), of which ¥78 billion has been invested in the Brain DataCenter in Tokyo. These efforts are aimed at enhancing the performance and energy efficiency of our AI computing infrastructure, thereby contributing to the realization of a sustainable and advanced digital society. We also aim to become a market leader in the field of generative AI by developing an advanced AI agent for enterprises, tentatively named "Cristal intelligence" and deploying "AITRAS," an AI computing platform on a RAN. In addition, on May 8, 2025, we have announced that SB Intuitions Corp., our wholly owned subsidiary, has completed the development of "*Sarashina mini*," a commercial model of "*Sarashina*," a homegrown Japanese LLM. We anticipate that the commercial rollout of *Sarashina mini* will start by the fall of 2025.

Continue to maintain financial soundness while achieving medium- to long-term growth and free cash flow

One of our key focus areas is to enhance our corporate value while generating free cash flow, with a goal of maintaining and further increasing our high-level of primary free cash flow. Generating free cash flow for stable and sustainable shareholder returns, balance sheet management and investments remains a key priority for us, and we believe our operational leverage using well-controlled cost and capital expenditure management and our ability to continue to invest in long-term growth businesses enables us to remain competitive in the industry and continue to generate sustainable cash flows, efficiently generating high levels of free cash flow. In addition to investing for growth, maintaining a stable level of distributions to shareholders through dividends is also an important objective of our financial strategy.

With the completion of the initial 5G rollout, we have already made what we believe to be appropriate and well-timed investments in nationwide telecommunications infrastructure and leading 5G technology-related advancements to allow for the operation of a technologically advanced network at a controlled cost, with the highest 5G connectivity rate in major cities in Japan among the telecommunications operators in Japan according to a survey by our subsidiary Agoop in March 2025. Utilizing the stable capital expenditure post-rollout of 5G, including the lump-sum recognition of the license fee on 4.9 GHz band in the fiscal year ended March 31, 2025, we intend to focus on making capital investments in the further advancement of 5G technology and investing

¥122 billion (after deducting ¥48 billion in expected subsidies from the Ministry of Economy, Trade and Industry) in building the "Next-generation Social Infrastructure" and related AI computing infrastructure.

To continue to make long-term growth investments, we plan to utilize government support and subsidies and capital increases, including the issuance of bond-type class shares as necessary. We have diversified our financing options by maintaining strong relationships with banks, issuing senior notes in the domestic capital markets, utilizing asset finance such as installment receivable securitization and finance leases. We plan to further diversify our financing options to achieve optimal financing strategies.

We aim to maintain our current credit ratings, including by closely monitoring and controlling our adjusted net leverage ratio in the mid-2x range. Our interest-bearing debt (on a consolidated basis and presented in accordance with IFRS) has slightly decreased from ¥6,135 billion as of March 31, 2023 to ¥5,962 billion as of March 31, 2025, while adjusted net interest-bearing debt (excluding the Non-Primary Entities) has slightly increased from ¥3,041 billion as of March 31, 2023 to ¥3,044 billion as of March 31, 2025. Our adjusted net leverage ratio (excluding the Non-Primary Entities) has decreased from 2.5x as of March 31, 2023 to 2.3x as of March 31, 2025, demonstrating our financial soundness. Adjusted net leverage ratio is a measure not presented in accordance with IFRS. For an explanation of this measure and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures." Although historical data for global MNO providers is in many cases produced with reference to differing GAAP or implementations of IFRS, and is available only for certain periods, and our adjustments include the effect of cash reserves for securitization of sales receivable, and therefore our leverage ratios are not directly comparable vis-à-vis other MNO global providers, we believe we have a lower net leverage ratio relative to such other telecommunications providers during the same period.

The foregoing discussion contains measures not presented in accordance with IFRS. For an explanation of these measures and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures."

Promote our ESG strategy

Our corporate philosophy is "Information Revolution—Happiness for everyone." To achieve this mission, we have sought to harness the information revolution to contribute to the promotion of environmental, social and governance (ESG) concerns and sustainable development goals. In particular, the expanded use of AI is expected to require massive processing and computing power, which in turn requires significant electricity consumption. To offset the impact of growing AI use, we are promoting an ESG strategy across our group to achieve a sustainable society.

Our specific strategies include investing in sustainable AI data centers as a part of the "Next-generation Social Infrastructure," which will be spread out across various locations to drive growth of regional industries and economies and are designed to operate using locally produced renewable energy. For example, our Hokkaido Tomakomai AI Data Center, one of our Brain DataCenters, plans to meet its energy needs entirely with renewable energy generated within Hokkaido Prefecture, serving as a model case of locally produced and consumed power in a carbon-conscious digital infrastructure.

We are also transitioning 100% of our electricity used to renewable energy on a net basis, including the use of non-fossil certificates designated as renewable energy and procuring more than 50% of our electricity from renewable energy sources by the fiscal year ending March 2031, and to achieve "net zero" emissions by 2050, reducing all greenhouse gas emissions related to business activities for the entire supply chain, including those emitted by business partners, i.e., Scope 3 emissions.

The discussion above includes forward-looking statements based on various assumptions and beliefs, including those relating to matters that are outside of our control, such as the availability of renewable energy and carbon offsets on commercially agreeable terms, as well as the continued promotion of emissions reductions by government and social actors and the technological progress required to make this possible. These and other unanticipated events and circumstances could affect our ability to meet the targets and goals set forth above. In addition, there can be no assurance as to our ability to implement these strategic initiatives. As a result, we cannot and do not make any representation or assurance as to the achievability of our objectives and goals set forth above or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements. See "Risk Factors—Risks Relating to

Our Business—We may be unsuccessful in our transformation into a comprehensive information and technology company," "Risk Factors—Risks Relating to Our Business—Our ESG-related initiatives may not achieve their intended outcomes or may not be implemented as planned, which could adversely affect our reputation and compliance obligations," and "Forward-Looking Statements."

Summary Risk Factors

An investment in the Notes involves significant risks, and prospective investors are urged to carefully consider the matters discussed under "Risk Factors" prior to making an investment in the Notes. Such risks include, but are not limited to the following:

Risks Relating to Our Business

- competition in our telecommunications businesses has, and may continue to, intensify;
- innovations in technology and business models, including those related to next-generation wireless network and AI, may make our existing services, technology or business models obsolete;
- security breaches, cyberattacks, or illegal or inappropriate use or improper operation of our services could adversely affect our reputation and expose us to claims from customers and penalties from authorities;
- we depend on the satisfactory performance of our network systems and sufficient allocation of spectrum to operate our telecommunications and non-telecommunications services;
- we may be unsuccessful in our transformation into a comprehensive information and technology company;
- adverse financial market and economic, social and geopolitical conditions in Japan and elsewhere may have a material adverse effect on our business, financial condition and results of operations;
- the businesses in our Media & EC segment subject us to certain additional risks;
- the businesses in our Financial segment subject us to certain additional risks;
- the acquisition of other companies, businesses or technologies, or the entrance into joint ventures, strategic alliances, reorganizations within our group or other transactions, including the joint venture with SoftBank Group Corp. and OpenAI, Inc., may not be successful, could result in operating difficulties, dilution or other harmful consequences, or we may not be able to pursue investment opportunities as desired;
- we are subject to extensive laws, government regulations and licensing regimes that restrict and may impose new restrictions on our business;
- our financial results may be significantly affected by the cost of funding and leasing and we may become subject to various restrictive covenants on borrowings that could affect our ability to execute our strategy and build our business;
- we purchase and lease various equipment, products and services from suppliers, and our inability to procure such equipment, products and services or defects therein could adversely affect our business;
- our operations may be significantly affected by natural disasters such as earthquakes or other unexpected disruptions, including natural events associated with climate change;
- any adverse change, or any perceived adverse change, in our relationship with the SoftBank Group or any negative developments affecting the SoftBank Group, could have an adverse effect on our business, financial condition or results of operations;
- we depend on the telecommunications lines and facilities of other companies in certain circumstances and could be materially and adversely affected if our access was restricted or terminated or if related utilization or connection fees were increased;
- we rely on subcontractors and other third parties for certain of our operations;
- our inability to attract, develop and retain qualified employees could harm our business and inhibit our ability to operate, grow and achieve innovation successfully;
- the loss of key senior management personnel could negatively affect our business;

- we face additional risks arising from our Distribution segment;
- we may suffer from unauthorized use of our intellectual property by third parties and incur costs associated with protecting our intellectual property;
- we may be subject to intellectual property claims;
- impairment of the carrying value of our tangible and intangible assets could materially and adversely affect our financial condition and results of operations;
- our ESG-related initiatives may not achieve their intended outcomes or may not be implemented as planned, which could adversely affect our reputation and compliance obligations;
- from time to time, we may become involved in legal proceedings, which could adversely affect our business; and
- our internal controls over financial reporting may not be effective in preventing future misstatements of our financial condition and results of operations.

Risks Relating to the Notes

- the Notes constitute obligations solely of us and are not guaranteed by SoftBank Group Corp. or any other member of the SoftBank Group;
- there is no prior market for the Notes, and the Notes may have limited liquidity;
- the Notes are unsecured obligations;
- the Notes and the Indenture contain only very limited restrictions on our ability to pledge our assets, may effectively be subordinated and provide holders with limited protection in the event of a change in control;
- the ratings of the Notes are subjective in nature and could be lowered;
- we may redeem the Notes of each series prior to maturity; and
- the Notes are subject to transfer restrictions.

For a discussion of these and other risks you should consider before making an investment in the Notes, see the section entitled "Risk Factors."

Company Information

Our registered address is 1-7-1 Kaigan, Minato-ku, Tokyo 105-7529, Japan. Our corporate website is located at *https://www.softbank.jp/en/corp/*. The information on our corporate website does not constitute a part of this offering circular.

THE OFFERING

The summary below describes the principal terms of the notes. The terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, including the definitions of certain terms used in this summary, see "Description of the Notes."

Issuer	SoftBank Corp.
Notes Offered	$500,000,000 aggregate principal amount of its 4.699% senior notes due 2030 denominated in U.S. dollars (the "2030 Notes"); and $500,000,000 aggregate principal amount of its 5.332% senior notes due 2035 denominated in U.S. dollars (the "2035 Notes," and, together with the 2030 Notes, the "Notes").
Issue Date	On or about July 9, 2025.
Offering Price	100% of the principal amount of the 2030 Notes, 100% of the principal amount of the 2035 Notes, *plus*, in each case, accrued interest, if any, from July 9, 2025.
Maturity Date	The 2030 Notes will mature on July 9, 2030. The 2035 Notes will mature on July 9, 2035.
Interest and Interest Payment Dates	Interest on the 2030 Notes will accrue at the rate of 4.699% per annum payable semi-annually in arrears and interest on the 2035 Notes will accrue at the rate of 5.332% per annum payable semi-annually in arrears, in each case on January 9 and July 9 of each year, beginning on January 9, 2026. The Company will pay interest to the holders of record of each series of the Notes on the day that is 15 calendar days preceding such interest payment date, whether or not such day is a Business Day (as defined in "Description of the Notes—Principal, Maturity and Interest"). See "Description of the Notes—Principal, Maturity and Interest."
Form and Denominations	The Company will issue the Notes only in global registered form. The Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.
Ranking of the Notes	The Notes will be the Company's direct, unsecured and unsubordinated general obligations and will rank equally and *pari passu* with all of the Company's other unsubordinated indebtedness (except for statutorily preferred obligations), from time to time outstanding, that is unsecured, and without any preference among themselves.
Repurchases of the Notes	The Company, or any of its subsidiaries, may at any time repurchase any or all of the Notes of either series in the open market or otherwise at any price. Subject to applicable law, neither the Company nor any of its subsidiaries shall have any obligation to offer to repurchase any Notes held by any holder as a result of the Company or any of its subsidiary's repurchase or offer to repurchase Notes held by any other holder in the open market or otherwise. Any Notes so repurchased shall be cancelled.

Optional Redemption	The Company has the option to redeem the Notes of each series, in whole or in part, at any time prior to June 9, 2030 (the date that is one month before maturity) in the case of the 2030 Notes and April 9, 2035 (the date that is three months before maturity) in the case of the 2035 Notes (in each case, the "Par Call Date"), at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of (i)(a) the sum of the present values of the remaining scheduled payments of principal and interest for the relevant series of Notes discounted to the redemption date (assuming the Notes matured on the relevant Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in "Description of the Notes—Redemption—Optional Redemption") plus 15 basis points (in the case of the 2030 Notes) or 20 basis points (in the case of the 2035 Notes) less (b) interest accrued to (but excluding) the date of redemption; and (ii) 100% of the principal amount of the Notes of the relevant series to be redeemed; plus, in either case, accrued and unpaid interest thereon to (but excluding) the redemption date. In addition, on or after the relevant Par Call Date, the Company may redeem the Notes of either series, in whole or in part, at any time and from time to time, upon giving at least 10 days but not more than 60 days' prior notice of redemption to the Trustee and the holders, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to (but excluding) the redemption date. Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depositary's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. See "Description of the Notes—Redemption—Optional Redemption."
Optional Tax Redemption	Each series of the Notes may be redeemed at any time, at the Company's option and sole discretion, in whole, but not in part, upon giving not less than 30 nor more than 60 days' prior notice of redemption to the Trustee, the Agents and the holders (which notice shall be irrevocable), at a redemption price equal to the principal amount of the Notes together with interest accrued to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in "Description of the Notes—Taxation and Additional Amounts") thereon, if the Company has been or will be obliged to pay any Additional Amounts with respect to such series as a result of (a) any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the issuance of the Notes or (b) after the completion of any Succession Event (as defined in "Description of the Notes—Merger, Consolidation, Sale or

Disposition"), any change in, or amendment to, the laws or regulations of the jurisdiction of tax residence of the succeeding entity or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of such Succession Event, and in either case such obligation cannot be avoided through the taking of reasonable measures available to the Company or the succeeding entity, as the case may be. See "Description of the Notes—Redemption—Optional Tax Redemption."

Additional Amounts . . . . . All payments of principal, premium (if any), and interest in respect of the Notes by the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments, levies or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Japan, or any political subdivision of, or any authority in, or of, Japan having power to tax, unless such withholding or deduction is required by law, or by regulation or governmental policy having the force of law, as interpreted and enforced by the relevant authority. In that event, the Company shall pay to the holder of each Note, subject to certain exceptions, such additional amounts on the Notes as may be necessary so that the net amounts received by such holder after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of such Note in the absence of such withholding or deduction. See "Description of the Notes—Taxation and Additional Amounts."

Covenants . . . . . The Company will issue the Notes under an indenture (the "Indenture") that will limit, among other things, the Company's ability to:

- merge or consolidate with other entities; and
- create or permit to subsist certain liens.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes—Merger, Consolidation, Sale or Disposition" and "Description of the Notes—Negative Pledge."

Use of Proceeds . . . . . The Company intends to use the net proceeds of the sale of the Notes for general corporate purposes.

Global Notes . . . . . The Notes of each series sold in offshore transactions to persons other than U.S. persons in reliance on Regulation S under the Securities Act will be initially in the form of one or more fully-registered global notes (the "Regulation S Global Notes"), and the Notes of each series sold to persons reasonably believed to be Qualified Institutional Buyers in reliance on Rule 144A will initially be in the form of one or more fully-registered global notes (the "Rule 144A Global Notes" and, together with the Regulation S Global Notes, the "Global Notes"). The Global Notes will be issued and registered in the name of Cede & Co., acting as nominee for DTC, which will act as securities

depositary for the Notes. The Global Notes will initially be deposited with Citibank, N.A., London Branch, acting as custodian for DTC.

Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by the depositaries and their participants. The sole holder of the Notes represented by a Global Note will at all times be DTC or its nominee (or a successor of DTC or its nominee), and voting and other consensual rights of holders of the Notes will be exercisable by beneficial owners of the Notes only indirectly through the rules and procedures of the depositaries from time to time in effect. Beneficial interests in the Global Notes may not be exchanged for Definitive Notes except in the limited circumstances described under "Description of the Notes—Book-Entry, Delivery and Form—Exchange of Global Notes for Definitive Notes."

Listing and Trading . . . . . Approval in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for Definitive Notes. In addition, in the event that the Global Notes are exchanged for Definitive Notes, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of Definitive Notes, including details of the paying agent in Singapore.

The Notes will be traded on the SGX-ST in a minimum board lot size of $200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Securities Codes . . . . . The security codes for the Notes are:

For the 2030 Notes sold in reliance on Regulation S:
CUSIP No: J75963 DB1
ISIN: USJ75963DB15

For the 2030 Notes sold in reliance on Rule 144A:
CUSIP No: 83405K AA0
ISIN: US83405KAA07

For the 2035 Notes sold in reliance on Regulation S:
CUSIP No: J75963 DC9
ISIN: USJ75963DC97

For the 2035 Notes sold in reliance on Rule 144A:
CUSIP No: 83405K AB8
ISIN: US83405KAB89

Governing Law . . . . . The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Rating	It is expected that the Notes will be assigned with ratings of "BBB" by S&P Global Ratings Japan Inc. ("S&P") and "BBB+" by Fitch Ratings Japan Limited ("Fitch"). A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction. Accordingly, the Notes may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except (a) to Qualified Institutional Buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the U.S. to persons other than "U.S. persons" (as defined in Rule 902 under the Securities Act) in offshore transactions in compliance with Regulation S. See "Transfer Restrictions."
Trustee and Note Registrar	Citicorp International Limited
Paying Agent and Transfer Agent	Citibank, N.A., London Branch

RISK FACTORS

Prior to making an investment decision, you should carefully consider the following risks, along with the other information in this offering circular, including our consolidated financial statements and related notes and other financial information, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Financial and Other Data." The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that could adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations could be materially and adversely affected by various factors, including the risks discussed below. This offering circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this offering circular. See "Forward-Looking Statements."

Risks Relating to Our Business

Competition in our telecommunications businesses has, and may continue to, intensify.

Our telecommunications businesses, which make up the largest part of our business, are subject to intense competition, which has intensified in recent years. In particular, competition in the Japanese mobile telecommunications industry, where the main businesses of our Consumer and Enterprise segments operate, is intense and is expected to increase. The Japanese population, whose telecommunications needs we serve directly through our Consumer segment, is both aging and declining, resulting in decreases in the number of potential new subscribers and the overall number of potential consumers of mobile telecommunications services domestically. In addition, the mobile telecommunications market in Japan is considered to be approaching saturation in terms of subscriber numbers, with the total number of domestic mobile phone subscribers reaching 221 million as of December 31, 2024, according to the Ministry of Internal Affairs and Communications of Japan (the "MIC"), indicating ownership significantly surpassing one mobile phone per person on average when counting both consumer and enterprise subscriptions based on the total population of Japan. The home broadband market is also approaching saturation. As a result of the continued decrease in the overall number of potential consumers of telecommunications services, we expect that competition in the telecommunications industry for consumer subscriptions will continue to intensify.

Our main competitors in the mobile telecommunications business are the other traditional MNOs, NTT DOCOMO and KDDI, and the more recently established Rakuten Mobile. We also expect to continue to face competition from lower-cost MVNOs. Competition among the mobile carriers in Japan has intensified in recent years, in particular in the mid-volume market (i.e., mobile users who consume a moderate amount of data typically around 10GB to 30GB per month) and carriers are increasingly competing on connectivity, pricing and data allowances. For example, we have introduced affordable price plans primarily targeting the mid-volume market through our *Y!mobile* and *LINEMO* brands and other MNOs have similarly introduced affordable price plans, such as the "ahamo" offering by NTT DOCOMO and the "UQ" and "povo" offerings by KDDI, which primarily target the mid-volume market, and the "SAIKYO Plan" offering by Rakuten Mobile. Furthermore, intensifying competition has resulted in increases in data allowances across at each leading mobile carrier, including us, in particular for the mid-volume market plans, further reducing effective ARPU for the affected market segments. In addition, through the provision of digital ecosystems, including loyalty plans, point bundle price plans and value-added services, the carriers are competing to differentiate themselves in a saturated market by fostering brand loyalty and cross-service engagement, in particular for their premium price plans. For example, under the *PayPay* brand, we offer subscribers various services, such as the payment, credit card, online banking and securities brokerage services. In October 2023, as part of our initiatives to foster brand loyalty and cross-service engagement, we introduced our "*Pay-toku*" price plans under our flagship *SoftBank* brand, which offer increased award rates of "*PayPay Points*" to the subscribers of the plans when using *PayPay* for payments. Other MNOs have also introduced similar point-related benefits, such as for "d Points" by NTT DOCOMO, "Ponta" points by KDDI and "Rakuten Points" by Rakuten Mobile, in addition to offering, for example, credit card, banking, securities brokerage, e-commerce and other services through their various affiliated ecosystems. In 2025, the competitive landscape has further intensified as NTT DOCOMO and KDDI have enhanced their point bundling and loyalty offerings, particularly by integrating mobile subscription plans with other services within their broader consumer ecosystems with additional benefits such as bundled streaming, e-commerce and finance services. These offerings provide users with substantial point-based rewards for usage of affiliated

services such as streaming, e-commerce and finance, thereby increasing network effects and deepening engagement within each group's ecosystem, further intensifying competition and exerting additional downward pressure on margins.

Our competitors in the mobile telecommunications business or other businesses may develop, larger operations or other competitive advantages over us in terms of, for example, capital available to them for improving or maintaining their networks, services and products, including mobile device selection and network speed, quality or availability (or the amount of capital required to do so), price competitiveness, customer base, sales channels or capability, brand awareness, public recognition, combination of these or collaborations with third-party service providers for, for example, payment, content or other value-added services. Under our "*Beyond Carrier*" growth strategy, we aim to grow our core telecommunications business while expanding our business beyond telecommunications to new businesses in the information and technology field by offering our value-added ecosystem offerings and enhancing cross-service engagement. If our competitors were to sell services or products that harness their competitive advantages to a greater extent than they currently do, we may be placed at a disadvantage in sales competition including price competition or may be unable to provide services and products or acquire or retain customers as anticipated. Moreover, even if we introduce highly competitive services, products or sales methods ahead of our competitors, our competitive advantages may lessen, and we may be at risk of losing current or potential mobile subscribers if our competitors deploy equivalent or better services, products or sales methods. For example, we are currently working on the research and development of more advanced 5G networks and 6G network technologies as the next-generation wireless networks under our "*Beyond 5G/6G*" initiatives. See "—Innovations in technology and business models, including those related to next-generation wireless network and AI, may make our existing services, technology or business models obsolete." However, if current or future competitors are able to develop and deploy more advanced 5G or 6G network technologies more effectively than we are, we could be placed at a serious competitive disadvantage and be at risk of losing current or potential mobile subscribers. Furthermore, technological developments such as the adoption of "electronic SIM" technology have enabled subscribers to switch carriers more conveniently, further intensifying the competition to attract and retain subscribers among the mobile carriers. Any potential further technological, commercial, regulatory or other changes that could further decrease the cost or simplify the process of switching carriers could further intensify competition with MNOs and MVNOs if implemented. Any further changes to the competitive environment stemming from new developments could subject us to increased competitive pressure, causing us to lose subscribers, or require us to make other changes to our business, including further altering our price plans or other aspects.

Changes in the regulatory, commercial or other aspects of the mobile telecommunications may spur further competition. In 2019, the Telecommunications Business Act of Japan (Act No. 86 of 1984, as amended) (the "TBA") was revised and in 2020, the Japanese government has also introduced a series of policies aimed at enhancing competition in the Japanese mobile telecommunications industry. These policies have led to the changes in the market such as unbundling of handset sales price and carrier subscription fees, removal of SIM-locks, reduction of cancellation fees, limit on handset sales price discount and reduction of the cost and simplification of the process of switching carriers, all of which have in turn led to reduction in ARPU across all of the MNOs, including us, and a more competitive landscape, further intensified by the entry of Rakuten Mobile. For more details of the Japanese government policies to enhance competition, see "—We are subject to extensive laws, government regulations and licensing regimes that restrict and may impose new restrictions on our business" and "Regulation—Other Major Regulations and Guidelines Concerning the TBA and the Radio Act." In addition, in April 2024, the Japanese government enacted amendments to the Act on Nippon Telegraph and Telephone Corporation, etc. of Japan (Act No. 85 of 1984, as amended) (the "NTT Law"), which relaxed several long-standing regulatory restrictions on NTT and required the government to further review NTT-related regulations and consider the possibility of abolishing the NTT Law altogether. Although these revisions were positioned as measures to enhance NTT's international competitiveness, they have raised significant concerns among domestic telecommunications operators, including us, regarding the potential erosion of fair competition in the Japanese telecommunications market, and in January 2025, we joined a coalition of 183 stakeholders—including rival carriers such as KDDI and Rakuten Mobile and local governments—in submitting a joint statement to the MIC expressing opposition to full deregulation, warning that such a move could result in disproportionate advantages for NTT due to its vertically integrated business model, extensive last-mile infrastructure, and government-backed ownership structure. On May 21, 2025, the Japanese Diet passed the amendments to the NTT Law, which, among other provisions, required the government to further consider within the next three years whether the NTT Law should be further amended or abolished, in addition to limiting the requirement that NTT provide fixed-line telephone services only to those places where no third-party providers are available. As the Japanese government continues to own more than one-third of NTT's shares, there is a risk that further deregulation could reinforce certain systemic advantages of NTT, enabling preferential access to

public resources and potentially reducing the fairness of competition in the market. The elimination of existing safeguards—such as NTT's regional operational boundaries and structural separations as well as the remaining universal service obligation—could lead to increased market consolidation and pricing pressure, which could impair our ability to retain and grow our customer base, maintain current ARPU levels, and maintain capital efficiency in network investments.

In this intense competitive environment, we may not be able to maintain existing or capture new subscribers, and any measures we take to do so, such as revising our subscription plans, offering discounts, implementing capital expenditures to maintain or improve our network or any other initiatives could fail to have the expected effect or adversely affect our profitability or ARPU to a greater degree than expected. For example, we employ a multi-brand strategy, offering full-service traditional MNO service under our *SoftBank* brand, lower-cost MNO service under the *Y!mobile* brand and MNO service available exclusively through online distribution under the *LINEMO* brand. This multi-brand strategy is intended in part to provide diverse services and products that match consumer preferences, expand our customer base by increasing our competitiveness with other MNOs and MVNOs and prevent loss of subscribers. However, this strategy may not prevent subscriber loss to our competitors if there are unexpected changes in the competitive environment or may lead to a greater decrease in ARPU than expected if a greater proportion of our subscriber mix shifts mainly towards our lower-cost *Y!mobile* or *LINEMO* brands.

Any inability to effectively react to changes in usage of mobile and other telecommunications services, whether due to disruptions or volatility in the economy, technological advancement, changes in consumer preferences or enterprise needs or other reasons, may weaken our competitive position in the industry and our ability to capture new or maintain existing subscribers, leading to decreased revenue or requiring us to make greater capital or other expenditures.

Any of the above consequences could have a material adverse effect on our business, financial condition and results of operations.

Innovations in technology and business models, including those related to next-generation wireless network and AI, may make our existing services, technology or business models obsolete.

Our future success depends, in part, on our ability to anticipate and adapt in a timely manner to the fast-paced changes in technology and business models that characterize the technology industry in general and the telecommunications industry in particular. We expect that new services, technologies and business models will continue to emerge and that existing services, technologies and business models will also further develop, requiring significant capital expenditures in connection with the deployment of such new or improved technologies. In particular, we believe that the development and deployment of the next-generation wireless networks featuring more advanced 5G or 6G network technologies characterized by high-speed, high-capacity, ultra-low latency, massive device connectivity and high security, which we call "*Beyond 5G/6G*," will have a significant impact on the telecommunications industry in a similar manner as the proliferation and advancement of 5G network technologies has significantly affected the telecommunications industry. If we fail to upgrade our existing mobile and fixed-line telecommunications networks or other businesses to offer reliable more advanced 5G or 6G mobile services, we may lose customers to our competitors, particularly as consumers and businesses increasingly demand faster and seamless usage of larger amount of data across different mobile and fixed devices. Moreover, if we fail to adapt to the rapidly changing technological development characterized by the introduction and proliferation of the next-generation wireless networks or other related technologies or to effectively introduce and market new services based upon such technological innovations, our businesses may become less attractive to consumers. For example, a failure to effectively develop and deploy a viable advanced 5G or 6G network could adversely affect our ability to participate in AI, IoT and big data-related businesses, which are expected to rely heavily on the higher speeds, ultra-low latency and massive device connectivity expected to be enabled by advanced 5G or 6G network technologies. In addition, different iterations of next-generation 5G or 6G network technologies may be developed in the future, and there is no assurance that our efforts to respond to the adoption of such iterations will be successful. This includes the emergence of alternative connectivity technologies such as satellite-based networks and High-Altitude Platform Station ("HAPS") networks, which could change the competitive landscape of wireless communications and may reduce the demand for traditional terrestrial mobile networks. As these alternative technologies gain traction, they may shift consumer preferences away from traditional terrestrial mobile networks, potentially impacting our market position and customer base. This could limit our ability to acquire new customers and cause us to lose existing customers, which could have a material adverse effect on our business, financial condition and results of operations.

In the technology industry, the rapid development of AI, IoT, and big data utilization is accelerating the digitalization movement, and there is a growing need to provide more diverse and technologically advanced services across diverse industries. In particular, the development of generative AI has been remarkable, and it is having a significant impact on existing business models across diverse industries. We expect that new services, technologies and business models, including those related to AI, will continue to emerge and that existing services, technologies and business models will also further develop, requiring significant capital expenditures in connection with the deployment of such new or improved technologies. For example, a key part of our technology strategy is to build the "Next-generation Social Infrastructure" that can support real-time high-speed processing of vast amounts of data required for enabling AI to play an integral role in our society. We are developing and implementing a variety of technologies aimed at delivering this next generation of social infrastructure, including our own generative AI, AI with radio access networks ("AI-RAN"), AI agent for enterprises and a platform that integrates high performance computing ("HPC") and quantum computing internally and in collaboration with the members of the SoftBank Group and other third parties. The development of such latest AI and AI network technologies with third parties may increase risks associated with security vulnerabilities, data security and exposures to factors outside our control. See "—The acquisition of other companies, businesses or technologies, or the entrance into joint ventures, strategic alliances, reorganizations within our group or other transactions, including the joint venture with SoftBank Group Corp. and OpenAI, Inc., may not be successful, could result in operating difficulties, dilution or other harmful consequences, or we may not be able to pursue investment opportunities as desired." Although we are constantly surveying the latest technological and market trends, conducting demonstration tests to introduce services with high technological superiority, and considering alliances with other companies, if we fail to develop, deploy or adapt to the rapidly changing technological developments, including the introduction and proliferation of AI, to upgrade or adapt our existing mobile and fixed-line telecommunications networks or other businesses in a timely and satisfactory manner, to obtain and deploy sufficient capital for such upgrades or to effectively introduce and market new services based upon such technological innovations, our businesses may become less attractive to consumers.

Our ability to benefit from other new technologies could also be harmed if we are unable to rapidly and effectively deploy the necessary infrastructure. For example, a failure to effectively develop and deploy a viable next-generation wireless network could adversely affect our ability to participate in IoT and AI-related businesses, which are expected to rely heavily on the high-speed processing of vast amounts of data and connectivity. This could limit our ability to acquire new customers and cause us to lose existing customers to competitors, which could have a material adverse effect on our business, financial condition and results of operations. We could fail to achieve these goals for a number of reasons, including insufficient or flawed technological research and development, the inability to recruit engineers or other technologically-skilled employees in a cost-effective manner or at all, insufficient cash on hand or a lack of ability to borrow or otherwise acquire sufficient funding to make the necessary capital expenditures or failures to make appropriate plans for or anticipate customer demands or expectations for new technologies. Even if we are able to roll out such new technologies, the total amount of expenditures required to do so successfully may significantly exceed our original expectations. Moreover, despite our expectations and those of our competitors, new technologies, including those related to AI, may not be as successful with customers or at otherwise improving the attractiveness of our business as we anticipate, making it difficult for us to grow our customer base or recoup our investments therein. In addition, although we believe that the implementation of newer, more efficient technologies such as low power consumption network equipment and business models such as increased implementation of AI and big data technologies in our day-to-day operations will lead to cost savings, we may be unsuccessful in implementing these technologies or business models, or they may not meet the needs or demands of our existing customers, vendors or other business partners, harming our business. In addition, there can be no assurance that the new technologies we anticipate will be developed according to expected schedules, that they will perform according to expectations, that common standards and specifications will be achieved or that they will achieve commercial acceptance. Any failure of new technologies to meet our expectations, or the failure of any technology to achieve commercial acceptance, could place us behind our competitors in terms of technological development. Any such factors may adversely affect our business, financial condition and results of operations.

Security breaches, cyberattacks, or illegal or inappropriate use or improper operation of our services could adversely affect our reputation and expose us to claims from customers and penalties from authorities.

We collect, handle and maintain customer information, including personal information and other confidential information, in the course of our business operations in Japan and overseas. In some cases, we also rely upon third-party subcontractors to handle customer information. Information handled by us or our subcontractors may include customer's names and email addresses, dates of birth, addresses, contact information

including phone numbers, bank account information, credit card information, credit history and other information. In addition, we are subject to various regulations regarding the storage and protection of customer information, and we are required to exercise care in protecting the confidentiality of personal information and to take steps to ensure the security of our services.

Any material leak of personal information, due to cyberattacks, hacking or other unauthorized access to one of our or our subcontractors' databases, or due to the willful misconduct or inadvertent mistake of one of our or our subcontractors' employees or otherwise, could result in claims or lawsuits against us, and we could be held legally responsible for any damages sustained by the affected persons or subject to regulatory or administrative penalties or orders. Such events could also result in reputational damage even if we are not ultimately held legally responsible. Furthermore, we could incur additional expenses associated with security system upgrades or updates, conducted either voluntarily or in response to administrative guidance or other regulatory initiatives from the government, or in connection with public relations campaigns designed to prevent or mitigate damage to our corporate image or reputation. Any related reputational damage could lead to a decline in new customers or an increase in cancellations for any of our services. For example, on November 27, 2023, LY initially announced that it had suffered an incident of unauthorized access and information leak of its users, business partners, employees and other personnel, which was reported to the MIC and the Personal Information Protection Commission (the "PPC") and made follow-up announcements regarding the incident on December 27, 2023 and February 14, 2024. In addition, LY announced that it had suffered a system error which led to leakage of user photos on November 28, 2024. Currently, LY is undertaking a response, based on administrative guidance and recommendations received from the MIC on March 28, 2025, and has been submitting reports on its initiatives to prevent a recurrence and summarizing the status of implementation of recurrence prevention measures to the MIC and the PPC as appropriate, with the latest report submitted to the MIC on May 20, 2025. However, if the initiatives undertaken by LY and the Company are perceived to be ineffective or insufficient, it could impair public trust in us or decrease demand for our services. In addition, on June 11, 2025, we announced that one of our subcontractors had breached its obligations and mishandled the personal information of SoftBank and Y!mobile mobile subscribers, potentially resulting in a leak of personal information of approximately 140,000 subscribers. On June 3, 2025, we reported the incident to the relevant authorities and have been cooperating with the authorities to further investigate the incident. We are implementing enhanced security measures to protect subscriber information and prevent future incidents. Despite these efforts, demand for our services may decrease, and public trust in us may be impaired if these actions are perceived as insufficient or ineffective in preventing further data leaks or other security incidents.

Similarly, cyberattacks, hacking or other unauthorized access may affect the operation of our networks or other systems, our proprietary technical, marketing, employee-related or other information or any other aspect of our business, causing interruptions to our business and potentially harming our brand and reputation among current and potential customers. As incidents of cyberattacks, hacking or other attempted unauthorized access to our systems increase in number and sophistication, the cost to defend against such attacks has increased and is expected to continue to increase. Moreover, as we increase initiatives related to IoT including sales and support for a wide range of devices, such as home appliances, automobiles, industrial, healthcare and robotics, we may suffer greater exposure to such attacks to an increased number of devices connected to our networks, not all of which may meet the same security standards as our approved mobile phones or other devices.

As we continue to expand the businesses in our Financial segment, including cashless payments, credit cards, online banking, securities brokerage and other financial services, we are increasingly exposed to heightened cybersecurity and data protection risks. The growth of these businesses has resulted in a significant increase in the volume of personal and financial information we handle, including more sensitive categories of data such as bank account details, transaction histories and credit evaluations. In addition, the real-time nature and critical importance of payment services mean that any system failure, service outage, or breach caused by a cyberattack or other incident could have an immediate and widespread impact on our individual and business customers. If such disruptions were to cause payment services to become unavailable temporarily or for a prolonged period of time, it could damage our reputation and customer trust, and adversely affect our business, financial condition and results of operations not only of our Financial segment, but also more broadly.

Any of the above consequences could harm our ability to maintain or grow our customer base, causing a decrease in revenue or requiring us to make unexpected expenditures, which could have a material adverse effect on our business, financial condition and results of operations. These could also expose us to claims from customers and penalties from authorities.

We depend on the satisfactory performance of our network systems and sufficient allocation of spectrum to operate our telecommunications and non-telecommunications services.

The quality of our telecommunications services depends on, among other things, our network systems and the spectrum that the government allocates to us. In order to remain competitive and retain and grow our customer bases, we must undertake continuous maintenance and upgrades to our mobile and fixed-line networks to ensure adequate network capacity and capability and to protect against disruptions. Unexpected disruptions, particularly if prolonged, may significantly inconvenience our subscribers or even subject us to claims that subscribers were harmed, which may impair our ability to attract or maintain subscribers, harm our brand and reputation and potentially subject us to legal or regulatory liability. In the past, there have been incidents of disruption in service in our networks of varying degrees, and we have implemented countermeasures to resolve such disruption in service and prevent reoccurrence of disruption in service. Nonetheless, these or other countermeasures taken may not be sufficient to prevent reoccurrence of future disruption in service. If there is any such disruption in service of a large or nationwide scale in the future, our business and results of operations could be adversely affected in terms of damage to our brand image, liability to customers or parties affected, payment of financial penalties and cancellation of the allocations of spectrum allocated to us for use.

Constraints on network capacity may cause unanticipated system disruptions and slower response times, adversely affecting data transmission. We are required to accurately predict our future capacity needs based on present and historical amounts of network traffic. If we underestimate the amount of capacity our business requires, or if we are unable to upgrade our network systems quickly enough to accommodate future traffic levels, avoid obsolescence, successfully integrate newly developed or acquired technology with our existing systems or accommodate the use of new or untested devices on our networks, we could experience issues with service, adverse consequences to our reputation, a reduction in our subscriber base, difficulties in acquiring new subscribers or the need to make unanticipated additional capital expenditures. For example, in May 2024, we expanded the scope of our collaboration with KDDI to increase the total number of base stations to be built by March 2031 to 200,000 base stations, or 100,000 base stations by each company, to expand our collective 5G and 4G coverage nationwide via 5G JAPAN Corporation, our joint venture with KDDI. While we aim to realize a reduction in capital expenditures and an increase in our 5G and 4G network coverage through this joint venture by utilizing base station assets of both companies, standardization of construction specifications and joint procurement of equipment, if we are unable to standardize our specifications at the expected cost level or cost reduction through the joint procurement falls below our expectation or we are unable to build out the additional based stations according to schedule, we may not be able to increase our network coverage at the expected cost, scale or pace and we could experience increased costs or additional capital expenditures, adverse consequences to our reputation, and a relative reduction in our subscriber base. Technological complications, such as difficulties in ensuring seamless interoperability between our and KDDI's networks, could also disrupt service or negatively affect customer satisfaction.

We are also heavily dependent on the availability of spectrum in order to provide our mobile telecommunications services. The level of traffic on our mobile telecommunications network continues to increase as subscribers increasingly adopt smartphones for data-intensive functions and applications and due to the implementation of IoT and other technologies. As a result, we need to secure additional spectrum as well as enhance the use of our existing allocations by further developing advanced 5G and 6G technology. We use frequency bands that are allocated to us by the MIC, which has the authority to reallocate spectrum as it deems necessary to secure an appropriate and reasonable utilization of frequency spectrum, taking into consideration the effect that such allocation may have on other spectrum users. If we are unable to secure the required spectrum in the future, our service quality may decline relative to our competitors, or we may be unable to develop and enhance our network as planned, which could make it difficult to acquire or retain subscribers, and this may be exacerbated if our current or potential competitors receive more favorable spectrum allocations from the MIC than we do. A commitment to pay fees for receiving allocations is one of the required selection criteria. Moreover, in April 2025, an amendment to the Radio Act of Japan (Act No. 131 of 1950, as amended) (the "Radio Act") was enacted, introducing a legal framework for auction-based mechanisms for spectrum assignment in Japan for the first time. Under the amendment, if the MIC determines that price competition is effective for ensuring fair and efficient use of radio waves, it may conduct auctions for radio stations using spectrum bands exceeding 6GHz that meet certain requirements after publishing the details of auctions in the implementation guideline which is not published as of the date of this offering circular. If the MIC actually implements a spectrum auction system for the spectrum bands for commercial use, we may be required to bid competitively against other MNOs or, if any, new entrants to secure necessary licenses. Auctions may result in significantly higher spectrum acquisition costs compared to prior administrative allocation method and may require substantial upfront payments or long-term financial commitments, which could adversely impact our

liquidity, capital expenditure planning and financial condition. Moreover, the introduction of spectrum auctions could lower market entry barriers for new competitors, further intensifying competitive pressure in the Japanese telecommunications industry. Failure to secure sufficient spectrum bands, including 6GHz or comparable mid-band spectrum, which we consider critical for advanced 5G and 6G network deployment, on favorable terms could impair our ability to expand network capacity, improve service quality, or deploy next-generation communications network, placing us at a competitive disadvantage. Even under the allocation model, if the MIC were to place a greater emphasis on fees to be paid by network operators for spectrum usage or require payments for the receipt of allocations, we may be required to make considerable additional and unanticipated expenditures or may be unable to acquire the spectrum rights necessary to maintain or grow our mobile telecommunications business, which may adversely affect our business, financial condition and results of operations.

In addition, our dependence on the reliable performance of our telecommunications network systems and spectrum availability extends to our non-telecommunications businesses, including our cashless payment service of *PayPay*, e-commerce platforms such as *Yahoo! JAPAN Shopping* and *Yahoo! JAPAN Auction*, digital media and content offerings such as *Yahoo! JAPAN*, and messaging and communications service of *LINE*. These businesses rely heavily on real-time, secure and uninterrupted data transmission to maintain user trust and engagement. Disruptions in network availability or latency issues may result in failed transactions, delayed communications, or poor user experiences, which may lead to reputational harm, loss of customers, lost revenue opportunities, or regulatory scrutiny, particularly in highly regulated sectors such as cashless payment, online banking, securities brokerage and financial services offered under our *PayPay* ecosystem. See "—The businesses in our Financial segment subject us to certain additional risks." For example, the success of our cashless payment and financial services ecosystem under our Financial segment depends not only on the availability of merchant services and user adoption, but also on seamless integration with our mobile network and related digital infrastructure such as payment processing and authentication services, which in turn depends on the reliable performance of our telecommunications network systems and spectrum availability. Therefore, any failure to ensure high network quality and availability could have a material adverse effect on not only our telecommunications businesses, but also on our non-telecommunications businesses, including the performance and reputation of our digital ecosystem offerings.

We may be unsuccessful in our transformation into a comprehensive information and technology company.

Our continuing transformation from a telecommunications carrier into a comprehensive information and technology company is a central part of our "*Beyond Carrier*" strategy together with our long-term vision of building the "Next-generation Social Infrastructure" essential for development and deployment of AI as an integral part of our society, which we believe will be the driver of our ability to differentiate ourselves from our competitors and to grow our revenues and profitability. One key component of this strategy is the mutual synergies between our core telecommunications businesses and our non-telecommunications businesses through building an integrated digital ecosystem where our telecommunications customers can seamlessly transition to and find added value in using the services offered in our non-telecommunications businesses, or vice versa. For example, regular users of our *PayPay* cashless payment services are incentivized to change their mobile carriers to *SoftBank* and subscribe to *Pay-toku* plans under which they can earn additional *PayPay Points* for using *PayPay* to pay for their mobile telecommunications bills and other services. Therefore, the success of this strategy depends in part on the development and enhancement of this mutually reinforcing relationship between our core telecommunications businesses, in particular our mobile telecommunications business, and our non-telecommunications businesses. If we do not continue to achieve our goals for our mobile telecommunications business such as increasing the number of mobile subscribers, we may be unable to succeed in growing our non-telecommunications businesses by taking advantage of our integrated digital ecosystems that offer added value through integrated services and loyalty programs at the expected rate. This, in turn, would harm our ability to grow our non-telecommunications businesses, for example, in the Financial segment, where we aim to promote the growth of peripheral financial services by leveraging the strengths of PayPay Corporation as a cashless payment platform into a comprehensive financial and payment service provider and the integrated digital ecosystem. Conversely, if such non-telecommunications businesses suffer losses of market share or popularity with consumers, or if our initiatives to create digital ecosystems closely integrating the services offered by our non-telecommunications businesses such as those offered by LY and PayPay Corporation with our mobile telecommunications businesses are not successful, the value that our mobile telecommunications subscribers place on our non-telecommunications businesses may decrease, adversely affecting our ability to attract and maintain subscribers.

In light of increasing demand for digitalization at Japanese enterprises, we believe that we have a significant opportunity to continue to grow our Enterprise segment, particularly the digitalization and solutions businesses. However, digitalization, including spending on AI and AI-related products and services, cloud

services, cyber security, or IoT-related products and services, may not be accepted as widely or quickly as we anticipate, or we may not be able to provide products and services meeting the needs and budgets of our enterprise customers. We may also lose the business to new or existing competitors in the market.

As part of the "*Beyond Carrier*" strategy, we pursue growth opportunities by developing and deploying innovative new businesses in Japan and overseas, in particular those in big data/AI industries, and seek to create synergies within our group and with the other members of the SoftBank Group, including investees of the SoftBank Vision Fund and related funds, as exemplified by our development of the *PayPay* payments application and related businesses including consumer banking and securities brokerage, our consolidation of the digital media and e-commerce businesses under LY, and our upcoming plans for developing and deploying an enterprise AI agent through a joint venture with SoftBank Group Corp. and OpenAI, Inc. However, the development and deployment of these businesses may be subject, for example, to regulatory approvals and our ability to agree on terms with such other members of the SoftBank Group, their respective stakeholders or other third-party stakeholders, and we may not be able to develop or deploy such businesses or realize the expected synergies if the relevant approvals are not received or if we are unable to agree on terms with our business partners. Moreover, our success in implementing this strategy will depend in part on the ability of the SoftBank Group to successfully identify and invest in potential new business partners. In addition, these businesses, which are in rapidly developing new industries such as FinTech, mobility, healthcare, big data and data analytics, AI, IoT products and cyber security, are subject to a number of risks and uncertainties, and we may not be able to achieve the expected synergies, growth or objectives in a timely and efficient manner or at all. These risks and uncertainties include the following:

- The technologies involved in these new businesses are complex and still in development, and in some cases are being implemented commercially for the first time. These new technologies may present unexpected challenges or ultimately be unsuccessful or unsustainable.
- Certain competitors in these new businesses have advantages over us or the businesses in which we invest, such as greater experience in implementing these business models either in Japan or in overseas markets, support from overseas affiliates that have already successfully developed these new businesses, or greater name recognition that place us or such investee companies at a relative disadvantage.
- Business models and customer expectations for these new businesses are also subject to rapid change and development, and we may not be able to successfully respond to such changes.
- These new businesses may also lead to unexpected or novel legal, regulatory, operational or reputational risks, the realization of which could harm not only our new business initiatives but also our traditional domestic telecommunications business or other existing businesses.
- We may be required to make additional investments in these new businesses beyond our original plans, decreasing the returns we are able to realize from them.
- The financial and other benefits from the joint ventures vary based, among other factors, on our ownership interest and management rights, and some of the joint ventures, especially when we have minority interests in them, may result in limited benefits for us.
- Even if we are able to successfully develop and market these new businesses, their contributions to our overall results of operations may be smaller than expected.

Adverse financial market and economic, social and geopolitical conditions in Japan and elsewhere may have a material adverse effect on our business, financial condition and results of operations.

Our business, financial condition and results of operations are materially affected by financial market and economic, social and geopolitical conditions, particularly in Japan. The outlook for the economy in Japan, our primary operating market from where we derive a significant majority of our consolidated revenues, remains highly uncertain and could be adversely affected by a range of economic, social and geopolitical developments.

We operate predominantly in Japan and are therefore affected by the general condition of and trends in the Japanese economy. The base of existing and potential subscribers for our Consumer and Enterprise segments' mobile and fixed-line telecommunications businesses and end-users for our Media & EC segment's e-commerce and digital media businesses and our Financial segment's cashless payment and financial businesses is the overall Japanese population, which is both aging and declining. As a result of this demographic shift, our ability to maintain and grow our subscriber base may be harmed. Major downturns in the economy may also affect consumers' ability and willingness to spend, leading them to limit their usage of our services by, for example,

decreasing smartphone data usage or cancelling subscriptions for multiple devices, or to switch to lower-cost options or services offered by competitors. This could lead to decreases in mobile subscribers, ARPU and revenue for our telecommunications businesses as well as diminished demand for the products and services offered by us, for example, consumer goods and products offered by the e-commerce businesses in our Media & EC segment, mobile device accessories offered by our Distribution segment's consumer business, or cashless payment and peripheral financial services offered by our Financial segment. Furthermore, our Enterprise segment, the ICT business of our Distribution segment and the media business of our Media & EC segment primarily serve the Japanese enterprise market. Due to downturns or volatility in the economy, enterprise customers may decrease or delay spending on telecommunications, networking, advertising or other services, or on the purchase and installation or implementation of hardware, software or other products sold by us, leading to decreases in revenue from these businesses. In addition, recent inflationary trends in Japan have increased costs for enterprise customers across a range of industries, including labor, utilities, energy, raw materials and imported goods. These cost pressures may cause our enterprise customers to scale back or defer investments in digitalization or ICT solutions, reduce advertising or marketing budgets, or renegotiate existing contracts and service levels with telecommunications and ICT services offered by us. If economic uncertainty and inflation continue to constrain enterprise budgets, we may face reduced demand for our enterprise services and products, slower growth in our enterprise revenue, and increased pricing pressure, all of which could adversely affect our business, financial condition and results of operations.

In regions and countries outside Japan, geopolitical instability in various parts of the world including the ongoing military and geopolitical conflicts including between Russia and Ukraine and in the Middle East, which has contributed to increased volatility in energy and commodity prices, the potential threat of North Korea's nuclear weapons program, material changes in regional economic or political unions or associations between countries, and trade and security tensions, particularly between the United States and China, are giving rise to concerns about economic instability in those and other regions and could adversely affect Japanese and global economic conditions. There are also uncertainties regarding the monetary policy of central banks in Japan and other countries and the recent change in administration in the United States, including the implementation of new or increased tariffs on imported goods with unknown duration globally, potential renewed inflation and/or recession in the United States and other countries around the world, heightened tensions in the Middle East and changes in political leadership in other major economies.

We procure telecommunications equipment, products for customers and development tools and parts from domestic and overseas suppliers. In order to provide services and products in a reliable manner, we have been working to strengthen the supply chain by monitoring the supply chain and diversifying our suppliers. Despite these measures, if there are significant disruptions to the supply chain, such as global or regional transport delays, shortages of semiconductors and other critical components for telecommunications and data center equipment, or business stagnation or shutdowns at our suppliers, due to international or trade conflicts between countries or regions, our business, financial position, and results of operations may be adversely affected. In addition, we may incur additional expenses for changing suppliers or switching equipment for our telecommunications base stations, network facilities and data centers due to increases in transportation costs and other expenses caused by rising crude oil prices or changes in trade policies and laws and regulations based on such changes in international circumstances, which in turn may have a material adverse effect on our business, financial condition and results of operations. In recent years, rising inflation both in Japan and globally has led to increased procurement, energy, and labor costs across multiple areas of our operations. We may experience increased prices for imported telecommunications equipment and hardware components, which are manufactured by foreign vendors, often denominated in foreign currencies, exacerbating cost pressures due to exchange rate fluctuations. Additionally, global supply constraints and rising crude oil prices have resulted in higher transportation and logistics costs. In Japan, elevated energy prices with weaker yen and rising inflation have contributed to increased electricity, logistics, facilities maintenance, and personnel expenses. Inflationary trends may persist or escalate due to global monetary and fiscal policy dynamics, including Japan and the United States, the ongoing military and geopolitical conflicts including between Russia and Ukraine and in the Middle East, or shifts in trade and tariff policies. If we are unable to manage or offset these rising costs through pricing, operational efficiencies or cost controls, or if inflation leads to a sustained increase in our costs, our business, financial position, and results of operations may be adversely affected.

In addition, in providing our various services, we consume a significant amount of electricity in our telecommunications base stations, network equipment, data centers and other facilities. In the medium to long term, in addition to research and development aimed at the practical application of telecommunications infrastructure, AI computing infrastructure, data centers with low environmental impact, and next-generation batteries, we have been working to minimize the impact of fluctuations in electricity prices on business

operations in collaboration with the government and industry groups in Japan. Despite these measures, if electricity prices continue to rise or if there are problems with electricity procurement that make it difficult to supply our services and products in a stable manner, our business, financial position and results of operations may be adversely affected.

The businesses in our Media & EC segment subject us to certain additional risks.

Our Media & EC segment offers services that center on media and commerce, covering online to offline services in a comprehensive manner and includes the businesses held by our TSE-listed consolidated subsidiary, LY, and its consolidated subsidiaries (the "LY Group"), which include advertising-related services on the comprehensive internet services *Yahoo! JAPAN* and free communications app *LINE* as well as e-commerce services such as *Yahoo! JAPAN Shopping*, *ZOZOTOWN* and *Yahoo! JAPAN Auction*, and other businesses in digital media and commerce industries. Although these businesses are subject to many of the same risks as our other businesses, they are also subject to certain additional risks, including:

- The LY Group's internet-related services are subject to a significantly different competitive landscape compared with our other businesses such as our telecommunications business. In particular, internet-related businesses have lower barriers to entry and are subject to competition from multinational service providers, who may have significantly greater resources, experience or ability to attract talent than the LY Group or have other competitive advantages over the LY Group.
- Many of the LY Group's internet-related services are available to consumers only through browsers, operating systems or other platforms that are provided by third parties, and changes in technical specifications or other requirements may harm the LY Group's ability to continue to provide these services to customers in a satisfactory way.

Furthermore, while we control more than 50% of the outstanding voting rights of LY via AHD, and its results of operations are consolidated into ours, LY is a publicly listed company. Its directors owe fiduciary duties to its overall shareholder base and our interests may not always align with those of the minority shareholders of LY. There can be no guarantee that it will act in ways that align with our interests, including payment of dividends to us in the amounts or at the times we may desire. Moreover, to the extent that LY issues new shares of common stock to parties other than us, our equity interest may be diluted, and our ability to control LY may decrease, including our ability to access cash generated by LY. See "—Risks Relating to the Notes—The Notes constitute obligations solely of us and are not guaranteed by SoftBank Group Corp. or any other member of the SoftBank Group."

The businesses in our Financial segment subject us to certain additional risks.

Our Financial segment provides cashless payment services such as QR code payments, online banking services and credit card services, as well as online securities brokerage services mainly for our individual customers through our consolidated subsidiary, PayPay Corporation and its consolidated subsidiaries (the "PayPay Group") under their *PayPay* brand. We also provide payment processing services offering one-stop payment solutions for diversified payment methods including credit cards, electronic money, and QR codes mainly for our enterprise customers through SB Payment Service Corp. Although these businesses are subject to many of the same risks as our other businesses, they are also subject to certain additional risks, including:

- A key strategic objective of our Financial segment is to expand beyond standalone QR code payment services and build a comprehensive integrated digital personal finance ecosystem that includes banking, credit cards, securities brokerage and other financial services under the *PayPay* brand. However, the success of this strategy depends on our ability to seamlessly integrate these offerings, ensure a consistent and trusted user experience, and effectively cross-sell our financial services to our large QR code payment user base. If we are unable to achieve sufficient integration across our offerings or gain user trust in our broader financial services, we may fail to realize cross-selling opportunities, increase user engagement and to differentiate our offerings from our competitors. This could limit our monetization opportunities, slow the growth and fail to achieve sustainable profitability of the businesses in our Financial segment.
- The PayPay Group offers a comprehensive range of cashless payment services to address the different needs of our customers through its "*PayPay*" app, which provides QR code payment as well as credit card payments via "*PayPay Card*," the credit card brand operated by PayPay Card Corporation, at participating online and offline businesses. Due in part to the Japanese

government's efforts to encourage cashless payments, the cashless payments marketplace in our primary market of Japan currently has a high number of market participants, each of which are making efforts to innovate their current offerings and introduce additional payment methods, resulting in intense competition from a wide range of cashless payment methods in Japan. It is not yet clear whether a variety of cashless payment methods will be able to continue to co-exist or whether customers will eventually converge around a more limited set of cashless payment methods. For example, NTT DOCOMO, KDDI and Rakuten Group, Inc. ("Rakuten") also offer both QR code payments as well as credit cards payments. Additionally, traditional credit card issuers including Japan's major banks and networks such as Visa and JCB, have increased their payment offerings beyond the traditional credit cards, which still remain the dominant payment method in Japan, and now offer contactless payment functionality, including through integrated NFC-based systems such as Apple Pay and QUICPay. As these credit card companies benefit from strong brand recognition, widespread acceptance by businesses and consumer familiarity, differentiating our payment service offerings from those offering credit card-based contactless payments remains challenging and our payment service offerings may not be able to offer the same level of convenience to potential users and may not be able to expand our customer base. As a result, we face continuous pressure to offer attractive incentives to our individual and business customers, which may limit our ability to monetize the platform or achieve sustainable profitability. In addition, while we offer rewards and loyalty programs to our payment customers, certain of our competitors also offer similar rewards or loyalty programs which customers may find more appealing than our programs.

- In our credit card business operated through PayPay Card Corporation, we are exposed to credit risk in connection with credit we extend to our cardholders. We are also subject to the risk of fraudulent transactions, which may adversely affect our business if they exceed anticipated levels. There is no assurance that our allowance for doubtful accounts will be an accurate estimate of our actual losses. For example, negative changes in our borrowers' payment abilities, the economic environment or other factors could require us to provide for additional allowances for doubtful accounts and record credit losses. In addition, the regulatory standards or guidance on establishing reserve for possible loan losses may also change, causing us to change some of the evaluations used in determining allowances and providing for additional reserve for possible loan losses.

- Our online banking business, "*PayPay Bank*" operated through PayPay Bank Corporation requires liquidity to fund customer withdrawals and other obligations. Due to our reliance on customer deposits for funding liquidity, we could be adversely affected due to unexpected deposit outflows in response to market conditions, negative developments or speculation regarding the banking sector in general or negative developments specifically affecting *PayPay Bank*. Due to the convenience and speed of online banking services, including withdrawals of ordinary and fixed-term deposits and online fund transfers to other institutions, deposit outflows may occur more rapidly than would be the case for traditional banks. In addition, as an online bank, *PayPay Bank* relies on internet infrastructure and real-time connections to its services. Any cyberattack, system failure, or data breach could lead to regulatory sanctions, loss of user trust, and significant remediation expenses. Competition from the established banks and financial institutions, and other online banks, many of which offer similarly integrated payment, credit card and financial services, may pressure pricing and limit fee-income opportunities. We are also exposed to foreign exchange risk in *PayPay Bank*'s foreign exchange trading services. Fluctuations in currency exchange rates could affect the value of the currencies traded and the cash collateral held by us. Cash collateral held by us may become insufficient to cover the amounts due to us from customers as a result of foreign exchange fluctuations.

- Our securities brokerage business operated through PayPay Securities Corporation derives the majority of its revenue from transaction-based commissions and bid–ask spreads tied to customers' trading of Japanese and overseas equities, primarily U.S. stocks, ETFs, and other investment products. Trading volumes may fluctuate based on equity-market performance, interest-rate environments and investor sentiment, and any decline or prolonged stagnation in domestic or global markets may reduce transaction volumes and our fee revenue. In addition, fluctuations in the yen's exchange rate against major currencies, particularly extreme movements as seen recently against the U.S. dollar, could also affect customer demand for trading in U.S. stocks and other foreign securities. Fluctuations of yen against major foreign

currencies have made foreign assets more expensive and volatile for domestic investors, potentially suppressing demand, which could result in lower trading volumes in foreign stocks, reducing our fee revenue from such trading activities.

- In addition, our businesses in the Financial segment operate financial services businesses which are subject to substantial regulation and supervision by multiple authorities in Japan, including but not limited to the Financial Services Agency of Japan (the "FSA") pursuant to the Payment Services Act of Japan (Act No. 59 of 2009, as amended) (the "Payment Services Act") for our cashless payment business, to the Money Lending Business Act of Japan (Act No. 32 of 1983, as amended) (the "Money Lending Business Act") for our credit card business and to the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA") for our securities brokerage business, and pursuant to the Banking Act of Japan (Act No. 59 of 1981, as amended) (the "Banking Act") for our online banking business. Additionally, our businesses in the Financial segment are affected by various anti-money laundering and counter-terrorism financing laws and regulations as well as capital adequacy requirements. For example, as our online banking business at *PayPay Bank* does not have certain overseas operations, the FSA's Basel III-based capital adequacy requirements for *PayPay Bank* is set as the minimum risk-adjusted consolidated capital adequacy ratio of 4.0%. We believe we are in material compliance with these laws and regulations, but these regulatory frameworks are continuously evolving and any amendments to these laws and regulations, any new laws or regulations, or any unfavorable judicial or administrative interpretation or implementation of the laws and regulations could materially and adversely affect our business, financial condition and results of operations due to increased compliance-related expenses or any other impacts that prompt us to discontinue any of our affected businesses. Furthermore, failure to comply with these laws and regulations and any amendments thereto, any new laws or regulations or any judicial or administrative interpretation or implementation of these laws and regulations, could result in regulatory investigations, penalties, business improvement orders, suspension or cancellation of business licenses, authorization or registration or other adverse consequences that could result in the termination of our affected businesses.
- In May 2025, we announced that PayPay Corporation had initiated preparations for its initial public offering (IPO). The potential IPO is intended to strengthen its operational independence and unlock shareholder value. However, the IPO process involves various risks and uncertainties. These include volatility in market conditions, which could affect the timing or valuation of the offering, increased scrutiny from regulators, elevated costs associated with listing-related compliance obligations and reporting requirements, and potential failure to complete the IPO as expected or at all. Moreover, no decision has been made as to whether we might sell any shares in any potential IPO, and accordingly whether we will directly receive any proceeds therefrom. Furthermore, once PayPay Corporation becomes a publicly listed company, its directors will owe fiduciary duties to its overall shareholder base and our interests may not always align with those of the minority shareholders of PayPay Corporation. There can be no guarantee that it will act in ways that align with our interests, and our ability to implement intra-group collaborations with PayPay Corporation and related services may suffer as a result. In addition, following the listing, PayPay Corporation would be subject to greater public and investor scrutiny, which may affect its reputation, performance or decision-making. Furthermore, depending on the structure of the offering, our equity interest in PayPay Corporation may be diluted, which could reduce our share of its future earnings and impact our ability to control PayPay Corporation, including our ability to access cash generated by PayPay Corporation.

Any of the above consequences could have a material adverse effect on the businesses in our Financial segment or on our business, financial condition and results of operations more broadly.

The acquisition of other companies, businesses or technologies, or the entrance into joint ventures, strategic alliances, reorganizations within our group or other transactions, including the joint venture with SoftBank Group Corp. and OpenAI, Inc., may not be successful, could result in operating difficulties, dilution or other harmful consequences, or we may not be able to pursue investment opportunities as desired.

We or our subsidiaries may pursue acquisitions and investments, including through the establishment of joint ventures and subsidiaries or by other means. We or our subsidiaries may acquire or attempt to acquire businesses, technologies or other assets which we believe are strategically important, such as "Next-generation Social Infrastructure" and AI-related technologies and businesses, any of which could be material to our

business, financial condition and results of operations. For example, in March 2024, we acquired a 54.3% equity stake in Cubic Telecom Limited ("Cubic Telecom"), a provider of connected software solutions and analytics services, specializing in enabling connectivity for vehicles and IoT devices, and in February 2025, we announced that we have agreed to establish a joint venture with SoftBank Group Corp. and OpenAI, Inc., tentatively named SB OpenAI Japan and expected to be our consolidated subsidiary, to develop and deploy an enterprise AI agent tentatively named "Cristal intelligence." The completion of the establishment of SB OpenAI Japan is subject to certain conditions, which are outside of our direct control, and there can be no assurance that it will be completed on the schedule and on the terms that we expect. Furthermore, the schedule for establishing SB OpenAI Japan and its development and deployment of the AI agent remains uncertain and subject to technological, commercial, regulatory or other changes associated with developing AI technology-driven products and services. Moreover, identifying, preparing for and executing acquisitions, reorganizations and investments, as well as integration following completion, require significant management, capital and other resources, and the diversion of those resources from other uses may harm our ability to achieve our strategies or successfully run our business.

If a company in which we invest is unable to conduct its business as anticipated at the time of investment, or we are unable to successfully integrate its business into our existing businesses, our results of operations and financial position could be adversely affected, for example, through write-downs on assets recognized in conjunction with the investment activities, including goodwill, property, plant and equipment, intangible assets or financial assets such as shares. Furthermore, if an alliance or joint venture partner has a significant change of business strategy, experiences deterioration in its results of operations or financial position or is subject to negative publicity, the business alliance, joint venture or other arrangement in question may not produce the expected results, or it may become difficult to continue such business alliance, joint venture or other arrangement. It is also possible that execution of a business alliance or joint venture with a particular third party could preclude the execution of business alliances, joint ventures and similar arrangements with other parties, causing the loss of potential business opportunities. The realization of any of these risks could have a material adverse effect on our business, financial condition or results of operations.

In addition, we operate within a complex corporate group structure that includes multiple listed subsidiaries, equity-method affiliates, and joint ventures, such as AHD, the joint venture with NAVER Corporation that controls LY and its subsidiaries, and BHD, the holding company for PayPay Corporation and its subsidiaries jointly managed by LY and the Company. While these structures facilitate strategic partnerships and access to external capital, they can also create challenges in corporate governance, operational coordination and strategic alignment. For example, differences in shareholder interests, independent governance structures at the subsidiary level, in particular at the listed subsidiaries, and regulatory or contractual limitations may restrict our ability to fully coordinate group-wide initiatives, reallocate resources efficiently, or realize anticipated synergies across entities. In order to consolidate our payment, credit card, online banking, securities brokerage and other financial businesses under PayPay Corporation, we have conducted a series of transactions, the latest transaction being the acquisition of PayPay Bank Corporation by PayPay Corporation in April 2025, with the goal of building a unified integrated digital personal finance ecosystem. While this consolidation is expected to enhance operational efficiency and user engagement, it also illustrates the governance and structural complexities involved in aligning multiple businesses with different stakeholder compositions and legacy systems under a single platform. Such initiatives may encounter delays, integration costs, or organizational friction, and in some cases, may not deliver the intended benefits. If we are unable to manage these structural and governance-related risks effectively, our ability to execute integrated group strategies, reduce redundancies, or achieve long-term financial and operational efficiencies may be impaired, which could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to extensive laws, government regulations and licensing regimes that restrict and may impose new restrictions on our business.

We are subject to various laws, regulations and licensing regimes pertaining to our telecommunications and other businesses as well as to general corporate business activities. In particular, the TBA and the Radio Act, which govern our telecommunications businesses in the Consumer and Enterprise segments, the relevant guidelines under each Act formulated by the MIC and the regimes that govern the spectrum allocated to us by the MIC, govern the way we are able to conduct our mobile telecommunications businesses, including the services we provide and the ways in which we market and price these services. Many of the licenses and permits that we require to provide telecommunications services are subject to various conditions and other requirements and there is no assurance that we will be able to satisfy such conditions or other requirements. Our businesses are also subject to laws, regulations and regulatory oversight, relating to the environment, unfair competition, consumer protection, privacy protection, prohibition of bribery, labor, intellectual property rights, taxes, accounting,

currency exchange and the import and export of goods. See "Regulation." Additionally, we have been subject to administrative guidance in the past and any future breaches of relevant regulations may subject us to further administrative guidance or administrative sanctions by government agencies, which could hinder our business development, harm our reputation or create financial burdens that could negatively affect our business, financial condition and results of operations.

As mobile phones, and particularly smartphones, become increasingly integral to modern society, Japanese mobile telecommunications service operators have come under stricter supervision by regulatory authorities in recent years, and we, NTT DOCOMO and KDDI have all revised our respective service offerings in the past in part in response to such supervision. Following the amendment of the TBA in 2019, in 2020, the Japanese government announced a series of policies aimed at enhancing competition in the Japanese mobile telecommunications industry. These policies have since led to changes such as unbundling of handset sales price and carrier subscription fees, removal of SIM-locks, reduction of cancellation fees, limit on handset sales price discount and reduction of the cost and simplification of the process of switching carriers. For example, in 2019, the requirement to unbundle handset sales price and carrier subscription fees and the prohibition on imposing cancellation fees for canceling a plan that is longer than two years or any cancellation fees exceeding ¥1,000 were introduced by the amendment of the TBA. In 2021, the MIC implemented a prohibition on SIM-locks and promoted the use of electronic SIM. In 2023, the MIC enacted revisions of its guideline to increase the amount of carrier subsidies that can be offered on handset sales from ¥20,000 to ¥40,000 with certain exceptions, but the requirement to unbundle handset sales price and carrier subscription fees remains in place. In 2023, the MIC revised another guideline to require mobile telecommunications service providers to introduce a one-stop process, by which users can switch carriers by following only the procedures of the new carrier, as the principal method for switching carriers online. In 2024, the MIC further revised the guideline, introducing a new carrier trial discount of up to ¥20,000 on telecommunications fees under certain circumstances as an exception to the carrier subsidies regulation in order to encourage users to switch between carriers (particularly from the traditional MNOs to alternative carriers). Any new policies or recommendations enacted or proposed as a result of similar activities by regulatory authorities may materially and adversely affect our business, results of operations or financial condition. For example, as described in detail in "—Competition in our telecommunications businesses has, and may continue to, intensify," in April 2024, the Japanese government enacted amendments to NTT Law, which relaxed several long-standing regulatory restrictions on NTT and required the government to further review NTT-related regulations and consider the possibility of abolishing the NTT Law altogether. On May 21, 2025, the Japanese Diet passed the amendments to the NTT Law, which, among other provisions, required the government to further consider within the next three years whether the NTT Law should be further amended or abolished, in addition to limiting the requirement that NTT provide fixed-line telephone services only to those places where no third-party providers are available. Furthermore, public officials and prominent politicians have, in the past, expressed personal or informal views regarding the state of the Japanese telecommunications industries in public settings. Such statements, as well as speculation about the potential direction of any government regulations, policies or other actions with respect to the mobile telecommunications business, have had and may in the future have an impact on share prices of publicly traded companies involved in the Japanese mobile telecommunications industry, including us and our competitor MNOs and MNVOs. In addition, in April 2025, an amendment to the Radio Act was enacted, introducing a legal framework for auction-based mechanisms for spectrum assignment in Japan for the first time. For details regarding the amendment to the Radio Act and risks associated, see "—We depend on the satisfactory performance of our network systems and sufficient allocation of spectrum to operate our telecommunications and non-telecommunications services."

We also conduct a significant portion of our operations through subsidiaries, equity-method affiliates, and joint ventures, including regulated entities engaged in various businesses. These group companies are subject to oversight by various regulatory bodies in Japan and other jurisdictions and must comply with applicable laws and regulations, including those related to telecommunications, personal data protection, consumer protection and financial services. Any actual or alleged violation of such laws or regulations by one of our subsidiaries, affiliates, or joint venture partners, whether due to willful misconduct, negligence, inadequate internal controls including those of subcontractors or otherwise, could expose us to regulatory investigations, fines, corrective orders, license suspensions, or other administrative sanctions as well as reputational harm. For example, as described in detail in "—Security breaches, cyberattacks, or illegal or inappropriate use or improper operation of our services could adversely affect our reputation and expose us to claims from customers and penalties from authorities," LY has suffered incidents of unauthorized access and information leak of its users, business partners, employees and other personnel. In addition, in accordance with the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures of Japan (Act No. 43 of 2022, as amended) (the "Economic Security Promotion Act"), the Company and LY have been designated as "specified

essential infrastructure service providers" in the Japanese telecommunications industry. The Economic Security Promotion Act and relevant regulations went into effect on May 17, 2024. If the Company or LY is unable to comply with and satisfy the requirements under the Economic Security Promotion Act, including prior notification of plans related to installation and contracting maintenance, management of key facilities and inspections by government authorities, regulatory authorities may take administrative measures with respect to the Company or LY, including making recommendations and issuing orders to implement countermeasures prescribed in the recommendations or to suspend business. As a result, the Company or LY may encounter suspensions of or delays in implementing its business plans and incur additional capital investment or costs to implement recommended countermeasures as well as reputational harm, which in turn may have a material adverse impact on our business, financial condition and results of operations.

In addition, in recent years, in response to increasing economic security and geopolitical risks, new laws and systems have been introduced, including the Act on the Protection and Utilization of Critical Economic Security Information of Japan and the Active Cyber Defense Act of Japan. Addressing certain requirements under these developments or not responding appropriately to these developments may also have a material adverse effect on our business, financial condition and results of operations.

We are increasingly investing in and developing products and services based on emerging technologies, including AI, generative AI and autonomous systems. However, the regulatory frameworks governing these technologies in Japan and globally remain uncertain, fragmented, and rapidly evolving. Governments and regulatory bodies are actively considering or implementing new laws, guidelines, and standards relating to the development, deployment, transparency, accountability, and ethical use of AI. These include potential requirements around data privacy, algorithmic fairness and liability for autonomous decision-making, many of which are still under consultation or consideration. The lack of clear and consistent regulations creates legal and operational uncertainty and may delay our ability to bring AI-related products and services to market, require costly compliance adaptations, or expose us to unintended liability. Future regulations could restrict certain AI applications, impose additional disclosure or licensing obligations, require extensive human oversight or review of AI outputs, potentially undermining their efficiency or scalability. Furthermore, negative public perception or governmental scrutiny of AI technologies, particularly in areas such as generative AI could result in reputational harm or broader regulatory backlash. If new laws and regulations are introduced in a form we do not expect, or if existing laws and regulations are amended or subject to changes in interpretation or application, the services and products that we are able to offer to our customers, or our ability to set prices for those services and products, could be limited. We may not be able to accurately predict, prevent or effectively react to new laws and regulations, or new amendments to or interpretations and applications of existing laws and regulations, which could have a material adverse effect on our business, financial condition and results of operations.

Our financial results may be significantly affected by the cost of funding and leasing and we may become subject to various restrictive covenants on borrowings that could affect our ability to execute our strategy and build our business.

Our main sources of outside funding are bank loans, commercial paper and securitization of receivables, in addition to leasing arrangements when undertaking capital expenditures. In addition, we have issued domestic unsecured senior bonds in a number of series, with the most recent series issued in May 2025, as well as bond-type class shares issued in November 2023 and October 2024. We may in the future raise funds required to develop and administer our business by incurring additional borrowings from financial institutions, leasing arrangements, through existing or additional securitization programs, through additional bond issuances or through other sources. The cost of procuring funds could increase because of changes in economic or financial market conditions, such as rising interest rates, or any adverse changes to our creditworthiness or that of our ultimate parent company. See "—Any adverse change, or any perceived adverse change, in our relationship with the SoftBank Group or any negative developments affecting the SoftBank Group, could have an adverse effect on our business, financial condition or results of operations." An increase in funding costs could impact our business, financial condition or results of operations. Furthermore, depending on the financial market conditions and our creditworthiness, we may be unable to raise funds or structure leases or programs for the securitization of receivables on favorable terms or at all, which could impact our business development, results of operations and financial position, particularly if we are unable to make necessary capital expenditures to upgrade or maintain our network, acquire additional spectrum or build or maintain base stations. In addition, our borrowings from financial institutions or financing transactions include various restrictive covenants. If any of these covenants are breached and we are unable to take steps to remedy such breaches within applicable grace periods, our access to capital could become limited or we could be required to repay some or all of our outstanding indebtedness, potentially all at once. As a result, our business, financial position and results of operations could be materially and adversely affected. Moreover, LY conducts

funding operations on a stand-alone basis, including through bank loans and through the issuance of bonds and securitization of receivables. If LY is unable to procure sufficient funding on favorable terms, it may be unable to develop and administer its business as desired, and, through the effects on our Media & EC segment, our business, financial condition or results of operations could be materially and adversely affected.

In addition, recent developments in Japan's monetary policy have introduced new financing risks. The Bank of Japan has raised its short-term policy interest rate to 0.5% in January 2025, marking the highest level since 2008. This shift towards monetary tightening has led to an increase in long-term interest rates, with the yield on the benchmark 10-year Japanese government bond reaching 1.575% in March 2025, marking the highest level since 2008. As a result, our future financing costs could rise significantly, especially considering that many of our existing domestic bonds, including those issued by LY, were issued prior to these interest rate increases. Refinancing these bonds upon maturity or otherwise may involve higher interest expenses and result in increased cost of funding, which could have a material adverse effect on our business, financial condition and results of operations.

We purchase and lease various equipment, products and services from suppliers, and our inability to procure such equipment, products and services or defects therein could adversely affect our business.

We procure telecommunications equipment, network devices, mobile phones, other mobile devices and various other hardware, software, support and services from a variety of vendors. In particular, we rely upon certain key vendors such as, for example, Apple Japan, G.K., Google Japan G.K. and Sharp Corporation for mobile phones and Ericsson Japan K.K. and Nokia Solutions and Networks Japan G.K. for network equipment, to supply the network equipment, mobile phones, other mobile devices, software, content and services that we require in our businesses. With respect to our Consumer segment's mobile telecommunications business in particular, the ability to provide popular and in-demand mobile phones or other mobile devices has been and will continue to be critical to our ability to acquire and retain subscribers. Although we generally expect vendors to supply products and services in a timely manner and in sufficient volume, in accordance with the specifications contained in our agreements with such vendors, we may be unable to switch suppliers or equipment in a timely or cost-efficient manner in case problems occur. Similarly, we expect products and services to be delivered free of defects to our reasonable satisfaction, and to be replaced in case of defects; however, there can be no assurance that this will be the case. We do not have direct operational or financial control over these key vendors, and there can be no assurance that such vendors will continue to provide equipment and services at attractive prices or that we will be able to obtain such equipment and services in the future from those or other providers, on the scale and within the time frames that we require, if at all. Moreover, our vendors and their ability to supply us with our required products and services may be negatively affected by political, economic or other outside factors, including uncertainty about or negative developments involving global trade or security policy.

Our contractual arrangements with these counterparties also expose us to certain risks. We may not be able to reach commercially reasonable agreements on the procurement of mobile devices, installation and maintenance of telecommunications equipment or other key aspects of our business, or maintain acceptable commercial terms to such agreements over time.

Supply interruptions, delivery delays, order volume shortfalls, defects and the cessation of installation, maintenance and inspection services, or any other similar problems could impede our provision of services, making it difficult to acquire and retain customers, or causing us to incur additional costs, such as additional maintenance-related capital expenditures or equipment replacement costs. Suppliers may also cease providing the installation, maintenance and inspection services necessary to maintain performance of their supplied equipment.

Any of the above consequences could have a material adverse effect on our business, financial condition and results of operations.

Our operations may be significantly affected by natural disasters such as earthquakes or other unexpected disruptions, including natural events associated with climate change.

We construct and maintain telecommunications networks and information systems necessary for the provision of various services, including telecommunications and internet services and other ICT-related products and services. Japan, which is our main market, is particularly susceptible to natural disasters, such as earthquakes, tsunamis, typhoons, floods, tornados, torrential rains, heavy snows and volcanic eruptions. In recent years, the frequency, intensity and geographic impact of many of these natural disasters, particularly typhoons, floods and heatwaves, have increased, and this trend has been widely attributed to the accelerating effects of

climate change. Such natural disasters or other unexpected disruptions, such as fires, power outages or shortages, wars or use of military force, terrorist attacks, public health crises including pandemics such as the COVID-19 pandemic and other outbreaks of infectious diseases, human errors, computer viruses, cyberattacks, hacking or other unauthorized access to our systems or servers or system malfunctions could affect the normal operation of our telecommunications networks, information systems and data centers and hinder our provision of services to consumers, and any resulting decline in the quality of service, damage to our network on a widespread basis or for an extended period of time, breaches of data security and loss of critical data could lead to loss of our reputation or brand and make it difficult to retain or attract customers, resulting in an adverse effect on our future operating results. Further, remedying such disruptions or damage could require significant unanticipated capital expenditures, and we could become subject to legal claims for damages or administrative or regulatory actions. For example, Japan is an earthquake-prone country and has historically experienced numerous large earthquakes that have resulted in serious human casualties and extensive infrastructural damage and destruction, such as in January 2024, when we experienced disruptions to our communications network in parts of the Noto Peninsula in Ishikawa prefecture due to a strong earthquake affecting that region.

Additionally, our head office and many of our business offices and data centers are concentrated within the Tokyo metropolitan area. Therefore, a major earthquake, for example along the Nankai Trough or in the Tokyo metropolitan area, or other catastrophic natural disaster or attack in the Tokyo metropolitan area could have a debilitating effect on our operations and significantly impede the continuity of our business. The increasing unpredictability and severity of weather-related disasters due to climate change also expand the areas of potential impact, increasing the vulnerability of both urban and regional infrastructure across Japan. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

Although we engage in business continuity planning and have developed disaster recovery plans, if such plans are inadequate to ensure that our business functions continue to operate during and after a disaster, or if we fail to successfully execute on those plans in the event of a disaster or emergency, our business and reputation would be harmed.

To the extent that it is reasonably available, we carry insurance for losses, with policy specifications and insured limits that we believe are adequate and appropriate for our business. However, we do not carry earthquake insurance. Additionally, given, for example, the widely distributed nature of our network equipment and our disaster preparedness measures, we do not carry comprehensive property or fire insurance over our base stations or network centers. In the event of widespread damage or other serious events, our insurance coverage may not completely cover repair or other costs or any other losses, and we may experience higher-than-expected losses relating to our uninsured assets, which could affect network quality or availability or require us to make unexpected additional capital expenditures.

Any adverse change, or any perceived adverse change, in our relationship with the SoftBank Group or any negative developments affecting the SoftBank Group, could have an adverse effect on our business, financial condition or results of operations.

Our relationship with the SoftBank Group is central to our business. We believe our identification with the SoftBank Group and its brand has contributed to our brand awareness and our growth, including through our ability to coordinate and collaborate with other members of the SoftBank Group on businesses, technologies and other matters. If the SoftBank Group were to, or were to be perceived to be likely to, weaken its ties with us, for example, by decreasing its equity ownership in us or pursuing new domestic businesses (whether on its own or through other members of the SoftBank Group, including the SoftBank Vision Fund and its investees) with unrelated third parties instead of with us, or if any other actual or perceived adverse change in our relationship with the SoftBank Group occurs, it could adversely affect our business operations, the effectiveness of our marketing, our financial condition and our results of operations.

In addition, as of March 31, 2025, our ultimate parent company owned 40.3% of our outstanding shares, holding a substantial portion of our voting rights. As a result, our ultimate parent company is able to veto all matters requiring a special resolution of our general meeting of shareholders (i.e., approval of the holders of at least two-thirds of the voting rights of all shareholders present or represented at a meeting where a quorum is present) such as mergers, acquisitions, and other strategic transactions, reduction of capital stock and amendments to our articles of incorporation, as well as the ability to significantly influence all matters requiring approval by a majority of our general meeting of shareholders, including the election of directors. While we operate as an independent listed company with a majority of the board of directors composed of independent external directors and independent external directors serving as the chairs of the nomination committee and the

remuneration committee, this level of influence may limit the ability of other shareholders to affect the outcome of shareholder resolutions. Furthermore, the interests of our ultimate parent company may not always align with those of our minority shareholders. Any actual or perceived conflict of interest could affect investor confidence or give rise to concerns regarding our corporate governance practices.

Moreover, we have received from SoftBank Group Corp. an exclusive license to use the *SoftBank* trademark for certain of our core businesses. The SoftBank Group retains rights with respect to, among other things, any use of the *SoftBank* trademark for purposes other than those expressly provided for in the license, and could decline to extend to us the right to use the *SoftBank* trademark beyond the scope of the license. Although the license has no expiration date, the license agreement provides that SoftBank Group Corp. may terminate the license if we or one of our subsidiaries which has been granted a sublicense thereunder engages in any act that harms the public trust or interests of SoftBank Group Corp. or violates the license agreement for a certain period of time, SoftBank Group Corp. will have the right to terminate the license agreement without consulting with us. If SoftBank Group Corp.'s termination right is triggered in the future, we may be unable to continue to use the *SoftBank* brand on current terms or at all, and we may incur impairment losses in the trademark usage right that we currently recognize as an asset.

In addition, negative developments affecting the reputation or financial condition of any member of the SoftBank Group or affecting our relationship with the SoftBank Group could cause damage to our own corporate image or reputation and have an adverse effect on our results of operations. In particular, a downgrade or potential downgrade in credit ratings of our ultimate parent company may result in a downgrade of our credit rating as certain credit rating agencies, such as S&P, have an internal policy to limit the difference in credit ratings of a parent and a subsidiary. Such negative developments could be caused by external factors, such as the effect of market, political or economic disruptions, or by employee misfeasance or malfeasance or other factors affecting conditions within the SoftBank Group and not subject to our control. Furthermore, the SoftBank Group relies on its Representative Director, Corporate Officer, Chairman & CEO of our ultimate parent company, Masayoshi Son, who is also our founder and board director. A departure of Mr. Son from the SoftBank Group could negatively affect the SoftBank Group's business, prospects and reputation or our relationship with them, either of which could in turn have a negative effect on our business and on our strategies for the future. Moreover, the SoftBank Group is engaged in a wide variety of businesses around the world, and we may compete for investment opportunities with other members of the SoftBank Group. It is possible that other members of the SoftBank Group may pursue investments or business opportunities that conflict with our interests, or that we may lose investment or business opportunities to other members of the SoftBank Group, which could harm our ability to develop our service or product offerings or otherwise grow our business. See "Business—Important Relationships—The SoftBank Group and Related Companies."

We depend on the telecommunications lines and facilities of other companies in certain circumstances and could be materially and adversely affected if our access was restricted or terminated or if related utilization or connection fees were increased.

We utilize certain telecommunications lines and facilities owned by other operators when providing our telecommunications services. For instance, we have interconnection agreements and agreements with respect to optical broadband services with Nippon Telegraph and Telephone Corporation ("NTT") group companies, including Nippon Telegraph and Telephone East Corporation ("NTT East") and Nippon Telegraph and Telephone West Corporation ("NTT West"), under which we resell FTTH service under the *SoftBank Hikari* brand. In April 2020, we established 5G JAPAN Corporation, a joint venture with KDDI, to assist in the rollout of 5G networks in rural areas through infrastructure sharing based on the mutual use of base station assets held by us and KDDI, and, in May 2024, agreed to increase the total number of base stations to be built by March 2031 to 200,000 base stations, or 100,000 base stations by each company, to expand our collective 5G and 4G coverage nationwide. The potential failure of such third-party operators to comply with relevant interconnection or other agreements or to properly maintain networks, interconnection facilities or other equipment may create interruptions or quality problems for our telecommunications services. In addition, if relevant agreements with such operators are not extended or are extended on less favorable conditions, for example if utilization or connection rates were to be increased, we could experience a material adverse effect on our business, financial condition and results of operations.

We rely on subcontractors and other third parties for certain of our operations.

We consign sales activities, product servicing, acquisition and retention of customers and the execution of other related operations in whole or in part to subcontractors, including dealers and third-party sales agents

such as large retailers. In particular, we rely on dealers and the third-party sales agents with whom such dealers contract for a significant portion of the sales of our services and products. We also use subcontractors for network construction and maintenance service. In addition, the information search services in the Media & EC segment make use of the search engines and paid search advertising distribution systems of other companies, particularly subsidiaries of Google LLC. Our business development could therefore be impacted if these subcontractors, including dealers and third-party sales agents, are unable to execute their duties in line with our expectations, and we may not be able to find suitable replacements for these third-party providers in a timely manner or at all. In addition, we rely on a wide range of suppliers and subcontractors for the procurement, production, installation, and maintenance of telecommunications equipment, network devices, mobile devices, and other essential products and services. Disruptions in our supply chain could delay or impede the provision of services and products to our customers. If our key suppliers or subcontractors fail to deliver products or services on schedule or to the required specifications, our ability to meet customer demand, maintain network quality, or execute planned operations could be adversely affected.

Furthermore, damage to the credibility or reputation of these subcontractors or third-party providers, particularly those arising from data security or human rights issues, could also have a negative impact on our credibility or corporate image. This could hinder business development and the acquisition and retention of customers. Furthermore, if these subcontractors fail to comply with laws and regulations, we could receive a warning or administrative guidance from the regulatory authorities, or be investigated or sanctioned for non-fulfillment of our supervisory responsibility, and our credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers. Although we have agreements which provide us with recourse to such parties for losses and which allow us to monitor some (but not all) of these third parties, such as our dealers and their third-party sales agents, our agreements may not prevent damage to us, including to our reputation or brand image, caused by the actions of such third parties. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Our inability to attract, develop and retain qualified employees could harm our business and inhibit our ability to operate, grow and achieve innovation successfully.

For our businesses to be successful, many of our employees must have high levels of technical skill and know-how and have a strong drive to innovate, all of which are in high demand in the industries we operate in. In order for us to remain competitive, grow our businesses and adapt our business models to changing markets, we need to attract, develop and retain talented personnel in a number of areas including management, engineering, sales, and other fields by appropriately assessing and monitoring our employees' roles, work-life balance and future career prospects. We must also continually train our employees to respond to changes in the market for our products and services and evolving technology. Any failure to hire, train, retain, motivate and manage required employees may limit our growth, damage our reputation, negatively affect our financial performance, impede our ability to achieve innovation and otherwise harm our business. In particular, talented and experienced engineers, including those skilled in AI and related technologies, are increasingly important across our businesses and long-term vision of building the "Next-generation Social Infrastructure" essential for development and deployment of AI and evolving into an AI platform. Due to our increasing dependence on and the scarcity of such engineers, our success going forward depends in part on our ability to continue to recruit, train, develop and retain such personnel, which could have a negative impact on our profitability if we are required to pay higher compensation to secure or retain qualified personnel.

We are also committed to promoting diversity by creating an environment where diverse talents can thrive, ensuring thorough internal communication, and conducting training programs to achieve these goals. However, if we fail to meet societal demands for realizing and leveraging the benefits of a diverse workforce, it may lead to a decline in our public image and create difficulties in acquiring talent, which could have a negative impact on our business, financial condition, and performance.

The loss of key senior management personnel could negatively affect our business.

Our performance is substantially dependent on our senior management and other key personnel. These individuals have acquired specialized knowledge and skills with respect to our corporate group companies and our businesses. This familiarity, in addition to their managerial and financial experience as well as their decision-making abilities, makes them especially critical to our success. If one or more members of our key personnel were unable or unwilling to continue to remain in their positions with us, and if we are unable to successfully replace them in a timely manner, our business and operations could be disrupted and our growth potential could be impaired.

We face additional risks arising from our Distribution segment.

The businesses in our Distribution segment, including hardware and software sales and service and support for the implementation of ICT products and services for enterprise customers and sales of a wide variety of products, such as mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, to consumers, are dependent on the state of our businesses in our Enterprise and Consumer segments and other businesses and thus are indirectly subject to risks of the businesses in our other segments. Additionally, as the businesses in our Distribution segment resell hardware, software licenses, mobile phone accessories and other products acquired from third-party vendors, if we are unable to acquire such products at competitive pricing and reasonably free of defects, the profitability and reputation of these businesses could be significantly damaged. Moreover, if we are unable to respond to rapidly changing technologies in a timely manner, leading to our inability to sell inventory, we may be required to recognize a valuation loss on such unsold inventory. Furthermore, we may record losses on trade receivables if the business or financial condition of our customers deteriorates and they are unable to make payment on agreed-upon terms.

We may suffer from unauthorized use of our intellectual property by third parties and incur costs associated with protecting our intellectual property.

We regard our proprietary products, services, brands, domain names, trade names, copyrights, trademarks, trade secrets and similar intellectual property as critical to our business. However, policing the unauthorized use of our intellectual property is difficult and expensive. Although we have taken steps to prevent the misappropriation of our intellectual property, such protective measures may not be adequate to prevent the unauthorized use of our intellectual property. Any misappropriation of intellectual property that is used in our business, whether licensed to us or owned by us, could have a material adverse effect on our business, financial condition and results of operations. Further, the laws and enforcement procedures in some countries do not protect intellectual property rights to the same extent as the laws and enforcement procedures of Japan or the United States. Legal protection of our rights may be ineffective in such countries, and we may be unable to protect our intellectual property rights in such countries. In the future, we may need to resort to court proceedings to enforce our intellectual property rights, which might result in substantial costs and diversion of management attention and resources away from the operation and growth of our business. See "Business—Intellectual Property."

We may be subject to intellectual property claims.

We generally operate our business in a way that we believe is reasonably designed to avoid infringing the intellectual property rights of third parties. However, companies in the internet, technology, telecommunications and media industries own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights, and there is an increasing possibility that we may be subject to litigation involving claims of patent, copyright or trademark infringement, or other violations of intellectual property rights of third parties. In particular, the patent field covering online and related technology is rapidly evolving and surrounded by a great deal of uncertainty, and our technologies, processes or business models and methods may infringe the intellectual property rights of third parties either now existing or to be issued in the future. Existing or future infringement claims against us, whether valid or not, may be time consuming, distracting to management and expensive to defend.

Intellectual property litigation or claims could force us to take the following measures, any of which could result in additional costs:

- cease operating or using products or services that incorporate the intellectual property subject to such claims;
- modify the products or services to avoid infringing upon the intellectual property rights of third parties;
- obtain a license from the holder of the infringed intellectual property, which may not be available on commercially favorable terms, or at all; or
- change our business practices.

Additionally, in the event that there is a determination that we have infringed the proprietary rights of any third party, we could incur substantial liabilities. See "Business—Intellectual Property."

Impairment of the carrying value of our tangible and intangible assets could materially and adversely affect our financial condition and results of operations.

As of March 31, 2025, the carrying amounts of property, plant and equipment, right-of-use assets, investments accounted for using the equity method, intangible assets and goodwill on our consolidated statement of financial position were ¥1,967.0 billion, ¥749.2 billion, ¥273.1 billion, ¥2,531.5 billion and ¥2,068.5 billion, respectively. Under IFRS, property, plant and equipment (other than land and construction in progress) are depreciated over their estimated useful lives. Right-of-use assets are depreciated over the estimated useful life of the underlying asset when it is certain that the lease transfers ownership of the underlying asset, or over the shorter of the lease term or estimated useful life of the underlying asset when it is not certain that the lease transfers ownership of the underlying asset. Investments accounted for using the equity method are tested for impairment when there is objective evidence of impairment, and the carrying amount is compared to the recoverable amount, typically the higher of fair value less costs to sell and value in use. Intangible assets with finite useful lives are amortized over their estimated useful lives. Goodwill, for example goodwill from the acquisitions of LY and PayPay Corporation, and intangible assets with indefinite useful lives, for example trademark usage right of *SoftBank* and trademarks of *Yahoo! JAPAN*, *ZOZO* and *LINE*, on the other hand, are not subject to depreciation or amortization. At the end of each fiscal year, or more frequently as necessary, we determine whether there is any indication that property, plant and equipment and intangible assets may be impaired. If such indication exists, we estimate the recoverable amount of the relevant asset and, if such amount is less than the carrying amount, record an impairment loss in respect of such asset. Goodwill and intangible assets with indefinite useful lives, on the other hand, are tested for impairment annually regardless of any indication of impairment.

A significant level of judgment is required in determining if an impairment should be recorded. Among other factors, a significant decline in the expected future cash flows of the assets in question (such as network equipment, software, trademarks or other assets) or a significant adverse change in legal factors or in the business climate could lead to the recording of an impairment loss. Any adverse change in these factors could have a significant impact on the recoverability of these assets, which may require us to recognize an impairment loss and negatively affect our financial condition and results of operations. We cannot accurately predict the amount and timing of any impairment of assets. Should the value of our assets become impaired, there could be a material adverse effect on our financial condition and results of operations.

Our ESG-related initiatives may not achieve their intended outcomes or may not be implemented as planned, which could adversely affect our reputation and compliance obligations.

We have established a number of environmental, social and governance (ESG)-related initiatives as part of our efforts to promote sustainable business practices. Our telecommunications operations, particularly our base stations, and our data centers consume a significant amount of electricity, and we consider climate change response as a strategic priority. We have committed to achieving "carbon neutrality" for our business activities by the fiscal year 2030 and are working toward "net zero" greenhouse gas emissions across our entire supply chain by the fiscal year 2050. In addition, we have expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and conduct scenario analyses and other assessments to evaluate the potential impacts of climate change on our operations. These ESG initiatives are also designed to support the broader goals of the SoftBank Group. See "Business—Sustainable Development Goals." However, there can be no assurance that we will be successful in implementing our ESG initiatives or in achieving their targeted outcomes within the anticipated timelines, or at all. For example, we expect to reduce our greenhouse gas emissions through a combination of increased energy efficiency, expanded use of renewable energy and other carbon reduction measures. However, our ability to achieve these targets depends on numerous factors, including access to and the cost of renewable energy, development of energy-efficient technologies, cooperation with supply chain partners and other third parties and overall demand growth for our network infrastructure and data centers, which may increase our future energy needs beyond current projections. We also depend, in part, on third-party renewable energy providers to meet our targets, and there is no assurance that sufficient renewable energy will be available at the expected scale or cost, particularly if regulatory or market conditions change. Moreover, if severe damage arises from natural disasters intensified by climate change, or if new or enhanced laws or regulations are introduced to accelerate the transition to a decarbonized society, our costs related to maintaining or upgrading telecommunications networks and infrastructure may increase.

In addition, our ability to measure and track progress towards our ESG targets depends on the availability of accurate data and consistent methodologies, including for Scope 3 emissions, which are inherently difficult to calculate due to reliance on data from suppliers and other external partners. Any changes to our ESG targets or any failure to achieve, or to be perceived as failing to achieve, these targets may adversely affect our

reputation among customers, investors, employees and other stakeholders. Moreover, if our ESG disclosures are perceived as insufficient, inaccurate or inconsistent with industry standards or evolving regulatory requirements, we may face increased scrutiny or reputational harm. Any of these factors could adversely affect our business, financial condition and results of operations.

From time to time, we may become involved in legal proceedings, which could adversely affect our business.

From time to time, we may become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy or disruptive to normal business operations or affect our corporate image. For example, on April 30, 2015, we instituted a lawsuit against JAPAN POST INFORMATION TECHNOLOGY Co., Ltd. ("JPiT") seeking the payment in damages for work performed outside of the scope of a contract related to the installation of fixed telecommunications lines. Also on April 30, 2015, JPiT filed a countersuit against us and our co-defendant, Nomura Research Institute, Ltd., claiming damages. See "Business—Legal Proceedings." The outcome of this and any other legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict. We may incur significant expenses in defending against or pursuing such proceedings, claims, litigation, investigations or inquiries. In addition, we may be required to pay significant awards, settlements or penalties. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Our internal controls over financial reporting may not be effective in preventing future misstatements of our financial condition and results of operations.

While we have established a system of internal controls over financial reporting, there can be no assurance that our internal controls will be effective in preventing misstatements, errors or fraud in our financial reporting. If our internal controls over financial reporting are found to have material weaknesses as a result of our evaluation or the audit conducted by our independent auditor for the current fiscal year or in the future, our ability to produce reliable financial reports on a timely basis could be adversely affected, resulting in a loss of confidence in our financial reporting by investors, which could materially and adversely affect the price of our shares and have a material adverse effect on our business, financial condition and results of operations. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and thus are subject to inherent limitations. We cannot be certain that our internal controls over financial reporting will have the effect of preventing the risk of misstatements, errors and fraud, and the presence of material weaknesses in our internal controls would further heighten such risk.

Risks Relating to the Notes

The Notes constitute obligations solely of us and are not guaranteed by SoftBank Group Corp. or any other member of the SoftBank Group.

The Notes will constitute unsubordinated and unsecured obligations solely of the Company. The Notes issued hereby do not benefit from any guarantee or other credit support from SoftBank Group Corp. or any other member of the SoftBank Group (including any of its subsidiaries or affiliates) or from any other party nor is there any general guarantee or other credit support arrangement between us and SoftBank Group Corp. or any other member of the SoftBank Group (including any of its subsidiaries or affiliates). Therefore, you are dependent upon our ability to effectively manage our business to generate sufficient cash flow, including cash flow from our financing activities, for the repayment of principal at maturity and the ongoing payment of interest on the Notes.

In addition, a significant portion of our consolidated cash flow is derived from our equity interests in listed subsidiaries such as LY. Our ability to access cash generated by these entities is subject to their respective dividend policies. As these are independent listed companies, we cannot assure that they will declare or pay dividends to us in the amounts or at the times we may require. Their ability to make dividend payments may also be affected by their own operational and financial performance, capital requirements or strategic investment needs. If these subsidiaries do not generate sufficient cash or choose to retain earnings, our ability to meet our obligations under the Notes could be adversely affected.

There is no prior market for the Notes, and the Notes may have limited liquidity.

There is no existing market for the Notes. Although approval in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST, there can be no assurance that any liquid market for the Notes will ever develop or be maintained. The initial purchasers have advised us that they

currently intend to make a market in the Notes following the offering. However, the initial purchasers have no obligation to make a market in the Notes, and they may stop at any time. In addition, there can be no assurance as to the liquidity of any markets that may develop for the Notes or the prices at which you will be able to sell your Notes, if at all.

Future trading prices of the Notes will depend on many factors, including:

- prevailing interest rates;
- our financial condition and results of operations;
- the then-current ratings assigned to the Notes;
- the market for similar securities; and
- general economic conditions.

Any trading markets that develop would be affected by many factors independent of and in addition to the foregoing, including the outstanding amount of the Notes and the level, direction and volatility of market interest rates generally.

In addition, in the event that our obligations in connection with maintaining the listing of the Notes on the SGX-ST become unduly burdensome, we may be entitled to, and may decide to, delist the Notes from the SGX-ST and seek an alternate listing for the Notes on another securities exchange.

The Notes are unsecured obligations.

The Notes are unsecured obligations and repayment of the Notes may be compromised if, among other things:

- we enter into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- we default in payment of our secured indebtedness or other unsecured indebtedness; or
- any of our indebtedness is accelerated.

If any of these events occurs, then our assets may be insufficient to pay amounts due on the Notes. To the extent we have or incur secured debt, our assets will be subject to prior claims to the extent of the value of the assets securing such indebtedness.

The Notes and the Indenture contain only very limited restrictions on our ability to pledge our assets, may effectively be subordinated and provide holders with limited protection in the event of a change in control.

The Notes of either series and the Indenture do not contain any financial covenants and contain only very limited restrictions on our ability to pledge assets to secure other indebtedness or to sell or otherwise dispose of our assets. These or other actions by us could adversely affect our ability to pay amounts due on the Notes. Furthermore, a significant portion of our operations are conducted at the subsidiary level. Claims of the creditors of our subsidiaries will generally have priority with respect to the assets of such subsidiaries over the claims of the holders of the Notes.

Accordingly, the Notes will be effectively subordinated to the creditors of our subsidiaries. In addition, the Notes and the Indenture do not contain any covenants or other provisions that afford more than limited protection to holders of the Notes in the event of a change in control.

The ratings of the Notes are subjective in nature and could be lowered.

It is expected that the Notes will be assigned with ratings of “BBB” by S&P and “BBB+” by Fitch. In addition, other rating agencies may assign credit ratings to the Notes without solicitation from or provision of information by us. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but reflect only the view of each rating agency at the time the rating is issued. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency’s judgment, circumstances so warrant. A downgrade or potential downgrade in these ratings or the assignment of new ratings that are lower than existing ratings could reduce the population of potential investors in the Notes and adversely

affect the price and liquidity of the Notes. In addition, a downgrade or potential downgrade in credit ratings of our ultimate parent company may result in a downgrade of our credit rating. Furthermore, any changes to an outlook in credit ratings of our ultimate parent company may also result in changes to our credit ratings or outlook. For example, S&P has an internal policy to limit the difference in credit ratings of a parent and a subsidiary to be within two notches. Although our standalone risk profile would be "bbb+," pursuant to this policy, S&P has assigned us an issuer rating of "BBB," and if our ultimate parent company is downgraded, we and the Notes would be subject to a downgrade under this policy even if our standalone risk factor or other matters relating to our creditworthiness do not change. A rating is based upon information furnished by us or obtained by the rating agency from its own sources and is subject to revision, suspension or withdrawal by the rating agency at any time.

We may redeem the Notes of each series prior to maturity.

We may redeem the Notes of each series, in whole or in part, at our option at any time and from time to time. See "Description of the Notes—Redemption—Optional Redemption." In addition, we may redeem each series of the Notes, in whole, but not in part, at our option at any time if we have been or will be obliged to pay any Additional Amounts with respect to such series as a result of an Additional Amounts Event. See "Description of the Notes—Redemption—Optional Tax Redemption." In the event we choose to redeem the Notes, the holders of such Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes.

USE OF PROCEEDS

We expect that the aggregate net proceeds from the offering of the Notes, after deducting the initial purchasers' discounts and estimated expenses related to the offering, will be approximately $992 million.

We intend to use the net proceeds of the sale of the Notes for general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalization and interest-bearing debt as of March 31, 2025 on an actual basis and on an adjusted basis to give effect to the issuance and sale of the Notes.

The information in the table below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this offering circular.

	As of March 31, 2025	
	Actual	As adjusted
	(in billions of yen)	
Current interest-bearing debt		
Short-term borrowings	¥ 353.2	¥ 353.2
Commercial paper	108.0	108.0
Current portion of long-term borrowings	811.4	811.4
Current portion of lease liabilities	153.8	153.8
Current portion of corporate bonds	220.0	220.0
Current portion of installment payables	0.1	0.1
Total current interest-bearing debt	¥1,646.5	¥1,646.5
Non-current interest-bearing debt		
Long-term borrowings	¥2,429.4	¥2,429.4
Lease liabilities	638.6	638.6
Corporate bonds[(1)]	1,247.7	1,247.7
Installment payables	0.0	0.0
Notes offered hereby[(2)]	—	149.5
Total non-current interest-bearing debt	¥4,315.6	¥4,465.1
Equity		
Common stock (80,109,603,000 shares authorized, 47,751,490,700 shares issued; including 184,234,180 shares of treasury stock)[(3)]	228.2	228.2
Capital surplus[(4)]	927.1	927.1
Retained earnings	1,594.9	1,594.9
Treasury stock (184,234,180 shares)[(3)]	(29.2)	(29.2)
Accumulated other comprehensive income	22.8	22.8
Total equity attributable to owners of the Company	2,743.6	2,743.6
Non-controlling interests	1,521.7	1,521.7
Total equity	¥4,265.4	¥4,265.4
Total capitalization[(1)(4)(5)]	¥8,581.0	¥8,730.5

Notes:

(1) The Company issued domestic unsecured senior corporate bonds in aggregate principal amount of ¥81,600 million on May 29, 2025, which is not reflected in the calculation of the total capitalization on an adjusted basis.

(2) For the purpose of this table, the yen equivalent of the Notes has been translated at the rate of US$1.00 = ¥149.52, the approximate rate of exchange prevailing as of March 31, 2025. This rate of exchange bears no relationship to the rate(s) at which amounts relating to the Notes will be converted into yen for accounting purposes.

(3) We conducted a stock split whereby each share of our common shares was split into 10 shares, with the effective date being October 1, 2024. Number of shares authorized and issued as well as number of shares of treasury stock presented show the figures after the stock split.

(4) On June 5, 2025, LY announced the result of a share repurchase tender offer, pursuant to which it had agreed to repurchase approximately 3.05% of its outstanding shares, of which approximately 2.46% were tendered by AHD. The expected effect of this share repurchase by LY is an increase in capital surplus of approximately ¥6 billion, which is not reflected in the calculation of the total capitalization on an adjusted basis.

(5) Total capitalization is the sum of total non-current interest-bearing debt plus total equity.

Except as set forth above, there has been no other material change to our consolidated capitalization since March 31, 2025.

SELECTED FINANCIAL AND OTHER DATA

IFRS Selected Financial Data and Other Data

The following tables set forth our consolidated financial and other data as of and for each of the fiscal years ended March 31, 2021, 2022, 2023, 2024 and 2025. The selected consolidated financial data set forth below as of and for the fiscal years ended March 31, 2023, 2024 and 2025 have been derived from, and should be read in conjunction with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 and the related notes included elsewhere herein. The selected consolidated financial data set forth below as of and for the fiscal year ended March 31, 2021 have been derived from the comparative figures as of and for the fiscal year ended March 31, 2021 included in our audited consolidated financial statements as of and for the fiscal year ended March 31, 2022, which are not included in this offering circular. The selected consolidated financial data set forth below as of and for the fiscal year ended March 31, 2022 have been derived from the comparative figures as of and for the fiscal year ended March 31, 2022 included in our audited consolidated financial statements as of and for the fiscal year ended March 31, 2023, which are not included in this offering circular. The historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Our consolidated financial statements are prepared and presented in accordance with IFRS. The data below should be read together with, and is qualified in its entirety by, the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere herein.

	For the fiscal year ended March 31,				
	2021	2022[1]	2023	2024	2025
	Billions of yen				
Consolidated Statement of Income Data:					
Revenue	¥ 5,205.5	¥ 5,690.6	¥ 5,912.0	¥ 6,084.0	¥ 6,544.3
Cost of sales	(2,701.8)	(2,889.1)	(3,194.1)	(3,150.7)	(3,384.1)
Gross profit	2,503.7	2,801.5	2,717.9	2,933.3	3,160.2
Selling, general and administrative expenses	(1,523.0)	(1,858.7)	(1,964.6)	(2,081.8)	(2,200.6)
Other operating income	—	25.2	321.4	30.2	43.2
Other operating expenses	(10.0)	(2.4)	(14.6)	(5.7)	(13.8)
Operating income	970.8	965.6	1,060.2	876.1	989.0
Gain on changes in equity interest	—	—	5.3	20.4	4.6
Share of losses of associates accounted for using the equity method	(45.5)	(60.1)	(53.2)	(22.2)	(9.7)
Financing income	5.8	39.5	11.9	12.9	11.7
Financing costs	(73.4)	(66.4)	(117.2)	(61.4)	(117.4)
Gain on sales of equity method investments	3.9	8.9	1.1	5.2	3.7
Impairment loss on equity method investments	(13.9)	(29.4)	(45.2)	(25.1)	(1.9)
Profit before income taxes	847.7	858.0	862.9	805.9	880.1
Income taxes	(300.0)	(282.6)	(208.7)	(215.6)	(224.8)
Net income	¥ 547.7	¥ 575.4	¥ 654.1	¥ 590.3	¥ 655.3
Net income attributable to:					
Owners of the Company	491.3	517.1	531.4	489.1	526.1
Non-controlling interests	56.4	58.4	122.8	101.2	129.2

	As of March 31,				
	2021[1]	2022[1]	2023	2024	2025
	Billions of yen				
Consolidated Statement of Financial Position Data:					
Assets:					
Current assets					
Cash and cash equivalents	¥ 1,584.9	¥ 1,546.8	¥ 2,059.2	¥ 1,992.9	¥ 1,435.5
Trade and other receivables	2,082.2	2,128.9	2,389.7	2,661.0	2,805.6
Other financial assets	144.9	194.0	194.9	229.7	260.2
Inventories	119.4	136.2	159.1	155.1	191.5
Other current assets	102.4	125.1	145.1	186.8	165.8
Assets classified as held for sale	—	—	—	42.6	—
Total current assets	4,033.8	4,131.1	4,948.1	5,268.0	4,858.7
Non-current assets					
Property, plant and equipment	1,248.9	1,491.8	1,673.7	1,768.8	1,967.0
Right-of-use assets	1,081.6	824.1	763.6	662.2	749.2
Goodwill	1,419.6	1,424.6	1,994.3	2,049.4	2,068.5
Intangible assets	2,340.8	2,476.6	2,529.1	2,505.5	2,531.5
Contract costs	248.2	332.2	334.3	319.1	384.5
Investments accounted for using the equity method	242.6	251.9	218.2	251.5	273.1
Investment securities	321.3	469.1	241.3	272.8	255.1
Investment securities in banking business	392.3	309.2	288.8	522.2	747.1
Other financial assets	1,129.9	1,236.2	1,528.7	1,755.6	2,099.5
Deferred tax assets	55.7	49.2	59.6	46.5	65.1
Other non-current assets	105.7	101.4	102.5	100.2	103.1
Total non-current assets	8,586.4	8,966.4	9,734.1	10,253.9	11,243.5
Total assets	12,620.2	13,097.5	14,682.2	15,521.9	16,102.2
Liabilities:					
Current liabilities					
Interest-bearing debt	2,000.5	2,036.6	2,064.2	2,381.6	1,646.5
Trade and other payables	1,624.0	1,462.6	2,317.4	2,535.1	2,828.6
Contract liabilities	107.6	104.3	116.2	128.3	137.2
Deposits for banking business	1,165.6	1,406.2	1,472.3	1,643.2	1,796.0
Other financial liabilities	4.9	3.4	6.7	1.7	2.7
Income taxes payable	195.9	125.1	116.2	125.9	122.8
Provisions	17.7	26.3	63.6	33.3	52.9
Other current liabilities	177.4	178.3	216.0	226.6	248.3
Liabilities directly associated with assets classified as held for sale	—	—	—	9.6	—
Total current liabilities	5,293.6	5,342.8	6,372.6	7,085.3	6,835.2
Non-current liabilities					
Interest-bearing debt	3,692.1	3,962.9	4,070.3	3,939.3	4,315.6
Other financial liabilities	34.0	29.8	30.2	45.3	104.7
Provisions	106.1	99.5	94.1	99.5	142.4
Deferred tax liabilities	377.0	384.5	341.2	301.9	322.2
Other non-current liabilities	46.9	65.2	90.6	115.1	116.6
Total non-current liabilities	4,256.1	4,542.0	4,626.5	4,501.0	5,001.6
Total liabilities	9,549.7	9,884.7	10,999.1	11,586.3	11,836.8
Equity:					
Total equity	3,070.5	3,212.7	3,683.1	3,935.6	4,265.4
Total equity attributable to owners of the Company	1,822.3	1,960.6	2,224.9	2,377.1	2,743.6
Total liabilities and equity	12,620.2	13,097.5	14,682.2	15,521.9	16,102.2

	As of and for the fiscal year ended March 31,				
	2021[1]	2022[1]	2023	2024	2025
	Billions of yen, except percentages and per share amounts				
Consolidated Statement of Cash Flows Data:					
Net cash inflow from operating activities	¥1,338.9	¥1,215.9	¥1,155.8	¥1,239.7	¥1,367.9
Net cash outflow from investing activities	(511.3)	(957.7)	(154.8)	(927.6)	(995.2)
Net cash outflow from financing activities	(388.5)	(305.1)	(495.3)	(357.1)	(956.4)
Other Data:					
Operating margin[2]	18.6%	17.0%	17.9%	14.4%	15.1%
Net income margin[3]	9.4%	9.1%	9.0%	8.0%	8.0%
Shareholders equity ratio[4]	14.4%	15.0%	15.2%	15.3%	17.0%
Ratio of total equity to total assets[5]	24.3%	24.5%	25.1%	25.4%	26.5%
Ratio of interest-bearing debt to cash flows[6]	4.3x	4.9x	5.3x	5.1x	4.4x
Interest paid	¥ 59.2	¥ 63.4	¥ 61.4	¥ 62.9	¥ 78.5
Interest coverage ratio[7]	29.0x	27.5x	25.5x	26.5x	22.3x
Ratios:					
ROE[8]	34.8%	27.3%	25.4%	21.3%	20.5%
Amounts per share (yen):					
Basic EPS[9]	10.4	11.0	11.3	10.3	11.0
Dividends per share[10]	86.00	86.00	86.00	86.00	—
Segment Revenue:					
Consumer[11] [12]	¥2,770.4	¥2,882.7	¥2,882.9	¥2,822.6	¥2,952.9
Enterprise[11] [12]	691.6	715.7	791.8	833.9	922.4
Distribution[11]	531.3	500.6	590.0	646.6	889.5
Media & EC[11]	1,205.8	1,521.5	1,561.7	1,614.1	1,678.1
Financial[11]	—	67.5	142.3	232.8	277.3
Other businesses[11] [12]	139.8	154.0	111.8	116.5	123.4
Adjustments[12] [13]	(133.4)	(151.4)	(168.6)	(182.5)	(299.2)
Revenue	¥5,205.5	¥5,690.6	¥5,912.0	¥6,084.0	¥6,544.3
Segment Income:					
Consumer[12] [14]	¥ 658.6	¥ 639.5	¥ 461.6	¥ 495.2	¥ 530.4
Enterprise[12] [14]	107.7	128.5	139.6	166.8	170.3
Distribution[14]	22.3	22.9	24.3	26.2	30.4
Media & EC [14]	162.1	159.5	159.7	198.0	267.3
Financial[14]	—	14.4	(12.4)	(5.0)	33.2
Other businesses[12] [14]	19.5	3.5	289.0	(10.1)	(36.5)
Adjustments[12] [15]	0.5	(2.6)	(1.6)	4.9	(6.1)
Operating income	¥ 970.8	¥ 965.6	¥1,060.2	¥ 876.1	¥ 989.0

Notes:

(1) Accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

(2) Calculated as the ratio of operating income to revenue.

(3) Calculated as the ratio of net income attributable to owners of the Company to revenue.

(4) Calculated as the ratio of total equity attributable to owners of the Company to total assets.

(5) Calculated as the ratio of total equity to total assets.

(6) Calculated as interest-bearing debt divided by net cash flows from operating activities.

(7) Calculated as adjusted EBITDA divided by interest paid.

(8) Calculated as the ratio of net income attributable to owners of the Company to the average of total equity attributable to owners of the Company at the beginning and end of the relevant period.

(9) Calculated as the ratio of net income attributable to owners of the Company to the weighted average number of shares of our common stock issued and outstanding for the relevant period. We conducted a stock split whereby each share of our common shares was split into 10 shares, with the effective date being October 1, 2024. For the fiscal year ended March 31, 2021, 2022 2023, 2024 and 2025, the weighted average number of shares of our common stock issued and outstanding is calculated assuming that the stock split had been carried out at the beginning of the fiscal year ended March 31, 2021.

(10) Calculated by dividing the total dividend paid in respect of the period by the number of shares of our common stock issued and outstanding at the end of the relevant period. We conducted a stock split whereby each share of our common stock was split into 10 shares, with the effective date being October 1, 2024. Dividends per share for the periods prior to (and including) the year ended March 31, 2024 are presented based on the actual amounts declared and paid, and have not been adjusted to reflect the stock split. For the fiscal year ended March 31, 2025, the second-quarter dividend per share is ¥43.00 which is before the stock split while the fourth-quarter dividend per share is ¥4.30 after taking the stock split into account. The annual dividends per share are not stated because the amounts cannot be simply combined due to the implementation of the stock split. If the stock split were not conducted, the annual dividends per share would be ¥86.00.

(11) Includes sales to external customers, intersegment transactions and transferred revenue.

(12) From the first quarter of the fiscal year ended March 31, 2025, certain subsidiaries that were previously classified under the "Consumer" segment have been transferred to "Other," and SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which were previously classified under "Other," have been transferred to the "Enterprise" segment. Also, from the first quarter of the fiscal year ended March 31, 2025, we have revised business management categories in the "Enterprise" segment and transferred certain products from "Mobile" and "Fixed-line" to "Business solution and others." In accordance with these changes, figures for the fiscal years ended March 31, 2023 and 2024 have been retrospectively amended. No such retrospective amendments have been made to our audited financial statements for the fiscal years ended March 31, 2021 and 2022 and as a result, the segment results for such periods are not directly comparable to those in our audited financial statements for subsequent periods.

(13) Adjustments consist of elimination of intersegment transactions and transferred revenue.

(14) Before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment.

(15) Adjustments consist of elimination of intersegment transactions and expenses not allocable to any reportable segment.

Key Performance Indicators in Our Mobile Telecommunications and Broadband Businesses

The following tables set forth certain key performance indicators in our mobile telecommunications business in the Consumer and Enterprise segments and in our broadband business, which is part of the Consumer segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Key Performance Indicators in Our Mobile Telecommunications Businesses" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Financial Results—Consumer Segment—Revenue—Broadband" for more information on these key performance indicators.

	As of and for the three months ended				As of and for the fiscal year ended
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	March 31, 2023
	Thousands of subscribers, yen or percentages				
Key Performance Indicators for Mobile Telecommunications Business					
Cumulative subscribers:					
Main subscribers[1]	38,707	38,908	39,167	—	39,596
Smartphones	27,923	28,318	28,654	—	29,262
Communication modules and others	10,923	11,347	11,960	—	12,621
PHS[2]	266	183	120	—	64
Cumulative subscribers	49,896	50,438	51,247	—	52,281
Mobile ARPU[3]:					
Mobile ARPU	¥ 3,910	¥ 3,880	¥ 3,840	¥3,780	¥ 3,850
Churn rate[4]:					
Main subscriber churn rate	1.07%	1.07%	1.01%	1.26%	1.10%
Smartphone churn rate	1.01%	0.95%	0.99%	1.20%	1.04%
Key Performance Indicators for Broadband Telecommunications Business					
Cumulative subscribers:					
SoftBank Hikari (includes *SoftBank Air*)	7,371	7,436	7,478	—	7,566
Yahoo! BB Hikari with FLET'S	609	597	585	—	573
Yahoo! BB ADSL[5]	343	319	291	—	256
Cumulative subscribers	8,324	8,352	8,354	—	8,395
ARPU:					
SoftBank Hikari (includes *SoftBank Air*)	¥ 4,210	¥ 4,170	¥ 4,130	¥4,100	¥ 4,150
Yahoo! BB Hikari with FLET'S	1,630	1,640	1,630	1,620	1,630
Yahoo! BB ADSL[5]	1,390	1,350	1,140	1,010	1,240

	As of and for the three months ended				As of and for the fiscal year ended
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2024
	Thousands of subscribers, yen or percentages				
Key Performance Indicators for Mobile Telecommunications Business					
Cumulative subscribers:					
Main subscribers[1]	39,776	39,994	40,112	—	40,484
Smartphones	29,578	29,895	30,205	—	30,730
Communication modules and others	12,962	13,956	14,525	—	15,151
Cumulative subscribers	52,738	53,950	54,636	—	55,635
Mobile ARPU[3]:					
Mobile ARPU	¥ 3,720	¥ 3,750	¥ 3,740	¥3,750	¥ 3,740

	As of and for the three months ended				As of and for the fiscal year ended
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2024
	Thousands of subscribers, yen or percentages				
Churn rate[4]:					
Main subscriber churn rate	1.05%	1.06%	1.13%	1.28%	1.13%
Smartphone churn rate	1.00%	1.03%	1.08%	1.23%	1.08%
Key Performance Indicators for Broadband Telecommunications Business					
Cumulative subscribers:					
SoftBank Hikari (includes *SoftBank Air*)	7,614	7,656	7,703	—	7,782
Yahoo! BB Hikari with FLET'S	561	550	539	—	528
Yahoo! BB ADSL[5]	241	220	200	—	177
Cumulative subscribers	8,416	8,426	8,442	—	8,487
ARPU:					
SoftBank Hikari (includes *SoftBank Air*)	¥ 4,090	¥ 4,080	¥ 4,080	¥4,120	¥ 4,090
Yahoo! BB Hikari with FLET'S	1,610	1,610	1,610	1,600	1,610
Yahoo! BB ADSL[5]	940	810	650	560	760

	As of and for the three months ended				As of and for the fiscal year ended
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	March 31, 2025
	Thousands of subscribers, yen or percentages				
Key Performance Indicators for Mobile Telecommunications Business					
Cumulative subscribers:					
Main subscribers[1]	40,330	40,495	40,689	—	41,175
Smartphones	30,905	31,098	31,271	—	31,773
Communication modules and others	12,233	12,867	13,754	—	14,547
Cumulative subscribers	52,564	53,362	54,443	—	55,722
Mobile ARPU[3]:					
Mobile ARPU	¥ 3,730	¥ 3,750	¥ 3,760	¥3,730	¥ 3,740
Churn rate[4]:					
Main subscriber churn rate	1.39%	1.17%	1.23%	1.46%	1.31%
Smartphone churn rate	1.18%	1.19%	1.30%	1.53%	1.30%
Key Performance Indicators for Broadband Telecommunications Business					
Cumulative subscribers:					
SoftBank Hikari (includes *SoftBank Air*)	7,850	7,899	7,931	—	8,000
Yahoo! BB Hikari with FLET'S	517	507	498	—	487
Cumulative subscribers	8,366	8,406	8,429	—	8,487
ARPU:					
SoftBank Hikari (includes *SoftBank Air*)	¥ 4,070	¥ 4,070	¥ 4,090	¥4,070	¥ 4,080
Yahoo! BB Hikari with FLET'S	1,610	1,610	1,600	1,600	1,610

Notes:

(1) The number of subscribers to *Wireless Home Phone* (a wireless home phone service using our LTE network) is included in the number of main subscribers.

(2) PHS was discontinued in 2023 and is not included in the indicators as of and for the fiscal years ended March 31, 2024 and 2025.

(3) *Wireless Home Phone* is excluded from the calculation of Mobile ARPU.

(4) *Wireless Home Phone* is excluded from the calculation of churn rate.

(5) *Yahoo! BB ADSL* was discontinued in 2024 and is not included in the indicators as of and for the fiscal year ended March 31, 2025.

Non-IFRS Measures

In addition to measures of our performance and financial condition presented in accordance with IFRS, we also present adjusted EBITDA, adjusted EBITDA margin and primary free cash flow. In connection with our presentation of primary free cash flow, we also present net cash flows from investing activities (capital expenditures) and net cash flows from investing activities (others). As a measure of our leverage as of March 31, 2023, 2024 and 2025, we also present the net leverage ratio, calculated as a ratio of net interest-bearing debt to adjusted EBITDA, on a consolidated basis, and the adjusted net leverage ratio, calculated as a ratio of adjusted net interest-bearing debt to adjusted EBITDA excluding the Non-Primary Entities (as defined below).

Summary of Non-IFRS Measures

	For the fiscal year ended March 31,		
	2023	2024	2025
	Billions of yen, percentages and ratios		
On a consolidated basis:			
Adjusted EBITDA	¥ 1,566.4	¥ 1,667.7	¥ 1,753.1
Adjusted EBITDA margin	26.5%	27.4%	26.8%
Net interest-bearing debt	¥ 4,020.1	¥ 4,283.0	¥ 4,482.1
Net leverage ratio	2.6x	2.6x	2.6x
Excluding the Non-Primary Entities:			
Adjusted EBITDA	¥ 1,240.3	¥ 1,274.5	¥ 1,299.4
Primary free cash flow	¥ 618.6	¥ 607.7	¥ 603.3
Adjusted net interest-bearing debt	¥ 3,041.3	¥ 3,026.8	¥ 3,044.4
Adjusted net leverage ratio	2.5x	2.4x	2.3x

These measures are not measures prescribed by IFRS but are supplemental financial measures that we believe are useful for investors to assess the operating performance, liquidity or leverage of our business without the effect of items which we do not consider to be indicative of the results of our ongoing operations or of results of operations, cash flows, assets and liabilities of consolidated subsidiaries who are independent listed companies (and related subsidiaries), which we are accordingly unable to access directly. For example, we present adjusted EBITDA on both a consolidated basis and excluding the Non-Primary Entities (as defined below), excluding non-cash items such as depreciation and amortization and stock compensation expenses and non-recurring items such as income derived from non-recurring events, to provide investors with a clearer view of underlying profitability. We also present adjusted EBITDA margin on a consolidated basis, calculated as adjusted EBTIDA on a consolidated basis as a percentage of revenue, as a measure of our profitability relative to revenue without the effect of these non-cash charges or non-recurring events. Primary free cash flow is another key non-IFRS measure, which we use to assess our ongoing cash generating ability of our primary telecommunications and related businesses, excluding our listed subsidiary LY and its consolidated subsidiaries (including PayPay Corporation, PayPay Card Corporation and PayPay Securities Corporation as well as the intermediate holding companies through which the Company holds such subsidiaries, namely AHD and BHD) (collectively such excluded entities, the "Non-Primary Entities")) for debt repayment and dividends. In calculating our primary free cash flow, we first calculate our adjusted free cash flow, calculated as our consolidated free cash flow, which is defined as the sum of our cash inflow/outflow from operating activities and cash inflow/outflow from investing activities, and (i) adding back the effect of securitization of installment sales receivables, (ii) removing the effect of free cash flow from the Non-Primary Entities, and (iii) adding back certain other adjustments such as dividend payments from AHD and investments in PayPay Securities Corporation, and further adjust our adjusted free cash flow by adding back long-term growth investments, which represent strategic investments that contribute to our mid- to long-term growth, such as AI computing platform, and are not necessarily directly related to the operation of our primary telecommunications and related businesses. We also use adjusted net interest-bearing debt (excluding the Non-Primary Entities), calculated as the total of current and non-current interest-bearing debt excluding the Non-Primary Entities *less* the securitization of sales receivables *less* the sum of cash and cash equivalents excluding the Non-Primary Entities, which is intended to give a clearer view of interest-bearing debt, net of cash of our primary telecommunications and related businesses. This is used in our calculation of adjusted net leverage ratio (excluding the Non-Primary Entities), the ratio of adjusted net interest-bearing debt (excluding the Non-Primary Entities) to adjusted EBITDA excluding the Non-Primary Entities, which is intended to give a clearer view of total leverage of the Company and its non-public subsidiaries, based on the total EBITDA-generating ability of our primary telecommunications and related businesses excluding the Non-Primary Entities

in a given fiscal year. These measures are used by our management and board of directors to understand and evaluate our core operating performance and trends and to develop short- and long-term operational plans. We also believe that our presentation of primary free cash flow is a useful metric for evaluating our underlying ability to repay indebtedness and make additional investments in our business, and that the adjusted net leverage ratio is a useful metric for evaluating our overall leverage, helping to make decisions as to appropriate levels of indebtedness.

Adjusted EBITDA, adjusted EBITDA margin, primary free cash flow, net interest-bearing debt, net leverage ratio, adjusted net interest-bearing debt and adjusted net leverage ratio should not be considered alternatives to the measures presented in accordance with IFRS, as they have important limitations as analytical tools, because they exclude some, but not all, items that affect net income, cash flows or interest-bearing debt. Our definitions of these may not be comparable to similarly titled measures of other companies in our industry, which may define these or similarly titled measures differently, thereby diminishing their utility.

The following tables present a reconciliation and a calculation of these non-IFRS measures as of and for the periods indicated.

Adjusted EBITDA and adjusted EBITDA margin

	For the fiscal year ended March 31,		
	2023	2024	2025
	Billions of yen		
Reconciliation of adjusted EBITDA from net income and operating income:			
Net income	¥ 654.1	¥ 590.3	¥ 655.3
Add: Income taxes	208.7	215.6	224.8
Add: Impairment loss on equity method investments	45.2	25.1	1.9
Subtract: Gain on sales of equity method investments	(1.1)	(5.2)	(3.7)
Add: Financing costs	117.2	61.4	117.4
Subtract: Financing income	(11.9)	(12.9)	(11.7)
Add: Share of losses of associates accounted for using the equity method	53.2	22.2	9.7
Subtract: Gain on changes in equity interest	(5.3)	(20.4)	(4.6)
Operating income	¥1,060.2	¥ 876.1	¥ 989.0
Add: Depreciation and amortization(1)	795.1	769.1	770.0
Add: Stock compensation expenses	21.8	23.0	19.3
Subtract: Gain on sale of business	—	(10.5)	—
Subtract: Gain on loss of control over subsidiaries	(3.5)	(4.8)	(39.0)
Subtract: Remeasurement gain on step acquisition	(310.1)	—	—
Add: Impairment loss	5.6	14.7	13.8
Subtract: Other	(2.7)	—	—
Adjusted EBITDA on a consolidated basis(2)	¥1,566.4	¥1,667.7	¥1,753.1
Subtract: Adjustment for EBITDA of the Non-Primary Entities	326.1	393.2	453.7
Adjusted EBITDA excluding the Non-Primary Entities(2)	¥1,240.3	¥1,274.5	¥1,299.4

Notes:

(1) Depreciation and amortization includes ¥764.2 billion, ¥743.8 billion and ¥748.0 billion of depreciation and amortization for the fiscal years ended March 31, 2023, 2024 and 2025, respectively, and ¥30.9 billion, ¥25.3 billion and ¥22.0 billion of loss on disposal of property, plant and equipment and intangible assets for the fiscal years ended March 31, 2023, 2024 and 2025, respectively.

(2) Adjusted EBITDA is calculated as the following formula: operating income + depreciation and amortization + stock compensation expenses—gain on sale of business—gain on loss of control over subsidiaries—remeasurement gain on step acquisition + impairment loss and other adjustments.

	For the fiscal year ended March 31,		
	2023	2024	2025
	Billions of yen, except percentages		
Calculation of adjusted EBITDA margin:			
Adjusted EBITDA on a consolidated basis	¥1,566.4	¥1,667.7	¥1,753.1
Divide by: Revenue	5,912.0	6,084.0	6,544.3
Adjusted EBITDA margin on a consolidated basis[1]	26.5%	27.4%	26.8%

Note:

(1) Calculated as the ratio of adjusted EBITDA on a consolidated basis to revenue.

Primary free cash flow

	For the fiscal year ended March 31,		
	2023	2024	2025
	Billions of yen		
Reconciliation of primary free cash flow from net cash flows from operating activities and investing activities:			
Net cash inflow from operating activities	¥1,155.8	¥1,239.7	¥1,367.9
Net cash outflow from investing activities representing purchases of equipment[1]	(607.5)	(552.2)	(743.5)
Net cash inflow (outflow) from investing activities other than purchases of equipment[2]	452.8	(375.4)	(251.7)
Free cash flow	1,001.0	312.1	372.7
Effect of securitization of installment sale receivables:			
Proceeds from securitization of installment sale receivables[3]	378.1	458.8	370.6
Payments on securitizations of installment sale receivables[3]	(358.5)	(380.9)	(379.2)
Total effect of securitization of installment sale receivables	19.6	77.9	(8.6)
Effect of free cash flow from Non-Primary Entities[4]	(420.6)	130.8	(15.2)
Other adjustments[5]:	18.7	12.0	87.7
Adjusted free cash flow	618.6	532.8	436.5
Long-term growth investments[6]	—	(74.9)	(166.9)
Primary free cash flow[7]	¥ 618.6	¥ 607.7	¥ 603.3

Notes:

(1) This amount represents 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" in cash flows from investing activities included in our consolidated statements of cash flow.

(2) This amount represents 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 obtaining control of subsidiaries," "increase in short-term loans issued," "proceeds from repayment of short-term loans," "increase in long-term loans issued," "proceeds from repayment of long-term loans" and "others" in cash flows from investing activities included in our consolidated statements of cash flow.

(3) "Proceeds from securitization of installment sale receivables" and "payments on securitizations of installment sale receivables" are mostly included in "proceeds from long-term interest-bearing debt" and "repayment of long-term interest-bearing debt," "Increase (decrease) in short-term interest-bearing debt, net," "Proceeds from interest-bearing debt" and "Repayment of interest-bearing debt" respectively, in cash flows from financing activities included in our consolidated statements of cash flow. Proceeds and repayments of short-term installment sales receivables transactions are netted.

(4) As defined above, "Non-Primary Entities" refers to our listed subsidiary LY and its consolidated subsidiaries, including PayPay Corporation, PayPay Card Corporation and PayPay Securities Corporation, as well as the intermediate holding companies through which the Company holds such subsidiaries, namely AHD and BHD.

(5) Includes items such as dividends received from AHD (including the dividends received from AHD in connection with proceeds from its sale of the shares of LY during the three months ended September 30, 2024), investment in PayPay Securities Corporation and loans to our board of directors.

(6) Includes strategic investments that contribute to our mid- to long-term growth, such as AI computing infrastructure, AI data centers and the acquisition of Cubic Telecom in March 2024.

(7) Primary free cash flow is calculated as the following formula: net cash inflow from operating activities—net cash outflow (inflow) from investing activities + proceeds from securitization of installment sale receivables—payments on securitizations of installment sale receivables—effect of free cash flow from Non-Primary Entities + dividends received from AHD + investment in PayPay Securities Corporation + long-term growth investments.

Net interest-bearing debt, adjusted net interest-bearing debt (excluding the Non-Primary Entities), net leverage ratio and adjusted net leverage ratio (excluding the Non-Primary Entities)

	As of and for the fiscal year ended March 31,		
	2023	2024	2025
	Billions of yen and ratios		
Reconciliation of net interest-bearing debt from interest-bearing debt:			
Interest-bearing debt:			
Excluding the Non-Primary Entities	¥ 4,247.6	¥ 4,461.3	¥ 4,278.8
Borrowings	1,246.4	1,010.5	850.9
Securitization of sales receivables	792.0	859.7	850.3
Lease liabilities	1,062.6	1,051.5	937.5
Corporate bonds	578.7	827.8	1,023.3
Impact from IFRS 16 (Lease expense of network equipment/ properties and others)	479.4	498.0	596.3
Other	88.5	213.8	20.5
Non-Primary Entities	1,886.9	1,859.5	1,683.3
Total interest-bearing debt	6,134.5	6,320.9	5,962.2
Cash and cash equivalent and cash reserves for securitization of sales receivables:			
Excluding the Non-Primary Entities	469.6	619.9	428.6
Cash and cash equivalents	414.3	574.9	384.1
Cash reserves for securitization of sales receivables	55.3	45.0	44.5
Non-Primary Entities	1,644.8	1,418.0	1,051.4
Total cash and cash equivalent and cash reserves for securitization of sales receivables	2,114.4	2,037.9	1,480.0
Net Interest-bearing debt	¥ 4,020.1	¥ 4,283.0	¥ 4,482.1
Reconciliation of adjusted net interest-bearing debt (excluding the Non-Primary Entities) from interest-bearing debt (excluding the Non-Primary Entities):			
Interest-bearing debt (excluding the Non-Primary Entities)	¥ 4,247.6	¥ 4,461.3	¥ 4,278.8
Subtract: Cash and cash equivalents and cash reserves for securitization of sales receivables (excluding the Non-Primary Entities)	469.6	619.9	428.6
Subtract: Securitization of sales receivables (excluding the Non-Primary Entities)	792.0	859.7	850.3
Add: Cash reserves for securitization of sales receivables (excluding the Non-Primary Entities)	55.3	45.0	44.5
Adjusted net interest-bearing debt (excluding the Non-Primary Entities)	¥ 3,041.3	¥ 3,026.8	¥ 3,044.4
Calculation of net leverage ratio and adjusted net leverage ratio (excluding the Non-Primary Entities):			
Net Interest-bearing debt	¥ 4,020.1	¥ 4,283.0	¥ 4,482.1
Divide by: Adjusted EBITDA on a consolidated basis	1,566.4	1,667.7	1,753.1
Net leverage ratio	2.6x	2.6x	2.6x
Adjusted net interest-bearing debt (excluding the Non-Primary Entities)	¥ 3,041.3	¥ 3,026.8	¥ 3,044.4
Divide by: Adjusted EBITDA (excluding the Non-Primary Entities)	1,240.3	1,274.5	1,299.4
Adjusted net leverage ratio (excluding the Non-Primary Entities)	2.5x	2.4x	2.3x

Note:

(1) As defined above, "Non-Primary Entities" refers to our listed subsidiary LY and its consolidated subsidiaries, including PayPay Corporation, PayPay Card Corporation and PayPay Securities Corporation, as well as the intermediate holding companies through which the Company holds such subsidiaries, namely AHD and BHD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this offering circular. Our financial statements as of and for such periods, together with the notes thereto, are included elsewhere herein and are prepared in conformity with IFRS, which differ in certain significant respects from accounting principles generally accepted in other jurisdictions. All data is presented on a consolidated basis unless otherwise stated. This section contains forward-looking statements that involve risks, uncertainties and assumptions and are subject to the qualifications set forth under "Forward-Looking Statements." Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere herein.

Overview

We are one of Japan's largest telecommunications providers and a comprehensive information and technology company. We offer a wide range of high-quality mobile and fixed-line telecommunications services, sell a wide variety of products, such as mobile phones and PC peripherals, including mobile phone accessories, software and IoT products, and offer other services in Japan. In addition to telecommunications, we also operate a diverse portfolio of Internet-based services that include online advertising, search and portal services, e-commerce platforms, digital media and content distribution and communication tools. We also offer a range of financial services, such as cashless payment, credit card, online banking, online securities brokerage and other consumer-oriented financial services.

These businesses support our "*Beyond Carrier*" growth strategy, through which we aim to expand beyond traditional telecommunications businesses by leveraging our customer base, infrastructure and technological capabilities to grow non-telecommunications businesses in areas such as media, commerce, finance and AI, and to build a broader information and technology-enabled ecosystem. As part of this strategy, in 2019 we made Yahoo Japan Corporation, a provider of e-commerce and media-related services, our consolidated subsidiary. The trade name of that company was subsequently changed to Z Holdings Corporation, and a newly established wholly owned subsidiary assumed the businesses of Yahoo Japan Corporation under the same name. On December 23, 2019, we, NAVER Corporation, Z Holdings Corporation, and LINE Corporation announced the execution of a business integration agreement to consolidate Yahoo Japan Corporation's businesses and LINE Corporation's businesses under Z Holdings Corporation, with a majority of the voting interests in Z Holdings Corporation held by AHD, a 50-50 joint venture between us and a subsidiary of NAVER Corporation. On March 1, 2021, we completed a series of related transactions and LINE Corporation became a wholly owned subsidiary of Z Holdings Corporation. On October 1, 2023, Z Holdings Corporation completed an intra-group reorganization involving mainly itself, LINE Corporation and Yahoo Japan Corporation, and on the same date, Z Holdings Corporation changed its trade name to LY Corporation, representing a significant step in our ongoing transformation into a comprehensive information and technology company. As of April 2025, we have further advanced this strategy by consolidating our financial-related businesses, including cashless payment, credit card, online banking, online securities brokerage and other consumer-oriented financial services, under PayPay Corporation, with the goal of building an integrated digital personal finance ecosystem.

In the fiscal year ended March 31, 2025, we generated revenue, operating income and net income attributable to owners of the Company of ¥6,544.3 billion, ¥989.0 billion and ¥526.1 billion, respectively. We have five reportable segments, plus other businesses reported under "Other":

- *Consumer segment*: We provide individual customers with various telecommunications services and products, primarily mobile telecommunications services to individual customers in Japan, which comprise the most significant portion of revenue and operating income in this segment. In addition to the traditional MNO services we provide through our flagship *SoftBank* brand, which targets users who seek high-performance devices and large data allowances, we provide lower-cost MNO services through the *Y!mobile* brand targeting light to moderate users who prefer more affordable pricing and MNO services available exclusively through online distribution with SIM-only plans through the *LINEMO* brand, aimed at younger users who are highly engaged with digital content and social media platform of the *LINE* communication app. We also generate revenue from broadband services, including wired and wireless home internet services and IP telephony using our wireless network. This segment also includes our electricity services business, including the *Ouchi Denki* brand, as well as the sale of smartphones and mobile devices to retail customers. In the fiscal year ended March 31, 2025, segment revenue, including intersegment

transactions and transferred revenue, for the Consumer segment was ¥2,952.9 billion, while segment income, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥530.4 billion.

- *Enterprise segment:* We offer a comprehensive suite of solutions tailored for corporate clients and municipalities in this segment. These services encompass mobile and fixed-line telecommunications, networking and VPN services, data centers, cloud computing, AI, IoT, cybersecurity and digital marketing solutions to support our customers' digitalization initiatives. In the fiscal year ended March 31, 2025, segment revenue, including intersegment transactions and transferred revenue, for the Enterprise segment was ¥922.4 billion, while segment income, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥170.3 billion.
- *Distribution segment*: Our distribution segment consists of the ICT business, through which we sell a variety of cutting-edge hardware and software products and services to enterprise customers and provide them with service and support for the implementation of ICT services and products, as well as cloud services, IoT solutions and other advanced technologies including AI, and the consumer distribution business, through which we as a distributor and manufacturer sell a wide variety of products, such as mobile phone and PC peripherals, including mobile phone accessories, software and IoT products to individual customers. In the fiscal year ended March 31, 2025, segment revenue, including intersegment transactions and transferred revenue, for the Distribution segment was ¥889.5 billion, while segment income, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥30.4 billion.
- *Media & EC segment*: Our Media & EC segment centers on the commerce business and the media business, covering online to offline services in a comprehensive manner. This segment is primarily operated through the LY Group. In the media business, the LY Group provides internet-based advertising-related services, such as paid search and display advertising, primarily through its comprehensive Internet service, *Yahoo! JAPAN* and communication app, *LINE*. In the commerce business, the LY Group provides a range of services to small and medium-sized enterprises and individual consumers, including e-commerce through platforms such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, one of Japan's largest fashion e-commerce websites, as well as reuse services through *Yahoo! JAPAN Auction*, an online auction marketplace. The Media & EC segment was renamed from "Yahoo! JAPAN/LINE" segment starting in the fiscal year ended March 31, 2024. In the fiscal year ended March 31, 2025, segment revenue, including intersegment transactions and transferred revenue, for the Media & EC segment was ¥1,678.1 billion, while segment income, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥267.3 billion. Starting in the fiscal year ending March 31, 2026, the online banking business, operated by PayPay Bank Corporation, has been transferred from the Media & EC segment to the Financial segment.
- *Financial segment*: Our Financial segment provides a broad range of services to both individual consumers and enterprise customers. For individual users, we offer cashless payment services through PayPay Corporation, including QR code payments that are widely accepted across Japan. PayPay Card Corporation provides credit card services integrated with our broader payment and point systems, while PayPay Securities Corporation offers online securities trading and brokerage services. PayPay Bank Corporation, which became part of this segment following its transfer in April 2025 from the Media & EC segment, offers online banking services, further strengthening our ability to deliver a comprehensive, integrated digital personal finance ecosystem. For enterprise customers, SB Payment Service Corp. provides one-stop cashless payment processing solutions that support credit cards, electronic money, QR codes and other digital methods, helping merchants enable seamless transactions across both e-commerce and physical retail channels. We also provide marketing and data-driven business solutions that enhance merchant engagement and operational efficiency. This segment was established as a reportable segment effective October 1, 2022, following the conversion of PayPay Corporation into our subsidiary. In connection with this segment reclassification, PayPay Card Corporation was transferred from the Media & EC segment, and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other." In the fiscal year ended March 31, 2025, segment revenue, including intersegment transactions and transferred revenue, was ¥277.3 billion, and segment income, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥33.2 billion. PayPay Bank Corporation was added to the segment following its acquisition by PayPay Corporation in April 2025.

- *Other*: We have other businesses that are not included in our five reportable segments, including digital media and content production and online business services. This category further encompasses research, development, and manufacturing related to network equipment, and initiatives involving the use of frequency bands for HAPS technologies, which are aimed at expanding connectivity in underserved areas. This category also includes research and development aimed at delivering services using generative AI and at constructing the "Next-generation Social Infrastructure," including AI computing infrastructure and AI data centers. In the fiscal year ended March 31, 2025, revenue from "Other," including intersegment transactions and transferred revenue, was ¥123.4 billion, while loss attributable to these businesses, before elimination of intersegment transactions and excluding unallocated general corporate expenses, was ¥36.5 billion.

For the components of our revenue for each of these segments, see "—Results of Operations—Comparison of the Fiscal Year Ended March 31, 2024 with the Fiscal Year Ended March 31, 2025" and "—Results of Operations—Comparison of the Fiscal Year Ended March 31, 2023 with the Fiscal Year Ended March 31, 2024."

We form a key part of the SoftBank Group, a leading global group of technology companies aiming to be at the forefront of the information revolution. In line with the SoftBank Group's objectives, we strive to provide our customers with the technological services and products we believe are most essential to their lives and businesses. Advancements in digital technologies such as AI, IoT, big data utilization and the ongoing digitalization of daily life are expected to continue reshaping the telecommunications industry. The commercialization of 5G services and development and deployment of advanced 5G and 6G technologies are expected to have the potential to transform a wide range of industries and consumer experiences by enabling ultra-high speed, large capacity, low latency and massive machine-type communications. The Japanese telecommunications market has experienced and continues to undergo significant changes, including the strengthening of government policies to promote competition, expansion of low-priced smartphone services provided by MNO sub-brands and MVNOs and the entry of Rakuten Mobile as an MNO. At the same time, multi-national technology companies continue to play a significant role in areas such as e-commerce, digital advertising, and cloud services in Japan, contributing to growing competition across internet-related sectors, including e-commerce, finance, and advanced technologies such as AI. In this dynamic business environment, under our "*Beyond Carrier*" strategy, we aim to continue expanding the customer base developed through our telecommunications businesses while actively developing new businesses in the information and technology sectors centered around advanced technologies such as AI, IoT, big data and robotics. By strengthening the integration between our telecommunications and non-telecommunications businesses, we intend to create synergies, such as expanding user engagement across our service offerings and enhancing the technological competitiveness of our core telecommunications businesses.

To advance our "*Beyond Carrier*" strategy, we aim to integrate our telecommunications services with a wide range of our non-telecommunications offerings to create added value for our customers and strengthen our user engagement. We leverage our mobile subscriber base and network infrastructure to cross-promote services such as cashless payments, e-commerce and digital media and content. For example, users of our *SoftBank* brand mobile services can participate in "*Pay-toku*" plans, which provide exclusive discounts and reward benefits for using *PayPay*, Japan's leading QR and barcode payment platform according to data published by PAYMENTS JAPAN. We also promote financial services such as *PayPay Card* and *PayPay Bank* through seamless integration into our digital personal finance ecosystem. In addition, we offer *LYP Premium*, a membership program that bundles benefits across *Yahoo! JAPAN*, *LINE* and *PayPay* services, which can be accessed conveniently through mobile service subscriptions. Our mobile subscribers can enjoy additional benefits from linked services with *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, where they can earn and use reward points and access special offers. *LINEMO*, a mobile brand designed for younger, digitally native users, which offers unlimited data use for the *LINE* communication app. These efforts not only deepen customer retention but also expand usage across our entire ecosystem. Looking ahead, we will aim to strengthen these cross-service integrations while expanding our nationwide 5G network to support new digital lifestyles and business models.

Recent Developments

Announcement of Potential IPO of PayPay Corporation

In May 2025, we announced that PayPay Corporation, which has PayPay Card Corporation, PayPay Bank Corporation and PayPay Securities Corporation as its consolidated subsidiaries, had initiated preparations for its initial public offering (IPO). The proposed IPO is intended to strengthen its operational independence and

unlock shareholder value. As of the date of this offering circular, key considerations regarding the listing venue, timing and offering size and structure (including whether we will sell any shares) of any potential IPO have not yet been determined.

Announcement of Business Alliance with Sumitomo Mitsui Card

On May 15, 2025, we entered into a comprehensive business alliance with Sumitomo Mitsui Card Co., Ltd. ("SMC") to enhance digital services through the integration of SMC's "*Olive*" platform for individual customers and our technological capabilities. This partnership aims to create innovative customer experiences by combining financial and non-financial services, including healthcare and AI-driven solutions, and facilitating seamless cashless transactions. Additionally, SMC and PayPay Corporation plan to collaborate to integrate their respective smartphone applications, *Olive* and *Vpass* offered by SMC and *PayPay* by PayPay Corporation, enabling mutual exchange of loyalty points and enhancing payment services.

Issuance and Sale of Yen-denominated Domestic Corporate Bonds to Institutional Investors in Japan

On May 29, 2025, we issued and sold two series of unsecured straight yen-denominated domestic bonds, the 28th Series Unsecured Bond due in May 2027 and the 29th Series Unsecured Bond due in May 2030, to institutional investors in Japan. The aggregate principal amount of the 28th Series Unsecured Bond issued is ¥60.0 billion, and the aggregate principal amount of the 29th Series Unsecured Bond issued is ¥21.6 billion.

Changes in Reportable Segments

Our reportable segments are based on operating segments for which separate financial information is available, and which our board of directors regularly reviews to determine the allocation of management resources and evaluate their performance. We currently have five reportable segments: "Consumer," "Enterprise," "Distribution," "Media & EC" and "Financial," with "Other" representing businesses not included in our reportable segments.

Segment revenue for our reportable segments presented in this offering circular includes intersegment transactions and transferred revenue. Segment income or losses for our reportable segments presented in this offering circular are before the elimination of intersegment transactions and exclude expenses not allocable to any specific reporting segment.

The "Media & EC" segment was renamed from the "Yahoo! JAPAN/LINE" segment starting in the fiscal year ended March 31, 2024, but there has been no adjustment to the businesses of this reportable segment in connection with this name change. In May 2024, ValueCommerce Co., Ltd. ceased to be our consolidated subsidiary and became an equity method associate.

The "Financial" segment was added as a reportable segment effective October 1, 2022 following the conversion of PayPay Corporation into our consolidated subsidiary. Initially, the main subsidiaries that constituted the "Financial" segment were PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp., and PayPay Securities Corporation. In connection with the addition of this reportable segment, PayPay Card Corporation was transferred from the "Media & EC" segment and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other" businesses. Accordingly, we have applied retrospective adjustments to account for such change in the reportable segments and have restated the corresponding figures for the fiscal year ended March 31, 2023 in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein.

For "Other," starting in the fiscal year ended March 31, 2025, certain subsidiaries, including SB Technology Corp. and Cybertrust Japan Co., Ltd., previously under "Other" businesses have been transferred to the "Enterprise" segment, and certain subsidiaries previously under the "Consumer" segment have been transferred to "Other" businesses. Accordingly, we have applied retrospective adjustments to account for such change in the reportable segments and have restated the corresponding figures for the fiscal years ended March 31, 2023 and 2024 in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein.

Starting in the fiscal year ending March 31, 2026, PayPay Bank Corporation has been transferred from the "Media & EC" segment to the "Financial" segment following its acquisition by PayPay Corporation in April 2025. This segment change is not reflected retroactively in our audited consolidated financial statements as of

and for the fiscal years ended March 31, 2023, 2024 and 2025, included elsewhere herein. As such, the historical financial information and discussions of historical performance throughout this offering circular, including under this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, do not reflect this segment change.

Factors Affecting Our Financial Results

Key Performance Indicators in Our Mobile Telecommunications Businesses

When analyzing our fee levels and revenue, we employ a number of key performance indicators. For our mobile telecommunications businesses in the Consumer and Enterprise segments, these are: number of main subscribers (further classified among smartphone subscribers and subscribers of mobile services other than smartphones), Mobile ARPU and churn rate (and its subset, smartphone churn rate), each as described below.

- *Subscribers*. We calculate cumulative subscribers as the period-end cumulative total of "main subscribers," consisting of subscribers of smartphones, feature phones, tablets, mobile data communications devices, *Wireless Home Phone* and others. Smartphone subscribers in particular are an important source of revenue and profit, and we have focused on acquiring new smartphone subscribers to drive total revenue growth. In recent fiscal years, the number of main subscribers has been steadily growing primarily due to increased numbers of smartphone subscribers for services under our *SoftBank*, *Y!mobile* and *LINEMO* brands, offsetting decreases in main subscribers using mobile services other than smartphones.

- *Mobile ARPU*. Mobile ARPU for our mobile telecommunications businesses is calculated as (i) the sum of data-related revenues, basic monthly charges and voice-related revenues, device warranty service revenues, content-related revenues and advertising revenues and others for the applicable period, *divided by* (ii) the sum of the number of active main subscribers in the months (based on a monthly average calculated as the number at the beginning and end of each month divided by two) during the applicable period and rounded to the nearest ¥10, *netted of* (iii) certain discounts, consisting of monthly discounts available to long-term contract subscribers and discounts available on bundling packages such as the *Home Bundle Discount Hikari Set* and *Fiber-optic Discount*. Such discounts netted when calculating Mobile ARPU do not include the effect of discounts relating to reward points and carrier subsidies for handsets. Our Mobile ARPU experienced a period of steady decline in recent years, for example, from ¥4,290 in the fiscal year ended March 31, 2021 to ¥3,740 in the fiscal year ended March 31, 2024 as the Japanese government's initiatives aimed at enhancing competition led to a more competitive market landscape, including unbundling of handsets and telecommunications service fees, removal of SIM-locks, reduction of interconnection and cancellation fees, and reduction of the cost and simplification of the process of switching carriers, ultimately resulting in reduction in ARPU across all MNO carriers in Japan. Although the *Y!mobile* brand and *LINEMO* brand have lower Mobile ARPU compared to our flagship *SoftBank* brand, their popularity has allowed us to achieve a significant growth in the number of smartphone subscribers. For the fiscal year ended March 31, 2025, our Mobile ARPU was ¥3,740, which remained unchanged from the fiscal year ended March 31, 2024; this stabilization of Mobile ARPU was attributable to successful initiatives such as launching *Pay-toku* pricing plans linked to *PayPay* services and reward points and introducing discounts for payments using *PayPay Card* in our premium *SoftBank* brand, increasing data allowances in response to increased data usage and prices, and focusing on converting users of our lower-priced *Y!mobile* and *LINEMO* brands to our premium *SoftBank* brand. We will continue to pursue our multi-brand strategy to meet diversified customer needs and achieve a steady growth of smartphone subscribers and conversion of our lower Mobile ARPU subscribers to higher Mobile ARPU subscribers.

- *Churn rate.* Churn rate, which represents the proportion of main subscribers who terminate their service in any particular period, is how we measure our customer retention. We calculate churn rate by dividing the total number of main subscribers who terminated their service in the relevant period (excluding subscribers who switch between *SoftBank*, *Y!mobile* or *LINEMO* using MNP) by the average number of active main subscribers for the same period. The average number of main subscribers for a given month is the average of the number of main subscribers at the beginning and end of each month. To calculate churn rate for multi-month periods, which is presented as a monthly average, we divide the total number of main subscribers who terminated their service in the relevant months by the sum of the average number of main subscribers for each month in the period. Smartphone subscriber churn rate is calculated similarly to main subscriber churn rate, but takes into account only smartphone subscribers. Churn rates in the Japanese mobile telecommunications

industry tend to be seasonal, with significantly increased churn rates in the three months ended March 31 of each year. The increase in churn rates in the three months ended March 31 of each year is caused by the tendency of consumers to seek new contracts prior to the beginning of April, at the traditional start of the fiscal and academic year in Japan. In recent years, our main and smartphone subscriber churn rates have trended upwards due to factors such as initiatives by the Japanese government aimed at decreasing barriers to switching and enhancing competition, with notable impact observed among SIM-only plan subscribers.

The following chart shows our subscriber levels, Mobile ARPU and churn rates in the Consumer and Enterprise segments during the last three fiscal years. See also "Selected Financial and Other Data—IFRS Selected Financial Data and Other Data—Key Performance Indicators in Our Mobile Telecommunications and Broadband Businesses."

	As of and for the fiscal year ended		
	March 31, 2023	March 31, 2024	March 31, 2025
	Thousands of subscribers, yen or percentages		
Key Performance Indicators for Mobile Telecommunications Business			
Cumulative subscribers:			
Main subscribers[1]	39,596	40,484	41,175
Smartphones	29,262	30,730	31,773
Communication modules and others	12,621	15,151	14,547
PHS[2]	64	—	—
Cumulative subscribers	52,281	55,635	55,722
Mobile ARPU[3]:			
Mobile ARPU	¥ 3,850	¥ 3,740	¥ 3,740
Churn rate[4]:			
Main subscriber churn rate	1.10%	1.13%	1.31%
Smartphone churn rate	1.04%	1.08%	1.30%

Notes:

(1) The number of subscribers to *Wireless Home Phone* (a wireless home phone service using our LTE network) is included in the number of main subscribers.

(2) PHS was discontinued in 2023 and is not included in the indicators as of and for the fiscal years ended March 31, 2024 and 2025.

(3) *Wireless Home Phone* is excluded from the calculation of Mobile ARPU.

(4) *Wireless Home Phone* is excluded from the calculation of churn rate.

Consumer segment

Revenue

Mobile telecommunications

Total revenue for our Consumer segment's mobile telecommunications businesses is a function of the overall number of subscribers and the level of fees charged. Factors affecting revenue in this business include:

- *Penetration of smartphones.* While the rate of increase has slowed down, the number of subscribers of smartphones has continued to increase in recent years, in contrast to declines in those of other devices, such as feature phones and mobile data communications devices. Smartphones and the content offered bring higher levels of data usage, which we expect will continue to increase as streaming and video content becomes more popular. In addition, the ratio of 5G handsets has increased from 65% in the fiscal year ended March 31, 2024 to 76% in the fiscal year ended March 31, 2025, supported by our leading position in 5G connectivity rates among our competitors.
- *Value-added services*. Mobile telecommunications providers in Japan are increasingly providing "over-the-top" services (i.e., services that are directly marketed and sold to consumers without the involvement of traditional service providers such as cable or broadcast television) or other value-added services including device warranties, which provide revenue directly and indirectly.

- *Competition.* The Japanese mobile telecommunications industry is marked by competition, particularly for smartphone subscribers. The competition for smartphone subscribers has particularly intensified in recent years in the mid-volume market, the mobile users who consume a moderate amount of data typically around 10GB to 30GB per month, and the carriers are not only competing on connectivity, pricing and data allowances, but also on creating and providing digital ecosystems that offer added values through integrated services and loyalty programs. Full-service, higher-margin traditional MNOs, including our *SoftBank* brand, compete not only with each other, but also with lower-priced MNO brands, including our *Y!mobile* and *LINEMO* brands, and MVNOs, who also compete among themselves for smartphone subscribers.
- *Regulatory environment.* The regulatory environment, including applicable regulations as well as formal and informal actions by government authorities, affects the mobile telecommunications industry overall, including traditional MNOs such as us. We make efforts, including the revision of our service plans, to mitigate the effects of changes in the regulatory environment. See "Risk Factors—Risks Relating to Our Business—We are subject to extensive laws, government regulations and licensing regimes that restrict and may impose new restrictions on our business."
- *Japanese demographic trends*. The overall Japanese population, which represents the potential pool of subscribers for consumer mobile telecommunications services, is both aging and declining, and these trends are expected to continue for the foreseeable future.

We have found that our targeted suite of discounts and other benefits available to our subscribers helps direct current and potential subscribers to an overall greater number of our services, leading to increases in subscriptions and overall revenue over time, while our multi-brand strategy helps keep subscribers within our overall ecosystem. We are focused on providing attractive services at reasonable prices, including discounts such as the *Home Bundle Discount Hikari Set* that offer bundling discounts with our home broadband services, in order to successfully acquire and retain smartphone subscribers.

In order to continue to generate stable cash flows from our Consumer segment's telecommunications business, we closely monitor and balance pricing levels (including discount promotions) and subscriber numbers and growth. Our subscriber acquisition and retention efforts, including attractive integrated services and loyalty programs such as our *Pay-toku* pricing plans as well as the expansion of our mid-volume market offerings, have helped us increase our smartphone subscribers in recent years despite the more competitive market landscape.

Fees charged to subscribers consist mainly of basic monthly charges, data charges, voice charges, device warranty charges and content fees. We also receive fees from advertisers targeting subscribers on our various platforms. For mobile phones, basic monthly charges, data charges and voice charges vary based on the pricing plan selected. See "Business—Consumer Segment—Mobile Telecommunications." Of our multiple branded services, *SoftBank* offers a relatively higher level of service features, with larger data allowances and no option to forego voice services. Our *Y!mobile*-branded service caters to light users and price-sensitive subscribers, while our *LINEMO* service, available exclusively through online distribution with SIM-only plans, provides an even lower-priced option, with unlimited data use for the communication app *LINE*. Consequently, the distribution of subscribers among our *SoftBank*, *Y!mobile* and *LINEMO* services has a significant effect on our revenue. Our multi-brand strategy has helped us maintain differentiation among our brand offerings and meet the varied needs of current and potential subscribers. We price our plans in light of the competitive environment, aiming for an appropriate level of profitability while maintaining our ability to compete with other MNOs and MVNOs and managing the mix of subscribers among the *SoftBank*, *Y!mobile* and *LINEMO* brands, with a strategic focus to encourage subscriber migration from our lower-cost *Y!mobile* and *LINEMO* brands to our premium *SoftBank* brand.

Subscribers have a wide range of flexibility to choose the appropriate level of voice, data and other services based on their needs, as we offer a wide range of service plans under each of our brands' respective pricing structures. Subscribers also may change their service plans or switch among our brands or to those of our MNO and MVNO competitors or otherwise modify their use of mobile telecommunications services at their discretion.

Revenue for our Consumer segment's mobile telecommunications businesses also include sales of mobile devices. Our mobile device sales pricing generally corresponds to manufacturers' suggested retail prices. Mobile device sales prices vary depending particularly on product cycles. New models of smartphones are

generally priced higher than older models. Therefore, in the months following the launch of such new models, the average sales price of smartphones, and consequently revenue from mobile device sales, tend to increase due to a higher proportion of the new models sold against old models. For a detailed description of revenue recognition policies related to sales of mobile devices, see Note 3(16) to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Broadband

Revenue in our broadband business in the Consumer segment is also a function of the total number of subscribers and the fees charged to them. We provide individual customers fixed-line and wireless broadband home internet services, including IP telephony services using our mobile telecommunications network. In our fixed-line broadband home internet business, we collect fees for internet optical fiber lines to customers' homes and internet connections under the *SoftBank Hikari* brand, which we provide by purchasing wholesale optical fiber access from NTT East and NTT West. In our wireless broadband home internet business, we collect fees for home broadband service over our mobile telecommunications network under the *SoftBank Air* brand, whereby subscribers connect to the internet through a stationary wireless module in their homes which connects to our mobile telecommunications network, allowing us to forego the purchase of a wholesale fiber optic line. In addition to internet service, we offer and collect fees for a number of add-on services bundled into our offerings such as *SoftBank Hikari*, *SoftBank Air* and *Yahoo! BB Hikari with FLET'S,* including home IP telephony service, mobile telecommunications and electricity services and content-related discounts and services.

In recent years, our broadband subscriber base has steadily increased despite our discontinuation of our ADSL service, *Yahoo! BB ADSL*, in early 2024. In particular, the growth of our subscribers for the *SoftBank Hikari* optical fiber network service has outpaced the growth rate in total broadband since the fiscal year ended March 31, 2023 and has increased its share in the total broadband subscribers. Because fees charged to *SoftBank Hikari* and *SoftBank Air* subscribers are significantly higher than those charged to *Yahoo! BB Hikari with FLET'S* and now-discontinued *Yahoo! BB ADSL* subscribers, this has been particularly beneficial to revenue attributable to the broadband business. An additional driver of subscriber growth for broadband services has been the bundling of mobile and fixed-line telecommunications services, with discounts such as the *Home Bundle Discount Hikari Set*. These services offer subscribers considerable savings compared to purchasing these services separately and have led to an increase in subscribers for *SoftBank Hikari* service and *SoftBank Air* service in addition to those migrating from *Yahoo! BB Hikari with FLET'S*. This has led to a concurrent increase in the levels of fees charged to subscribers despite the discounts offered, because our fixed-line and wireless home broadband services are priced at or modestly above the level of ISP services over fixed lines provided by other carriers.

We closely monitor total broadband subscribers, as described below:

- *Subscribers.* The number of subscribers represents the period-end total for each of *SoftBank Hikari* (including subscribers to *SoftBank Air*) and *Yahoo! BB Hikari with FLET'S*. *SoftBank Hikari* subscribers have been increasing in recent fiscal years due to (i) the migration of users from *Yahoo! BB Hikari with FLET'S* and from *Yahoo! BB ADSL*, which was discontinued in early 2024; (ii) bundling incentives such as the *Home Bundle Discount Hikari Set*; and (iii) the sharp rise in fixed-line demand during the COVID-19 pandemic, when remote work became widespread in Japan. These factors together have produced a pronounced increase in *SoftBank Hikari* subscribers.

- *Broadband ARPU*. We monitor separately Broadband ARPU for each of *SoftBank Hikari* (which includes ARPU for *SoftBank Air*), *Yahoo! BB Hikari with FLET'S* and *Yahoo! BB ADSL* (until its discontinuation in early 2024). Broadband ARPU is calculated as (i) the sum of basic monthly charges, where applicable, provider charges, modem or unit rental charges, voice call charges and optional and other service charges, for the applicable period, divided by (ii) the sum of the number of active subscribers in the months (based on a monthly average calculated as the number at the beginning and end of each month divided by two) in the applicable period and rounded to the nearest ¥10. In each case, the calculation of Broadband ARPU excludes revenue that is not representative of monthly average usage such as initial activation or installation charges and cancellation fees.

The following chart shows our subscriber levels and Broadband ARPU in our broadband business during the last three fiscal years. See also "Selected Financial and Other Data—IFRS Selected Financial Data and Other Data—Key Performance Indicators in Our Mobile Telecommunications and Broadband Businesses."

	As of and for the fiscal year ended		
	March 31, 2023	March 31, 2024	March 31, 2025
	Yen or thousands of subscribers		
Key Performance Indicators for Broadband Telecommunications Business			
Cumulative subscribers:			
SoftBank Hikari (includes *SoftBank Air*)	7,566	7,782	8,000
Yahoo! BB Hikari with FLET'S	573	528	487
Yahoo! BB ADSL	256	177	—
Cumulative subscribers	8,395	8,487	8,487
ARPU:			
SoftBank Hikari (includes *SoftBank Air*)	¥4,150	¥4,090	¥4,080
Yahoo! BB Hikari with FLET'S	1,630	1,610	1,610
Yahoo! BB ADSL[(1)]	1,240	760	—

Note:
(1) *Yahoo! BB ADSL* has been discontinued on March 31, 2024.

Electricity

The Consumer segment also includes the purchase and sale, supply and intermediation of electricity services, including *Ouchi Denki*. Revenues from this business consist of fees charged to customers for the *Ouchi Denki* electric service. The number of subscribers for our electricity services has been declining in recent years, from 2.23 million as of March 31, 2023 to 1.95 million as of March 31, 2025, primarily due to a temporary suspension of proactive sales activities for new subscriber registrations—a decision prompted by a sharp increase in electricity procurement costs (driven by the global surge in fuel prices from the latter half of 2021), which diminished our profitability of the business. We have recently resumed proactive marketing and sales efforts.

Cost of sales

Cost of sales in our Consumer segment are:

- *Cost of goods sold*. Cost of goods sold primarily consists of the cost of devices, which depends on the total number of devices sold and per unit device pricing. For smartphones, the cost of devices depends heavily on product cycles. Manufacturers of smartphones are continuously introducing new models, which are priced relatively higher than older models. In order to compete effectively, we must be able to meet subscriber demand for the latest-model smartphones. Accordingly, our cost of goods sold tends to increase following the launch of high-profile new model devices.

  Cost of goods sold is also affected by competition among manufacturers, manufacturers' raw material, utility and labor costs, foreign exchange rates and other factors. In recent years, fluctuations in exchange rates, particularly the recent weakness of the Japanese yen against the U.S. dollar and other currencies, and rising inflation in Japan and major economies have in general increased the prices of mobile phones we offer, and have led to an increase in revenue from mobile device sales, but our procurement costs have increased as well. We are partially able to control cost of goods sold by choosing which devices to offer for sale or rent to our subscribers, while ensuring that we offer attractive devices at a variety of price points to meet demand from our various subscribers, although our cost controlling ability is limited for particularly popular devices.

- *Depreciation and amortization*. Depreciation and amortization recorded in cost of sales includes depreciation of telecommunications equipment such as wireless equipment, switching equipment, other network equipment and towers, depreciation of buildings and fixtures related to our network, amortization of software related to network devices and amortization of spectrum migration costs. Depreciation and amortization also includes depreciation of right-of-use assets over towers, land and buildings for the installation of telecommunications

equipment and telecommunications lines, which were previously recorded as operating leases prior to the adoption of IFRS 16. This reclassification resulted in an increase in depreciation and amortization in the fiscal year ended March 31, 2020. Although depreciation and amortization included in cost of sales varies from year to year, we anticipate that it will remain at a generally stable level despite the potential for certain increases following the further adoption of 5G technologies. See Note 3 to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein for a description of our accounting policies with respect to depreciation and amortization.

- *Telecommunications equipment usage fees*. Telecommunications equipment usage fees include usage fees for telecommunications network equipment such as wireless equipment, switching equipment and towers. This also includes fiber optic usage fees for fiber connectivity purchased wholesale from NTT East and NTT West, which are expected to increase as more fiber connectivity is purchased from such NTT entities in the future as we work to expand our customer base.

A majority of the components of our cost of sales are variable or semi-variable in nature. For example, cost of goods sold is a function of units sold, while telecommunications equipment usage fees, including interconnection charges, vary based on cumulative subscribers and overall usage. Accordingly, increases in revenue tend to lead to proportional or semi-proportional increases in cost of sales.

Selling, general and administrative expenses

The major components of selling, general and administrative expenses in our Consumer segment are:

- *Sales commissions*. We pay commissions to dealers or large consumer electronics stores for the sales of telecommunications services and devices and also pay for other retailer incentives. We closely monitor commissions and incentives paid to retailers in order to maintain our competitive advantage vis-a-vis other MNOs and MVNOs. From time to time, we adjust the level of sales commissions for certain services and products for strategic reasons.
- *Sales promotion expenses.* These expenses include advertising and marketing costs and other sales promotional expenses such as the cost of trade-in or other programs whereby we purchase used mobile phones or devices from customers. Sales promotion expenses also include our expenses for customer rewards in the form of *PayPay Points*. We pursue effective advertising and marketing practices, such as targeted advertising, to maintain our competitive success.
- *Employees and directors benefit costs*. Employees and directors benefit costs consist of wages (including overtime) and bonuses for employees, including sales staff, engineers, and corporate function staff. Employees and directors benefit costs may vary from year to year based on conditions in the labor market, particularly for technical employees, and based on our overall staffing needs.

Enterprise segment

Revenue

Mobile telecommunications

As with our Consumer segment's mobile telecommunications business, revenue generated by our Enterprise segment's mobile telecommunications is a function of the overall number of subscribers and the level of fees charged. We offer mobile telecommunications services to enterprise customers under both the *SoftBank* and *Y!mobile* brands. The price of these mobile telecommunications services is negotiated on a customer-by-customer basis and consist of basic monthly charges, voice usage charges (which vary depending on the voice pricing plan selected) and data charges. In contrast to our consumer mobile telecommunications subscribers, enterprise subscribers generally rent rather than purchase mobile phones and other mobile telecommunications equipment. Rental fees for more sophisticated or newly released equipment are generally higher than, for example, those for feature phones or older model smartphones.

The enterprise mobile telecommunications market in Japan, as with the consumer market, is marked by competition. In addition to the pricing and content of mobile telecommunications services, we and other market participants targeting enterprise subscribers compete based on our ability to provide comprehensive telecommunications and ICT services, including fixed-line telecommunications, networking, cloud computing, IoT and other services.

Enterprise spending on mobile telecommunications services is also closely linked to our enterprise subscribers' willingness and ability to budget for such spending, which is affected by the overall economic environment, particularly in Japan, where a substantial majority of our enterprise customers are located.

Fixed-line telecommunications

The fixed-line telecommunications businesses in our Enterprise segment consist mainly of data communications and fixed-line telephone services. As with our other telecommunications businesses, revenue from these businesses is a function of the number of subscribers and the level of fees charged to them. We compete with other telecommunications providers, including the other MNOs as well as internet service providers, resellers of broadband internet access and other market participants for the fixed-line telecommunications budgets of our enterprise customers. Revenue in this business has been on a downward trend primarily because enterprises are replacing fixed-line telephone services with mobile telecommunications services.

Business solution services and other businesses

Revenue of the business solution services and other businesses in our Enterprise segment, which includes the provision of mobile and fixed-line telecommunications, networking and VPN services, data centers, cloud computing, AI, IoT, cybersecurity and digital marketing solutions, is a function of our ability to capture the IT-related spending budgets of our customers. As with our mobile and fixed-line telecommunications businesses, the ability of our customers to budget for IT-related spending is affected by the overall state of the economy. Due to the increased demand from enterprise customers for digitalization and AI-related initiatives, we have seen significant growth in business solution service revenue, that is revenue from services other than mobile and fixed-line telecommunications services, which grew by 26.5% from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2025, and are targeting continued growth of business solution service revenue, 78% of which consisted of recurring revenue in the fiscal year ended March 31, 2025.

Cost of sales

Cost of sales in the mobile telecommunications and fixed-line telecommunications business in the Enterprise segment consist generally of the same components as cost of sales of our Consumer segment. In contrast to the Consumer segment, cost of devices sold in this segment represents a smaller proportion of cost of goods sold, because subscribers in this segment tend to rent rather than purchase mobile phones and other telecommunications equipment, which are generally returned to us at the termination of the relevant contract and can be rented out again. Cost of sales in the Enterprise segment's other businesses consists mainly of the cost of networking and other equipment used in customer projects, as well as contract acquisition costs and other costs of software related to the provision of services.

Selling, general and administrative expenses

Selling, general and administrative expenses in this segment consist generally of the same components as selling, general and administrative expenses in our Consumer segment. In contrast to the Consumer segment, the businesses in our Enterprise segment rely more heavily on internal salespeople rather than on third-party retailers and sales agents. As a result, the relative proportion of selling, general and administrative expenses attributable to sales commissions paid to third parties tends to be lower in this segment, while the portion attributable to employees and directors benefit costs tends to be higher.

Distribution segment

ICT businesses

Revenue in the Distribution segment's ICT businesses is attributable to sales of ICT-related products and solutions to enterprise customers, and provision of related support services. The main components of revenue are sales of hardware equipment, business software and other products to clients, which are recognized at the time of sale, and support service fees received from clients, which are recognized over the life of the relevant service contract. Product mix, the competitive environment (including pricing relative to competitors in the industry) and general economic factors affecting our customers' technology-related budgets cause variations in revenue in these businesses from year to year.

Cost of sales for these businesses consists almost entirely of the cost of products sold. Accordingly, cost of sales is variable in nature, and increased revenue in the ICT business leads to proportional increases in cost of

sales for the same period. The largest component of selling, general and administrative expenses for this business is employees and directors' benefit costs.

Consumer distribution businesses

Our Distribution segment also designs and sells mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, to consumers in Japan through our dealers or large consumer electronics stores. Revenue for these businesses is partly tied to revenue from the mobile telecommunications business in our Consumer segment, as individual subscribers are offered these products when they visit our dealers or large consumer electronics stores. Cost of sales for the Distribution segment's consumer businesses consists mainly of the cost of goods sold, while employees and directors' benefit costs are the largest component of selling, general and administrative expenses.

Media & EC segment

As described in "—Changes in Reportable Segments," the online bank business, operated by PayPay Bank Corporation has been transferred from the Media & EC segment to the Financial segment starting in the fiscal year ending March 31, 2026. Accordingly, the online banking business is discussed in the Financial segment below.

Revenue

Commerce business

Revenue in the Media & EC segment's commerce business is attributable to the sale of products through the internet to small and medium-sized companies and individuals, as well as planning and provision of e-commerce-related services. The main components of revenue are sales of goods by ASKUL Corporation and its subsidiaries, system usage fees charged to sellers using *Yahoo! JAPAN Shopping* and *Yahoo! JAPAN Auction*, consignment sales commission from users of *ZOZOTOWN* and sales of memberships for services like *LYP Premium*. Domestic economic conditions, consumer spending and the competitive environment (including pricing relative to competitors in the industry) cause variations in revenue in this business from year to year. In recent years, the total transaction value of the commerce business, defined as total transaction volume of domestic merchandise, services, digital content, and overseas e-commerce, has steadily increased from ¥4,114.3 billion in the fiscal year ended March 31, 2023 to ¥4,376.6 billion in the fiscal year ended March 31, 2025.

Media business

The Media business in our Media & EC segment is comprised of planning and sale of internet-based advertising-related services, information listing services and other corporate services. Revenues in the media business consist of revenues from paid search advertising, display advertising and other advertising. Revenue from paid search advertising consists of fees charged to advertisers and advertising agencies when users click the advertisements displayed on search result pages of *Yahoo! JAPAN*, based on the per-click rate set by the customer. Revenue from display advertising consists of sales of premium advertising, charged on a fixed basis over the term that the advertisement appears, and sales of *Yahoo! Display Ad Network* and *LINE Ads*, based on the per-click rate set by a customer when a visitor to the website clicks on advertisement on the page with the related content. Revenue in this business is affected by overall advertising expenditures in Japan, which are determined primarily by general economic conditions and developments affecting specific industries such as technological advances, deregulation and increased competition and the percentage of overall advertising expenditures spent on internet advertising, which is determined by the extent to which consumers spend time using the internet in comparison with other media, such as television, newspapers, magazines and radio. These platforms also compete with similar offerings by other market participants, and revenue is affected by the segment's ability to compete effectively. In recent years, the group total advertising revenue, defined as the sum of total advertising revenues of *LINE* and Yahoo*! JAPAN*, has steadily increased from ¥591.4 billion in the fiscal year ended March 31, 2023 to ¥638.0 billion in the fiscal year ended March 31, 2025.

Cost of sales and Selling, General and Administrative Expenses

The cost of sales and selling, general and administrative expenses for the Media & EC segment include costs of goods sold, personnel, depreciation and amortization, outsourcing expenses and promotion costs, among others.

Financial segment

Revenue

Revenue in our Financial segment is primarily derived from services provided to both individual and enterprise customers across our digital payment, credit card, online banking and securities brokerage businesses. For individual users, we offer cashless payment services through our *PayPay* app, which provides QR code payments widely accepted throughout Japan. PayPay Card Corporation provides credit card services while PayPay Securities Corporation offers online securities brokerage services. PayPay Bank Corporation, which joined this segment in April 2025, provides online banking services. Revenue from these businesses primarily consists of transaction fees, interest income, and service fees from financial products. The growth of digital financial services in Japan and increased integration among various services offered under the *PayPay* ecosystem and with our telecommunications businesses, such as the *Pay-toku* pricing plans under our *SoftBank* brand, have contributed to the steady expansion of transaction volumes and user engagement. The consolidated revenue of PayPay Corporation and its subsidiaries (excluding PayPay Bank Corporation) has increased from ¥167.7 billion in the fiscal year ended March 31, 2023 to ¥248.8 billion in the fiscal year ended March 31, 2025.

For enterprise customers, SB Payment Service Corp. provides payment processing solutions across both e-commerce and brick-and-mortar retail environments. These services allow merchants to accept a broad range of payment methods, including credit cards, electronic money, QR codes, and other digital payment solutions. Revenue from these enterprise services is mainly derived from transaction fees and system usage charges.

Cost of sales and Selling, General and Administrative Expenses

Cost of sales in the Financial segment primarily includes transaction processing fees, system operation and maintenance costs, and other expenses directly related to our payment and financial service operations. These costs are variable in nature and scale with transaction volumes and service usage. Selling, general and administrative expenses in the Financial segment consist of customer acquisition and marketing costs, personnel-related expenses and compliance and regulatory costs. These also include promotional expenses such as the granting of *PayPay Points*, used as part of loyalty programs, sales campaigns and shareholder benefits. The cost of *PayPay Points* is recognized as an expense in the period granted. Granting of discounts and other promotional benefits based on *PayPay Points,* are used to strengthen user engagement and incentivize service usages across payment, credit card, online banking, securities brokerage and other financial services under the *PayPay* brand. We continue to invest in enhancing system security, improving user interface and experience, and expanding merchant acceptance to support long-term growth and differentiation in this segment.

Other

We have other businesses that are not included in our five reportable segments. These include digital media and content production and online business services. This category further encompasses research, development, and manufacturing related to network equipment, and initiatives involving HAPS technologies, which are aimed at expanding connectivity in underserved areas. This category also includes research and development aimed at delivering services using generative AI and at constructing the "Next-generation Social Infrastructure," including AI computing infrastructure and AI data centers.

Other activities include research, development and manufacturing of network-related equipment, and initiatives for expanding connectivity through the use of HAPS technologies. These efforts reflect our commitment to technological innovation and next-generation infrastructure.

In the fiscal year ended March 31, 2025, revenue from "Other," including intersegment transactions and transferred revenue, was ¥123.4 billion. In the fiscal year ended March 31, 2025, the operating expenses from "Other" increased to ¥159.9 billion from ¥126.5 billion in the fiscal year ended March 31, 2024. This increase in operating expenses from "Other" is primarily attributable to our investment in research and development related to AI computing infrastructure and AI data centers.

Financing income and costs

Financing income consists primarily of interest income, dividend income, foreign exchange gain, and gain on changes in the fair value of financial assets at FVTPL. Financing costs consist of interest expense, foreign exchange loss, and loss on changes in the fair value of financial assets at FVTPL. We use leasing arrangements when undertaking capital expenditures and also have continuous programs for the securitization of

receivables. We have entered into several loan agreements with certain third-party financial institutions, and have issued bonds domestically in Japan. See "—Liquidity and Capital Resources—Debt Repayments and Certain Other Contractual Commitments—Financial Liabilities."

Seasonality

Consumer and Enterprise segments

In our Consumer segment's mobile telecommunications businesses, students, to whom we offer discounts on monthly fees, are an important source of new subscriptions. Accordingly, we focus our marketing efforts toward current and new students around the beginning of the Japanese school year in April, and new subscriptions from students tend to be concentrated in February, March and April of each year for this reason. New subscriptions for home broadband also tend to concentrate during this period, as students and new graduates tend to relocate around this time. In recent fiscal years, new models of Apple's *iPhone* have been released in the autumn of each year, which has led to a concentration of device upgrades in the three months ended December 31 of each year. Launches of other popular new smartphones may have similar effects depending on their popularity.

To a lesser extent, new mobile telecommunications subscriptions and new contract signings on solution services in our Enterprise segment also concentrate in February, March and April of each year, as April is the beginning of the traditional Japanese fiscal year and average corporate spending by Japanese enterprises often increases toward the end of the fiscal year as those customers seek to spend their remaining budgets.

Distribution segment

The ICT businesses in our Distribution segment, which serve enterprise customers, also tend to see increased sales during the end of each quarter, and particularly in March, which is the final month of the traditional Japanese fiscal year, when enterprise customers tend to spend their remaining budgets. Sales of mobile device accessories to consumers in our consumer distribution businesses tend to increase in the months leading to April, in light of the concentration of new subscriptions during this period described above, as well as in the autumn months as subscribers purchase new devices following major new releases. We also see increases in sales corresponding to the calendar and fiscal year ends, which are traditional shopping seasons in Japan.

Media & EC segment

The Media & EC segment experiences seasonal trends in both commerce and media businesses. In our commerce business, consumer spending on shopping, dining, travel and others tends to increase both at the beginning and end of each calendar year, which are peak sale seasons. In the media business, companies tend to increase advertisements placements towards the end of their fiscal years, which is most commonly the end of March among Japanese listed companies. Therefore, our revenue for both the commerce and media businesses in the Media & EC segment tends to increase during the latter half of each fiscal year.

Financial segment

Our Financial segment exhibits seasonal fluctuations tied to consumer behavior and promotional activities. QR code payment volumes generally rise during major shopping seasons, including major holidays and at the beginning and end of each calendar year. Similarly, credit card usage and online securities trading activities tend to increase during promotional campaigns and broader economic events that affect consumer and investor sentiment. We also observe seasonal increases in reward point usage and related promotional expenses tied to our loyalty programs.

Effects of acquisitions

LY Corporation and Business Integration between Z Holdings Corporation and LINE Corporation

On December 23, 2019, we, NAVER Corporation, Z Holdings Corporation, and LINE Corporation announced the execution of a business integration agreement to consolidate Yahoo Japan Corporation's businesses and LINE Corporation's businesses under Z Holdings Corporation, with a majority of the voting interests in Z Holdings Corporation held by AHD, a 50-50 joint venture between us and a subsidiary of NAVER Corporation. On March 1, 2021, we completed a series of related transactions and LINE Corporation became a wholly owned subsidiary of Z Holdings Corporation. On October 1, 2023, Z Holdings Corporation completed an

intra-group reorganization involving mainly itself, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation changed its trade name to LY Corporation (which continue to be listed on the TSE). As of March 31, 2025, we held 62.5% of LY Corporation's voting rights through AHD. On June 5, 2025, LY announced the result of a share repurchase tender offer, pursuant to which it had agreed to repurchase approximately 3.05% of its outstanding shares, of which approximately 2.46% were tendered by AHD. Upon the settlement of this tender, AHD is expected to hold approximately 61.9% of LY's voting rights.

Significant Judgments and Estimates

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of sales and expenses during the reporting period. We base our estimates and assumptions on historical experiences and on various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of sales and expenses that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions. Significant judgments and estimates are defined as those accounting policies that involve estimates requiring the application of management's judgment to individual transactions to determine the most appropriate accounting treatment in circumstances where the use of different estimates could result in material changes to our financial condition or results of operations.

Significant judgments

Significant judgments that affect the amounts recognized in our consolidated financial statements are as follows:

Scope of consolidation

We assess whether or not we have the ability to control subsidiaries based on whether we have the practical ability to direct the relevant activities of the subsidiary unilaterally. In making this judgment, we consider the absolute size of our equity share, our voting interest, contractual rights and any other factors that may indicate our ability to direct the relevant activities of the entity. Upon completion of the assessment, we will then determine if the relevant subsidiary should be consolidated, accounted for applying the equity method or accounted for as an investment. For further details on where management has specifically applied this judgment, see "Note 20. Major subsidiaries" and "Note 22. Structured entities" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Accounting treatment of contracts including leases

Determining whether an arrangement contains a lease

When we enter into a contract, we assess our contractual arrangements in order to determine whether contractual arrangements are, or contain, a lease. In making this judgment, we assess whether the fulfillment of any given contractual arrangement is dependent on the use of a specific asset and if the arrangement conveys a right to control the use of the underlying asset for a period of time in exchange for consideration. The judgement is primarily applied to contractual arrangements, where, as lessee, we enter into a contractual arrangement for the usage of telecommunications lines, network equipment and land and buildings for the placement of network equipment.

Lease classification

We also apply our judgment in determining the classification of a lease as either a finance lease or operating lease. In determining whether a lease is a finance lease, we assess the following:

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

If one or a combination of the above are present in relation to the lease, we classify the lease as a finance lease and all other leases are classified as operating leases. We apply these judgments in both our position as lessee and lessor. For further information, refer to "Note 19. Leases" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Recognition of revenue—Principal versus agent considerations

Gross versus net presentation

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

Timing of revenue recognition for indirect sales

When we enter into indirect sales, management judges whether dealers act as either agents or principals. When dealers act as principals for us, revenue is recognized when the control of the underlying inventory has been transferred to the dealers. When the dealer acts as an agent, revenue is recognized when the control of the underlying inventory is transferred to the customers that the dealer has sold to. In performing its assessment, management considers whether control is transferred upon delivery of inventory to the dealer. Where management determines that dealers act as principals, revenue is recognized upon delivery of inventory to the dealers. Alternatively, where the dealer is determined to be acting as an agent, revenue is recognized when goods or services are received by the customer. For further details on the application of this judgment, refer to "(16) Revenue" in "Note 3. Material accounting policies" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Judgment for determining "contractual period" and whether an arrangement contains a "material right"

We determine the duration of contract during which the parties to the contract have their current enforceable rights and obligations based on the terms and conditions of the contract with the customer. In addition, we determine whether the option will provide a "material right" to the customer if the customer has the option to renew the contract based on the terms and conditions of the contract with the customer and if the customer may receive a discount for future telecommunications services by exercising the option. If we determine that the option provides a "material right" to the customer, we identify the option as a separate performance obligation. As a practical alternative to estimating the stand-alone selling price of the option, we allocate the transaction price to the telecommunications services pertaining to the option by reference to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the customer.

Significant estimates

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

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

We recognize intangible assets and goodwill acquired from business combinations at fair value as of the acquisition date. When allocating the consideration transferred from business combinations, management's judgements and estimates may have a material impact on our consolidated financial statements. Intangible assets, such as customer relationships and trademarks, and goodwill recognized from business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate. In assessing intangible assets and goodwill for impairment, we need to estimate the recoverable amount of the cash-generating unit and the recoverable amount is measured based on assumptions such as the useful lives of assets, estimated future cash

flow expected to be generated by the cash-generating unit, expected market growth rate, expected market share and discount rate. These assumptions determined by management's best estimates may be affected by uncertainties in future economic conditions and may have a material impact on our consolidated financial statements if the assumptions were revised. Information relating to fair value measurement of intangible assets and goodwill acquired by business combinations is described in "(2) Business combinations" under "Note 3. Material accounting policies" and "Note 6. Business combinations" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein. Information relating to impairment loss of intangible assets and goodwill is described in "(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill" under "Note 3. Material accounting policies" and "Note 15. Goodwill and intangible assets" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

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

Property, plant and equipment and intangible assets represent a significant portion of our total assets. Estimates and assumptions made may have a material impact on their carrying amounts and related depreciation and amortization. See "Note 14. Property, plant and equipment" and "Note 15. Goodwill and intangible assets" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein for further details.

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

Information relating to carrying amounts and related depreciation of property, plant and equipment and amortization of intangible assets is described in "Note 14. Property, plant and equipment" and "Note 15. Goodwill and intangible assets" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein. Information relating to estimated residual values and useful lives of property, plant and equipment and intangible assets is described in "(7) Property, plant and equipment" and "(9) Intangible assets" under "Note 3. Material accounting policies" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Fair value measurement of financial instruments

In evaluating the fair value of certain financial instruments, we use valuation techniques that use unobservable inputs in the market. Unobservable inputs may be affected by the consequences of uncertain changes in economic conditions in the future and may have a material impact on the consolidated financial statements if any revaluation is required. See "(1) Categorization by level within the fair value hierarchy" and "(2) Fair value measurements of financial instruments that are categorized as Level 3" under "Note 30. Fair value of financial instruments" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Estimated amortization period of contract acquisition costs

Contract acquisition costs are amortized on a straight-line basis over the period during which goods or services directly related to such costs are expected to be provided. The amortization period is determined taking into account relevant factors such as churn rate and estimated period until the customer trades in their used handsets to upgrade to a designated new model based on conditions of contracts and past performance data. Changes in amortization period of contract acquisition costs may have a material impact on our consolidated financial statements. See "b. Contract costs" under "(16) Revenue" in "Note 3. Material accounting policies" and "Note 16. Contract costs" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Newly Adopted Accounting Standards

Adoption of IAS 12 (Revised)

We have applied IAS 12 (Revised) "Income taxes (Amendments in May 2021)" from the fiscal year ended March 31, 2024. The amendments include certain clarification for accounting treatment of deferred tax related to assets and liabilities arising from a single transaction.

There were no significant impacts on the consolidated financial statements (excluding notes to consolidated financial statements) for the fiscal years ended March 31, 2023 and 2024 from the application of IAS 12 (Amendments) "Income Taxes." Due to the adoption of the amendments of accounting standard, we have recognized deferred tax assets and deferred tax liabilities for the same amounts related to assets and liabilities arising from a single transaction. As a result, deferred tax assets and deferred tax liabilities in the notes to the consolidated financial statements have been retrospectively amended for the fiscal year ended March 31, 2023.

For details, see "(1) Application of new accounting standards and interpretations" under "Note 4. Changes in accounting policies" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025.

Adoption of IAS 1 (Revised) and IAS 7/IFRS 7 (Revised)

We have applied IAS 1 (Revised) "Presentation of Financial Statements" from the fiscal year ended March 31, 2025. The amendments include clarification of classification of liabilities as current or non-current, and amendments to required disclosure regarding non-current liabilities with covenants.

We have also applied IAS 7/IFRS 7 (Revised) "Statement of Cash Flows Financial Instruments: Disclosures" from the fiscal year ended March 31, 2025. The amendments include disclosure requirements to enhance the transparency of supplier finance arrangements.

There were no significant impacts on the consolidated financial statements (excluding notes to consolidated financial statements) for the fiscal year ended March 31, 2025 from the application of these accounting standards.

For details, see "(1) Application of new accounting standards and interpretations" under "Note 4. Changes in accounting policies" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025.

New Accounting Standards and Interpretations Not Yet Adopted by SoftBank Corp.

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces the previous IAS 1 "Presentation of Financial Statements." We plan to adopt IFRS 18 beginning on the fiscal year ending March 31, 2028. The impact of the adoption of IFRS 18 is still under consideration, and the impact upon adoption on our consolidated financial statements cannot be reasonably estimated at this time. See "(4) New accounting standards and interpretations not yet adopted by the Group" under "Note 2. Basis of preparation of consolidated financial statements" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025.

Results of Operations

Comparison of the Fiscal Year Ended March 31, 2024 with the Fiscal Year Ended March 31, 2025

The following table shows selected statements of income data for the fiscal years ended March 31, 2024 and 2025. The information below has been derived from, and should be read together with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2024 and 2025 included elsewhere herein.

	For the fiscal years ended March 31,	
	2024	2025
	Billions of yen	
Consolidated Statements of Income Data:		
Revenue	¥ 6,084.0	¥ 6,544.3
Cost of sales	(3,150.7)	(3,384.1)
Gross profit	2,933.3	3,160.2
Selling, general and administrative expenses	(2,081.8)	(2,200.6)
Other operating income	30.2	43.2
Other operating expenses	(5.7)	(13.8)
Operating income	876.1	989.0
Gain on changes in equity interest	20.4	4.6
Share of losses of associates accounted for using the equity method	(22.2)	(9.7)
Financing income	12.9	11.7
Financing costs	(61.4)	(117.4)
Gains on sales of equity method investments	5.2	3.7
Impairment loss on equity method investments	(25.1)	(1.9)
Profit before income taxes	805.9	880.1
Income taxes	(215.6)	(224.8)
Net income	¥ 590.3	¥ 655.3
Net income attributable to:		
Owners of the Company	489.1	526.1
Non-controlling interests	101.2	129.2

Revenue. Revenue increased by ¥460.3 billion, or 7.6%, from ¥6,084.0 billion for the fiscal year ended March 31, 2024, to ¥6,544.3 billion for the fiscal year ended March 31, 2025, increasing across all reportable segments.

The components of revenue for each of our reportable segments and other businesses, inclusive of intersegment transactions and transferred revenue, for the fiscal years ended March 31, 2024 and 2025 were as follows:

	For the fiscal years ended March 31,	
	2024	2025
	Billions of yen	
Consumer segment:		
Service revenues:		
Mobile	¥ 1,521.9	¥ 1,574.5
Broadband[1]	403.8	408.8
Electricity	261.5	255.8
Revenues from sales of goods and others	635.4	713.9
Subtotal[1]	2,822.6	2,952.9
Enterprise segment:		
Mobile[2]	314.6	315.9
Fixed-line[2]	173.8	169.3
Business solution and others[2]	345.6	437.2
Subtotal[2]	833.9	922.4
Distribution segment	646.6	889.5
Media & EC segment:		
Media[3]	694.4	723.9
Commerce[3]	825.2	846.1
Strategy	87.6	100.3
Other	6.9	7.7
Subtotal	1,614.1	1,678.1
Financial segment:	232.8	277.3
Other businesses[1][2]	116.5	123.4
Adjustments[4]	(182.5)	(299.2)
Total	¥ 6,084.0	¥ 6,544.3

Notes:

(1) 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 these subsidiaries, for the fiscal year ended March 31, 2024 have been retrospectively adjusted.

(2) From the three months ended June 30, 2024, the revenues of SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which have been transferred from "Other" to the "Enterprise segment," have been included in "Business solution and others." Also, in the three months ended June 30, 2024, we have 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 fiscal year ended March 31, 2024 has been retrospectively adjusted.

(3) In the three months ended December 31, 2024, the LY Group revised its management categories and transferred certain services previously categorized under "Media" to "Commerce." Accordingly, the breakdown of "Media" and "Commerce" in the "Media & EC segment" revenue for the fiscal year ended March 31, 2024 has been restated to reflect these changes.

(4) "Adjustments" includes elimination of intersegment transactions.

Revenue in our Consumer segment increased by ¥130.3 billion, or 4.6%, from ¥2,822.6 billion in the fiscal year ended March 31, 2024 to ¥2,952.9 billion in the fiscal year ended March 31, 2025. This increase was primarily due to increase in service revenue reflecting increase in mobile revenue mainly due to decrease of customer acquisition measures, which are deducted from revenue, and the growth in smartphone subscribers, led primarily by the *Y!mobile* brand, as well as increase in revenues from sales of goods and others mainly due to an increase in unit prices of smartphones.

Revenue in our Enterprise segment increased by ¥88.5 billion, or 10.6%, from ¥833.9 billion in the fiscal year ended March 31, 2024 to ¥922.4 billion in the fiscal year ended March 31, 2025. This increase was primarily due to increase in business solution and others revenue mainly due to taking over the business of WeWork Japan GK, increased revenue mainly from cloud services, security solutions and IoT solutions as a result of capturing enterprise customers' demand for digitalization, and the effect of the consolidation of Cubic Telecom Ltd.

Revenue in our Distribution segment increased by ¥242.9 billion, or 37.6%, from ¥646.6 billion in the fiscal year ended March 31, 2024 to ¥889.5 billion in the fiscal year ended March 31, 2025. This increase was primarily due to solid growth in revenues from ICT related products and recurring revenue products for enterprise customers such as cloud and SaaS, which have been our strategic areas of focus, inter-segment

transactions related to AI computing infrastructure by SB C&S Corp., and increased sales of PCs due to migration from Windows 10, which is reaching the end of its support.

Revenue in our Media & EC segment increased by ¥64.0 billion, or 4.0%, from ¥1,614.1 billion in the fiscal year ended March 31, 2024 to ¥1,678.1 billion in the fiscal year ended March 31, 2025. This increase was primarily due to increase in media revenue mainly due to an increase in revenue from account advertising, increase in commerce revenue mainly due to an increase in transaction value of ZOZO, Inc. and its subsidiaries (the "ZOZO Group") and ASKUL Corporation and its subsidiaries (the "ASKUL Group"), as well as a strong performance by service e-commerce, which handles travel and restaurant booking, and increase in strategy revenue mainly due to an increase in revenue in the FinTech field such as PayPay Bank Corporation.

Revenue in our Financial segment increased by ¥44.5 billion, or 19.1%, from ¥232.8 billion in the fiscal year ended March 31, 2024 to ¥277.3 billion in the fiscal year ended March 31, 2025. This increase was primarily due to an increase in gross merchandise value of QR code payments and credit card services conducted by PayPay Corporation and PayPay Card Corporation.

Revenue from our other businesses increased by ¥7.0 billion, or 6.0%, from ¥116.5 billion in the fiscal year ended March 31, 2024 to ¥123.4 billion in the fiscal year ended March 31, 2025.

Cost of sales, gross profit and selling, general and administrative expenses. Cost of sales increased by ¥233.5 billion, or 7.4%, from ¥3,150.7 billion for the fiscal year ended March 31, 2024 to ¥3,384.1 billion for the fiscal year ended March 31, 2025. This increase is in proportion to the increase in our revenue from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2025.

As a result, gross profit increased by ¥226.9 billion, or 7.7%, from ¥2,933.3 billion for the fiscal year ended March 31, 2024 to ¥3,160.2 billion for the fiscal year ended March 31, 2025.

Selling, general and administrative expenses increased by ¥118.8 billion, or 5.7%, from ¥2,081.8 billion for the fiscal year ended March 31, 2024 to ¥2,200.6 billion for the fiscal year ended March 31, 2025. This increase was primarily due to increases in sales commissions and sales promotion expenses.

The main components of cost of sales and selling, general and administrative expenses during the fiscal years ended March 31, 2024 and 2025 were as follows:

	For the fiscal years ended March 31,	
	2024	2025
	Billions of yen	
Cost of goods sold	¥ 1,700.7	¥ 1,892.3
Sales commissions and sales promotion expenses	446.2	516.8
Depreciation and amortization[1]	743.8	748.0
Amortization of contract costs	255.1	256.7
Telecommunications equipment usage fees	249.2	263.1
Employees and directors benefit costs	540.1	549.0
Outsourced service fees	319.2	343.5
Other[2]	978.0	1,015.2
Total	¥ 5,232.4	¥ 5,584.7

Notes:

(1) "Depreciation and amortization" includes the amortization of long-term prepaid expenses, which are recorded in "Other noncurrent assets" in the consolidated statement of financial position.

(2) "Loss on disposal of property, plant and equipment and intangible assets," which was previously presented as a separate item for the fiscal years ended March 31, 2023 and 2024, has been included in "Other" starting in the fiscal year ended March 31, 2025 as the amount became immaterial. In order to reflect this change, the presentation for the fiscal years ended March 31, 2023 and 2024 has been reclassified accordingly in this table.

Other operating income. Other operating income increased by ¥13.0 billion, or 43.2%, from ¥30.2 billion for the fiscal year ended March 31, 2024 to ¥43.2 billion for the fiscal year ended March 31, 2025.

Other operating expenses. Other operating expenses increased by ¥8.1 billion, or 143.0%, from ¥5.7 billion for the fiscal year ended March 31, 2024 to ¥13.8 billion for the fiscal year ended March 31, 2025.

Operating income. Operating income increased by ¥112.9 billion, or 12.9%, from ¥876.1 billion for the fiscal year ended March 31, 2024 to ¥989.0 billion for the fiscal year ended March 31, 2025, increasing in all reportable segments, due to factors such as the recording of profits associated with the loss of control of subsidiaries in the LY Group and increase in media income in the Media & EC segment, as well as the increase in the Financial segment reflecting an increase in gross merchandise value of QR code payments and credit card services conducted by PayPay Corporation and PayPay Card Corporation.

Segment income (loss) in our reportable segments and other businesses for the fiscal years ended March 31, 2024 and 2025 was as follows:

	For the fiscal years ended March 31,	
	2024	2025
	Billions of yen	
Consumer segment[1]	¥ 495.2	¥ 530.4
Enterprise segment[2]	166.8	170.3
Distribution segment	26.2	30.4
Media & EC segment	198.0	267.3
Financial segment	(5.0)	33.2
Reportable segment subtotal[1] [2]	881.2	1,031.6
Other businesses[1] [2]	(10.1)	(36.5)
Adjustments[3]	4.9	(6.1)
Operating income	¥ 876.1	¥ 989.0

Notes:

(1) 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 fiscal year ended March 31, 2024 have been retrospectively adjusted.

(2) 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 fiscal year ended March 31, 2024 have been retrospectively adjusted

(3) "Adjustments" includes elimination of intersegment transactions and expenses not allocable to any reportable segment.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Consumer segment increased by ¥35.2 billion, or 7.1%, from ¥495.2 billion for the fiscal year ended March 31, 2024 to ¥530.4 billion for the fiscal year ended March 31, 2025, reflecting growth in revenues across services such as mobile and broadband, and increased revenues from sales of goods and others, partially offset by a decrease in revenues for electricity services, primarily due to a decrease in subscribers of our *Ouchi Denki* electricity services, and an increase in operating expenses attributable to the increases in the cost of goods related to smartphones and related peripherals and sales promotion expenses.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Enterprise segment increased by ¥3.4 billion, or 2.1%, from ¥166.8 billion for the fiscal year ended March 31, 2024 to ¥170.3 billion for the fiscal year ended March 31, 2025 primarily due to increases in revenues from our mobile and business solutions and other businesses, offset by an increase in operating expenses attributable to the business succession of WeWork Japan GK and the consolidation of Cubic Telecom Ltd., an increase in cost following the abovementioned increase in business solution and others revenue, and the absence of reversal of provisions for litigation recorded in the previous fiscal year.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Distribution segment increased by ¥4.2 billion, or 16.0%, from ¥26.2 billion for the fiscal year ended March 31, 2024 to ¥30.4 billion for the fiscal year ended March 31, 2025 primarily due to increased revenues from ICT related products and recurring revenue products, inter-segment transactions related to AI computing infrastructure and increased sales of PCs, partially offset by an increase in cost of sales associated with the increased revenues.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Media & EC segment increased by ¥69.3 billion, or 35.0%, from ¥198.0 billion for the fiscal year ended March 31, 2024 to ¥267.3 billion for the fiscal year ended March 31, 2025 primarily due to increases revenues from our media business attributable to an increase in revenue from account advertising and from our commerce business attributable to increased transaction value of the ZOZO Group and the ASKUL Group and strong performance by service e-commerce businesses, which handles travel and restaurant booking, and a decrease in operating expenses mainly reflecting the recording of gain on loss of control over subsidiaries

for IPX Corporation, LINE NEXT Corporation and ValueCommerce Co., Ltd. and a decrease in impairment losses in companies such as LY Corporation, offset by increases in sales promotion expenses and expenses for cybersecurity measures, and cost of sales associated with the increased revenues.

Segment income or losses, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Financial segment increased by ¥38.2 billion from a loss of ¥5.0 billion for the fiscal year ended March 31, 2024 to an income of ¥33.2 billion for the fiscal year ended March 31, 2025 primarily due to an increase in segment revenue reflecting the increase in gross merchandise value of QR code payments and credit card services provided by PayPay Corporation and PayPay Card Corporation, respectively, and cost reductions associated with optimization of fixed costs, although there was an increase in operating expenses due to increase in sales promotion expenses related to point rewards and others.

Segment losses, before elimination of intersegment transactions and excluding expenses not allocable to any specific reportable segment, from our other businesses was ¥36.5 billion for the fiscal year ended March 31, 2025 as compared to ¥10.1 billion for the fiscal year ended March 31, 2024.

Share of losses of associates accounted for using the equity method. Share of losses of associates accounted for using the equity method decreased by ¥12.5 billion, or 56.5%, from ¥22.2 billion for the fiscal year ended March 31, 2024 to ¥9.7 billion for the fiscal year ended March 31, 2025. This decrease was primarily due to the business succession of WeWork Japan GK.

Financing income. Financing income decreased by ¥1.2 billion, or 9.6%, from ¥12.9 billion for the fiscal year ended March 31, 2024 to ¥11.7 billion for the fiscal year ended March 31, 2025.

Financing costs. Financing costs increased by ¥55.9 billion, or 91.1%, from ¥61.4 billion for the fiscal year ended March 31, 2024 to ¥117.4 billion for the fiscal year ended March 31, 2025.

Profit before income taxes. Due to the abovementioned factors, profit before income taxes increased by ¥74.1 billion, or 9.2%, from ¥805.9 billion for the fiscal year ended March 31, 2024 to ¥880.1 billion for the fiscal year ended March 31, 2025.

Income taxes. Income taxes increased by ¥9.1 billion, or 4.2%, from ¥215.6 billion for the fiscal year ended March 31, 2024 to ¥224.8 billion for the fiscal year ended March 31, 2025. This increase is mainly due to the absence of deferred tax impact from business restructuring in the previous fiscal year.

Net income. As a result of the above, net income increased by ¥65.0 billion, or 11.0%, from ¥590.3 billion for the fiscal year ended March 31, 2024 to ¥655.3 billion for the fiscal year ended March 31, 2025.

Net income attributable to owners of the Company. Net income attributable to owners of the Company increased by ¥37.1 billion, or 7.6%, from ¥489.1 billion for the fiscal year ended March 31, 2024 to ¥526.1 billion for the fiscal year ended March 31, 2025.

Net income attributable to non-controlling interests. Net income attributable to non-controlling interests increased by ¥28.0 billion, or 27.6%, from ¥101.2 billion for the fiscal year ended March 31, 2024 to ¥129.2 billion for the fiscal year ended March 31, 2025.

Comparison of the Fiscal Year Ended March 31, 2023 with the Fiscal Year Ended March 31, 2024

The following table shows selected statements of income data for the fiscal years ended March 31, 2023 and 2024. The information below has been derived from, and should be read together with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023 and 2024 included elsewhere herein.

	For the fiscal years ended March 31,	
	2023	2024
	Billions of yen	
Consolidated Statements of Income Data:		
Revenue	¥ 5,912.0	¥ 6,084.0
Cost of sales	(3,194.1)	(3,150.7)
Gross profit	2,717.9	2,933.3
Selling, general and administrative expenses	(1,964.6)	(2,081.8)
Other operating income	321.4	30.2
Other operating expenses	(14.6)	(5.7)
Operating income	1,060.2	876.1
Gain on changes in equity interest	5.3	20.4
Share of losses of associates accounted for using the equity method	(53.2)	(22.2)
Financing income	11.9	12.9
Financing costs	(117.2)	(61.4)
Gains on sales of equity method investments	1.1	5.2
Impairment loss on equity method investments	(45.2)	(25.1)
Profit before income taxes	862.9	805.9
Income taxes	(208.7)	(215.6)
Net income	¥ 654.1	¥ 590.3
Net income attributable to:		
Owners of the Company	531.4	489.1
Non-controlling interests	122.8	101.2

Revenue. Revenue increased by ¥172.0 billion, or 2.9%, from ¥5,912.0 billion for the fiscal year ended March 31, 2023 to ¥6,084.0 billion for the fiscal year ended March 31, 2024.

The components of revenue for each of our reportable segments and other businesses, inclusive of intersegment transactions and transferred revenue, for the fiscal years ended March 31, 2023 and 2024 were as follows:

	For the fiscal years ended March 31,	
	2023	2024
	Billions of yen	
Consumer segment:		
Service revenues:		
Mobile	¥ 1,513.5	¥ 1,521.9
Broadband[1]	396.7	403.8
Electricity	393.0	261.5
Revenues from sales of goods and others	579.8	635.4
Subtotal[1]	2,882.9	2,822.6
Enterprise segment:		
Mobile[2]	309.0	314.6
Fixed-line[2]	180.7	173.8
Business solution and others[2]	302.1	345.6
Subtotal[2]	791.8	833.9
Distribution segment	590.0	646.6
Media & EC segment:		
Media[3]	681.0	694.4
Commerce[3]	796.4	825.2
Strategy	78.5	87.6
Other	5.7	6.9
Subtotal	1,561.7	1,614.1
Financial segment:	142.3	232.8
Other businesses[1][2]	111.8	116.5
Adjustments[4]	(168.6)	(182.5)
Total	¥ 5,912.0	¥ 6,084.0

Notes:

(1) 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 these subsidiaries, for the fiscal years ended March 31, 2023 and 2024 have been retrospectively adjusted.

(2) From the three months ended June 30, 2024, the revenues of SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which have been transferred from "Other" to the "Enterprise segment," have been included in "Business solution and others." Also, in the three months ended June 30, 2024, we have 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 fiscal years ended March 31, 2023 and 2024 has been retrospectively adjusted.

(3) In the three months ended December 31, 2024, the LY Group revised its management categories and transferred certain services previously categorized under "Media" to "Commerce." Accordingly, the breakdown of "Media" and "Commerce" in the "Media & EC segment" revenue for the fiscal years ended March 31, 2023 and 2024 has been restated to reflect these changes.

(4) "Adjustments" includes elimination of intersegment transactions.

Revenue in our Consumer segment decreased by ¥60.3 billion, or 2.1%, from ¥2,882.9 billion in the fiscal year ended March 31, 2023 to ¥2,822.6 billion in the fiscal year ended March 31, 2024. This decrease was primarily due to decreased service revenue reflecting a decrease in electricity revenue due to a decrease in transactions in the electricity market.

Revenue in our Enterprise segment increased by ¥42.1 billion, or 5.3%, from ¥791.8 billion in the fiscal year ended March 31, 2023 to ¥833.9 billion in the fiscal year ended March 31, 2024. This increase was primarily due to increases in revenues from mobile and business solutions and other businesses, reflecting increased mobile device sales and telecommunications revenue and increased revenue mainly from cloud services and security solutions as a result of capturing enterprise customers' demand for digitalization, respectively. These increases were offset in part by decreases in fixed-line revenue reflecting a decrease in the number of subscribers to telephone services.

Revenue in our Distribution segment increased by ¥56.6 billion, or 9.6%, from ¥590.0 billion in the fiscal year ended March 31, 2023 to ¥646.6 billion in the fiscal year ended March 31, 2024. This increase was primarily due to solid growth in ICT related products for enterprise customers and subscription services such as cloud and SaaS, which are also for enterprise customers and have been strategic areas of focus.

Revenue in our Media & EC segment increased by ¥52.4 billion, or 3.4%, from ¥1,561.7 billion in the fiscal year ended March 31, 2023 to ¥1,614.1 billion in the fiscal year ended March 31, 2024. This increase was

primarily due to increased media revenue mainly reflected an increase in revenue from accounting advertising, increased commerce revenue mainly due to an increase in revenue of the ZOZO Group and the ASKUL Group and an increase in strategy revenue mainly reflected an increase in revenue in the FinTech field.

Revenue in our Financial segment increased by ¥90.5 billion, or 63.6%, from ¥142.3 billion in the fiscal year ended March 31, 2023 to ¥232.8 billion in the fiscal year ended March 31, 2024. This increase was primarily due to the consolidation of PayPay Corporation in October 2022 and an increase in its revenue.

Revenue from our other businesses increased by ¥4.6 billion, or 4.1%, from ¥111.8 billion in the fiscal year ended March 31, 2023 to ¥116.5 billion in the fiscal year ended March 31, 2024.

Cost of sales, gross profit and selling, general and administrative expenses. Cost of sales decreased by ¥43.4 billion, or 1.4%, from ¥3,194.1 billion for the fiscal year ended March 31, 2023 to ¥3,150.7 billion for the fiscal year ended March 31, 2024. This decrease was primarily due to a decrease in the cost of services for our electricity services.

As a result, gross profit increased by ¥215.4 billion, or 7.9%, from ¥2,717.9 billion for the fiscal year ended March 31, 2023 to ¥2,933.3 billion for the fiscal year ended March 31, 2024.

Selling, general and administrative expenses increased by ¥117.2 billion, or 6.0%, from ¥1,964.6 billion for the fiscal year ended March 31, 2023 to ¥2,081.8 billion for the fiscal year ended March 31, 2024. This increase was primarily due to an increase in employee and director benefit costs.

The main components of cost of sales and selling, general and administrative expenses during the fiscal years ended March 31, 2023 and 2024 were as follows:

	For the fiscal years ended March 31,	
	2023	2024
	Billions of yen	
Cost of goods sold	¥ 1,752.4	¥ 1,700.7
Sales commissions and sales promotion expenses	433.1	446.2
Depreciation and amortization(1)	764.2	743.8
Amortization of contract costs	247.9	255.1
Telecommunications equipment usage fees	251.8	249.2
Employees and directors benefit costs	501.1	540.1
Outsourced service fees	333.6	319.2
Other(2)	874.5	978.0
Total	¥ 5,158.7	¥ 5,232.4

Notes:

(1) "Depreciation and amortization" includes the amortization of long-term prepaid expenses, which are recorded in "Other noncurrent assets" in the consolidated statement of financial position.

(2) "Loss on disposal of property, plant and equipment and intangible assets," which was previously presented as a separate item for the fiscal years ended March 31, 2023 and 2024, has been included in "Other" starting in the fiscal year ended March 31, 2025 as the amount became immaterial. In order to reflect this change, the presentation for the fiscal years ended March 31, 2023 and 2024 has been reclassified accordingly in this table.

Other operating income. Other operating income decreased by ¥291.3 billion, or 90.6%, from ¥321.4 billion for the fiscal year ended March 31, 2023 to ¥30.2 billion for the fiscal year ended March 31, 2024, primarily due to the absence of a gain on step acquisition in connection with the consolidation of PayPay Corporation that had been recorded in the previous fiscal year.

Other operating expenses. Other operating expenses decreased by ¥8.9 billion, or 61.0%, from ¥14.6 billion for the fiscal year ended March 31, 2023 to ¥5.7 billion for the fiscal year ended March 31, 2024.

Operating income. As a result of the above, operating income decreased by ¥184.1 billion, or 17.4%, from ¥1,060.2 billion for the fiscal year ended March 31, 2023 to ¥876.1 billion for the fiscal year ended March 31, 2024.

Segment income (loss) in our reportable segments and other businesses for the fiscal years ended March 31, 2023 and 2024 was as follows:

	For the fiscal years ended March 31,	
	2023	2024
	Billions of yen	
Consumer segment	¥ 461.6	¥ 495.2
Enterprise segment	139.6	166.8
Distribution segment	24.3	26.2
Media & EC segment	159.7	198.0
Financial segment	(12.4)	(5.0)
Reportable segment subtotal	772.8	881.2
Other businesses	289.0	(10.1)
Adjustments[(1)]	(1.6)	4.9
Operating income	¥ 1,060.2	¥ 876.1

Note:
(1) "Adjustments" includes elimination of intersegment transactions and expenses not allocable to any reportable segment.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Consumer segment increased by ¥33.6 billion, or 7.3%, from ¥461.6 billion for the fiscal year ended March 31, 2023 to ¥495.2 billion for the fiscal year ended March 31, 2024, reflecting decreases in operation expenses led by a decrease in cost of service of electricity and a decrease in depreciation and amortization expenses, offsetting a decrease in segment revenue primarily due to a decrease in electricity revenue.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Enterprise segment increased by ¥27.3 billion, or 19.5%, from ¥139.6 billion for the fiscal year ended March 31, 2023 to ¥166.8 billion for the fiscal year ended March 31, 2024 primarily due to increased mobile and business solution and other revenues, which was partly offset by decreased fixed-line revenue and increased costs following the increase in business solution and others revenue and the absence of a gain on step acquisition in connection with the consolidation of HEALTHCARE TECHNOLOGIES Corp. that had been recorded in the previous fiscal year, while there was a reversal of provisions for litigation that had been recorded in the previous fiscal year.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Distribution segment increased by ¥2.0 billion, or 8.1%, from ¥24.3 billion for the fiscal year ended March 31, 2023 to ¥26.2 billion for the fiscal year ended March 31, 2024 primarily due to increased revenue reflecting solid growth in ICT related products for enterprise customers and subscription services such as cloud and SaaS, which are also for enterprise customers and have been strategic areas of focus, which was partly offset by increased cost of sales associated with the increase in revenue.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Media & EC segment increased by ¥38.2 billion, or 23.9%, from ¥159.7 billion for the fiscal year ended March 31, 2023 to ¥198.0 billion for the fiscal year ended March 31, 2024 primarily due to increased media revenue, commerce revenue and strategy revenue, including increased revenue from accounting advertising, revenue of the ZOZO Group and the ASKUL Group and revenue in the FinTech field, respectively.

Segment loss, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Financial segment decreased by ¥7.4 billion, or 59.7%, from ¥12.4 billion for the fiscal year ended March 31, 2023 to ¥5.0 billion for the fiscal year ended March 31, 2024 reflecting increased revenue due to the consolidation of PayPay Corporation in October 2022 and an increase in its revenue.

Income or losses, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, from our other businesses was a loss of ¥10.1 billion for the fiscal year ended March 31, 2024 as compared to an income of ¥289.0 billion for the fiscal year ended March 31, 2023.

Share of losses of associates accounted for using the equity method. Share of losses of associates accounted for using the equity method decreased by ¥31.0 billion, or 58.3%, from ¥53.2 billion for the fiscal

year ended March 31, 2023 to ¥22.2 billion for the fiscal year ended March 31, 2024. This decrease was primarily due to PayPay Corporation becoming a consolidated subsidiary and the absence of losses from certain associates such as Demae-can Co., Ltd. and other equity-method associates of LY recorded in the previous fiscal year.

Financing income. Financing income increased by ¥1.0 billion, or 8.5%, from ¥11.9 billion for the fiscal year ended March 31, 2023 to ¥12.9 billion for the fiscal year ended March 31, 2024.

Financing costs. Financing costs decreased by ¥55.8 billion, or 47.6%, from ¥117.2 billion for the fiscal year ended March 31, 2023 to ¥61.4 billion for the fiscal year ended March 31, 2024.

Profit before income taxes. Due to the abovementioned factors, profit before income taxes decreased by ¥57.0 billion, or 6.6%, from ¥862.9 billion for the fiscal year ended March 31, 2023 to ¥805.9 billion for the fiscal year ended March 31, 2024.

Income taxes. Income taxes increased by ¥6.9 billion, or 3.3%, from ¥208.7 billion for the fiscal year ended March 31, 2023 to ¥215.6 billion for the fiscal year ended March 31, 2024. This increase was primarily in proportion to the increase in our profit before income taxes from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2024.

Net income. As a result of the above, net income decreased by ¥63.9 billion, or 9.8%, from ¥654.1 billion for the fiscal year ended March 31, 2023 to ¥590.3 billion for the fiscal year ended March 31, 2024.

Net income attributable to owners of the Company. Net income attributable to owners of the Company decreased by ¥42.3 billion, or 8.0%, from ¥531.4 billion for the fiscal year ended March 31, 2023 to ¥489.1 billion for the fiscal year ended March 31, 2024.

Net income attributable to non-controlling interests. Net income attributable to non-controlling interests decreased by ¥21.6 billion, or 17.6%, from ¥122.8 billion for the fiscal year ended March 31, 2023 to ¥101.2 billion for the fiscal year ended March 31, 2024.

Liquidity and Capital Resources

We rely on our cash flow from operations and cash on hand to meet our working capital needs, but also use leasing arrangements when undertaking capital expenditures and have continuous programs for the securitization of receivables. We have entered into several loan agreements with certain third-party financial institutions. We have also issued unsecured senior bonds in a number of series, with the most recent series issued in May 2025, as well as bond-type class shares issued in November 2023 and October 2024, in the Japanese market. See "—Debt Repayments and Certain Other Contractual Commitments—Financial Liabilities." To the extent additional financing is necessary, including for capital intensive projects, we will consider additional borrowings from financial institutions, commercial paper, bond issuances or other financing transactions depending on interest rates and other market conditions and the terms available. To fund our long-term growth investments, we also plan to pursue equity-related financings, including bond-type class shares if we believe such equity-related financings are necessary or appropriate, depending on the market conditions and the terms available. Moreover, each of LY and PayPay Corporation conducts funding operations on a stand-alone basis, including through bank loans, issuance of bonds and securitization of receivables, and we do not provide guarantee or other credit support to LY or PayPay Corporation.

Cash Requirements

Our principal cash and capital requirements are related to funding our repayment of interest-bearing debt (including interest expenses thereof), payment of lease and securitization obligations, payment of dividends, capital expenditures, operating cash requirements (including sales commissions, cost of sales for mobile phones and accessories, telecommunications equipment usage fees and employees and directors benefit costs) and payment of income taxes.

Debt Repayments and Certain Other Contractual Commitments

As of March 31, 2025, the sum of short-term borrowings and the current and non-current portions of long-term borrowings was ¥3,594.0 billion. As of the same date, the sum of the current and non-current portions of lease obligations was ¥792.4 billion, and the sum of the current and non-current portions of installment payables was ¥0.1 billion.

Financial Liabilities

The following table summarizes our financial liabilities as of March 31, 2025. The information below has been derived from, and should be read together with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein. The following table does not include interest payments.

	Carrying amount	Aggregation of redemption schedule	Within 1 year[1]	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
				Millions of yen				
Non-derivative financial liabilities:								
Interest-bearing debt[2]:								
Short-term borrowings	¥ 353,233	¥ 353,233	¥ 353,233	—	—	—	—	—
Commercial paper	108,000	108,000	108,000	—	—	—	—	—
Long-term borrowings[3] (including current portion)	3,240,809	3,258,938	814,844	793,153	699,359	502,466	214,295	234,821
Bonds (including current portion)	1,467,656	1,471,000	220,000	230,000	280,000	160,000	140,000	441,000
Lease liabilities	792,363	792,363	153,782	128,631	105,657	88,593	75,862	239,838
Installment payables	91	91	70	17	4	—	—	—
Trade and other payables	2,828,640	2,828,640	2,807,324	12,492	5,685	2,796	174	169
Deposits for banking business (current)	1,795,965	1,795,965	1,795,965	—	—	—	—	—
Other financial liabilities:								
Deposits for banking business (non-current)	14,887	14,887	—	3,528	4,051	694	1,745	4,869
Other[4][5]	76,188	76,188	—	8,418	8,403	4,182	3,971	51,214
Total	¥10,677,832	¥10,699,305	¥6,253,218	¥1,176,239	¥1,103,159	¥758,731	¥436,047	¥971,911
Derivative financial liabilities:								
Forward exchange foreign contract	765	515	613	(25)	(25)	(34)	(14)	—
Interest rate swaps	—	—	—	—	—	—	—	—
Other[6]	15,643	15,643	2,010	1,056	—	12,577	—	—
Total	16,408	16,158	2,623	1,031	(25)	12,543	(14)	—
Off-balance sheet items:								
Credit guarantees[7]	—	5,983	5,983	—	—	—	—	—
Lending commitments[7]	—	9,971,128	9,971,128	—	—	—	—	—

Notes:

(1) Financial liabilities payable on demand are classified as being due "Within 1 year." "Deposits for banking business" include ¥1,658,539 million of demand deposits for the fiscal year ended March 31, 2025 (¥1,542,742 million for the fiscal year ended March 31, 2024, ¥1,363,845 million for the fiscal year ended March 31, 2023).

(2) For the average interest rates of interest-bearing debt, refer to under Note 24(1) to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

(3) We do not apply IFRS 16 to leases of intangible assets.

(4) Written put options on non-controlling shareholders are included in "Other" in "Other financial liabilities."

(5) 4.9GHz specified base station establishment fee are included in "Other" in "Other financial liabilities."

(6) Written put options are included in "Other" in "Derivative financial liabilities."

(7) For further details regarding credit guarantees and lending commitments, refer to Note 44 to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Of our long-term borrowings as of March 31, 2025, an aggregate of ¥1,231 billion is subject to certain financial covenants, including:

- a covenant that we maintain consolidated equity of at least 75% of the amount at the same date during previous fiscal year, tested on March 31 and September 30 of each year;
- a covenant that we maintain non-consolidated net assets of at least 75% of the amount at the same date during previous fiscal year, tested on March 31 and September 30 of each year;
- a covenant that we do not record consolidated or non-consolidated operating losses or net losses for two consecutive fiscal years; and
- a covenant that we maintain a certain leverage ratio, as defined in the relevant loan agreement (which allows for the exclusion of certain items, such as the effect of securitization of receivables), tested on March 31 and September 30 of each year.

In addition, the loan agreement entered into by our consolidated subsidiary LY contains certain financial covenants, including:

- a covenant that LY maintains non-consolidated net assets of at least 75% of the amount at the same date during previous fiscal year, tested on March 31 and September 30 of each year;
- a covenant that LY maintains consolidated equity of at least 75% of the amount at the same date during previous fiscal year, tested on March 31 and September 30 of each year;
- a covenant that LY does not have consolidated or non-consolidated net capital deficiency, tested on March 31 and September 30 of each year;
- a covenant that LY does not record consolidated or non-consolidated operating losses or net losses for two consecutive fiscal years; and
- a covenant that LY maintains a certain net leverage ratio, as defined in the relevant loan agreement (which allows for the exclusion of certain items, such as the effect of securitization of receivables), tested on March 31 and September 30 of each year.

On May 29, 2025, we issued ¥60.0 billion aggregate principal amount of 1.186% unsecured straight yen-denominated domestic bonds due May 2027 and ¥21.6 billion aggregate principal amount of 1.742% unsecured straight yen-denominated domestic bonds due May 2030.

For more details of our domestic bonds and those of LY, see "(1) Components of interest-bearing debt" under "Note 24. Interest-bearing debt" to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025.

Interest Expense

We incur interest expenses mainly due to payments on our loan, lease and securitization obligations.

Capital Expenditures

The operation of a mobile telecommunications network such as ours requires capital expenditures to expand and maintain our mobile telecommunications network. Substantially all of our capital expenditures are undertaken in Japan.

In the fiscal years ended March 31, 2023, 2024 and 2025, we made ¥788.6 billion, ¥650.9 billion and ¥912.8 billion of capital expenditures on an acceptance basis, respectively. The capital expenditures of ¥788.6 billion for the fiscal year ended March 31, 2023 include ¥407.5 billion for the capital expenditures of our Consumer and Enterprise segment, primarily used for our base stations and network facilities associated with deployment of 5G network, and an additional ¥222.3 billion representing capital expenditures by then Z Holdings Corporation and its subsidiaries. The capital expenditures of ¥650.9 billion for the fiscal year ended March 31, 2024 include ¥312.8 billion for the capital expenditures of our Consumer and Enterprise segment, primarily used for our base stations and network facilities, which decreased from the fiscal year ended March 31, 2023 primarily due to the completion of 5G coverage deployment, and an additional ¥180.2 billion representing capital expenditures of our subsidiaries in other segments such as AHD, the LY Group, and PayPay Corporation and its subsidiaries. The capital expenditures of ¥912.8 billion for the fiscal year ended March 31, 2025 include ¥321.8 billion for the capital expenditures of our Consumer and Enterprise segment, primarily used for our base stations and network facilities, which remained stable from the fiscal year ended March 31, 2024, an additional ¥66.5 billion representing the one-time establishment license fee for specified base stations using the 4.9GHz band, which will be deferred for 16 years, and an additional ¥209.2 billion representing increased investments in AI computing infrastructure and AI data centers, and an additional ¥199.8 billion representing capital expenditures of our subsidiaries in other segments such as AHD, the LY Group, and PayPay Corporation and its subsidiaries. Other than the items described above, these capital expenditures were mainly used for investments in devices for rental services, shared equipment and operating leases recorded as right-of-use assets in accordance with IFRS 16.

In the fiscal year ending March 31, 2026, we intend to make ¥700.0 billion of capital expenditures, including ¥340.0 billion for the capital expenditures of our Consumer and Enterprise segment, consisting of similar levels of capital expenditures for our base stations and network facilities as compared with the fiscal year ended March 31, 2025. We expect to finance these expenditures with cash on hand, borrowings and the proceeds of lease financing and securitizations. We believe that we can maintain a similar level of capital expenditures even if new investment for further expanding our 5G network is needed. In addition, based on the investment

plans as of the date of this offering circular, we expect to make an approximately ¥21 billion investment in AI computing infrastructure and AI data centers, which we expect to finance with proceeds from the past issuance of bond-type class shares.

Cash Flows

Cash and cash equivalents were ¥1,435.5 billion as of March 31, 2025, compared to ¥1,992.9 billion and ¥2,059.2 billion as of March 31, 2024 and 2023, respectively.

Cash Flows for the Fiscal Years Ended March 31, 2024 and 2025

The following table shows selected consolidated cash flow data for the fiscal years ended March 31, 2024 and 2025. The information below has been derived from, and should be read together with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2024 and 2025, included elsewhere herein.

	For the fiscal year ended March 31,	
	2024	2025
	Billions of yen	
Cash flows:		
Cash and cash equivalents at the beginning of the year	¥ 2,059.2	¥ 1,992.9
Net cash inflow from operating activities	1,239.7	1,367.9
Net cash outflow from investing activities	(927.6)	(995.2)
Net cash outflow from financing activities	(357.1)	(956.4)
Decrease in cash and cash equivalents	(66.3)	(557.3)
Cash and cash equivalents at the end of the year	¥ 1,992.9	¥ 1,435.5

Our net cash inflow from operating activities increased by ¥128.2 billion, or 10.3%, from ¥1,239.7 billion for the fiscal year ended March 31, 2024 to ¥1,367.9 billion for the fiscal year ended March 31, 2025. This increase mainly reflected an increase in EBITDA, a decrease in income taxes paid, and an increase in income taxes refunded.

Our net cash outflow from investing activities increased by ¥67.6 billion, or 7.3%, from ¥927.6 billion for the fiscal year ended March 31, 2024 to ¥995.2 billion for the fiscal year ended March 31, 2025. This was due primarily to the acquisition of the land and buildings of Sharp Corporation's Sakai Plant and AI computing infrastructure, which more than offset the acquisition of shares for the consolidation of Cubic Telcom Ltd. in the previous fiscal year and lower expenditures in the telecommunications business for the fiscal year ended March 31, 2025.

Our net cash outflow from financing activities increased by ¥599.3 billion, or 167.8%, from ¥357.1 billion for the fiscal year ended March 31, 2024 to ¥956.4 billion for the fiscal year ended March 31, 2025. This was due mainly to increases in the contractual repayment of various loans during the fiscal year ended March 31, 2025.

Cash Flows for the Fiscal Years Ended March 31, 2023 and 2024

The following table shows selected consolidated cash flow data for the fiscal years ended March 31, 2023 and 2024. The information below has been derived from, and should be read together with, our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023 and 2024, included elsewhere herein.

	For the fiscal year ended March 31,	
	2023	2024
	Billions of yen	
Cash flows:		
Cash and cash equivalents at the beginning of the year	¥ 1,546.8	¥ 2,059.2
Net cash inflow from operating activities	1,155.8	1,239.7
Net cash outflow from investing activities	(154.8)	(927.6)
Net cash outflow from financing activities	(495.3)	(357.1)
Increase (decrease) in cash and cash equivalents	512.4	(66.3)
Cash and cash equivalents at the end of the year	¥ 2,059.2	¥ 1,992.9

Our net cash inflow from operating activities increased by ¥83.9 billion, or 7.3%, from ¥1,155.8 billion for the fiscal year ended March 31, 2023 to ¥1,239.7 billion for the fiscal year ended March 31, 2024. This was due mainly to an increase in operating income from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2024 after eliminating the effect of remeasurement gain on step acquisition associated with PayPay Corporation recorded for the fiscal year ended March 31, 2023.

Our net cash outflow from investing activities increased by ¥772.8 billion, or 499.3%, from ¥154.8 billion for the fiscal year ended March 31, 2023 to ¥927.6 billion for the fiscal year ended March 31, 2024. This was due primarily to the absence of a one-time cash inflow of ¥397.3 billion from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of PayPay Corporation that had been recorded in the previous fiscal year, as well as an increase in a cash outflow associated with purchase of investment securities in our banking business in the fiscal year ended March 31, 2024.

Our net cash outflow from financing activities decreased by ¥138.2 billion, or 27.9%, from ¥495.3 billion for the fiscal year ended March 31, 2023 to ¥357.1 billion for the fiscal year ended March 31, 2024. This was due mainly to issuance of the Series 1 Bond-Type Class Shares during the fiscal year ended March 31, 2024.

Off-Balance Sheet Items

As of March 31, 2025, we had total credit guarantees of ¥6 billion, which we provided when loans were taken from affiliate financial institutions to individuals regarding the credit guarantee business. As of March 31, 2025, we also had lending commitments of ¥11,243 billion, of which ¥9,971 billion was unfunded.

Quantitative and Qualitative Disclosure about Market Risk

As we operate a wide range of businesses, we face a variety of financial risks (foreign exchange risk, pricing risk, interest rate risk, credit risk and liquidity risk) in our operations. We manage our risks based on established policies to prevent and reduce these financial risks. For more information, see Note 29(2) to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

Currency Risk

We are affected by exchange rate fluctuations resulting from translating foreign currency denominated trade receivables denominated in currencies other than yen into yen at the exchange rate prevailing at the end of the relevant reporting period. We are mainly exposed to currency risk arising from changes in the exchange rate of U.S. dollars to Japanese yen. To avoid this risk, we utilize forward foreign exchange contracts. In addition, to avoid currency risk arising from foreign exchange dealings, we enter into covering transactions with counterparties to cover positions arising from transactions with customers.

The table below presents the currency risk exposure of financial instruments related to the U.S. dollar, which is the main foreign currency of companies that use the Japanese yen as their functional currency:

	For the fiscal years ended March 31,		
	2023	2024	2025
	Millions of yen		
Net exposure affecting profit before income taxes	18,744	56,689	34,224
Net exposure affecting other comprehensive income (before tax effect)	16,848	9,260	2,627

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar on profit before income taxes and other comprehensive income (before tax effect) assuming that all other factors are constant. The sensitivity analysis below does not reflect the impacts of the translation of assets and liabilities of foreign operations into the presentation currency:

	For the fiscal years ended March 31,		
	2023	2024	2025
	Millions of yen		
Decrease in profit before income taxes	(187)	(567)	(342)
Decrease in other comprehensive income (before tax effect)	(168)	(93)	(26)

Pricing Risk

For strategic purposes, we hold equity instruments traded on active markets such as publicly traded shares and are exposed to market price fluctuation risks. These instruments are intended to solidify our business relationships and are not intended for sale in the short term. We monitor the financial positions of the issuers of these securities and the market prices for their securities, and may adjust our holdings while maintaining strategic relationships with the relevant issuers. Therefore, we do not consider these risks to be material to us.

Interest Rate Risk

We engage in financing through interest-bearing debt, part of which is subject to floating interest rates, exposing us to fluctuations in the interest rate environment. We manage interest rate risk by monitoring the interest rate environment on an ongoing basis. Furthermore, we maintain an appropriate mix of interest-bearing debt with fixed and floating interest rates and use interest rate swap transactions for certain borrowings with floating interest rates to hedge the risk of interest fluctuations and convert the floating rates into fixed rates.

The table below presents the effect of adding an additional 1% to interest rates for our floating interest rate debt on profit before income taxes in the consolidated statement of income assuming that all other factors are constant. The analysis excludes floating interest rate debt with interest rate payments that are fixed using interest rate swap agreements.

	For the fiscal years ended March 31,		
	2023	2024	2025
	Millions of yen		
Decrease in profit before income taxes	(17,828)	(16,706)	(14,717)

Credit Risk

We are exposed to the credit of third parties in the course of our business, through trade receivables, contract assets, other financial assets such as deposits, shares of common stock, indebtedness of third parties and derivatives and investment securities in banking business. In order to prevent and reduce credit risks, we carefully manage concentration of exposures to each obligor. The marketable securities we hold are generally issued by companies with whom we have strategic relationships, which exposes us to the credit risk and market pricing of the securities of such issuers. We monitor the financial positions of the issuers of these securities and, where applicable, the market prices for them. Trade receivables include receivables from third-party selling agents, receivables from data usage fees from customers and installment payments over mobile phones, exposing us to the credit risk of our third-party selling agents and customers. We manage sales agent credit risks in line with our internal policies, based on payment due dates and balances, ensuring that we periodically review the credit situation of main counterparties. For customer credit risks, we review each new contract in line with internal credit standards at the time of the contract, and confirm our credit assumptions on an ongoing basis in light of usage and recovery of payments in order to avoid increases of non-paying customers. We use third-party credit rating services when considering the approval of installment payments. Derivative transactions are executed and managed based on internal rules, and we enter into derivative transactions only with highly creditworthy financial institutions in order to mitigate credit risk. Investment securities in banking business mainly include investment securities such as domestic bonds, foreign bonds and trust beneficiary rights. Such bonds are exposed to the credit risk of issuers, whereas trust beneficiary rights are exposed to the credit risk of underlying assets.

Liquidity Risk

In order to prevent or reduce liquidity risk, we engage a wide variety of financing, including indirect financing through bank borrowings, issuance of bonds and leases and direct financing through securitization of receivables, while considering market conditions and the tenor of our obligations. We keep cash and cash equivalents on hand mainly in liquid short-term deposits and continuously monitor our forecasted actual cash flows and liquid funds.

BUSINESS

Overview

We are one of Japan's largest telecommunications providers and a comprehensive information and technology company that provides an extensive array of ICT services, including a wide range of telecommunications, network and technological support and consulting, digitalization solutions, merchandising, media, e-commerce, cashless payment and other financial services, AI and related services, data centers and other services to individual and enterprise customers primarily in Japan, and believe we are positioned to be at the forefront of technological development headed by the developments in AI and related technologies in Japan.

Since becoming a member of the SoftBank Group in 2006, we have been the primary operating company in Japan for the SoftBank Group, a leading global group of technology companies that aims to be at the forefront of the information revolution. Our corporate philosophy is "Information Revolution – Happiness for everyone." To achieve this mission, we have sought to harness the information revolution to contribute to the wellbeing of people and society. Our vision is to become a corporate group needed most by people around the world. To achieve this vision, we strive to create an ideal society where everyone can feel the convenience, comfort, and safety offered by the power of digital technology supported by the strong foundation of our business.

Our businesses, operating primarily in Japan, are organized into five reportable segments, plus other businesses:

- In our Consumer segment, we provide mobile telecommunications services and products (including the latest and most in-demand smartphones), home broadband and trading and supply of electric power to domestic individual customers.
- In our Enterprise segment, we operate a solutions-based business that provides mobile telecommunications services, fixed-line telecommunications services and other cutting-edge digital business-focused services and products beyond mobile and fixed-line telecommunications, such as data centers, cloud computing, cyber-security, global business, AI, IoT and digital marketing solutions, to meet the growing demand for digitalization and AI utilization of our enterprise customers, leveraging our 5G networks in Japan.
- In our Distribution segment, we sell a variety of hardware and software to enterprise customers and provide them with service and support for the implementation of ICT, including AI and cloud products and services. We also sell a wide variety of products, such as mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, to individual customers.
- Our Media & EC segment offers e-commerce and advertising-related services targeting small to medium-sized businesses and individual customers primarily through our popular digital platforms, *Yahoo! JAPAN* and *LINE*, which provide search engine, news, online shopping, social media, advertising and marketing services and FinTech services, including smartphone-based insurance brokerage and consumer credit evaluation and financing services.
- Our Financial segment was added in October 2022 following the consolidation of PayPay Corporation, which was formerly our equity method associate, and operates our flagship cashless payment service, *PayPay*. We have transferred the online banking business of PayPay Bank Corporation from the Media & EC segment to the Financial segment in April 2025. In our Financial segment, we offer a comprehensive array of payment and finance services such as cashless payment, payment processing, online banking and online securities trading and brokerage services to individual and enterprise customers.
- Our other businesses mainly comprise the planning and production of digital media and digital content, among other operations.

Our "*Beyond Carrier*" growth strategy aims to achieve sustainable growth in our core telecommunications business, primarily operated by the Consumer segment and the telecommunications business from the Enterprise segment, while expanding our business beyond telecommunications to new businesses in the information and technology field. For example, in our Consumer segment, we employ a multi-brand strategy, offering full-service traditional MNO service under our flagship *SoftBank* brand, lower-cost MNO service under the *Y!mobile* brand and MNO service available exclusively through online distribution with SIM-only plans and bundled with unlimited use of *LINE* services under the *LINEMO* brand. This multi-brand strategy is intended in part to provide diverse services and products that match customer preferences, expand our customer base by increasing our competitiveness with other carriers and preventing subscriber loss in the mobile communications

market that has become increasingly price-competitive. In addition, we have introduced new pricing plans that offer discounts and other benefits when used with our other services such as the *PayPay* cashless payment service to cross-sell and capture an even wider subscriber base. In our Enterprise segment, we have increased our offerings of solutions and services focused on digitalization, cloud services, cyber-security and IoT services as the companies and local governments in Japan have increasingly adopted digitalization in recent years. In our Media & EC segment, we have consolidated various businesses in the segment primarily held by LINE Corporation and Yahoo Japan Corporation into a single entity, LY Corporation, in October 2023 to promote cross-use and cross-sale of our services within and outside the segment, and launched a cross-group membership called *LYP Premium Membership* in November 2023. In our Financial segment, we have transferred the online banking business of PayPay Bank Corporation from the Media & EC segment in April 2025 to streamline our comprehensive array of payment and finance services in the segment and to improve synergies among our inter-segment services by leveraging *PayPay*'s market-leading position in QR code payments.

Through these initiatives, we have successfully diversified our business, as demonstrated by the decrease in the overall share of our consolidated revenue that is derived from our Consumer segment (excluding intersegment transactions and transferred revenue), which derives its revenue primarily from the mobile and fixed-line telecommunications services for individual customers, from 73% in the fiscal year ended March 31, 2018 to 45% in the fiscal year ended March 31, 2025 while growing our total consolidated revenue from ¥3.6 trillion in the fiscal year ended March 31, 2018 to ¥6.5 trillion in the fiscal year ended March 31, 2025. The effectiveness of our "*Beyond Carrier*" strategy to develop diverse businesses centered on information and technology is further demonstrated by the revenue breakdown among our reportable segments. For the fiscal year ended March 31, 2025, revenue attributable to the Consumer segment and the Enterprise segment (in each case, excluding intersegment transactions and transferred revenue) contributed 45% and 14%, respectively, of our consolidated revenue. Our Media & EC segment is the second largest segment following our Consumer segment, accounting for 25% of our consolidated revenue. The Distribution segment accounts for 11% of our consolidated revenue, while the Financial segment accounts for 4%. The remaining 2% of our consolidated revenue is comprised of our other businesses which do not fall into our five reportable business segments.

Through the implementation of the initiatives under our "*Beyond Carrier*" growth strategy, we have achieved a leading position in Japan's digital ecosystem:

- Our mobile telecommunications network is among the largest in Japan, with approximately 41 million mobile subscribers as of March 31, 2025. As of March 31, 2024, our share of the Japanese smartphone market by subscribers was 29% of the mobile subscriber market in Japan according to data published by the MIC. Our smartphone subscribers have steadily increased from 27.6 million as of March 31, 2022 to 31.8 million as of March 31, 2025. We have three well-developed, highly-differentiated brands, *SoftBank, Y!mobile* and *LINEMO,* which allow us to attract mobile phone users with various user needs as their needs change and evolve. The *SoftBank* brand, our flagship MNO service, offers high value-added services with various subscriber benefits, targeting heavy data users, business users and users with high-end smartphones including the latest-model smartphones, and provides pricing plans with large data allowances (minimum 30 GB per month) that include bundles with a wide range of our broadband services and *PayPay* services and loyalty programs. The *Y!mobile* brand, our lower-cost MNO service, responds to increased demand in the price-sensitive smartphone market and offers a budget-friendly price plans to light users. The *LINEMO* brand offers unlimited data usage for certain social networking services as messaging and voice calls on the *LINE* communication app and is available exclusively through online distribution channels with SIM-only plans, targeting subscribers in their teens and early twenties.
- We have one of the largest enterprise customer bases in Japan, conducting transactions with 92% of the companies listed on the Tokyo Stock Exchange with annual revenue exceeding ¥100 billion during the fiscal year ended March 31, 2025. Our Enterprise segment revenue has steadily increased from ¥792 billion in the fiscal year ended March 31, 2023 to ¥922 billion in the fiscal year ended March 31, 2025, with the revenue from our business solution products and services other than mobile and fixed-line telecommunications increasing at an accelerated rate from ¥302 billion in the fiscal year ended March 31, 2023 to ¥437 billion in the fiscal year ended March 31, 2025. In addition, approximately 78% of the revenue from our business solution products and services for the fiscal year ended March 31, 2025 consisted of recurring revenue from continuing service or other revenue expected to repeat, such as revenue from cloud, security, IoT, data centers and digital marketing.

- We operate the most popular social media platform in Japan based on usage rate according to a 2024 survey by the MIC, with 98 million monthly active users of *LINE* in March 2025. We believe that we have one of the largest total digital reach in Japan through our popular *Yahoo! JAPAN* service. Through our e-commerce services such as *Yahoo! JAPAN Shopping*, *ZOZOTOWN* and *Yahoo! JAPAN Auction*, we are uniquely positioned to create intragroup synergies and turn this market-leading digital and social media user base into individual customers for our various e-commerce and other digital products and services such as *Yahoo! JAPAN Shopping*, *PayPay*, *ASKUL*, *ZOZOTOWN and IKYU*, as demonstrated by the gross merchandise value of our e-commerce businesses reaching ¥4.4 trillion in the fiscal year ended March 31, 2025.
- *PayPay,* our QR code payment service, has the market-leading position in Japan, with 68 million registered users as of March 31, 2025. For the fiscal year ended March 31, 2025, the gross merchandise value of the QR code payments in Japan (excluding cash remittance) processed by *PayPay* and *PayPay Card* (after elimination of internal transactions) was ¥15.4 trillion. In addition, according to data published by PAYMENTS JAPAN, *PayPay* is the leader among QR and barcode payment services in Japan, accounting for approximately 64% of the gross merchandise value of transactions processed by such services in Japan for the year ended December 31, 2024.

We have expanded beyond our core telecommunications business into a number of different business areas involving the development of new technology applications such as big data, IoT, AI, cloud services, data center and FinTech, among others. These high-tech innovations and developments are made possible in part due to synergies with other businesses of the SoftBank Group. Our long history of developing and implementing technology in our core telecommunications business enables us to be faster in deploying such know-how to other non-telecommunications businesses, and we aim to translate this know-how into new areas such as e-commerce, FinTech (including payments), cyber-security, cloud computing services and mobility as a service (MaaS), among others. One of our core principles is to develop and implement new technologies in related business areas that have the potential to loop back and reinforce our customer base and revenue growth and profitability in our core telecommunications business.

Our long-term vision is to build the "Next-generation Social Infrastructure" essential for development and deployment of AI as an integral part of our society. To achieve this vision, we aim to invest in sustainable AI data centers as a part of the "Next-generation Social Infrastructure," starting the construction of an AI data center in Hokkaido, Japan and have already completed the acquisition of land and buildings for another AI data center in Osaka, Japan. The AI data centers will be spread out across various locations to drive growth of regional industries and economies and to use locally sourced renewable energy for their operations. In addition to the AI data centers, we aim to develop and deploy various AI products, including an LLM specializing in Japanese which we call "*Sarashina"* and an AI enterprise agent, tentatively named "Cristal intelligence." We aim to develop and deploy various AI products through collaboration with OpenAI and SoftBank Group, to form strategic alliances with other entities in the generative AI field.

Strengths

We believe the following core strengths have been critical to our success to date and are the foundations for our future growth.

Our position as a leader in the Japanese mobile telecommunications market, one of the most attractive in the world

We are one of Japan's leading mobile and fixed-line telecommunications providers and have played a pivotal role in the development of Japan's advanced mobile telecommunications services market. The domestic telecommunications market continues to be among the world's largest and most attractive. The total number of mobile phone subscribers in the domestic telecommunications market has reached an all-time high of 221 million subscribers as of December 31, 2024, driven by increases in individuals with multiple contracts and enterprise subscribers. In particular, the Japanese market features widespread and growing smartphone use, with the number of smartphone contracts growing steadily at a CAGR of 3.8% between March 2020 and March 2024 to reach 107 million smartphone contracts as of March 31, 2024, according to data published by the MIC.

We have a strong and stable mobile telecommunications customer base, with 31.8 million smartphone subscribers as of March 31, 2025 which are characterized by higher ARPU relative to feature phone subscribers. Our market share by number of smartphone subscribers was approximately 29% as of March 31, 2024 according to data published by the MIC, maintaining our leading position as one of the three large MNOs. The market is highly concentrated, with Japan's three largest established carriers, including us, NTT DOCOMO and KDDI, collectively serving 93% of the market in terms of smartphone subscribers (including MVNO) as of March 31, 2024. The Japanese telecommunications industry has substantial barriers to entry, and we expect that the three traditional MNOs, including us, will continue to hold a significant presence based on high-quality networks, subscriber network effects, flexible pricing plans and the ability to deploy value-added services and meet diverse customer needs. In contrast, new entrants, including MVNOs, have historically struggled to capture a significant share of Japanese smartphone subscribers. For example, Rakuten Mobile, which newly established an MNO in 2020, together with other MVNOs, had under 7% of the market share of Japanese smartphone subscribers as of March 31, 2024 according to data published by the MIC.

We believe we are well-positioned for further growth in this market as we leverage our group synergies to capture new users by encouraging cross-referrals and cross-promotions from our *PayPay* and *LINE* services, to increase our Mobile ARPU by promoting upgrades from our lower-cost brands to our flagship *SoftBank* brand, and to reduce churn and maintain retention by guiding our existing customers to affordable plans within our mobile brands. Additionally, we incentivize new contracts through discounted bundling of telecommunications contracts with our home broadband services, *SoftBank Hikari* and *SoftBank Air*, which enables us to leverage our subscriber base of 8.5 million broadband subscribers as of March 31, 2025. We also offer a discount bundle for our smartphone subscribers with our *Ouchi Denki* electricity services offered via SB Power Corp., which had 2.0 million customers as of March 31, 2025. This strategy of leveraging group synergies has been instrumental in mitigating the impact on our Mobile ARPU of Japanese government pressure during prior administrations to lower mobile phone charges and in maintaining our Mobile ARPU for the fiscal year ended March 31, 2025 compared to the previous fiscal year.

We believe that our well-established position in this well-developed mobile telecommunications market in Japan will enable us to execute our growth strategy with a long-term vision and to capture further growth.

Our customer-oriented spirit and transformative corporate culture

Under our bedrock corporate philosophy of "Information Revolution — Happiness for everyone" as well as our vision of "Becoming a Corporate Group needed most by people around the world," we have consistently sought to harness the information revolution to contribute to the wellbeing of people and society since becoming a part of the SoftBank Group in 2006. Our "*Beyond Carrier*" growth strategy aims for sustainable growth in our core telecommunications business, while simultaneously expanding into various other businesses in the information and technology industries, such as technological support and consulting, digitalization solutions, merchandising, media, e-commerce, cashless payment and other financial services, AI and related services, data centers and other services to individual and enterprise customers.

The SoftBank Group entered the broadband business in 2001 and entered the mobile telecommunications business in 2006 through our acquisition of Vodafone K.K. Since then, we have continuously led the development of telecommunication services in Japan by providing innovative offerings to our customers. For example, in 2007, we launched the innovative "*White Plan*," offering free calls between SoftBank users during specific timeframes. In 2008, based on our anticipation of the smartphone revolution, we became the first company to sell *iPhone* in Japan. Since then, we have continued to innovate with our offerings according to the needs of our consumer base, such as launching the "*Giga Monster*" plans for high data usage in 2016 and providing benefits through *PayPay* through our "*Pay-toku*" plans starting in 2023.

Since our initial public offering in December 2018, we have expanded our non-telecommunication businesses through our acquisition of Yahoo Japan Corporation (currently, LY Corporation), ZOZO Inc., LINE Corporation (currently, LY Corporation), and launch of the *PayPay* cashless payment service in 2018, evolving into one of the foremost telecommunications and information and technology groups in Japan. Our *PayPay* service pioneered cashless QR code payment services in Japan, and is Japan's leading QR code and barcode payment platform according to data published by PAYMENTS JAPAN.

To support our long-term vision of building the "Next-generation Social Infrastructure" essential for development and deployment of AI as an integral part of our society and evolve into an AI platform, we are continuing to invest in AI and related technologies and infrastructures.

Our well-invested, high-quality wireless network and 5G technology position us to lead in next-generation communications technologies

We have developed a leading-edge wireless network using a disciplined and efficient approach to capital expenditures, focused on thorough management of procurement costs and on the use of big data, which we believe maintains our competitive advantage over the other MNOs and helps us achieve high levels of consumer satisfaction. We are highly experienced in developing and deploying a high-quality wireless network across a wide range of spectrum. We launched commercial 5G services in March 2020, which has achieved a population coverage ratio of more than 95% in Japan as of March 31, 2024, based on, providing a super-fast, high-capacity communication network to consumers. We have received highly positive evaluations in surveys for network quality conducted by third-party organizations. For example, our network service has been ranked the highest in "Customer Satisfaction for Japan Network Service Customer Satisfaction—Large Enterprise" by J.D. Power for three consecutive years from 2022 to 2024. We have also been ranked at the top in terms of outdoor connectivity satisfaction by smartphone users across various applications, including web browsing, video streaming and phone calls in Japan, according to a survey conducted in December 2024 by MMD Labo, a mobile marketing research firm. Our high network quality compared to competitors is one of the key competitive strengths of our telecommunications business. To maintain and solidify our position as a leader in next-generation communication technologies, we are continuing to invest in advanced research and development of next-generation communication technologies, including the recently announced development and trial deployment of "AITRAS," which is an AI computing platform on a radio access network ("RAN").

Our strong business foundation and highly-differentiated service offerings allow us to maintain the strength of our mobile telecommunications business while expanding beyond telecommunications

Our business is built on a robust subscriber and user base across our key offerings. We have a leading position in the domestic mobile telecommunications industry. During the fiscal year ended March 31, 2025, we had 56 million cumulative mobile subscribers. Our enterprise customer base includes 92% of the companies listed on the Tokyo Stock Exchange with annual revenue exceeding ¥100 billion based on transactions conducted during the fiscal year ended March 31, 2025. Additionally, we have established a top-class customer base in Japan within the mobile telecommunications industry with numerous customer contact points through our group companies, including our large sales force consisting of approximately 15,000 sales staff. Our *LINE* service is the most popular social media platform in Japan based on usage rate according to a 2024 survey by the MIC and had 98 million monthly active users as of March 31, 2025. We believe our popular *Yahoo!* JAPAN service gives us one of the largest total digital reach in Japan. *PayPay,* our QR and barcode payment service, has 68 million registered users as of March 31, 2025 and processed the greatest number of transactions and the highest gross merchandise value of transactions processed among such services in Japan for the year ended December 31, 2024 according to data published by PAYMENTS JAPAN.

Our strong user base and group ecosystem in non-telecommunications areas has been a key advantage in the implementation of our "*Beyond Carrier*" strategy and expansion into new business areas. The success of this strategy is demonstrated by the diversification of our revenue, where we successfully decreased the contribution to total consolidated revenue from our Consumer segment (excluding intersegment transactions and transferred revenue), which derives its revenue primarily from the mobile and fixed-line telecommunications services for individual customers, from 73% in the fiscal year ended March 31, 2018 to 45% of our consolidated revenue in the fiscal year ended March 31, 2025. An important contributor to this transformation was the additions during this period of our Media & EC segment (excluding intersegment transactions and transferred revenue), comprising commerce-related services, advertising-related services and banking services, and our Financial segment (excluding intersegment transactions and transferred revenue), comprising cashless payment services, payment processing services, and online securities brokerage services, which contributed 25% and 4% of our consolidated revenue, respectively, during the fiscal year ended March 31, 2025. This diversification of our services has been a key driver of the concurrent growth of our total consolidated revenue from ¥3.6 trillion in the fiscal year ended March 31, 2018 to ¥6.5 trillion in the fiscal year ended March 31, 2025.

We have also leveraged our group ecosystem and highly differentiated service offerings to mitigate pressure on our Mobile ARPU in the telecommunications business. The three largest Japanese MNOs, including us, have seen drops in monthly Mobile ARPU since the Japanese government's initiatives under prior administrations aimed at enhancing competition in the Japanese mobile telecommunications industry starting in 2019; our Mobile ARPU declined from ¥4,290 in the fiscal year ended March 31, 2021 to ¥3,740 in the fiscal year ended March 31, 2024. By launching pricing plans linked to *PayPay* services and offering increased earning

of loyalty points, called *Pay-toku* plans, introducing discounts for payments of monthly fees for our flagship *SoftBank* brand when using *PayPay Card*, increasing data allowances in response to increased data usage and focusing on converting users of our lower-priced *Y!mobile* and *LINEMO* brands to our premium *SoftBank* brand, we have stabilized our Mobile ARPU, which remained the same level at ¥3,740 for the fiscal year ended March 31, 2025, compared to ¥3,740 for the previous fiscal year ended March 31, 2024, reversing the downward trend started in 2021.

Our strong financial performance supported by strong cash flow generation

We have consistently implemented a highly disciplined financial policy that allocates capital to aim to achieve an optimal balance of medium-to-long-term growth and shareholder returns. Our financial strategy is centered around fortifying the core telecommunications business represented by our Consumer and Enterprise segments, which collectively comprised ¥3.9 trillion of our ¥6.5 trillion of total revenue for the fiscal year ended March 31, 2025, while diversifying our revenue sources into non-telecommunications businesses.

We have strongly emphasized disciplined, effective spending pursuant to a clear capital investment plan aligned with our growth strategy with respect to capital expenditures necessary to maintain and update our telecommunications networks. As part of these efforts, we have leveraged and strengthened our centralized purchasing functions and using AI and big data to closely analyze the expected costs and benefits of initiatives.

As a result of such cost-saving and revenue diversification initiatives, adjusted EBITDA from the businesses primarily composed of the Company and its non-public subsidiaries (i.e., excluding the Non-Primary Entities), a measure not presented in accordance with IFRS, has grown steadily at ¥1,240 billion, ¥1,275 billion and ¥1,299 billion during the fiscal years ended March 31, 2023, 2024, and 2025, respectively. Adjusted EBITDA (excluding the Non-Primary Entities) is a measure not presented in accordance with IFRS and should not be considered alternatives to the measures presented in accordance with IFRS, as it has important limitations as analytical tools, because it excludes some, but not all, items that affect net income. For reconciliation of adjusted EBITDA figures, see "Selected Financial and Other Data—Non-IFRS Measures—Adjusted EBITDA and adjusted EBITDA margin."

The capital expenditures of the Company and its non-public subsidiaries (i.e., excluding the Non-Primary Entities), excluding investments in devices for rental services and shared equipment and operating leases recorded as lease liabilities in accordance with IFRS 16, for the fiscal years ended March 31, 2023, 2024 and 2025 were ¥481 billion, ¥382 billion and ¥641 billion, respectively. Capital expenditures in our Consumer and Enterprise segments have been stabilized since the completion of our initial 5G rollout as we efficiently control the amount of capital investment by optimizing the use of existing base station sites, decreasing from ¥408 billion in the fiscal year ended March 31, 2023 to ¥322 billion in the fiscal year ended March 31, 2025, in addition to ¥66 billion representing the lump-sum recognition of the establishment license fee on the 4.9 GHz spectrum band in the same fiscal year.

In our financial policy, we emphasize maintaining a stable primary free cash flow, a non-IFRS measure that we use to evaluate our ongoing cash generating ability, including for debt repayment and shareholder returns, primarily in our core existing businesses (excluding free cash flows from the Non-Primary Entities, and including the net proceeds from and repayments of the securitization of installment sale receivables and adding back long-term growth investments in building the "Next-generation Social Infrastructure" and related AI computing infrastructure). We believe our established network and advanced 5G technology enable us to continue to generate stable and ample cash flow to maintain a high level of primary free cash flow, partly thanks to our ability to maintain capital expenditures at a reasonable level. We have generated stable primary free cash flow of ¥619 billion, ¥608 billion and ¥603 billion annually during the three fiscal years ended March 31, 2023, 2024 and 2025, respectively, exceeding the total dividends in the fiscal years ended March 31, 2023, 2024 and 2025 of ¥406 billion, ¥407 billion and ¥409 billion, respectively. Our payout ratio, which is a non-IFRS financial measure defined as the percentage calculated by dividing dividends paid on our common stock during a given period by net income attributable to owners of the Company for the period, was 83.2% and 78.5% for the fiscal years ended March 2024 and 2025, respectively. For the fiscal year ended March 31, 2023, we adjust our payout ratio by dividing the sum of the total dividends paid on our common stock during the three-year period ended March 31, 2023 and the amount of share repurchase of our common stock conducted in the fiscal year ended March 31, 2024 by the net income attributable to owners of the Company for the three-year period ended March 31, 2023, which was 85.6%. As a result of our disciplined financial policy, our adjusted net leverage ratio (excluding the Non-Primary Entities), which is a non-IFRS financial measure defined as the ratio of our adjusted net interest-bearing debt to adjusted EBITDA, was 2.3x as of March 31, 2025. For calculation of our adjusted net leverage ratio,

see "Selected Financial and Other Data—Non-IFRS Measures—Net interest-bearing debt, adjusted net interest-bearing debt (excluding the Non-Primary Entities), net leverage ratio and adjusted net leverage ratio (excluding the Non-Primary Entities)."

The foregoing discussion contains measures not presented in accordance with IFRS. For an explanation of these measures and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures."

Our highly experienced management team with a proven track record

We believe our experienced management team is key to our ability to effectively execute our growth strategies. Since our initial public offering in December 2018, we have strengthened our corporate governance, with a board of directors consisting of 11 members. To achieve an effective management system, six of the 11 directors are independent external directors, with each of the directors (including four women) having various areas of expertise and experience outside of our core businesses. We believe that this provides a diverse range of informed perspectives critical to our strategy of strengthening our core telecommunications business while expanding into new business areas.

Strategies

We have made significant progress in our transformation into a comprehensive information and technology company, sparking new customer demand and fueling innovations that push the boundaries of and redefine what it means to be a telecommunications service provider. While we aim to continue to build upon our successful track record in the mobile telecommunications business, we also intend to continue to pursue growth opportunities outside of the telecommunications business, by further implementing our "*Beyond Carrier*" strategy. This involves expanding our capabilities in the information and technology sector through collaborations with our various subsidiaries, other members of the SoftBank Group, and strategic partners.

Under our current mid-term management plan, which runs through the fiscal year ending March 31, 2026, we are focused on driving growth by enhancing synergies between our telecommunications businesses and non-telecommunications businesses, particularly in the areas of e-commerce, media, and digital financial services. By leveraging our customer base, infrastructure, and technological assets, we aim to expand integrated service offerings and increase user engagement across our businesses. As part of this plan, we are also prioritizing investments in advanced technologies such as AI, IoT, and data platforms that support our broader digital ecosystem to prepare for the next phase of our long-term vision to build the "Next-generation Social Infrastructure" that will serve as the foundation for Japan's digital society. This vision encompasses the deployment of nationwide ultra-fast, low-latency, high-capacity network infrastructure; the construction of AI-optimized data centers to support domestic development and operation of large-scale AI models including an enterprise AI agent and a homegrown Japanese LLM; and the creation of computing platforms that integrate networks, AI, and high-performance computing. Through these initiatives, we aim to provide the foundational digital infrastructure necessary to accelerate innovation and address the evolving needs of individuals, businesses, and public institutions in the era of AI and digitalization.

Further enhance our telecommunications customer base through a multi-faceted smartphone strategy

Since entering the telecommunications business, we have established ourselves as a leading provider in the Japanese mobile telecommunications market. We believe our brand is associated with innovative services and offerings, attracting new customers and enhancing brand loyalty. We plan to pursue further growth in our customer base and profitability by implementing a multi-faceted strategy focused on smartphones and related technologies.

Intensify our multi-brand strategy

We implement a multi-brand strategy that attempts to address varied consumer profiles in the Japanese telecommunications market via our differentiated family of brands, including *SoftBank*, *Y!mobile* and *LINEMO*. We believe our multi-brand strategy enables us to capture a wider range of mobile users in Japan. Utilizing our familiarity with customer usage patterns at each generational, income and demographic level, we aim to keep subscribers within our family of brands while looking for opportunities to upgrade subscribers to premium offerings. Our brands offer highly distinct products via our unified network: *SoftBank* offers premium plans centered on unlimited data usage, *Y!mobile* offers lower monthly fees for small to medium data usage, and

LINEMO offers online-exclusive SIM services and support. We seek to further grow our subscriber base in part by continuing to leverage this multi-brand strategy to meet diversified and evolving customer demand. We also plan to leverage our multi-brand strategy to introduce not only data-intensive users but also young or elderly, first-time and price-sensitive smartphone subscribers to our network and to retain them as many of such subscribers develop into more sophisticated and profitable consumers of mobile services. We intend to do this by providing a comprehensive range of subscription options that satisfy their specific voice and data usage needs as such needs evolve, preventing outflow of subscribers to competing service providers. We are also considering revisions to our pricing plans to stay ahead of the market trends we see in the telecommunications industry in Japan while carefully considering what additional values we can offer to satisfy our customers. Following a period of decline, as our Mobile ARPU for the fiscal year ended March 31, 2025 has stabilized and remained unchanged at ¥3,740 from the fiscal year ended March 31, 2024, we aim to further increase our Mobile ARPU by providing value-added services and promoting upgrades between our brands based on increased data usage.

Collaboration with LINE, Yahoo! JAPAN and PayPay

We believe that our continued ability to offer attractive, innovative services and programs differentiates us from our competitors and leads to subscriber growth and strong, sustainable ARPU levels. Specifically, we aim to provide our customer base with daily benefits and services beyond telecommunications, such as shopping, payments, and finance, offered through our ecosystems that provide added value through integrated services and loyalty programs within our group such as *LINE, Yahoo! JAPAN* and *PayPay*. By leveraging group synergies, we aim to strengthen cross-referrals between services, improve retention in the telecommunications business, and further improve our Mobile ARPU.

Further implement our "Beyond Carrier" strategy

Under our "*Beyond Carrier*" growth strategy, we aim to maximize corporate value by aggressively pursuing business opportunities and cutting-edge technological innovations outside of traditional telecommunications businesses, transforming into a comprehensive information and technology company that offers a wide variety of e-commerce, payment and social networking services and media-related services, while maintaining sustainable growth in the telecommunications business. By strengthening collaborations leveraging the strong offline footprint of our telecommunications platform, together with the online services prowess of the *LINE* and *Yahoo! JAPAN* platforms, we aim to bolster the competitiveness of our telecommunications business while promoting the creation of synergies, which we believe will lead to benefits such as increasing the number of service users and user engagement for our group companies.

We will promote the expansion of the *PayPay* customer base by leveraging our existing telecommunications business subscriber base. In April 2025, we made PayPay Bank Corporation and PayPay Securities Corporation subsidiaries of PayPay Corporation, completing the reorganization of our businesses in the Financial segment under PayPay Corporation by simplifying capital structure to make PayPay Card Corporation, PayPay Bank Corporation and PayPay Securities Corporation all subsidiaries of PayPay Corporation. We believe this reorganization has centralized our digital financial services under a single umbrella and positioned PayPay Corporation to accelerate integration across its offerings, strengthening its business foundation. For the fiscal year ended March 31, 2025, the gross merchandise value of the QR code payments in Japan (excluding cash remittance) processed by *PayPay* and *PayPay Card* (after elimination of internal transactions) was ¥15.4 trillion. PayPay Corporation's consolidated EBITDA, calculated as consolidated operating income *plus* depreciation and loss on disposal of non-current assets, in each case based on unaudited basis, became positive for the first time in the fiscal year ended March 31, 2024, reaching ¥9.8 billion, and increased to ¥45.6 billion in the fiscal year ended March 31, 2025. While PayPay Corporation prepares its financial information in accordance with IFRS, it does not necessarily apply the same accounting policies as we do, and accordingly its financial information may not be directly comparable with ours. Moreover, PayPay Corporation's consolidated EBITDA is a measure not presented in accordance with IFRS and should not be considered alternatives to the measures presented in accordance with IFRS, as it has important limitations as analytical tools, because it excludes some, but not all, items that affect net income. We will continue to focus on developing the businesses under PayPay Corporation and evolving the *PayPay* ecosystem into a comprehensive constellation of seamlessly connected financial services including cashless payments, online banking, credit cards, online brokerage services, payments of utility bills and peer-to-peer transactions among individuals as well as other lifestyle-related services. Through this strategy we aim to develop the *PayPay* ecosystem into a vital tool that improves convenience and quality of life of our customers, while growing PayPay Corporation and its businesses into one of the pillars of our future revenue.

In our Enterprise segment, we plan to develop and offer more turn-key and comprehensive business solutions and services that provide cutting-edge digital products and services, such as digitalization, cloud computing and services, cyber-security and IoT services. By focusing on the ongoing provision of such products and comprehensive services, which go beyond traditional telecommunications services and network solutions, we aim to capture the increased demand for digitalization and AI transformation from enterprise customers in Japan and secure recurring revenue.

Development and deployment of AI technologies and AI infrastructure is a key component of our long-term vision of building the "Next-generation Social Infrastructure." Because the incorporation of AI in various products and services will necessitate massive processing and power consumption, we aim to develop sustainable data centers as part of our "Next-generation Social Infrastructure." We plan to invest in large-scale AI data centers, which we refer to as "Brain DataCenters," and medium-sized AI data centers, which we refer to as "Regional Brains," throughout Japan that will enable the use of renewable energy generated locally. In November 2023, we announced the construction of the "Hokkaido Tomakomai AI Data Center," which will be one of the four "Brain DataCenters," to be located in Tokyo, Osaka, Hokkaido and Kyushu. We expect the Hokkaido facility to ultimately exceed 300 megawatts of power usage capacity and to cover all of its power needs with renewable energy from within Hokkaido Prefecture, making it a model case of a locally produced and consumed data center. Currently, we plan to invest approximately ¥35 billion (net of ¥30 billion in government subsidies) in this facility. In March 2025, we acquired the land and buildings of Sharp Corporation's Sakai Plant in Osaka Prefecture with a total acquisition cost of approximately ¥100 billion. This site will be developed into a large-scale AI data center hub and positioned as a core infrastructure asset to support future demand for AI computing. We aim to launch operations of this data center hub in 2026, with an initial usage power capacity of approximately 150 megawatts, which we expect to exceed 250 megawatts in the future. The location and details of the Brain DataCenter in Kyushu are yet to be decided. Regarding investments in AI computing infrastructure, we plan to invest a total of ¥122 billion (net of ¥47 billion in government subsidies), of which ¥78 billion has been invested in the Brain DataCenter in Tokyo. These efforts are aimed at enhancing the performance and energy efficiency of our AI computing infrastructure, thereby contributing to the realization of a sustainable and advanced digital society. We also aim to become a market leader in the field of generative AI by developing an advanced AI agent for enterprises, tentatively named "Cristal intelligence" and deploying "AITRAS," an AI computing platform on a RAN. In addition, on May 8, 2025, we have announced that SB Intuitions Corp., our wholly owned subsidiary, has completed the development of "*Sarashina mini*," a commercial model of "*Sarashina*," a homegrown Japanese LLM. We anticipate that the commercial rollout of *Sarashina mini* will start by the fall of 2025.

Continue to maintain financial soundness while achieving medium- to long-term growth and free cash flow

One of our key focus areas is to enhance our corporate value while generating free cash flow, with a goal of maintaining and further increasing our high-level of primary free cash flow. Generating free cash flow for stable and sustainable shareholder returns, balance sheet management and investments remains a key priority for us, and we believe our operational leverage using well-controlled cost and capital expenditure management and our ability to continue to invest in long-term growth businesses enables us to remain competitive in the industry and continue to generate sustainable cash flows, efficiently generating high levels of free cash flow. In addition to investing for growth, maintaining a stable level of distributions to shareholders through dividends is also an important objective of our financial strategy.

With the completion of the initial 5G rollout, we have already made what we believe to be appropriate and well-timed investments in nationwide telecommunications infrastructure and leading 5G technology-related advancements to allow for the operation of a technologically advanced network at a controlled cost, with the highest 5G connectivity rate in major cities in Japan among the telecommunications operators in Japan according to a survey by our subsidiary Agoop in March 2025. Utilizing the stable capital expenditure post-rollout of 5G, including the lump-sum recognition of the license fee on 4.9 GHz band in the fiscal year ended March 31, 2025, we intend to focus on making capital investments in the further advancement of 5G technology and investing ¥122 billion (after deducting ¥48 billion in expected subsidies from the Ministry of Economy, Trade and Industry) in building the "Next-generation Social Infrastructure" and related AI computing infrastructure.

To continue to make long-term growth investments, we plan to utilize government support and subsidies and capital increases, including the issuance of bond-type class shares as necessary. We have diversified our financing options by maintaining strong relationships with banks, issuing senior notes in the domestic capital markets, utilizing asset finance such as installment receivable securitization and finance leases. We plan to further diversify our financing options to achieve optimal financing strategies.

We aim to maintain our current credit ratings, including by closely monitoring and controlling our adjusted net leverage ratio in the mid-2x range. Our interest-bearing debt (on a consolidated basis and presented in accordance with IFRS) has slightly decreased from ¥6,135 billion as of March 31, 2023 to ¥5,962 billion as of March 31, 2025, while adjusted net interest-bearing debt (excluding the Non-Primary Entities) has slightly increased from ¥3,041 billion as of March 31, 2023 to ¥3,044 billion as of March 31, 2025. Our adjusted net leverage ratio (excluding the Non-Primary Entities) has decreased from 2.5x as of March 31, 2023 to 2.3x as of March 31, 2025, demonstrating our financial soundness. Adjusted net leverage ratio is a measure not presented in accordance with IFRS. For an explanation of this measure and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures." Although historical data for global MNO providers is in many cases produced with reference to differing GAAP or implementations of IFRS, and is available only for certain periods, and our adjustments include the effect of cash reserves for securitization of sales receivable, and therefore our leverage ratios are not directly comparable vis-à-vis other MNO global providers, we believe we have a lower net leverage ratio relative to such other telecommunications providers during the same period.

The foregoing discussion contains measures not presented in accordance with IFRS. For an explanation of these measures and reconciliation to the most comparable measures presented in accordance with IFRS, see "Selected Financial and Other Data—Non-IFRS Measures."

Promote our ESG strategy

Our corporate philosophy is "Information Revolution – Happiness for everyone." To achieve this mission, we have sought to harness the information revolution to contribute to the promotion of environmental, social and governance (ESG) concerns and sustainable development goals. In particular, the expanded use of AI is expected to require massive processing and computing power, which in turn requires significant electricity consumption. To offset the impact of growing AI use, we are promoting an ESG strategy across our group to achieve a sustainable society.

Our specific strategies include investing in sustainable AI data centers as a part of the "Next-generation Social Infrastructure," which will be spread out across various locations to drive growth of regional industries and economies and are designed to operate using locally produced renewable energy. For example, our Hokkaido Tomakomai AI Data Center, one of our Brain DataCenters, plans to meet its energy needs entirely with renewable energy generated within Hokkaido Prefecture, serving as a model case of locally produced and consumed power in a carbon-conscious digital infrastructure.

We are also transitioning 100% of our electricity used to renewable energy on a net basis, including the use of non-fossil certificates designated as renewable energy and procuring more than 50% of our electricity from renewable energy sources by the fiscal year ending March 2031, and to achieve "net zero" emissions by 2050, reducing all greenhouse gas emissions related to business activities for the entire supply chain, including those emitted by business partners, i.e., Scope 3 emissions.

The discussion above includes forward-looking statements based on various assumptions and beliefs, including those relating to matters that are outside of our control, such as the availability of renewable energy and carbon offsets on commercially agreeable terms, as well as the continued promotion of emissions reductions by government and social actors and the technological progress required to make this possible. These and other unanticipated events and circumstances could affect our ability to meet the targets and goals set forth above. In addition, there can be no assurance as to our ability to implement these strategic initiatives. As a result, we cannot and do not make any representation or assurance as to the achievability of our objectives and goals set forth above or whether our underlying assumptions are appropriate. You should be aware that actual results may vary, potentially materially, from the above forward-looking statements. See "Risk Factors—Risks Relating to Our Business—We may be unsuccessful in our transformation into a comprehensive information and technology company," "Risk Factors—Risks Relating to Our Business—Our ESG-related initiatives may not achieve their intended outcomes or may not be implemented as planned, which could adversely affect our reputation and compliance obligations," and "Forward-Looking Statements."

History

Our ultimate parent company, SoftBank Group Corp., was founded on September 3, 1981 by Masayoshi Son to distribute software, with a focus on technological innovation, and with a corporate philosophy of bringing happiness to everyone through an information revolution. Mr. Son named his company "SoftBank," reflecting his vision of creating a "bank of software"—a key source of infrastructure for the information society. This

philosophy has been a core principle underlying the SoftBank Group's growth, and it has reached broadly into communications, technology and internet-related businesses, both in Japan and globally.

We have been at the core of the SoftBank Group Corp.'s domestic operations and believe we are one of the leading telecommunications providers in Japan. We have introduced innovative products, including our *White Plan*, a simple price plan launched in 2007 offering free domestic voice calls between *SoftBank* subscribers from 1:00 a.m. to 9:00 p.m. for a basic monthly charge. We were a transformative force in the Japanese mobile telecommunications market as the first distributor of Apple's *iPhone* in Japan. Through our subsequent smartphone-based strategy, including network enhancement initiatives to support smartphone usage, we became the fastest growing provider of mobile telecommunications services by subscribers in Japan. We have continued to improve the quality, reliability and attractiveness of our service offerings, enhancing our mobile telecommunications network with the addition of spectrum in the band between 700 MHz and 900 MHz, the "platinum band," in 2012 facilitating high-speed, reliable wireless service across Japan. On April 1, 2015, in order to enhance the overall competitiveness of its telecommunications business, SoftBank Group Corp. merged its domestic telecommunications subsidiaries: us (then named SoftBank Mobile Corp.), SoftBank BB Corp., SoftBank Telecom Corp. and Ymobile Corporation, representing the consolidation of all of the major domestic mobile and fixed-line telecommunications businesses of the SoftBank Group. In March 2018, we announced that we had entered into an agreement with LINE Corporation, whereby we acquired 51% of the voting rights of its subsidiary LINE MOBILE Corporation in order to bring the *LINE MOBILE* service into our brand portfolio beginning in April 2018, and service based on our mobile telecommunications network began in July 2018. In December 2018, our common stock was listed on the First Section (now the Prime Market) of the TSE.

In order to increase our corporate value by further strengthening our collaboration with the *Yahoo!* businesses under Yahoo Japan Corporation, we conducted a tender offer for Yahoo Japan Corporation's shares in August 2018, and ultimately in June 2019, we made Yahoo Japan Corporation our consolidated subsidiary through an additional acquisition of its shares, as a result of which we owned 44.6% of its voting rights. In October 2019, Yahoo Japan Corporation transitioned to a holding company structure through an absorption-type company split and changed its trade name to Z Holdings Corporation with the *Yahoo!* businesses succeeded by the new Yahoo Japan Corporation. In December 2019, for the purpose of enhancing synergies between LINE Corporation's businesses and Yahoo Japan Corporation's businesses and creating new business opportunities in the 5G era, we entered into a business integration agreement with NAVER Corporation, the parent company of LINE Corporation, to consolidate Yahoo Japan Corporation's businesses and LINE Corporation's businesses under Z Holdings Corporation, with a majority of the voting interests in Z Holdings Corporation held by a joint venture entity, AHD, held on a 50-50 basis by us and a subsidiary of NAVER Corporation. In March 2021, LINE Corporation became a wholly owned subsidiary of Z Holdings Corporation. In October 2023, the consolidation of Yahoo Japan Corporation's businesses and LINE Corporation's businesses into Z Holdings Corporation was completed and Z Holdings Corporation changed its trade to LY Corporation, which we owned 62.5% of its voting rights through AHD as of March 31, 2025.

With our growth strategy "*Beyond Carrier*," we aim to maximize our corporate value by pursuing sustainable growth in our core telecommunications businesses while extending beyond the telecommunications businesses to actively roll out new businesses in the information and technology industries in Japan and overseas. We pursue growth opportunities by developing and deploying innovative new businesses and seek to create synergies within our group. In October 2022, we made PayPay Corporation, a cashless QR code payment and other financial services provider with its flagship *PayPay* payment app, our consolidated subsidiary and in order to expand the *PayPay* ecosystem and promote cross-selling and synergies with our other businesses, including e-commerce businesses under LY. In April 2025, PayPay Corporation acquired additional shares of PayPay Bank Corporation and PayPay Securities Corporation and completed an intra-group reorganization to further strengthen our financial services platform and enabling us to accelerate the development of an integrated digital financial ecosystem under the *PayPay* brand, which also includes PayPay Card Corporation. We believe this strengthening of the *PayPay* brand is an essential step to strengthen its business foundation. We also invest and pursue growth opportunities in cutting-edge technologies, including those related to AI, and seek to create synergies with the other members of the SoftBank Group, including investees of the SoftBank Vision Fund and related funds, including our recently announced joint venture with SoftBank Group Corp. and OpenAI, Inc. in February 2025 for developing and deploying enterprise AI agent as well as our investments in construction of AI data centers in Japan.

Today, we provide a comprehensive array of ICT services, including a wide range of telecommunications, technological support and consulting, digitalization solutions, wholesale, media, e-commerce, cashless payment and other financial services, AI and related services, data centers and other

services to individual and enterprise customers, and believe we are positioned to be at the forefront of technological development headed by the developments in AI and related technologies in Japan.

The Japanese Mobile Telecommunications Market

Japan has a robust telecommunications market with a total industry revenue of ¥15 trillion in the fiscal year ended March 31, 2023, according to data published by the MIC in its "2024 White Paper on Information and Communications in Japan" with 221 million mobile telecommunications subscribers as of December 31, 2024. In addition, the number of smartphone subscribers was 107 million as of March 31, 2024, reflecting a CAGR of 3.8% between March 2020 and 2024, indicating that smartphones are widely adopted and will likely contribute to the growth in mobile data traffic with the rise of more data-intensive ICT businesses and consumptions (including AI) given its nationwide 5G population coverage ratio of over 98% as of March 31, 2024 according to data published by the MIC in its "Publication of 5G Development Status (FY2023)." We believe that the Japanese mobile market is one of the most attractive and technologically advanced in the world due to the unique characteristics described below, and that these characteristics have together fostered historically strong mobile subscriber growth and healthy competition among network operators.

Established market with stable competition among the three traditional mobile network operators

The Japanese mobile telecommunications market is primarily served by three traditional MNOs: NTT DOCOMO, the mobile arm of NTT, KDDI and us, who maintain the large majority of market share. The respective smartphone subscriber market share (including resales of capacity to MVNOs) for NTT DOCOMO, KDDI and us was approximately 34%, 30% and 29%, respectively, as of March 31, 2024 according to the MIC's data in its "Telecommunications Market Trend" and company disclosures from KDDI and us. The respective market shares of each of the three MNOs have generally remained stable over the last few years. Each of the three traditional MNOs has its own spectrum allocation and the infrastructure necessary to operate an independent mobile telecommunications network providing nationwide coverage. As a result, costs related to inter-network termination fees, charged by one telecommunications provider to another for terminating calls on its network, are less prevalent than other mature markets. Although Rakuten Mobile has operated as a MNO since 2020, its market share has remained at a relatively low level, indicating that there are high barriers to entry for new MNOs, including, for example, the current spectrum allocation and licensing process and requirements, ownership by the existing MNOs of well-developed and capital intensive networks built over a long period of time and regulatory restrictions related to permits for new mobile base site construction.

Competition among the MNOs has shifted to focus on customer retention and operational efficiency, particularly as the differences have narrowed in terms of access to mobile phone options and network speed, capacity, quality and coverage. Mobile ARPU has decreased overall due to the Japanese government's initiatives under prior administrations to enhance competition within the Japanese mobile telecommunications industry. Voice-related ARPU has decreased as unlimited voice plans and VoIP telecommunications have become more prevalent. Although data-related ARPU remains the focus for MNOs, as subscribers use more video streaming and multimedia services, data-related ARPU is also experiencing downward pressure due to competition from competitive pricing plans offered by MNOs as well as lower-cost MVNO services. To support increases in data ARPU, MNOs, including us, have focused on tailoring price plans based on customer needs, such as developing plans for the mid-volume market (i.e., mobile users who consume a moderate amount of data typically around 10GB to 30GB per month) and incentivizing upgrades to higher-ARPU plans by creating and providing digital ecosystems that offer added value through integrated services and loyalty programs.

Limited presence of independent Mobile Virtual Network Operators (MVNOs)

In addition to the NTT DOCOMO, KDDI, us and Rakuten Mobile, there are branded resellers that contract directly with customers and deliver their services independently over networks owned by MNOs. These resellers are referred to as MVNOs and include MVNOs affiliated with MNOs, such as Internet Initiative Japan Inc., and independent MVNOs such as Japan Communications Inc. and Optage. The MVNO market has grown in Japan since 2010, mainly driven by decreases in line rental fees payable to MNOs and the regulatory changes allowing for the removal of SIM-lock restrictions on mobile phones. It has also grown with increased smartphone penetration. According to the MIC, there were approximately 36 million MVNO subscriptions in Japan as of December 31, 2024.

However, MNOs have effectively competed with independent MVNOs by offering lower-priced mobile phones and services through their own MVNOs and lower-cost MNO brands and service options, targeting more

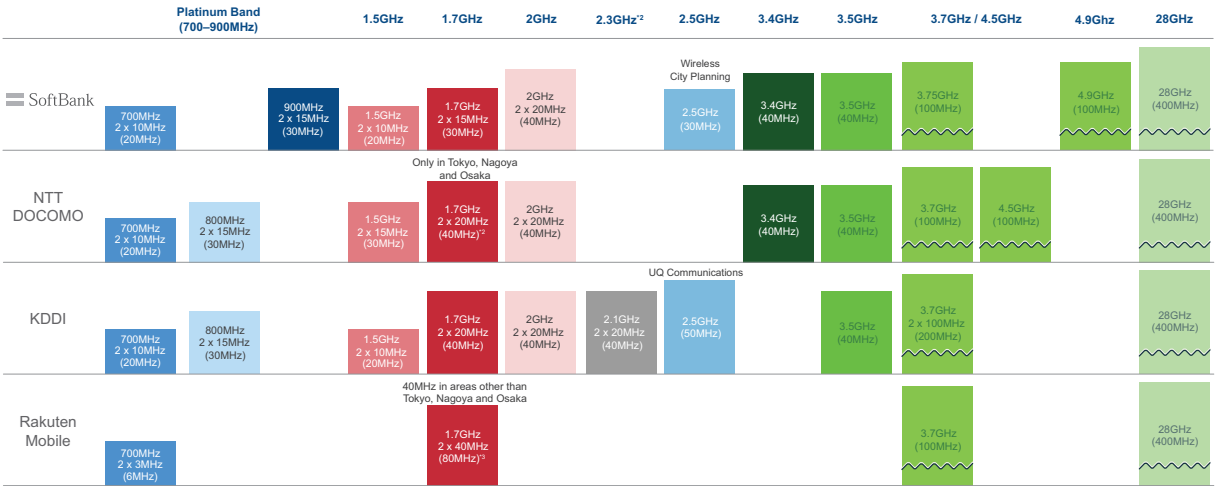
price-sensitive subscribers. In addition, there are apparent limits to the size of the market for independent MVNOs in Japan. Many independent MVNOs actively limit the amount of spectrum capacity they purchase from MNOs in order to keep their costs low and provide low monthly fees to their users. This lack of capacity can lead to degraded user experiences, such as decreased data transmission speeds, during periods of heavy network congestion, which causes many mobile telecommunications service consumers in Japan to generally prefer to use MNOs in order to avoid this user experience. This issue is likely to become exacerbated by the rise in higher-data usage activities such as video streaming and AI. Moreover, independent MVNOs provide lower-range mobile phones, rather than the latest releases from major producers generally favored by Japanese consumers which are provided by MNOs and MNO affiliated MVNOs.

Attractive regulatory environment

The telecommunications sector in Japan is centrally regulated by the MIC, which is responsible for all aspects of telecommunications regulation including licensing, assignment of frequencies and approval of network access charges. Unlike most other established mobile telecommunications markets, mobile spectrum has not traditionally been auctioned off in Japan. Instead, the MIC allocates bandwidth after considering applications and evaluating, among other factors, which proposed use of spectrum best serves public needs and whether the applicants have the necessary resources to implement their proposals. While spectrum users are required to pay radio utilization fees to the MIC, additional fees are not required to receive additional allocations of spectrum, which we believe is an attractive feature of the Japanese regulatory environment. However, in April 2025, an amendment to the Radio Act was enacted and the Japanese government introduced a legal framework for auction-based mechanisms for spectrum assignment in Japan for the first time. Under this amendment, when the MIC determines that price competition is effective for ensuring fair and efficient use of radio waves, it may conduct auctions for radio stations using spectrum bands exceeding 6GHz that meet certain requirements after publishing the details of auctions in the implementation guideline which is not published as of the date of this offering circular. See "Regulation—Radio Act—Allocation of Radio Frequency Spectrum," and "Risk Factors—Risks Relating to Our Business—We depend on the satisfactory performance of our network systems and sufficient allocation of spectrum to operate our telecommunications and non-telecommunications services."

The following table illustrates the current spectrum allocation among the three established Japanese MNOs and Rakuten Mobile.

Current spectrum allocation(1)



Notes:

(1) Based on materials disclosed by the MIC and by each company as of May 2025.

(2) Used for dynamic spectrum sharing with broadcasting and other public services.

(3) The allocation overlaps with SoftBank for 100kHz.

Our Mobile Telecommunications Network

Our businesses are built around the provision of mobile telecommunications services on our mobile telecommunications network. Mobile telecommunications services, including mobile voice and data services, account for a significant majority of the revenue and operating income in our telecommunications businesses.

Our mobile telecommunications services are offered on our 5G and Hybrid 4G LTE networks on the FDD-LTE and TD-LTE standards. Our LTE service is available throughout Japan and our 5G network has a population coverage ratio of more than 95% as of March 31, 2024. Our Voice over LTE service transmits voice data over our LTE network, allowing for clear, higher quality voice calls. Furthermore, our Massive MIMO technology using up to 128 antennas per cell site allows us to facilitate smooth mobile telecommunications even in crowded areas such as train stations and downtown areas.

As one of the largest and most advanced domestic mobile telecommunications networks, we purchase network hardware from a number of vendors (including leases of certain types of network equipment) and operate our network infrastructure directly. Our primary providers of network equipment include affiliates of Ericsson and Nokia, but, when purchasing equipment, we solicit competitive pricing from a number of vendors in order to efficiently manage the cost of developing and maintaining our network.

After our predecessor, Vodafone K.K., was acquired by the SoftBank Group in 2006, we began strengthening our network by doubling the number of our 3G base stations. Following this investment in our network, and before we were allocated spectrum of the 900 MHz band, we focused on improving our network coverage, particularly poor area coverage, by timely capital investments in our network, while maintaining discipline over such expenditures in order to improve our financial position, such as free cash flows. In 2010, as new *iPhone* subscribers were driving significant total subscriber and network usage increases, we began to upgrade our network to better serve the data-heavy usage patterns. We doubled the number of our base stations, particularly in metropolitan areas, so that our network could handle the anticipated data usage. In 2012, we were allocated spectrum in the 900 MHz band, known as the "platinum band" for its usefulness in high-speed data applications, and undertook efforts to further improve our network area coverage and quality, such as by building new base stations and towers in areas in which our network previously did not cover. In addition, we began to utilize the networks of subsidiaries, Wireless City Planning Inc. and eAccess Ltd. (which was subsequently merged into SoftBank Corp.), allowing our smartphone subscribers to access multiple bands of spectrum. This approach has allowed us to build a network that enables users to access internet media and services with fewer disruptions and at higher speeds. With this significantly improved network, required capital expenditure has declined from prior periods, as the most costly aspects of our network expansion, such as setting up steel towers for base stations, have mostly been completed. Going forward, partly due to our higher density of existing base stations, we currently believe that our capital expenditures can be maintained at current levels and will not significantly increase even if new investment for building "*Beyond 5G/6G*" network technology is needed.

Our LTE services encompass both FDD-LTE and TDD-LTE, utilizing a combination of available spectrum based on availability and data traffic to achieve superior connectivity compared to other carriers. Our TDD-LTE network utilizes a unique architecture of "cloud-type base stations" where "base band units," each controlling 30 to 50 base stations, are installed in local telephone exchanges, reducing the geographic coverage area, or cell size, served by base stations through coordinated control, thereby reducing interference between base stations. We believe this system plays an increasingly important role in offloading an increasing amount of data traffic.

In March 2020, we launched SoftBank 5G, a 5G commercial service and offer 5G compatible smartphones and various services taking advantage of 5G's high speeds and capacity. On July 31, 2024, we terminated our 3G service after approximately 22 years of service in order to allocate more resources to our LTE and 5G services. Our 5G services has a population coverage ratio of more than 95% as of March 31, 2024, resulting in part from the establishment of 5G JAPAN Corporation in April 2020, a joint venture with KDDI. This joint venture promotes infrastructure sharing based on the mutual use of base station assets held by us and KDDI to accelerate the rollout of 5G networks throughout Japan, and conduct construction design and construction management work for 5G base stations. Through 5G JAPAN Corporation, we and KDDI have built over 38,000 base stations each and plan to continue to expand the scope of 5G JAPAN Corporation to build a total of 200,000 base stations, 100,000 base stations by each party, by the fiscal year ending March 31, 2031.

Spectrum

For operation of our mobile telecommunications networks, we have been allocated spectrum in the 700 MHz, 900 MHz, 1.5 GHz, 1.7 GHz, 2 GHz, 2.5 GHz, 3.4 GHz and 3.5 GHz bands, as well as spectrum in the 3.7 GHz, 4.9 GHz and 28 GHz bands in connection with the 5G services. Unlike in the United States and certain European countries, radio spectrum in Japan historically has not been allocated via an auction system. Instead, the MIC allocates bandwidth after considering applications from interested parties. In this process, the MIC considers a range of factors, including which proposed use for the spectrum best serves public needs and whether

the parties have the necessary means to accomplish their proposals. Spectrum users are required to pay radio utilization fees to the MIC. See "Regulation—Radio Act—Allocation of Radio Frequency Spectrum" for a description of the conditions to the continued use of spectrum.

Consumer segment

Our Consumer segment's main business is the provision of mobile telecommunications services, fixed-line telecommunications services and electricity services, and the sales of mobile and other telecommunications devices.

Mobile Telecommunications

The *SoftBank* brand is our flagship telecommunications brand. From September 2019, we abolished contract periods and cancellation fees. In addition to initial set-up and application fees, which are incurred on a one-time basis at the time of subscription, postpaid smartphone and feature phone subscribers pay monthly fees consisting of basic charges (based on the chosen level of voice usage) and data charges (based on the chosen level of data usage). We also offer subscribers a number of value-added services for additional charges, including voicemail, mobile phone insurance, internet and data security services, overseas roaming and other services. In October 2023, we began offering the *Pay-toku* plans which link with *PayPay*, to grant increased *PayPay Points* for payments made with *PayPay* of 5% of the transaction amount and up to ¥4,000 per month to improve the attractiveness of the *SoftBank* brand and differentiate from competitors. The basic monthly fees offered under the *SoftBank* brand's *Pay-toku* plans range from approximately ¥7,400 to ¥9,600 (including tax). After discounts with the family plan or *Home Bundle Discount Hikari Set* and *PayPay Point* rewards, fees range from approximately ¥3,100 to ¥3,900 (including tax).

Our *Y!mobile* brand leverages the popularity of *Yahoo! JAPAN*, one of Japan's most popular Internet portal sites in terms of page views and provides a budget-friendly option for price-sensitive smartphone subscribers to access our highly-developed mobile telecommunications network. *Y!mobile* offers fixed-rate smartphone mobile subscription plans, and since October 2023, offers the *Simple 2 S/M/L* plans tailored to address the needs of customers seeking higher data allowances. These plans include monthly data allowances of 4GB, 30GB and 35GB, respectively, with optional features such as unlimited domestic voice calls, data add-ons for overage, and reduced rates for family plan or *Home Bundle Discount Hikari Set* subscribers. The basic monthly fees offered under the *Simple 2 S/M/L* plans range from approximately ¥2,400 to ¥5,100 (including tax). After discounts with the family plan or *Home Bundle Discount Hikari Set*, prices range from approximately ¥1,100 to ¥3,300 (including tax).

Our *LINEMO* brand is online exclusive and leverages the popularity of the communication app *LINE*'s messaging and communication platform, which had approximately 98 million monthly active users in Japan as of March 31, 2025, to attract subscribers in their teens and early twenties. The service is distributed exclusively online and provides SIM-only plans, allowing for cost efficiencies and simplified user experience. *LINEMO* offers two core plan options: a low-cost *Best Plan* that includes 3GB or 10GB of data per month and a *Best Plan V* with 30GB of data per month, both at highly competitive price points. The basic monthly fees offered under the *LINEMO* brand range from approximately ¥1,000 to ¥3,000 (including tax). Additionally, subscribers can access *LINE* services such as messaging and voice calls without incurring data charges, which is a unique benefit that *LINEMO* can offer to its subscribers leveraging our group synergy with LY. These offerings make *LINEMO* an attractive choice for younger demographics who are heavy users of digital communication but seek affordability and flexibility.

Mobile devices

We offer a wide selection of mobile devices, with a particular focus on smartphones, which generally have a higher ARPU than other devices. In addition to the latest and other recent year model *iPhones* from across Apple's *iPhone* range, we offer a range of smartphones running Google's Android operating system, including Google's *Pixel* and Samsung's *Galaxy* line-ups. We also offer iOS and Android tablets such as Apple's *iPad* and *iPad Pro* line-ups as well as a limited number of feature phones. Although we tend to offer higher end smartphones and tablets for sale through our *SoftBank* branded stores than at *Y!mobile* stores, in keeping with the distinction between the two brands, *Y!mobile* users are also able to purchase and use higher-end mobile phones if desired.

We source our mobile devices from a number of well-known suppliers, including Apple, Google, Samsung, Sharp Corporation, Sony and Kyocera. We are continuously striving to improve the quality and

breadth of our mobile device offerings to take advantage of new developments and features, and to offer a wide range of mobile devices appealing to a variety of consumer preferences. The *iPhone* is our best-selling mobile phone. In addition to smartphones, we also offer a wide range of tablets, smartwatches and other connected devices.

We offer certain targeted cash back programs and a points program, in order to gain subscribers from our competitors and retain our existing subscribers. The value of these offerings depends on the price plan, our marketing strategy and the guidelines issued by the MIC. See "Regulation—Other Major Regulations and Guidelines Concerning the TBA and the Radio Act—Terms of Offering of Mobile Service and Mobile Phones."

Broadband

Our Consumer segment also offers home broadband and IP telephony to individuals. Through the *SoftBank Hikari* service, we sell *SoftBank* branded high-speed optical fiber network service to consumers using fiber optic access purchased wholesale from NTT East and NTT West. Access to *SoftBank Hikari* requires new subscribers without an existing high-speed optical fiber network connection to pay for the extension of a fiber optic line to their home, after which optical fiber network service is available for a monthly fee of ¥6,380 (including tax) for stand-alone homes and apartments and condominiums for a line with a speed of 10 Gbps or ¥5,720 (including tax) for stand-alone homes or ¥4,180 (including tax) for apartments and condominiums for a line with a speed of 1 Gbps plus equipment rental or purchase. We also offer *SoftBank Air*, a fixed-wireless home broadband service where subscribers rent or purchase an 5G/LTE access point and Wi-Fi router for home use. *SoftBank Air* subscriptions require no upfront construction costs as subscribers access our mobile telecommunications network wirelessly with monthly subscription fees of ¥5,368 (including tax) plus equipment rental or purchase. We also offer internet service through the *Yahoo! BB* brand, consisting of ISP service through the *Yahoo! BB Hikari with FLET'S* service offered as a package with NTT East's and NTT West's *FLET'S Hikari Series* fiber-optic connections. Individuals with a *FLET'S Hikari* contract and ISP contract with other providers can also transfer to an ISP contract with *Yahoo! BB* with the *Yahoo! BB Hikari FLET'S Course*. Broadband subscribers also have the option of subscribing for IP telephony services using the *Wireless Home Phone* service, which uses an additional fixed-point module to connect home phones to our mobile telecommunications network for clear, high-quality telephone service without the need to install a separate, fixed-line telephone connection.

Electricity

Our Consumer segment also offers electricity services via SB Power Corp. We mainly offer *Ouchi Denki* service, a discount program for customers who sign up for both our electricity services and smartphone subscription. Our subscribers who sign up for *Ouchi Denki* receive ¥110 per month discount for their mobile phone, tablet or fixed communication service for the first two years. We also offer bundled gas and electric services in the Tokyo area and Kansai region, which applies the same discount for smartphone subscriptions as the standard *Ouchi Denki* plans.

Sales and Marketing

Our marketing strategy is focused on a multi-brand strategy, with the *SoftBank* brand used for premium service offerings, the *Y!mobile* service for competitively priced offerings and the *LINEMO* service to provide a diverse range of lower-cost online-exclusive services with SIM-only plans. Each brand is tailored to meet the specific needs and usage behaviors of distinct customer segments, allowing us to maximize customer acquisition and retention across a wide range of demographics. We employ a variety of sales and marketing channels customized by brand. The *SoftBank* brand is primarily marketed through mass media campaigns such as television commercials, high-visibility sponsorships and a network of directly operated and affiliated retail stores, where customers can receive personalized service and technical support. Our *Y!mobile* brand is promoted via a hybrid approach, combining physical presence in major electronics retailers with online and mass media marketing through *Yahoo! JAPAN* and other affiliated platforms as well as television commercials. Its broad offline footprint helps reach a wide consumer base, including first-time smartphone users and families. We have approximately 6,400 retail stores nationwide for *SoftBank* and *Y!mobile* brand including directly-managed stores, agents, mass merchandisers and other retail channels as of March 31, 2025. Our *LINEMO* brand, in contrast, is exclusively available online and is marketed primarily through online advertising, social media campaigns and cross-promotion within the *LINE* communication app, enabling highly cost-efficient customer acquisition.

We actively promote MNP to attract subscribers from competing carriers by making the transition to our network seamless and cost-effective. Our brands offer various incentives for MNP users, including limited-time discounts, waived initial fees and bonus *PayPay Points*, which can be used for a wide range of online and offline purchases. These incentives are particularly effective in encouraging MNP-driven growth and enhancing the overall value proposition of our service plans. A key promotional strategy is the integration of *PayPay Points* into our pricing and loyalty strategies. Subscribers who meet certain conditions, such as consistent usage, payments via *PayPay* or *PayPay Card*, or bundled service enrollment, can earn *PayPay Points* or discounts, which further strengthens engagement and increases cross-service usage within our ecosystem.

Competition

Mobile Telecommunications

The main competitors in the domestic mobile telecommunications industry for our *SoftBank*-branded services are the other traditional MNOs, NTT DOCOMO and KDDI, with which we compete on the basis of price, service, network quality and connectivity, and other factors. In addition, Rakuten has developed its own mobile telecommunications network in metropolitan areas and certain other areas and began operating as an MNO from April 2020 through its subsidiary Rakuten Mobile. For *SoftBank*-branded mobile telecommunications services, we believe that the quality of our network and our association with the SoftBank Group provide a competitive advantage over other MNOs, both in our actual ability to provide added-value, "over-the-top" technological products and solutions and current and potential subscribers' perception of our ability to do so. We believe that the development and deployment of a full-scale, nationwide mobile telecommunications network of a similar scale and level of quality and connectivity provided by existing MNOs would involve a number of financial, technological and regulatory barriers to entry. Any new competitor would face considerable difficulty in developing and deploying such a network in the near-to-medium term absent significant changes in technology and in the regulatory environment.

Our *Y!mobile*- and *LINEMO*-branded services also compete with MVNOs such as JCOM Co., Ltd.'s *J:COM MOBILE*, BIGLOBE Inc.'s *BIGLOBE Mobile*, IIJ's *IIJmio*, OPTAGE Inc.'s *mineo* and AEON Retail Co., Ltd.'s *AEON Mobile.* The barriers to entry for a new MVNO are relatively low compared to a new MNO. However, we believe that the high number of existing market participants means that it is unlikely that additional MVNOs will materially alter the competitive landscape. We also think that Japanese consumers tend to select better services with better devices, which may limit the expansion of MVNOs.

MNOs and MVNOs compete based on price, services and products offered, network connectivity and quality, customer service and ability to provide technical support. MVNOs, which resell a part of network capacity purchased from MNOs, generally offer subscribers a tradeoff between price on the one hand and network connectivity and quality, customer service and technical support on the other hand when compared to traditional MNOs. For subscribers wishing to pay less for mobile telecommunications services, our *Y!mobile* service allows us to continue to service those subscribers and avoid losing them to third-party MVNOs. Furthermore, we believe that network quality and connectivity and customer service and technical support for *Y!mobile* are comparatively more attractive than those of MVNOs. Our *LINEMO* service provides an additional lower-cost alternative, and with innovative features such as unlimited data use for the communication app *LINE*, is particularly well suited to serving a diverse range of subscribers. *LINEMO* brand is operated at low cost, emphasizing use of its website for all services, including registration, plan upgrades or changes or other services.

Fixed-line and Fixed-Wireless Broadband Services

Our broadband internet services compete mainly with other service providers. These include other wholesale FTTH resellers such as NTT DOCOMO's *DOCOMO Hikari*, Tokai Communications Corporation's *@TCOM Hikari*, BIGLOBE Inc.'s *BIGLOBE Hikari*, Sony Network Communications Inc.'s *So-net Hikari* and Rakuten Mobile's *Rakuten Hikari*. KDDI also offers its *au Hikari* service, which offers connections on a mixture of its own fiber optic network and wholesale fiber optic access purchased from NTT East and NTT West. We also compete with other telecommunications service providers offering broadband internet access through ADSL or Wi-MAX or other wireless standards. Internet providers compete with one another on, among other things, price, network quality and connectivity, customer service and support and ability to offer added-value or other additional services. We believe that our *SoftBank Hikari* offering, when considered together with the attractive *Home Bundle Discount Hikari Set* promotion, is well placed to continue to gain market share. Furthermore, in addition to the *Home Bundle Discount Hikari Set, SoftBank Air* is an attractive offering for current and potential subscribers, given its benefits such as a lack of need for initial construction costs and unlimited use of our high-speed mobile telecommunications network.

Enterprise segment

Our Enterprise segment offers a diverse array of corporate services, including mobile services such as mobile lines and mobile device rentals, fixed-line communications services such as fixed-line telephones and data communications, as well as various solutions for enterprises such as data centers, clouds, security, global, AI, IoT, and digital marketing services.

Mobile Telecommunications

In our Enterprise segment, we offer mobile telecommunications services under the *SoftBank* and *Y!mobile* brands. As in our Consumer segment, the *SoftBank* brand is our flagship enterprise mobile telecommunications offering. Basic monthly charges are similar to our consumer pricing on a per-line basis.

Each of our brands also offer comprehensive mobile telecommunications solutions tailored to fit the needs of customers, often bundled with other services and products. Our enterprise mobile telecommunications business' lineup of mobile phones and other mobile devices features many of the same devices available to our consumer subscribers, including smartphones and feature phones ranging from budget friendly options to flagship models from various manufacturers, but also includes models available only to enterprise customers, as well as other telecommunications devices such as wireless communications modules intended for business-use laptop computers and satellite telephones. In contrast to the Consumer segment, mobile phones and other equipment used by customers in this segment is generally rented rather than purchased.

We also offer LTE connectivity service for IoT endpoints to enterprise customers. In April 2018, we announced the completion of upgrades to our network allowing for the use of the "Narrowband IoT" and "Cat. M1" LTE standards, which are intended for use with IoT endpoints, becoming the first MNO in Japan to offer these technologies. Rates start at ¥10 per endpoint (i.e., IoT device connected to our network) per month for users of our IoT platform. We also offer low-cost pre-paid IoT SIM cards with 500 MB of data and 250 SMS messages for a communication fee of ¥2,200 (including tax) plus a SIM card fee, with an option to add more data at additional cost.

Fixed-line Telecommunications

Our Enterprise segment also offers fixed-line telecommunications, including data and voice, and other telecommunications services to enterprise customers. Data services such as enterprise-level internet access and connectivity are sold through the *SmartVPN* brand. We also provide a direct, fixed-line telephone service, *Otoku Line*, featuring direct, wired connections to our telecommunications network, allowing customers fixed-line telephone access without the need to install a separate telephone line through, or to pay connection or usage fees to, NTT East or NTT West. We also offer *OTOKU HIKARI DENWA*, a fiber-optic IP telephone service for enterprise customers, which allows customers to use an IP phone without changing their current telephone number.

Business Solution Services and other businesses

In addition to providing our enterprise customers with enterprise-level internet access, we offer a number of high-technology IT solutions, including networking and VPNs, cloud data services, support for the roll-out of AI solutions, IoT products and services and digital marketing.

Since 2022, we have expanded our new businesses by pursuing alliances with other companies in various areas. SynapSpark Ltd was established to construct smart buildings that continue to evolve autonomously by utilizing data, with NIKKEN SEKKEI LTD, Japan's largest design firm, to jointly develop the autonomous building business domain. Another is the capital and business alliance between our subsidiary HEALTHCARE TECHNOLOGIES Corp., which provides the healthcare app HELPO, and Sumitomo Life Insurance Company to jointly promote the creation of new businesses and services in the well-being domain. In March 2024, Cubic Telecom was acquired as a consolidated subsidiary, and we have been collaborating to expand deployment of its global platform for software-defined connected vehicle (SDCV) solutions. SoftBank and Honda Motor Co., Ltd. (hereinafter referred to as "Honda") have reached an agreement whereby Honda will consider introducing Cubic Telecom's connectivity platform to Honda vehicles in approximately 70 countries and regions worldwide, excluding North America and China. Additionally, in January 2025, we announced "*X-Boost*," our newly developed SaaS platform for automation of customer service operations with an AI call center.

SB Technology Corp. and Cybertrust Japan Co., Ltd. which were previously reported in "Other" businesses, are reported in the Enterprise segment starting in the fiscal year ended March 31, 2025. SB Technology Corp. became our wholly owned subsidiary in September 2024.

We believe that our broad range of offerings for enterprise customers supports work style innovations and promotes cross selling with our other mobile telecommunications services, including encouraging our customers' employees to use our consumer-facing mobile and fixed-line services and products. We generally market and sell these services and products together with mobile and fixed-line telecommunications services, with our sales and technological personnel working together on tailor-made, multi-faceted solutions for enterprise clients.

Sales and Marketing

In light of the particular needs of this segment's customer base, we have sales staff in large metropolitan areas across Japan to service current and potential customers. These sales personnel specialize in servicing enterprise customers, and are familiar with and able to market and sell the various businesses in this segment. This allows us to use our existing customer relationships related to, for example, mobile or fixed-line telecommunications services, to cross-sell cloud computing services, networking and other solutions to enterprise customers. By focusing our sales staffing for these businesses on large metropolitan areas, we are able to manage personnel costs while targeting the most active enterprise markets in Japan.

Competition

Our main competitors in this segment are NTT DOCOMO (and other NTT group companies) and KDDI, each of which are able to provide mobile and fixed-line telecommunications services and networking, cloud computing services, IoT and related solutions to enterprise customers. We also compete with a number of other providers of fixed-line telecommunications services, such as NTT Communications Corporation and KDDI, each of which also offer networking, cloud computing services, IoT and related solutions to enterprise customers. In addition, we compete with NTT Data Corporation and Fujitsu Limited with respect to IoT and related solutions to enterprise customers. Moreover, we increasingly face competition from Rakuten Group, Inc., including its telecommunications subsidiary Rakuten Mobile, which is actively targeting enterprise customers with mobile and cloud-based solutions, communication solutions, and IoT solutions. However, we believe our ability to offer both mobile and fixed-line telecommunications services, along with our digitalization-oriented ICT solutions, gives us a competitive advantage as many enterprise customers prefer to source comprehensive communication and technology solutions from a single provider to ensure greater cost efficiency, operational integration and streamlined support.

Distribution segment

Our Distribution segment consists of two businesses: the ICT business and the consumer distribution business. In our ICT business, we sell a variety of hardware and software to enterprise customers and provide them with service and support for the implementation of ICT services, including those utilizing AI, and products through our subsidiary SB C&S Corp. In our consumer distribution business, we sell a wide variety of products, such as mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, to individual consumers, also mainly through SB C&S Corp.

ICT business

Our ICT business focuses on sales of a wide variety of ICT-related products and services, including mobile and fixed-communications lines, cybersecurity-related software, virtual software, PCs, servers and platforms for cloud computing. We view the ICT business as an important growth area for the near future, and have begun to also offer next-generation products and services such as products implementing AI features and IoT products and services.

Consumer distribution business

The consumer distribution business is focused on providing mobile phone and PC peripherals, including mobile phone accessories, software and IoT products, and other services to consumers. We design and develop new products and services as well as distribute third-party products and services. Our consumer distribution business markets and sells a vast selection of different mobile phone and PC peripherals, including mobile phone accessories, software, IoT products and robots, including our *SoftBank SELECTION* line of mobile device accessories through our retail stores and online stores as well as other retail sales channels.

Sales and Marketing

We market and sell our products and services in the ICT business through the offices of SB C&S Corp., located generally in major cities in order to develop and maintain relationships with small, medium and large enterprises across Japan. In the consumer distribution business, we market and sell products and services through our directly owned stores and through our other retail sales channels, targeting the customers of the Consumer segment's mobile telecommunications business in particular. Where appropriate, SB C&S Corp. offers sales commissions and other incentives to dealers and third-party retailers for the sale of targeted products and services to individual consumers.

Competition

There is significant competition in the ICT business from several other ICT product distributors and from hardware and software companies who seek to sell directly to enterprise customers. We also face product and channel-based competition in the consumer distribution business from our competitors in the telecommunications business and from other retailers. In both businesses in this segment, we believe that our solid brand name, the know-how, skill and customer relationships we have developed through our telecommunications businesses and our position within the SoftBank Group, which is known for technological acumen and customer service, give us significant competitive advantages in the Japanese market.

Media & EC segment

Our Media & EC segment offer services that center on media and commerce, and includes FinTech-related services, which we call "strategy" business. In the media business, we provide advertising-related services on the comprehensive Internet service *Yahoo! JAPAN* and communication app *LINE*. In the commerce business, we provide e-commerce services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. In the strategy business, we provide FinTech-related services such as smartphone-based insurance brokerage and consumer credit evaluation and financing services, aiming to develop into new drivers for growth alongside our media and commerce businesses.

In October 2023, the intra-group reorganization of Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation resulted in the establishment of LY Corporation. The same month also marked the initiation of linking the accounts of *LINE* and *Yahoo! JAPAN*. In November of the same year, we started offering a cross-Group membership program called *LYP Premium Membership* to promote cross-use of services.

Media business

The media business provides internet advertising-related services, such as paid search services and display advertising, information listing services and other related corporate services utilizing multi-big data.

In December 2023, we reinforced the linkage between *Yahoo! JAPAN Maps* and *Yahoo! JAPAN Search* so that the Add Friend button of the *LINE Official Account* of a store or facility is displayed at the top of the facility detail page when the user searches on *Yahoo! JAPAN Maps* and *Yahoo! JAPAN Search*. This facilitates sending customers from the above two services to *LINE Official Account*, and we aim to increase the number of customers by enhancing the value of *LINE Official Account* as a marketing tool and to increase advertising revenues through migration to higher plans.

Commerce business

Our commerce business in this segment is centered around three core e-commerce platforms—*Yahoo! JAPAN Shopping*, *Yahoo! JAPAN Auction* and *ZOZOTOWN*—which collectively provide a comprehensive range of e-commerce services to individual consumers and small and medium-sized businesses. *Yahoo! JAPAN Shopping* is one of Japan's leading online shopping malls, offering a wide variety of products through a marketplace model that enables merchants to directly engage with users. *Yahoo! JAPAN Auction* is one of Japan's most widely used internet auction platforms, facilitating consumer-to-consumer and business-to-consumer transactions in a broad range of product categories. *ZOZOTOWN*, operated by ZOZO, Inc., is a leading fashion e-commerce platform in Japan, known for its curated selection of domestic and international apparel brands and proprietary services such as measurement and fitting support. These platforms are supported by advanced recommendation algorithms, promotional tools and seamless integration with our payment and loyalty programs, including *PayPay Points* and *LYP Premium*, contributing to high user engagement and retention.

Strategy business

Our strategy business in this segment includes not only FinTech-related services, excluding the online banking business of PayPay Bank Corporation which has been transferred to the Financial segment in April 2025 and is discussed under "—Financial segment," but also other research and development and investment projects. We provide smartphone-based insurance brokerage through our subsidiary PayPay Insurance Service Corporation that offers a comprehensive suite of insurance products with a focus on short-term and activity-based insurances. We provide online consumer credit evaluation and financing services through our subsidiary LINE Credit Corporation that offers easy-to-use credit evaluation and personal loans for our users.

Sales and Marketing

The commerce businesses in the Media & EC segment are mainly provided through each brand's internet websites and smartphone applications. We are implementing improvements to the *LINE* app as a measure to create synergies by linking *LINE* and *Yahoo! JAPAN* accounts. One major initiative is the enhancement of the *LINE* app to include a "Shopping" tab, which allows users to seamlessly access *Yahoo! JAPAN Shopping* directly from within the *LINE* interface. By doing so, we aim to promote greater cross-use between platforms and drive e-commerce traffic from *LINE*'s substantial user base, which had approximately 98 million monthly active users in Japan as of March 31, 2025. In addition, we have conducted major renewals of both the *Yahoo! JAPAN* app and *LINE* app, aiming to simplify navigation, improve product discovery and personalize the user experience through enhanced data-driven recommendations. These upgrades are designed to further increase user engagement, session time and transaction activity across our e-commerce platforms in the segment.

Another key initiative is the promotion of *LYP Premium*, a cross-brand membership program that offers subscribers access to exclusive coupons, early sale events, additional *PayPay Point* rewards, and other benefits across *Yahoo! JAPAN Shopping*, *LINE*, *ZOZOTOWN* and other platforms in the ecosystem. By offering value-added incentives and loyalty benefits, *LYP Premium* strengthens user retention, encourages repeat purchases and supports the overall growth of transaction value in our e-commerce business.

Competition

With respect to the commerce business, our competitors are other e-commerce sites operated by Amazon.com, Inc., Rakuten and Mercari, Inc. We believe that the principal competitive factors in our e-commerce businesses include selection, price, availability, convenience, reward programs, information, brand recognition, personalized services, accessibility, customer service, reliability, speed of fulfillment, ease of use, security and ability to adapt to changing conditions, as well as our customers' overall experience and trust in transactions with us and facilitated by us on behalf of third-party sellers. With respect to the media business, we face competition from other online advertising platforms and networks, such as Google and Meta Platforms, Inc., as well as other forms of advertising, such as billboards, magazines, newspapers, radio and television.

Financial segment

The Financial segment was established as a reportable segment in October 2022, following the conversion of PayPay Corporation, a provider of QR code payment service through its PayPay app, into a consolidated subsidiary. In connection with this segment reclassification, PayPay Card Corporation was transferred from the Media & EC segment, and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other." PayPay Bank Corporation was added to the segment following its acquisition by PayPay Corporation in April 2025. These companies offer a wide range of digital financial services to both individual and enterprise customers, including cashless payment solutions, credit cards, online banking, securities brokerage and payment processing.

PayPay

PayPay Corporation's services are centered around the *PayPay* app, whose core is an easy-to-use QR code-based smartphone payment service. *PayPay* offers convenience by eliminating the need for cash or cards and provides loyalty rewards through *PayPay Points*, which can be used as a form of payment through the app. Users may also obtain discounts, cashback and other special offers at participating merchants through its coupon service, "*PayPay Coupons,"* which are offered directly within the app. *PayPay* can be linked to credit cards or bank accounts and sensitive information is protected by enhanced security features, including encryption and biometric authentication. *PayPay* is widely accepted at a broad array of establishments in Japan, including online retailers, convenience stores and restaurants.

PayPay has 68 million registered users as of March 31, 2025 and 37 million monthly transaction users for March 2025. The total number of payments made via *PayPay* app (including *Alipay*, *LINE Pay* and *PayPay Credit*) in the fiscal year ended March 31, 2025 was over 7,800 million. According to data published by PAYMENTS JAPAN, *PayPay* is the leader among QR and barcode payment services in Japan, accounting for approximately 64% of the gross merchandise value of transactions processed by such services in Japan for the year ended December 31, 2024.

PayPay Bank

PayPay Bank is an online bank that offers services such as savings accounts, loans and mortgages, investing, sports lottery and more. *PayPay Bank* accounts can be created for free through a desktop browser or by smartphone app. There are approximately 8.9 million accounts registered with *PayPay Bank* as of March 31, 2025. First withdrawal and deposit of any given month is commission-free and withdrawals and deposits of 30,000 yen or more thereafter are commission-free. In addition, up to three paychecks can be deposited commission-free each month. *PayPay Bank* also implements enhanced security features to prevent against theft and fraud. *PayPay Bank* will also issue Visa debit cards with no initial or annual fee, which also allows users to earn *PayPay Points*.

PayPay Card

PayPay Card Corporation is a subsidiary of PayPay Corporation that offers credit card services, *PayPay Card*. *PayPay Card* can be issued as a Visa, MasterCard, or JCB credit card designed to integrate seamlessly with the *PayPay* mobile payment system. The card provides the convenience of managing payments directly through the *PayPay* app and allows users to manage their spending through the shopping budget function. Holders of *PayPay Card* earn *PayPay Points* with every purchase, which can be used for future payments or redeemed at participating merchants, making it an attractive option for frequent *PayPay* users. The credit card transaction volume for PayPay Card Corporation was ¥6.3 trillion in the fiscal year ended March 31, 2025.

In addition to its integration with *PayPay*, *PayPay Card* offers various promotions, including cashback and bonus *PayPay Points* for specific categories of spending, such as purchases on *Yahoo! JAPAN Shopping*, payments of phone bills for *SoftBank* or *Y!mobile* mobile plans and utility bills. *PayPay Card* also offers standard credit card benefits such as fraud protection, emergency assistance, and the ability to carry a balance with interest if payments are not made in full. While the standard *PayPay Card* has no annual fee, the premium *PayPay Card Gold* has an annual fee of ¥11,000 and provides higher *PayPay Point* rewards, greater cashback opportunities, and additional perks such as free airport lounge access for major airports in Japan and Hawaii. *PayPay Card* is a versatile payment option for both everyday purchases and larger transactions, with the added security and global acceptance of a major credit card network.

PayPay Securities

PayPay Securities Corporation is a subsidiary of PayPay Corporation that offers online brokerage services under the brand name *PayPay Securities*. *PayPay Securities* is designed to make investing in stocks, ETFs, and other financial products accessible to a wide range of users, especially those who are already using *PayPay*'s digital payment system. The *PayPay Securities* platform is user-friendly and integrates seamlessly with the *PayPay* app, allowing investors to easily manage their portfolios, deposit funds, and track their investments directly from their smartphones. *PayPay Securities* offers a variety of investment options, including domestic and international stocks, investment trusts, and ETFs, catering to both beginner and experienced investors.

PayPay Securities accounts are free to open. The total number of *PayPay Securities* accounts as of the fiscal year ended March 31, 2025 was approximately 1.4 million. *PayPay Securities* simplifies the investment process with low fees, real-time price updates, and easy access to research tools for first-time investors. Investors can start with relatively small amounts of money or invest using *PayPay Points*, making it more accessible for those new to investing. Additionally, *PayPay Securities* often provides promotions, such as free trade offers or bonus *PayPay Points*, which can be used for future transactions within the *PayPay* ecosystem.

Other

We have other businesses that are not included in our five reportable segments. These include the development and marketing of new services and products, mainly related to the planning and production of

digital media and content, online business services, and active investment in the new business models and cutting-edge technologies in the areas including AI and other rapidly-developing technologies. We believe these new businesses will help us achieve our "Beyond Carrier" strategy and contribute to our business growth in the future. We describe certain of our main new strategic ventures below.

ITmedia Inc.

ITmedia Inc. is our subsidiary which offers digital media and advertising services for businesses through its twenty digital publications which fall into two categories: B-to-B Media and B-to-C Media. Across all publications, ITmedia Inc. has 400 million monthly page views from 40 million monthly unique browsers, creating an attractive opportunity for businesses to reach new audiences. Its services include lead generation business, which assists customers in obtaining leads and expanding their customer base by developing and publishing content to its publications and media advertising business, which offers a wide array of advertising types, including advertorial articles, email marketing, banner advertising and events and seminars. Many of ITmedia Inc.'s publications are tailored to specific industries or products, allowing for companies to effectively target audiences through the profile of a publication's readership.

Research and Development

As a major participant in the telecommunications and ICT industries, research and development activities are integral to our ability to maintain our competitiveness and profitability and to develop, deploy, market and sell the high-tech services and products that will continue to play a critical role in our business in a timely and efficient manner. Our research and development activities are split into two main categories: development of leading technologies such as HAPS technologies, which are aimed at expanding connectivity in underserved areas, and improvement of existing services and products.

During the fiscal year ended March 31, 2025, we focused on development of leading technologies essential for the realization of the "Next-generation Social Infrastructure." Key initiatives included:

- *Homegrown LLM*: Our wholly-owned subsidiary, SB Intuitions Corp., made significant strides in developing Japanese-language LLMs. Notably, the commercial rollout of "*Sarashina mini*" model is anticipated by the fall of 2025.
- *AI data centers*: Construction progressed on the AI data center in Hokkaido. This data center is designed to support large-scale AI computations and is planned to operate using locally produced renewable energy, aligning with our ESG commitments. Also, in March 2025, the Company signed a sale and purchase agreement with Sharp Corporation to acquire the land, buildings and other assets associated with Sharp Corporation's LCD panel plant, which is located in Sakai City, Osaka Prefecture, for the construction of a large-scale AI data center.
- *AI-RAN development*: We continued the development of AI-RAN technologies, aiming to enhance network efficiency and performance by integrating AI into RAN operations, including the recently announced development and trial deployment of "AITRAS," which is an AI computing platform, and the development of a multimodal AI that understands traffic to provide remote support for autonomous driving.
- *Quantum computing collaboration*: We initiated collaborative research with Quantinuum to explore the integration of quantum computing and AI for practical applications, aiming to overcome current limitations in AI processing capabilities.
- *Next-generation battery research*: Our SoftBank Next-generation Battery Lab achieved advancements in all-solid-state battery technology, successfully demonstrating specific energy levels at the 300 Wh/kg mark, which is a significant step toward commercial viability.

For the fiscal year ended March 31, 2025, our research and development expenditures were ¥73.9 billion.

Sustainable Development Goals

Guided by our corporate philosophy, "Information Revolution–Happiness for everyone," we aim to maximize corporate value while providing essential technologies and services to people around the world by enhancing our communications business and developing various new businesses in the information and

technology fields. In April 2020, we identified a set of material issues aligned with the United Nations Sustainable Development Goals to steer our efforts under this mission, as follows:

- Building society and industry through digital transformation;
- Connecting people and information to create new excitement;
- Creating new business through open innovation;
- Contributing to the global environment with the power of technology;
- Building high-quality social infrastructure; and
- Developing a resilient management foundation.

Important Relationships

The SoftBank Group and Related Companies

As of March 31, 2025, SoftBank Group Corp., our ultimate parent company, through a wholly owned subsidiary, owned 40.3% of our total issued and outstanding shares, holding a substantial portion of our voting rights. The SoftBank Group is involved in the development and deployment of new technologies in a wide variety of industries, and we benefit from the synergies provided by our close relationship to other SoftBank Group companies, such as the SoftBank Vision Fund and its investees, including PayPay Corporation, an investee of the SoftBank Vision Fund II. We believe our identification with the SoftBank Group and its brand has contributed to our brand awareness and our growth. Moreover, we have received from SoftBank Group Corp. an exclusive license to use the *SoftBank* brand. See "Risk Factors—Risks Relating to Our Business—Any adverse change, or any perceived adverse change, in our relationship with the SoftBank Group or any negative developments affecting the SoftBank Group, could have an adverse effect on our business, financial condition or results of operations."

Several of our directors, officers and Audit & Supervisory Board members also serve as directors, officers and Audit & Supervisory Board members of other SoftBank Group companies including SoftBank Group Corp. In order to preserve our independence from our ultimate parent company, we have a total of six independent external directors out of 11 directors. Moreover, effective June 20, 2024, we have implemented a new "Independent External Directors' Meeting" to succeed the Special Committee that was abolished on the same date. The "Independent External Directors' Meeting" aims to further activate discussions, including those related to the protection of minority shareholders' interests, within our board of directors, and serves as a forum where all independent external directors can freely exchange opinions and share information, contributing to the enhancement of the board of directors' effectiveness. See "Management."

Joint Venture with OpenAI and SoftBank Group Corp.

In February 2025, we, together with SoftBank Group Corp. and OpenAI, Inc., announced the formation of a joint venture, tentatively named SB OpenAI Japan, to develop and market an advanced enterprise AI agent tentatively named as "Cristal intelligence." This joint venture, to be owned equally by OpenAI and a company established by SoftBank Group Corp. and us, is expected to be our consolidated subsidiary. The joint venture will aim to provide Japanese enterprises with AI agents tailored to their unique operational needs. The enterprise AI agent will be designed to securely integrate with a company's internal systems and data, enabling automation of tasks such as financial reporting, document drafting, and customer service management. OpenAI plans to contribute its advanced AI research and technology, while we plan to provide sales and engineering support, leveraging our extensive network and operational expertise in Japan. This collaboration aligns with our long-term vision of building the "Next-generation Social Infrastructure" and reflects our dedication to driving AI adoption across various industries in Japan.

Vendors

We rely on key vendors for mobile phones and network equipment, including the Apple *iPhone,* Google *Pixel* and various other popular mobile phones and network communications equipment such as those by Ericsson Japan K.K. and Nokia Solutions and Networks Japan G.K., which are integral to the operation of our mobile telecommunications network and fixed-line services. As the first carrier to market the *iPhone* in Japan, we believe we have a well-established relationship with Apple Japan, G.K. We believe that our relationships with Apple Japan, G.K. and other major vendors are healthy.

NTT Group

NTT is approximately one-third owned by the Japanese government, and the NTT Group is the incumbent telecommunications provider that owns a significant portion of the telecommunications infrastructure in Japan. Maintaining our relationship with the NTT Group is important because, as telecommunications providers, we and certain of our subsidiaries have interconnection agreements with the NTT Group. Furthermore, as described under "—Consumer Segment—Competition—Fixed-line and Fixed-Wireless Broadband Services," we have in place arrangements with NTT East and NTT West whereby we resell fiber optic access purchased wholesale from them, or where we act as ISP over fiber optic connections provided by them. We consider our ability to provide these services to be integral to our future growth plans, and are committed to maintaining our relationship with NTT East and NTT West.

KDDI Corporation

In April 2020, we and KDDI established 5G JAPAN Corporation, a joint venture that accelerates the rollout of 5G networks in rural areas through infrastructure sharing based on the mutual use of base station assets. Through 5G JAPAN Corporation, we have built over 76,000 base stations, or over 38,000 base stations by each company as of the fiscal year ended March 31, 2024. In May 2024, we agreed with KDDI to expand the collaboration nationwide and include existing 4G based stations in the scope of the collaboration, aiming to increase the total number of base stations to be built by March 2031 to 200,000 jointly shared base stations, or 100,000 jointly shared base stations by each company. The joint venture also conducts construction design and construction management work for 5G base stations. Maintaining this relationship with KDDI is important to us, as it aids us in controlling capital expenditures while further increasing our 5G network coverage.

Intellectual Property

Our success depends in part on our ability to protect our core and developing technology and intellectual property. To establish and protect our proprietary rights, we rely on a combination of patents, trademarks, copyrights, trade secrets (including know-how), license agreements, confidentiality procedures, non-disclosure agreements with third parties and other contractual and implicit rights. Despite our efforts to protect our proprietary technology and information through these efforts, unauthorized parties may still copy or otherwise obtain and misuse our intellectual property.

We have a large number of patents covering a wide range of technologies, and file additional patent applications on a continuing basis relating to various aspects of our business and our research and development efforts. We cannot predict whether any of our pending patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, any of our patents may be contested, circumvented or found unenforceable or invalid, and we may not be able to prevent third parties from infringing them. We also pursue registrations of domain names, designs, trademarks and service marks in Japan and elsewhere where we deem appropriate. As with patents, we may not be able to prevent third parties from infringing or misappropriating our copyrights, domain names, designs, trademarks and service marks. While most of the intellectual property we use is developed by us, from time to time we acquire certain rights to proprietary intellectual property from third parties.

Companies in the internet, technology, telecommunications and media industries own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. From time to time, we face, and we expect to face in the future, allegations that we have infringed the patents, trademarks, copyrights, trade secrets and other intellectual property rights of third parties, including our competitors and non-practicing entities. These infringement, data misappropriation, tort and other intellectual property issues apply to myriad third-party rights and contents material to our business, and we seek, but cannot guarantee, necessary licenses to such requisite third-party rights. As we face increasing competition and as our business grows, we will likely face more claims of infringement.

Insurance

To the extent reasonably available, we maintain insurance policies, which have policy specifications and insured limits that are adequate and appropriate for our business. However, we do not carry earthquake insurance. Additionally, given, for example, the widely distributed nature of our network equipment and our disaster preparedness measures, we do not carry comprehensive property or fire insurance over our base stations or network centers. We maintain comprehensive liability insurance for our telecommunications businesses.

We also maintain insurance policies for our directors and officers that are appropriate for our business through our ultimate parent company, SoftBank Group Corp.

Properties and Leases

We lease certain telecommunications equipment and service lines, buildings and structures, other property, equipment and software. As part of our financial management strategy, we regularly enter into sale and lease-back arrangements. Once the assembly, installation and inspection of newly acquired equipment is complete, we sell the equipment, excluding the installed software, to leasing companies and lease the equipment back from them under sale and lease-back arrangements. At the same time, we enter into loan contracts with the lessors to pay for the value of the software installed in the equipment. Since adoption of IFRS 16 in the fiscal year ended March 31, 2020, we count the cash inflows from the sale of the equipment to leasing companies and the proceeds from the loan arranged for the software portion as long-term borrowings in our consolidated financial statements. As of March 31, 2025, the value of our consolidated outstanding leases was ¥938 billion.

We generally lease all of our offices, including our head office in Tokyo. Generally, our subsidiaries also lease their properties, although each subsidiary may at its own discretion purchase office space and other properties.

The following table shows the location of major facilities held by the Company, their book values and size as of March 31, 2025, in each case exclusive of consumption and other taxes. No material properties are held by other subsidiaries. This information, prepared for the purposes of our non-consolidated financial statements, has been prepared under Japanese GAAP.

Location	Type of facility	Buildings	Telecommunications equipment	Aerial telecommunications lines	Furniture and fixtures	Land (area)	Software	Other	Total[1]
		Billions of yen and square meters							
Japan . . .	Communications, cellular network and other equipment	¥104.5	¥742.5	¥306.3	¥86.1	¥44.1 (1,856,433m^2)	¥441.6	¥313.8	¥2,038.9

Note:
(1) Book values of tangible and intangible fixed assets. Does not include construction in process and license to use trademarks.

Employees

As of March 31, 2023, 2024 and 2025, we had 54,986, 55,400 and 55,070 full-time employees on a consolidated basis, respectively. During the fiscal years ended March 31, 2023, 2024 and 2025, we averaged 21,954, 23,941, and 22,888 temporary and part-time employees on a consolidated basis, respectively.

The following table shows:

- the aggregate number of our full-time employees in each segment, as well as in our other businesses and employees not assigned to any particular segment, as of March 31, 2025; and
- the average number of temporary and part-time employees in each segment, as well as in our other businesses and employees not assigned to any particular segment, for the fiscal year ended March 31, 2025.

	Full-time employees (as of March 31, 2025)	Temporary and Part-Time Employees (average for the fiscal year ended March 31, 2025)
Consumer	6,876	5,783
Enterprise	9,120	2,490
Distribution	2,406	442
Media & EC	23,753	11,396
Financial	4,043	855
Others	1,873	1,142
Corporate	6,999	780
Total	55,070	22,888

Certain of our employees belong to labor unions. We believe the level of remuneration, fringe benefits, working conditions and other allowances, provided to our employees is generally competitive with those offered in Japan by other companies in similar industries.

Legal Proceedings

We are routinely involved in litigation and other legal proceedings in connection with our ordinary course business activities. Due to the nature of our business, we are subject to the risk of lawsuits from third parties in respect of contractual agreements, intellectual property, customer disputes and a wide variety of other possible subjects. Except as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the group is aware) during the 12 months preceding the date of this offering circular which may have, or have had, a significant effect on our or the group's financial position or profitability.

On April 30, 2015, we instituted a lawsuit against JPiT in the Tokyo District Court. In our complaint, we seek payment of compensation for work performed outside of the scope of a contract with JPiT to install new fixed telecommunications lines in connection with a project intended to move Japan Post Co., Ltd.'s approximately 27,000 post office and other locations across Japan onto a high-technology network. We performed all of our duties under our original contract with JPiT, dated February 7, 2013, which called for us to install telecommunications lines at the locations of Japan Post Group Co., Ltd.'s locations across Japan. However, based on a request by JPiT, we performed services outside of the original scope of the contract. Prior to filing suit, we originally pursued negotiations with JPiT for payment of the original amount, but were unable to reach a negotiated resolution and were left with no other option other than to file suit for payment.

Also on April 30, 2015, JPiT filed suit against us and Nomura Research Institute, Ltd. as co-defendants. In its suit, JPiT seeks payment of damages from us and our co-defendant based on a claim that it suffered damages due to delays in the completion of services owed to it by us and our co-defendant.

These two actions were consolidated on July 29, 2015. Subsequently, on September 9, 2022, the Tokyo District Court issued a judgment ordering JPiT to pay us ¥1,921 million in compensation for additional services and late payment damages, and ordering us to pay JPiT ¥10,854 million in damages and late payment damages. Both we and JPiT filed an appeal with the Tokyo High Court against the judgment, and on March 21, 2024, the Tokyo High Court issued a judgment ordering JPiT to pay us an additional ¥65 million in compensation for the additional work, along with late payment damages, while dismissing all of JPiT's claims. We and JPiT have filed an appeal and a petition for leave to appeal to the Supreme Court regarding the judgment.

Based on the judgment of the Tokyo High Court, we reversed a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which had been recognized as provisions since the fiscal year ended March 31, 2023, in "Provisions (current liabilities)" in the consolidated statement of financial position. For the fiscal year ended March 31, 2024, in the consolidated statement of income, the damages amount of ¥8,984 million and the delay damages amount of ¥10,192 million were reversed in "Other operating expenses" and "Financing costs," respectively.

REGULATION

General

Our business activities are subject to various governmental regulations in Japan, including regulations relating to business and investment approvals, unfair competition, consumer protection, privacy protection, prohibition of bribery, labor, intellectual property, taxation, foreign exchange controls, import and export of goods, and environmental requirements. Applicable regulations are frequently introduced, abolished or amended, and in any event are subject to interpretation by governmental and judicial authorities.

Regulations Applicable to Telecommunications Business

In particular, our mobile and fixed-line telecommunications businesses are subject to general regulations applicable to the telecommunications industry in Japan, of which the following are the most significant:

- the TBA;
- the Radio Act; and
- the Wire Telecommunications Act of Japan (Act No. 96 of 1953, as amended) (collectively with the TBA and the Radio Act, the "Telecommunications Regulations").

The Telecommunications Regulations are administered primarily by the MIC through its regulatory actions. Additionally, the JFTC has jurisdiction over telecommunications carriers by virtue of its powers under the Antimonopoly Act to prohibit anti-competitive practices.

As is typical for regulatory authorities in Japan, the MIC has announced various guidelines in connection with the implementation of applicable laws for the primary purpose of clarifying the meaning of such laws as well as ordinances made under them. Such guidelines are informal in nature and do not have the status of legislation passed by the National Diet of Japan, the primary legislative body in Japan (the "Diet"). Accordingly, they are not legally binding on telecommunications carriers. Nevertheless, such guidelines serve as a statement of the regulatory interpretation of applicable laws and, accordingly, telecommunications carriers are, in practice, required to comply with them.

Telecommunications Business Act of Japan

General

The TBA applies to entities that conduct telecommunications activities such as mobile telecommunications services, fixed-line telecommunications services, DSL access services, internet and FTTH access services. Pursuant to the TBA, companies that conduct such activities are subject to registration, notification and interconnection requirements, as well as various other regulations.

The following summarizes certain material requirements under the TBA.

MIC Notification or Registration of Telecommunications Business Operations

The TBA generally classifies a telecommunications carrier as either a "registration carrier" or a "notification carrier." Carriers that install cable facilities across more than one administrative region, such as terminal facilities installed in multiple municipalities, or relay facilities installed in multiple prefectures, are required to register with the MIC prior to providing telecommunications services and are considered registration carriers. Carriers that do not install terminal or relay facilities in multiple administrative regions are only required to notify the MIC prior to providing telecommunications services and are considered notification carriers.

Registration carriers, such as us, must file a detailed application for registration with the MIC. Such application must include information on the facilities and equipment, and the target service areas. The MIC will generally approve the applicant's registration if it finds that commencement of the applicant's business is not likely to impede fair competition within the telecommunications market or is otherwise appropriate for the sound development of the telecommunications industry of Japan.

Once registration is granted, the MIC has the authority to rescind it in certain cases, including when the registered carrier has breached the TBA or any order or disposition issued under the TBA, and the MIC considers such breach to be damaging to the public interest. If a telecommunications carrier violates certain provisions

under the TBA, such as by providing telecommunications services without registration or by failing to comply with orders issued by the MIC, such carriers may be subject to penalty. In addition, registration must be renewed when a registration carrier succeeds, in whole or in part, a telecommunications business through a merger, company split or business transfer from an entity outside of the corporate group of the registered telecommunications carrier Such renewal must be made within three months of the date of such succession, and if the registration carrier fails to renew, the registration becomes void.

Category I-Designated Telecommunications Facilities and Category II-Designated Telecommunications Facilities

Based on the number of relay facilities installed in service areas and certain other criteria, the MIC may designate facilities as (i) Category I-designated telecommunications facilities (local fixed-line systems) and/or (ii) Category II-designated telecommunications facilities (mobile telecommunications systems). Operators of Category I- and Category II-designated telecommunications facilities are subject to additional stringent regulations, which are primarily designed to prevent anticompetitive practices. Among other matters, we are subject to regulation of interconnection fees as applicable to operators of Category II-designated telecommunications facilities.

As of the date hereof, NTT East and NTT West, two fixed-line telecommunications carriers belonging to the NTT group, are the only operators in Japan that operate Category I-designated telecommunications facilities, while NTT DOCOMO, KDDI, Okinawa Cellular Telephone Company, UQ Communications Inc. (Okinawa Cellular Telephone Company and UQ Communications Inc. are subsidiaries of KDDI), Wireless City Planning Inc. (our subsidiary) and we are the only operators in Japan that operate Category II-designated telecommunications facilities.

Interconnection

General

Subject to certain exceptions, the TBA requires telecommunications carriers to allow other telecommunications carriers to interconnect with their telecommunications facilities. In general, the carriers enter into a mutual written agreement setting forth the terms of such interconnection, including interconnection fees. If operators of Category I-designated telecommunications facilities or Category II-designated telecommunications facilities are included in the parties of the agreement, such agreement must contain the terms of interconnection, including interconnection fees, which, depending on the type of operator, have been notified to or approved by the MIC.

Upon an application by either or both interconnecting carriers, the MIC has the power, directly or through its dispute settlement commission, to require negotiation, mediation and arbitration of disputes between the carriers, to order them to modify proposed interconnection fees, and to grant awards with respect to the terms of interconnection (including interconnection fees).

Interconnection Fees for Operators of Category II-Designated Telecommunications Facilities

Interconnection fees to interconnect with Category II-designated telecommunications facilities, such as those operated by us, are determined according to a formula prescribed by the MIC. In particular, the "Ordinance Relating to Interconnection Fees of the Category II-Designated Telecommunications Facilities" generally prescribes that interconnection fees shall be calculated by dividing the sum of the maintenance costs with respect to the facilities and enterprise capital costs by the aggregate hours of communication or the volume of traffic.

Operators of Category II-designated telecommunications facilities determine their interconnection fees based upon such calculations. Further, they are required to notify the MIC of the tariffs, including interconnection fees and other interconnection terms. Such notification is required prior to implementation of the tariffs or any amendment thereof, and the operator cannot enter into or amend an interconnection agreement in a manner that is inconsistent with the tariffs previously notified to the MIC. Such tariffs, including interconnection fees, must be publicly disclosed (for example, on the website of the operator of the Category II-designated telecommunications facilities).

The MIC may order a carrier to modify interconnection fees in certain cases, such as when the interconnection fees exceed an amount corresponding to the maintenance costs for the facilities plus enterprise capital costs, as deemed appropriate under efficient management.

Wholesale

The TBA prohibits operators of Category II-designated telecommunications facilities from refusing to provide certain wholesale telecommunications services in their service areas without justifiable reasons. It also requires these operators to disclose their interconnection fees for the same types of services as related wholesale telecommunications services and how the difference between these fees and those for wholesale telecommunications services is used, if requested to provide such information when offering contracts for the provision of wholesale telecommunications services. If an operator providing wholesale telecommunications services breaches this rule, the MIC may order the operator to improve its operations or take other necessary measures to protect the public interest.

Universal Services

Under the TBA, certain types of calls including calls to public facilities or home telephones and emergency calls to police or fire stations as well as broadband services are considered "Universal Services" (i.e., telecommunications services deemed to be indispensable for daily life). As of the date hereof, the only "qualified carriers" of Universal Services for calls are NTT East and NTT West, while the only "qualified carriers" of Universal Services for broadband are NTT East, NTT West and ZTV Co, Ltd. ("ZTV"). Therefore, other carriers, including us, that benefit by interconnecting to the NTT East, NTT West and ZTV facilities must share the cost of such services pursuant to a prescribed formula for allocating costs.

Land Use Privilege

The MIC may designate certain carriers as "Approved Carriers"—carriers who enjoy certain privileges specified in the TBA, such as the ability to obtain rights-of-way to use other parties' land under certain specified circumstances. SoftBank Corp. and our subsidiaries Wireless City Planning Inc. and BB BACKBONE Corp. are Approved Carriers.

In order to become an Approved Carrier, the carrier must submit a detailed application to the MIC describing matters such as target service areas, planned facilities and equipment, its business plan (containing five-year revenue and expenditure projections), and the identity and qualifications of chief engineers. Review by the MIC focuses on the applicant's financial and technical capacity, the soundness and reasonableness of its business plan, and the applicant's ability to obtain other necessary registrations.

This approval is in addition to those required as a registration or notification carrier, as discussed above.

An Approved Carrier may, provided it has justifiable reason, refuse to provide telecommunications services relating to its Approved Carrier status. If the Approved Carrier is unable to provide such services, the MIC may order the Approved Carrier to improve its business activities or take other measures to the extent deemed necessary to protect the interests of end users or the public. Further, the MIC has the authority to rescind approval in certain cases, including when the Approved Carrier has breached the TBA or any order or disposition issued under the TBA, and the MIC considers such breach to be damaging to the public interest.

Other Regulations under the TBA

Protection of End Users

The TBA requires telecommunications carriers to explain to end users the terms and conditions (including service charges) of contracts relating to certain telecommunications services prior to their execution, to promptly and properly process customer complaints and inquiries, and to generally notify end users before ceasing or terminating all or part of the telecommunications services. The "Guidelines for Protection Rules for Consumers under the Telecommunications Business Act," issued by the MIC, include detailed explanations of these requirements and other consumer protection guidelines, such as the requirement that in soliciting or entering into a telecommunications service contract with an end user, the operator must provide sufficient explanation of such contract to the end user, taking into consideration such end user's knowledge and experience relating to telecommunications services.

Further, the TBA prohibits mobile telecommunications carriers from entering into agreements with consumers under terms that may harm fair competition in the telecommunications industry, including any terms offering benefits by which consumers can profit more than if they do not enter into any agreements, or any terms preventing cancellation without reasonable grounds, such as by setting a penalty fee for such cancellation after 2 years or more, or by setting a penalty fee exceeding ¥1,000, against operators that provide designated telecommunications services.

Further, we are designated by the MIC as telecommunications carriers responsible for properly handling specified personal information because we have over 5 million users of our paid telecommunications services. We are required to develop the system to manage specified personal information appropriately, which includes establishing and notifying the MIC of our information handling regulations, creating and publishing our information handling policies, and evaluating the handling of specified personal information. "Specified personal information" includes the content of telecommunications, the names and addresses of users, the locations where telecommunications are sent and received, the date of telecommunications, details about the existence of telecommunications such as the number of communications, and other information that can be used to identify users.

Business Improvement Order

The MIC may order telecommunications carriers to improve business activities in order to protect the interests of end users or the public. In particular, the MIC may order telecommunications carriers to improve business activities for reasons such as protecting the privacy of communications, avoiding discriminatory treatment, and giving due consideration to important communications.

Maintenance of Facilities

Telecommunications carriers that install telecommunications circuit facilities must maintain their facilities in compliance with specified technical standards and must confirm compliance with such standards and notify the MIC before commencing operation of such facilities. If the MIC determines that such facilities fail to meet the relevant technical standards, it may order the carrier to improve or repair the facilities or restrict operation of such facilities.

Radio Act

General

Certain of our businesses are subject to the provisions of the Radio Act, which regulates licenses for radio transmission stations, radio equipment, radio operators, radio operations and the transmission of radio waves. The Radio Act impacts, among other matters, our mobile telecommunications business due to the fact that radio waves are used by transmitters to communicate with mobile phones.

License Requirement

Any person who intends to establish radio transmission stations must first obtain a license from the MIC. In particular, mobile telecommunications service providers must obtain a license for each base station and for mobile phones.

The MIC has introduced a technical standards verification system and a blanket licensing system (which can be used for mobile phones) in order to expedite the licensing process. With certain exceptions, a license under the Radio Act has a term of five years, and is thereafter renewable for additional five-year terms. License holders must generally obtain approval from the MIC in advance of any operational changes relating to the licensed activities, such as modifications to wireless facilities, changes to the location of wireless facilities or changes to the recipients of wireless communications services, and are subject to periodic inspection of their facilities.

The MIC has the authority to rescind a license under certain circumstances, and may order cessation for not more than three months, or restriction for a certain period, on the operation of radio stations if the license holder has breached the Radio Act, the Broadcasting Act of Japan (Act No. 132 of 1950, as amended), or any order or disposition under such laws. If a license holder violates certain provisions under the Radio Act, such as operating a radio transmission station in violation of the terms of its license, the carrier may be subject to penalties.

Allocation of Radio Frequency Spectrum

Allocation Process

The Radio Act gives the MIC the authority to allocate the frequency spectrum to private telecommunications providers for the establishment of radio transmission stations after consultation with the Radio Regulatory Council. When the MIC determines that it will allocate the frequency spectrum, it must

publicly announce the frequency spectrum ranges to be allocated and the planned timeline for allocation and establishment of radio transmission stations, among other matters (the "Allocation Proposal").

The MIC first submits a draft of the Allocation Proposal to the Radio Regulatory Council for approval. Once the council gives its response, the MIC publicly announces the Allocation Proposal, together with details of the application deadlines for carriers.

The application submitted to the MIC in connection with an Allocation Proposal must contain, among other matters, evidence of the necessity of establishing radio transmission stations, a business plan, a technique for utilization of the applicable frequency spectrum, the proposed number of radio transmission stations and their proposed locations, and the timeframe for establishing stations and the service area. In allocating spectrum, the MIC compares the plans submitted by operators and considers various factors such as whether the application conforms with the Allocation Proposal, the soundness of the business plan, the scale of the proposed investment, and provision of access to MVNOs. The MIC will allocate spectrum based on its review and approval of such plans. Carriers dissatisfied with an allocation determination by the MIC may file an objection with the MIC, and if such objection is rejected, the carrier may file a lawsuit for revocation of such rejection.

Also, the MIC does have the power to reallocate spectrum if, among other things, it deems it necessary to secure an appropriate and reasonable utilization of frequency spectrum, taking into consideration the development of spectrum technologies and the demand trends. The MIC also has the authority to rescind its approval of an application in certain cases, including when the carrier has failed to establish radio transmission stations in accordance with the approved plan, without justifiable reasons.

Introduction of Auction System

Following the amendment of the Radio Act in 2019, telecommunications providers are required to include an opening fee estimate in their plans for opening specific base stations for the MIC's consideration upon the allotment of spectrum.

Additionally, in April 2025, the amendment of the Radio Act introduced a legal framework for auction-based mechanisms for spectrum assignment in Japan for the first time. While this amendment will be effective on a date within nine months from 25 April 2025 to be designated by the related cabinet order, it has not yet been enforced as of the date of this offering circular. Once enforced, the MIC may determine the operators of certain radio stations using frequencies exceeding 6GHz (the "specified high-frequency radio stations") through "price competition," if the MIC determines that price competition is effective for ensuring fair and efficient use of radio waves. To conduct price competition, the MIC must establish detailed guidelines (the "Price Competition Implementation Guidelines") in advance. These guidelines will outline the required qualifications for participants, security deposits (if required), the amount needed to make a successful bid (if applicable), the method for determining the successful bidder when two or more participants offer the highest price, and matters related to the payment of the bid amount, including the method and deadline for payment. However, the Price Competition Implementation Guidelines have not yet been released as of the date of this offering circular. If the successful bidder fails to pay the bid amount by the deadline without justifiable reasons, the MIC may revoke the approval for the specified high-frequency radio stations as well as other licenses for radio transmission stations and approvals for specified base stations.

Other Major Regulations and Guidelines Concerning the TBA and the Radio Act

Guidelines for Promoting Competition in the Telecommunications Business Area

The "Guidelines for Promoting Competition in Telecommunications Business Area" are composed of the following four chapters: the necessity of such guidelines; problematic actions under the TBA and the Antimonopoly Act; desirable actions by carriers to further encourage competition; and the organizational structure relating to reports, consultations and opinions. Since their issuance, these guidelines have been revised several times based on discussions at the Telecommunications Market Review Conference at the MIC and the results of investigations by the MIC and the JFTC. They now provide, among other things, the following:

- The cancellation penalty for certain period contracts by carriers with a relatively large market share may be problematic under the Antimonopoly Act.
- Carriers with a relatively large market share are prohibited from selling mobile devices at unfairly low prices, significantly below the cost necessary to sell such devices, by bundling them with mobile

telecommunications services and obscuring the fact that a contract for mobile telecommunications services is not necessary to purchase the mobile devices.

Guidelines for MVNOs

MVNOs are companies that have not been allocated spectrum and do not own network infrastructure. Instead, they provide mobile telecommunications services by leasing network capacity from other network operators. MVNOs therefore increase the variety of mobile telecommunications services available to consumers and promote the active exploitation of radio spectrum.

The MIC has formulated the "Guidelines for Application of the Telecommunications Business Act and the Radio Act to Mobile Virtual Network Operators" (the "MVNO Guidelines") to promote market entry by new MVNOs. Under the MVNO Guidelines, the telecommunications services to be provided by a MNO to an MVNO, and the terms of MVNO services, are decided by consultation between the parties. However, when an MVNO requests access to a mobile network on behalf of its customers, unless the operator has grounds to refuse (such as where there is a risk that such interconnection would affect the smooth provision of telecommunications services or where there is a risk that such interconnection would unfairly impair the carrier's interests), the TBA requires the operator to grant access to the MVNO. Upon an application by either or both interconnecting carriers, the MIC has the power, directly or through its dispute settlement commission, to require negotiation, mediation and arbitration of disputes between the carriers, to order them to modify proposed interconnection fees, and to grant awards with respect to the terms of interconnection (including interconnection fees).

Mobile Number Portability

Since late 2006, the MIC, through its "Regulations for Telecommunications Numbers," has required mobile telecommunications carriers to provide a process whereby customers can retain their phone numbers when migrating from one operator to another. This number portability requirement, however, does not apply to email addresses associated with mobile devices in Japan.

Terms of Offering Mobile Services and Mobile Phones

Most mobile phones now contain a removable SIM card that authenticates the device when it connects to a mobile telecommunications network. In the past, carriers generally sold mobile phones to customers with a software lock that prevented the device from working with SIM cards from other carriers, even if the mobile phone was otherwise technologically capable of connecting to other carriers' networks. The "Guidelines for Terms of Offering Mobile Services and Mobile Phones" issued by the MIC in January 2017 intends to increase consumer convenience and enhance the international competitiveness of Japan's mobile telecommunications industry. Under these guidelines, MNOs are required to provide SIM card unlocking services for mobile phones sold by them, with certain exceptions (for mobile phones released before May 1, 2015, the provision of SIM card unlocking services is recommended). In December 2022, the MIC amended the "Guidelines for Distribution and Use of Mobile Phones," prohibiting the locking of SIM cards without justifiable reasons, and issued the "Guidelines for Promotion of eSIM Services," indicating that not providing eSIM services without justifiable reasons may lead the ministry to issue a business improvement order.

Certain Other Laws, Regulations and Guidelines

The following are certain other laws, regulations and guidelines that are applicable to our businesses.

Protection of Personal Information

The Act on the Protection of Personal Information of Japan (Act No. 57 of 2003, as amended) applies to businesses that use or maintain databases containing personal information. Such businesses must maintain appropriate custody of such information, may not use such information for purposes other than that for which it was provided, and are subject to restrictions regarding provision of such information to third parties. Further, the MIC has released the "Guidelines for Protection of Personal Information for Telecommunications Business," which state, among other matters, that carriers may maintain records of communications such as the date and time thereof and the identity of the parties communicating to the extent necessary for billing, invoicing, processing customer complaints or avoiding wrongful use, or to the extent otherwise necessary in the performance of their telecommunications business, provided that carriers may not provide such information to third parties without customer consent, a warrant issued by a judge, or other legitimate reason.

Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures

Under the Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures (Act No. 43 of 2022), the competent minister may designate those who engage in specified essential infrastructure businesses for which suspension or degradation of the function of the specified critical facilities in use are highly likely to cause a situation that undermines the security of Japan as specified essential infrastructure service providers. "Specified essential infrastructure business" is business that provides certain specified services forming the basis of the lives of the Japanese citizenry or economic activity, and the hinderance of stable provision of such services is likely to cause a situation that undermines the security of Japan. "Specified critical facilities" are facilities, devices, equipment or programs that are critical for the stable provision of specified essential infrastructure services and are likely to be targeted for actions originating outside Japan that could interfere with the stable provision of these services. As of the date of this offering circular, we and LY are designated in connection with our telecommunications business under the TBA, PayPay is designated in connection with its fund transfer business and third-party prepaid payment instruments issuing business under the Payment Services Act, and PayPay Card is designated in connection with its intermediation business of comprehensive credit purchases under the Installment Sales Act as specified essential infrastructure service providers, respectively. When a specified essential infrastructure service provider introduces specified critical facilities or outsources material maintenance, management or operation of specified critical facilities, the specified essential infrastructure service provider must, in advance, notify the competent minister of a plan regarding such planned introduction or outsourcing. Specified essential infrastructure service providers that have made such notification may not carry out such plan until 30 days have passed since the day on which the competent minister receives the relevant notification; provided, however, that this period may be shortened when the competent minister finds that a screening is not necessary or, as a result of a screening, that the relevant specified critical facilities are not highly likely to be used as a means for interference actions. During the screening process, the competent minister may recommend the specified essential infrastructure service provider to take measures necessary to prevent interference actions or to suspend the notified activities. Even after a screening has been completed and a specified essential infrastructure service provider is authorized to proceed with the relevant plan, the competent minister retains the authority to recommend that the provider implement inspections or maintenance checks, change the outsourcee, or take other necessary measures to prevent interference actions.

Other Regulations

Under the Act on Identity Confirmation, etc. Performed by Mobile Voice Communications Carriers for their Subscribers, etc. and Prevention of Wrongful Use of Mobile Voice Communications Services of Japan (Act No. 31 of 2005, as amended), when a carrier enters into a contract with a customer for mobile telecommunications services, the carrier must obtain appropriate verification of the identity of such customer (for example, by verifying a driver's license, passport or other forms of identification).

Under the Installment Sales Act of Japan (Act No. 159 of 1961, as amended), if a customer purchases a mobile phone pursuant to an installment plan, the carrier must deliver to the customer a written document describing certain information such as the details of the installment plan.

The Secondhand Goods Business Act of Japan (Act No. 108 of 1949, as amended) requires that a person obtain a license from the prefectural Public Safety Commission in order to sell, purchase or trade in used goods, including used mobile phones.

Regulations Applicable to Financial Business

PayPay and its subsidiary are providing financial services including cashless payment services such as QR code payments, online banking services, credit card services, and online securities brokerage services that subject us to additional regulations beyond those mentioned above.

Payment Services Act

Regulations on Funds Transfer Services

The Payment Services Act of Japan (Act No. 59 of 2009) also regulates funds transfer service providers. A "funds transfer service" is the business of transferring funds carried out by persons other than banks and other deposit-taking institutions. Under the Payment Services Act, funds transfer services are, in general, classified into three types, one of which is a type II funds transfer service which permits funds transfers of ¥1 million or less,

for which relevant registration with the Director of the relevant Local Finance Bureau of the Ministry of Finance is required. Type II funds transfer service providers have the obligation to deposit or entrust under certain trust agreements a certain amount (the "Deposit"), and the Deposit must be made within three business days after the end of the period that is set as a week or shorter by the funds transfer service provider, or enter into certain guarantee contracts in which a financial institution agrees to provide security deposits when required under the Payment Services Act. The Director of the relevant Local Finance Bureau of the Ministry of Finance is authorized to issue a business improvement or suspension order, or cancel the registration of a type II funds transfer service provider, if the provider fails to comply with such regulations. Type II funds transfer service providers may be also subject to criminal sanctions if they fail to fulfill with certain obligations under the Payment Services Act.

Regulations on Prepaid Payment Instruments

The Payment Services Act regulates issuers of prepaid payment instruments, such as prepaid cards and e-money. Issuers of prepaid payment instruments must register with the Director of the relevant Local Finance Bureau of the Ministry of Finance if the instruments can be used to purchase goods or services that are offered not only by the issuer or its closely related parties, including its subsidiaries, but also by third parties. The Payment Services Act requires, among other things, that issuers of prepaid payment instruments deposit or entrust under certain trust agreements an amount not less than 50% of the total unused balance arising from all prepaid payment instruments issued as of March 31 and September 30 every year, if the unused balance on such dates exceeds ¥10 million. The Director of the relevant Local Finance Bureau of the Ministry of Finance is authorized to issue a business improvement or suspension order, or cancel the registration of an issuer of prepaid payment instruments, if the issuer fails to comply with obligations under the Payment Services Act. Issuers of prepaid payment instruments may also be subject to criminal sanctions if they fail to fulfill certain obligations under the Payment Services Act.

Other Laws Applicable to Subsidiaries of PayPay Corporation

In addition to the above, PayPay and its subsidiaries are subject to various regulations, including the Money Lending Business Act, the Interest Rate Restriction Act, the Installment Sales Act, the Financial Instruments and Exchange Act, and the Banking Act, in connection with their businesses related to the financial industry. Some of PayPay's subsidiaries are licensed by the competent authorities for these activities, and thus non-compliance with the related regulations may lead to the revocation of their licenses.

MANAGEMENT

The Company's board of directors is ultimately responsible for overseeing the Company's affairs. The Company's articles of incorporation provide for not more than 15 directors. At the present, the Company has 11 directors, including six independent external directors who are primarily responsible for supervising our execution of business operations.

All directors are elected at general meetings of shareholders. The term for directors expires at the conclusion of the ordinary general meeting of shareholders held for the fiscal year ending within one year following their election. Directors may be re-elected for successive terms. To elect directors, the board of directors selects candidates in accordance with our articles of incorporation and the regulations of the board of directors. The Nominating Committee recommends candidates, and the board accords its recommendations the highest possible consideration. Director candidates are proposed at the general meeting of shareholders. Shareholders may also submit nominations, provided that they meet the requirements set forth in the Companies Act. Cumulative voting is not adopted in the election of the Company's directors.

The Company's articles of incorporation provide for not more than six Audit & Supervisory Board members. At present, the Company has four members, including two external members, one of whom serves as a full-time Audit & Supervisory Board member. The Company also have one full-time, non-external Audit & Supervisory Board member who previously served as Vice President, Chief Compliance Officer, and Head of the General Affairs Division within Human Resources & General Affairs Unit. All Audit & Supervisory Board members are elected at general meetings of shareholders. Their term of office expires at the conclusion of the ordinary general meeting of shareholders held for the last fiscal year ending within four years of their election. Members may be re-elected for any number of consecutive or non-consecutive terms. Audit & Supervisory Board members are not required to be certified public accountants, and may not concurrently serve as be directors or employees of the Company or any of its subsidiaries. In addition, at least half of the members must be external Audit & Supervisory Board members.

The Audit & Supervisory Board determines matters related to the duties of its members, including audit policies and methods for investigating the Company's affairs. It also receives briefings and reports on financial results, including quarterly review, from the independent auditor, and receives reports on specific matters from directors as necessary. In addition, the Audit & Supervisory Board exchanges information and opinions with the independent auditor as needed.

The Company has established the Audit & Supervisory Board Office to support the activities of the Audit & Supervisory Board members. This office operates under their direction to collect information, conduct investigations, and provide other necessary support.

Under the Companies Act, Audit & Supervisory Board members have a statutory duty to supervise the administration of the Company's affairs by the directors, as well as to examine the financial statements and business reports submitted by the representative director to general meetings of shareholders. Audit & Supervisory Board members are required to attend meetings of the board of directors and express their opinions when necessary; however, they do not have voting rights. They also have a statutory obligation to submit an audit report to the representative director. If the report includes financial statements, the Audit & Supervisory Board must also submit it to the independent auditor.

In addition to Audit & Supervisory Board members, the Company is required to appoint independent certified public accountants or audit firms. These independent accountants or firms have a statutory duty to audit the financial statements—prepared in accordance with the Companies Act—to be submitted by the representative director to general meetings of shareholders, and to report their audit opinion to both the Audit & Supervisory Board and the representative director. The Company's designated audit firm for this purpose is Deloitte Touche Tohmatsu LLC.

Under the Companies Act and the Company's articles of incorporation, the Company may, by resolution of its board of directors, limit the liability of directors and Audit & Supervisory Board members for losses incurred by the company in connection with their failure to perform their duties—except in the case of willful misconduct or gross negligence. The applicable liability thresholds are calculated, in accordance with the Companies Act, with reference to each individual's annual remuneration, retirement benefits, and any gains realized through the exercise or transfer of stock options. In addition, the Company has entered into agreements with its external directors and Audit & Supervisory Board members that limit their liability for such losses to a predetermined amount, which is no less than the minimum amount calculated as described above, and subject to the same exceptions for willful misconduct or gross negligence.

Directors and Audit & Supervisory Board Members

The following table provides certain information on the Company's directors and Audit & Supervisory Board members as of the date of this offering circular:

Name	Title	Date	Brief Personal History
Yasuyuki Imai[1]	Director & Chairman	April 1982	Joined Kajima Corporation
		April 2000	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
		October 2007	Corporate Officer, SoftBank Corp.
		April 2008	Managing Corporate Officer, SoftBank Corp.
		June 2012	Director & Senior Managing Corporate Officer, SoftBank Corp.
		April 2015	Senior Managing Director, SoftBank Corp.
		April 2017	Representative Director & COO, SoftBank Corp.
		April 2018	Representative Director & COO, Enterprise Business Unit Head, SoftBank Corp.
		April 2024	Director & Chairman, SoftBank Corp. (to present)
Junichi Miyakawa[2]	President & CEO	December 1991	Representative Director & President, KK Momotaro Internet
		June 2000	Representative Director & President, Nagoya Metallic Communications Corp. (currently SoftBank Corp.)
		January 2002	Representative Director & President, Tokyo Metallic Communications Corp. (currently SoftBank Corp.)
		January 2002	Representative Director & President, Osaka Metallic Communications Corp. (currently SoftBank Corp.)
		April 2002	Representative Director & President, DTH Marketing Corp. (currently SoftBank Corp.)
		August 2003	Director, SOFTBANK BB Corp. (currently SoftBank Corp.)
		April 2006	Director & Executive Vice President (CTO), Vodafone K.K. (currently SoftBank Corp.)
		June 2007	Director, Executive Vice President & CTO, SoftBank Corp.
		November 2014	Director & Senior Managing Corporate Officer, SoftBank Corp.
		November 2014	Technical Chief Operating Officer, Sprint Corporation (currently Sprint LLC)
		April 2015	Senior Managing Director, SoftBank Corp.
		August 2015	Senior Technical Advisor, Sprint Corporation (currently Sprint LLC)
		April 2017	Senior Managing Director & CTO, SoftBank Corp.
		December 2017	President and CEO, HAPS Mobile Inc. (currently SoftBank Corp.)

Name	Title	Date	Brief Personal History
		April 2018	Representative Director & CTO, Technology Unit Head and Technology Strategy Unit Head, SoftBank Corp.
		January 2019	President and CEO, MONET Technologies Inc.
		April 2021	President & CEO, in Charge of Government Relations, SoftBank Corp.
		June 2021	Director, A Holdings Corporation (to present)
		June 2022	Director, MONET Technologies Inc.
		April 2025	Representative Director, A Holdings Corporation (to present)
		June 2025	Director, PayPay Corporation (to present)
Jun Shimba[3]	Representative Director & COO	April 1985	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
		June 2005	Director, SOFTBANK BB Corp. (currently SoftBank Corp.)
		April 2006	Managing Executive Officer, Vodafone K.K. (currently SoftBank Corp.)
		June 2007	Director & Managing Executive Officer, SOFTBANK BB Corp. (currently SoftBank Corp.)
		June 2007	Managing Corporate Officer, SoftBank Corp.
		June 2012	Director & Senior Managing Corporate Officer, SoftBank Corp.
		April 2015	Senior Managing Director, SoftBank Corp.
		April 2017	Representative Director & COO, SoftBank Corp.
		April 2017	Representative Director, President & CEO, SoftBank Payment Service Corp. (currently SB Payment Service Corp.) (to present)
		April 2018	Representative Director & COO, Consumer Business Unit Head and Product & Marketing Unit Head, In Charge of Government Relations, SoftBank Corp.
		December 2019	Representative Director & COO, Consumer Business Unit Head, Consumer Sales Unit Head and Product & Marketing Unit Head, In Charge of Government Relations, SoftBank Corp.
		June 2020	Director, PayPay Corporation (to present)
		April 2021	Representative Director & COO, Consumer Business Unit Head, SoftBank Corp.
		April 2024	Representative Director & COO, SoftBank Corp. (to present)
Kazuhiko Fujihara[4]	Board Director, Executive Vice President & CFO	April 1982	Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
		April 2001	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)

Name	Title	Date	Brief Personal History
		September 2001	General Manager of Group Management Group, SOFTBANK Corp. (currently SoftBank Group Corp.)
		May 2003	Manager, Management Planning Dept., SOFTBANK BB Corp. (currently SoftBank Corp.)
		April 2004	Administration Division Head & CFO, SOFTBANK BB Corp. (currently SoftBank Corp.)
		November 2004	Director & CFO, SoftBank Corp.
		April 2006	Managing Executive Officer (CFO), Vodafone K.K. (currently SoftBank Corp.)
		June 2007	Director, Senior Vice President & CFO, SoftBank Corp.
		June 2012	Director, Executive Vice President & CFO, SoftBank Corp.
		June 2014	Director & Managing Executive Officer, SOFTBANK Corp. (currently SoftBank Group Corp.)
		April 2015	Director, Executive Vice President & CFO, SoftBank Corp.
		June 2015	Director, Yahoo Japan Corporation (currently LY Corporation)
		September 2016	Managing Executive Officer, SoftBank Group Corp.
		June 2017	Senior Vice President, SoftBank Group Corp.
		April 2018	Board Director, Executive Vice President & CFO, Finance Unit Head, SoftBank Corp.
		June 2019	Director, Yahoo Japan Corporation (currently LY Corporation)
		March 2021	Director, A Holdings Corporation (to present)
		April 2025	Board Director, Executive Vice President & CFO, SoftBank Corp. (to present)
Masayoshi Son[5]	Board Director, Founder	September 1981	Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO
		January 1996	President & CEO, Yahoo Japan Corporation (currently LY Corporation)
		April 2006	Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
		June 2007	President & CEO, SoftBank Corp.
		April 2015	Chairman, SoftBank Corp.
		June 2015	Director, Yahoo Japan Corporation (currently LY Corporation)
		March 2016	Manager, SoftBank Group International GK (currently SoftBank Group Japan Corporation)
		June 2017	Chairman & CEO, SoftBank Group Corp.
		April 2018	Chairman, SoftBank Corp.

Name	Title	Date	Brief Personal History
		June 2018	Representative Director, SoftBank Group Japan Corporation (to present)
		November 2020	Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)
		April 2021	Board Director, Founder, SoftBank Corp. (to present)
Atsushi Horiba[6]	External Director	September 1972	Joined HORIBA, Ltd.
		June 1982	Director, HORIBA, Ltd.
		June 1988	Senior Managing Director, HORIBA, Ltd.
		January 1992	Representative Director & President, HORIBA, Ltd.
		June 1995	Representative Director & President, STEC Co., Ltd. (currently HORIBA STEC, Co., Ltd.)
		June 2005	Chairman, Representative Director & President, HORIBA, Ltd.
		April 2016	Chairman & Representative Director, HORIBA STEC, Co., Ltd. (to present)
		January 2018	Chairman, Representative Director & Group CEO, HORIBA, Ltd. (to present)
		June 2018	External Director, SoftBank Corp. (to present)
		June 2021	Outside Director, Sumitomo Electric Industries, Ltd. (to present)
Naomi Koshi[7]	External Director	October 2002	Registered as a lawyer
		October 2002	Lawyer, Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo))
		June 2009	Graduated from Harvard Law School, LL.M
		October 2009	Joined Debevoise & Plimpton LLP
		January 2010	Admitted to the New York State Bar
		September 2010	Visiting Fellow, Center on Japanese Economy and Business, Columbia Business School
		January 2012	Mayor, Otsu City
		September 2020	Partner Lawyer, Miura & Partners (to present)
		January 2021	Admitted to the California State Bar
		February 2021	Co-Founder and CEO, OnBoard K.K. (to present)
		June 2021	External Director, SoftBank Corp. (to present)
		December 2023	Outside Audit & Supervisory Board Member, Mitsubishi Research Institute, Inc. (to present)
Maki Sakamoto[8]	External Director	April 1998	Assistant, The University of Tokyo
		April 2000	Lecturer, Department of Information and Communication Engineering, Faculty of Electro-Communications, The University of Electro-Communications
		April 2003	Lecturer, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications

Name	Title	Date	Brief Personal History
		April 2004	Associate Professor, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications
		April 2007	Associate Professor, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications
		April 2011	Associate Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications
		April 2015	Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications
		April 2016	Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications (to present)
		May 2018	Founder and Director COO, Kansei AI Co., Ltd. (to present)
		October 2018	Sub-Director, Artificial Intelligence eXploration Research Center, The University of Electro-Communications (to present)
		April 2020	Vice-president, The University of Electro-Communications (to present)
		June 2024	External Director, SoftBank Corp. (to present)
Hiroko Sasaki[9]	External Director	April 1996	Joined the Bank of Japan
		April 2001	Joined McKinsey & Company, Inc.
		October 2009	Transformation Designer, Transformation Office, Sony Corporation (currently Sony Group Corporation)
		October 2010	Founder and President & CEO, ChangeWAVE Inc. (currently HYS Corporation) (to present)
		September 2016	President & CEO, Lyxis Co., Ltd. (currently ChangeWAVE Group, Inc.) (to present)
		June 2021	Outside Director, Shinsei Bank, Limited, (currently SBI Shinsei Bank, Limited)
		June 2021	Outside Director, UT Group Co., Ltd.
		June 2022	Outside Director (Audit & Supervisory Committee Member), UT Group Co., Ltd.
		October 2022	Outside Director, Sumitomo Mitsui DS Asset Management Company, Limited (to present)
		October 2022	Representative Director of Human Capital Management Promotion Association (to present)
		June 2024	External Director, SoftBank Corp. (to present)
Hideaki Karaki[10]	External Director	October 1985	Joined Arthur Young & Company (currently KPMG AZSA LLC)
		March 1989	Registered as a Certified Public Accountant

Name	Title	Date	Brief Personal History
		May 1993	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
		September 1995	Ernst & Young London office
		July 2001	Partner, ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
		July 2013	Chief Inspector for CPA audits, Certified Public Accountants and Auditing Oversight Board, the Financial Services Agency
		July 2015	Quality Control Division, ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
		July 2024	President, Hideaki Karaki CPA Office (to present)
		April 2025	Chair of the Contract Monitoring Committee, Japan International Cooperation Agency (JICA) (to present)
		June 2025	External Director, SoftBank Corp. (to present)
Akiko Nakajo(11)	External Director	April 1996	Joined Bloomberg Information Television, Co. Ltd.
		April 1997	Representative Director, President, Bloomberg Television, Co. Ltd.
		October 2003	Deputy Japan Representative, Bloomberg L.P.
		March 2006	Graduated from the University of Chicago Booth School of Business
		October 2009	Graduated from Advanced Management Program, Harvard Business School
		April 2013	Joined Google Inc. (currently Google Japan G.K.) Executive Officer in charge of Advertisement
		March 2016	Director of the Board (External), Kirin Company, Limited (currently Kirin Holdings Company, Limited)
		July 2017	Managing Director, YouTube Japan, Google Japan G.K. (to present)
		April 2019	Strategic Advisor, Kirin Holdings Company, Limited
		March 2020	Member of the Central Broadcast Programs Council, Japan Broadcasting Corporation
		June 2025	External Director, SoftBank Corp. (to present)
Shuji Kojima(12)	Full-time Audit & Supervisory Board Member	April 1987	Joined Dai-Ichi Kangyo Bank (currently Mizuho Bank, Ltd.)
		April 2002	Manager, Human Resources Department, Dai-Ichi Kangyo Bank
		November 2006	Head of Staff Management Office, Human Resources Department, Mizuho Bank, Ltd.
		July 2009	Head of Affiliated Business Office, Corporate Planning Department, Mizuho Bank, Ltd.
		July 2011	General Manager, Shinjuku-Nishiguchi Branch and General Manager of Shinjuku-Nishiguchi First Department, Shinjuku-Nishiguchi Branch, Mizuho Bank, Ltd.

Name	Title	Date	Brief Personal History
		November 2013	General Manager, Compliance Division, Mizuho Financial Group, Inc.
		April 2015	Executive Officer, General Manager, Compliance Division, Mizuho Financial Group, Inc.
		April 2016	Managing Executive Officer, Head of Internal Audit Group, Mizuho Bank, Ltd.
		April 2017	Senior Executive Officer, Head of Human Resources Group, Mizuho Financial Group, Inc.
		April 2019	Senior Executive Officer, Head of Compliance Group, Mizuho Financial Group, Inc.
		April 2019	Managing Executive Officer, Head of Compliance Group, Mizuho Trust & Banking Co., Ltd.
		April 2020	President, Mizuho Dream Partner, Ltd.
		June 2023	Full-time External Audit & Supervisory Board Member, SoftBank Corp. (to present)
Eiji Shimagami[13]	Full-time Audit & Supervisory Board Member	April 1982	Joined NISSAN MOTOR CO., LTD.
		January 2000	Joined JAPAN TELECOM CO., LTD. (currently SoftBank Corp.)
		April 2001	Joined J-Phone Communications Co., Ltd. (currently SoftBank Corp.)
		April 2003	Manager, Human Resources & Planning Department, J-Phone Communications Co., Ltd. (currently SoftBank Corp.)
		October 2007	Manager, General Administration Department, SOFTBANK Corp. (currently SoftBank Group Corp.)
		April 2008	Corporate Officer, Human Resources & General Affairs Unit, General Affairs Division Head, SoftBank Corp.
		June 2011	President, SoftBank Atwork Corp. (currently SB Atwork Corp.)
		November 2013	Company Representative and CEO, SB U.S. LLC
		April 2014	Vice President, CCO, Human Resources & General Affairs Unit, General Affairs Division Head, SoftBank Corp.
		June 2018	Audit & Supervisory Board Member, SB Energy Corp. (currently Terras Energy Corporation)
		June 2018	Audit & Supervisory Board Member, Bloom Energy Japan Limited (to present)
		April 2019	Advisor, SoftBank Corp.
		June 2019	Full-time Audit & Supervisory Board Member, SoftBank Corp. (to present)

Name	Title	Date	Brief Personal History
Kazuko Kimiwada[14]	Audit & Supervisory Board Member	September 1982	Passed the secondary examination for Certified Public Accountant
		April 1983	Joined Deloitte Haskins & Sells LLC (currently Deloitte Touche Tohmatsu LLC)
		August 1986	Passed the tertiary examination for Certified Public Accountant; registered as a Certified Public Accountant
		April 1995	Joined Mallinckrodt Medical, Inc.
		February 1996	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
		October 2000	Accounting Manager, SOFTBANK Corp. (currently SoftBank Group Corp.)
		November 2004	Accounting Manager & Related Business Manager, SOFTBANK Corp. (currently SoftBank Group Corp.)
		April 2007	Accounting Manager & Internal Control Manager, SOFTBANK Corp. (currently SoftBank Group Corp.)
		July 2012	Corporate Officer, SOFTBANK Corp. (currently SoftBank Group Corp.)
		June 2014	External Audit & Supervisory Board Member, SoftBank Corp.
		June 2016	Audit & Supervisory Board Member, SoftBank Corp. (to present)
		September 2016	Corporate Officer, Head of Accounting Unit, SoftBank Group Corp.
		June 2017	Corporate Officer, Senior Vice President, Head of Accounting Unit, SoftBank Group Corp. (to present)
		June 2018	Director, Audit & Supervisory Committee Member, Yahoo Japan Corporation (currently LY Corporation)
		February 2025	Corporate Officer, Senior Vice President, CSusO, Head of Accounting Unit, SoftBank Group Corp. (to present)
Yoko Kudo[15]	External Audit & Supervisory Board Member	September 1993	Joined Los Angeles office of Price Waterhouse (currently PricewaterhouseCoopers)
		January 1996	Registered as a Certified Public Accountant in the state of California
		December 1996	Joined Los Angeles office of Ernst & Young LLP
		April 2005	Seconded to Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)
		January 2006	Transferred to Ernst & Young ShinNihon
		May 2006	Specified Partner of Ernst & Young ShinNihon (Principal)
		July 2012	Specified Partner of Ernst & Young ShinNihon (Senior Principal)

Name	Title	Date	Brief Personal History
		June 2016	Audit & Supervisory Board Member, Japan Volleyball Association
		July 2020	Head, Non-audit Engagement Acceptance & Continuance Department, Professional Practice Division, Ernst & Young ShinNihon LLC
		June 2022	External Audit & Supervisory Board Member, SoftBank Corp. (to present)
		June 2022	External Director, CHUBU ELECTRIC POWER COMPANY, INCORPORATED (to present)
		June 2023	Auditor, Japanese Olympic Committee (to present)
		July 2023	Auditor, The Local Organising Committee of World Athletics Championships Tokyo 25 (to present)
		April 2025	Auditor, ASICS Foundation (to present)
		June 2025	Board Member, Japan Volleyball Association (to present)

Notes:

(1) Yasuyuki Imai was appointed to the board in June 2012 and has been a director for 12 years. Yasuyuki Imai's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Yasuyuki Imai is 66 years old. As of the date of this offering circular, Yasuyuki Imai holds stock options over 12,000,000 shares of our common stock, exercisable at ¥150 per share and valid until March 31, 2028.

(2) Junichi Miyakawa was appointed to the board in August 2003 and has been a director for 21 years. Junichi Miyakawa's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Junichi Miyakawa is 59 years old. As of the date of this offering circular, Junichi Miyakawa holds stock options over 20,000,000 shares of our common stock, exercisable at ¥150 per share and valid until March 31, 2028.

(3) Jun Shimba was appointed to the board in June 2005 and has been a director for 19 years. Jun Shimba's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Jun Shimba is 62 years old. As of the date of this offering circular, Jun Shimba holds stock options over 12,000,000 shares of our common stock, exercisable at ¥150 per share and valid until March 31, 2028.

(4) Kazuhiko Fujihara was appointed to the board in November 2004 and has been a director for 20 years. Kazuhiko Fujihara's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Kazuhiko Fujihara is 65 years old. As of the date of this offering circular, Kazuhiko Fujihara holds stock options over 4,000,000 shares of our common stock, exercisable at ¥150 per share and valid until March 31, 2028.

(5) Masayoshi Son was appointed to the board in June 2007 and has been a director for 17 years. Masayoshi Son's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Masayoshi Son is 67 years old.

(6) Atsushi Horiba was appointed to the board in June 2018 and has been a director for 6 years. Atsushi Horiba's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Atsushi Horiba is 77 years old.

(7) Naomi Koshi was appointed to the board in June 2021. Naomi Koshi's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Naomi Koshi is 49 years old.

(8) Maki Sakamoto was appointed to the board in June 2024. Maki Sakamoto's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Maki Sakamoto is 55 years old.

(9) Hiroko Sasaki was appointed to the board in June 2024. Hiroko Sasaki's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Hiroko Sasaki is 51 years old.

(10) Hideaki Karaki was appointed to the board in June 2025. Hideaki Karaki's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Hideaki Karaki is 63 years old.

(11) Akiko Nakajo was appointed to the board in June 2025. Akiko Nakajo's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Akiko Nakajo is 57 years old.

(12) Shuji Kojima was appointed in June 2023 and has been an external Audit & Supervisory board member for 2 years. Eiji Shuji Kojima's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2027 closes. As of April 30, 2025, Shuji Kojima is 60 years old.

(13) Eiji Shimagami was appointed in June 2019 and has been an external Audit & Supervisory board member for 6 years. Eiji Shimagami's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2027 closes. As of April 30, 2025, Eiji Shimagami is 66 years old.

(14) Kazuko Kimiwada was appointed in June 2014 and has been an Audit & Supervisory board member for 11 years. Kazuko Kimiwada's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2027 closes. As of April 30, 2025, Kazuko Kimiwada is 64 years old.

(15) Yoko Kudo was appointed in June 2022 and has been an Audit & Supervisory board member for 3 years. Yoko Kudo's current term will expire when the general meeting to be held with respect to the fiscal year ending March 31, 2026 closes. As of April 30, 2025, Yoko Kudo is 63 years old.

Among all Audit & Supervisory Board members, Mr. Shuji Kojima and Ms. Yoko Kudo serve as external Audit & Supervisory Board members. This means that they are not, and have not been, directors or employees of the Company or any of its subsidiaries during ten-year period preceding their election as Audit & Supervisory Board member.

Business Address of Directors and Audit & Supervisory Board Members

The business address of each of the directors and Audit & Supervisory Board members listed above is 1-7-1 Kaigan, Minato-ku, Tokyo 105-7529, Japan.

Managing Executive Officers

Our managing executive officers are appointed by the board of directors and hold the primary executive responsibility within their assigned business areas. Under the Company's internal regulations, they are also required to report to the board of directors. As of April 1, 2025, we had 18 managing executive officers. The following table provides information regarding these officers as of April 1, 2025:

Name	Title
Junichi Miyakawa	President & CEO
Jun Shimba	Representative Director & COO
Kazuhiko Fujihara	Board Director, Executive Vice President & CFO
Kenichi Takashima	Executive Vice President
Hiroyuki Terao	Executive Vice President
Hayato Sakurai	Executive Vice President
Hideyuki Tsukuda	Executive Vice President & Chief Technology Officer
Keiichi Makizono	Executive Vice President & Chief Information Officer
Fumihiro Aono	Executive Vice President & Chief Human Resources Officer
Kunihiro Fujinaga	Executive Vice President
Fumiya Takasu	Senior Vice President
Junshi Yamasaki	Senior Vice President
Kinya Honda	Senior Vice President
Kazuhiro Sasaki	Senior Vice President & Chief Data Officer
Daichi Nozaki	Senior Vice President
Makoto Noda	Senior Vice President
Tomohiro Sekiwa	Senior Vice President & Chief Network Officer
Tadashi Iida	Senior Vice President & Chief Information Security Officer

Executive Compensation

We recorded aggregate compensation expenses, including bonuses paid and the vesting of deferred compensation, for the Company's directors and Audit & Supervisory Board members during the fiscal year ended March 31, 2025 of ¥3.6 billion. This total includes amount vested under our stock option plans. No member of the board of directors or member of the Audit & Supervisory Board has a service contract that provides for benefits upon termination.

The compensation paid to the Company's directors consists of basic compensation and performance-based compensation., Basic compensation is determined based on position and is paid monthly in cash. Performance-based compensation includes both short-term and mid-term components and is paid in the form of

restricted stock. The amount of compensation is calculated by multiplying the base amount determined for each position by a payment rate, which is based on the level of achievement of performance targets in the case of short-term performance-based compensation, and on the total shareholder return (TSR) index for the relevant fiscal year in the case of mid-term performance-based compensation. We have adopted the following indicators for evaluating the achievement of short-term performance targets: net income attributable to owners of the parent, consolidated operating income, and progress toward materiality targets aligned with the Sustainable Development Goals (SDGs).

The amount of compensation to be paid to each director is determined by the board of directors based on the advice of the Remuneration Committee, which is comprised of the President & CEO and four independent external directors with an independent external director serving as the chair.

SUBSIDIARIES AND ASSOCIATES

We conduct our business together with our subsidiaries and associates. As of March 31, 2025, we had 229 subsidiaries and 67 associates accounted for by the equity method in our consolidated financial statements. The following table sets forth information as of March 31, 2025 regarding our subsidiaries and our associates accounted for by the equity method in our consolidated financial statements, respectively.

Name	Country	Issued Share Capital	Percentage of voting rights owned (indirectly) by the Company	Principal business
		(millions of yen unless noted otherwise)		
Subsidiaries				
Wireless City Planning Inc.[1]	Japan	¥ 110	31.8	*Consumer segment and Enterprise segment*: Planning and provision of mobile broadband services
SB Power Corp.	Japan	¥ 3,000	100.0	*Consumer segment*: Sales and purchases of power and mediating power transaction
SB Mobile Service Corp.	Japan	¥ 10	100.0	*Consumer segment*: Call center services, and business process outsourcing services, etc.
Cubic Telecom Limited.	Ireland	€ 240,000	54.3	*Enterprise segment*: Connected software solutions and analytics services, specializing in enabling connectivity for vehicles and IoT devices.
SB Technology Corp.	Japan	¥ 1,270	100.0	*Enterprise segment*: Business IT and Corporate IT solutions, based on cloud, security and IoT solutions
Cybertrust Japan Co., Ltd.	Japan	¥ 836	58.0 (58.0)	*Enterprise segment*: Security services, mainly electronic certificate issuance services.
eMnet Japan, Inc.[1]	Japan	¥ 328	41.0	*Enterprise segment*: Internet advertising agency.
SB Engineering Corp.	Japan	¥ 100	100.0	*Enterprise segment*: Consulting, planning, developing and managing electricity and information system
IDC Frontier Inc.	Japan	¥ 100	100.0	*Enterprise segment*: Cloud computing (IaaS) and data center business
SB C&S Corp.	Japan	¥ 500	100.0	*Distribution segment*: Distribution and sales of ICT-related products and services, mobile phone and PC peripherals, including mobile phone accessories, software and IoT products
A Holdings Corporation[1]	Japan	¥ 100	50.0	*Media & EC segment*: Management of LY

Name	Country	Issued Share Capital		Percentage of voting rights owned (indirectly) by the Company	Principal business
		(millions of yen unless noted otherwise)			
LY Corporation	Japan	¥	250,128	62.5 (62.5)	*Media & EC segment*: Internet advertising business, e-commerce business, membership services business, and other related businesses, as well as management of group companies.
ASKUL Corporation[1]	Japan	¥	21,234	46.5 (46.5)	*Media & EC segment*: Mail-order sale of stationery and services
ZOZO, Inc.	Japan	¥	1,360	51.5 (51.5)	*Media & EC segment*: Planning and operation of fashion e-commerce website; operational support of brands' own e-commerce website; operation of fashion coordination app
Ikyu Corporation	Japan	¥	400	100.0 (100.0)	*Media & EC segment*: Operation of internet sites that provide reservation services for high-end hotels and restaurants, etc.
dely Inc.	Japan	¥	100	56.3 (56.3)	*Media & EC segment*: Media company specializing in lifestyle content
PayPay Bank Corporation[1]	Japan	¥	72,217	46.6 (46.6)	*Media & EC segment*: Online banking business
Z Intermediate Global Corporation	Japan	¥	1	100.0 (100.0)	*Media & EC segment*: Intermediate holding company that holds and manages shares of overseas subsidiaries
LINE Southeast Asia Corp. Pte. Ltd.	Singapore	$	220,500,000	100.0 (100.0)	*Media & EC segment*: Intermediate holding company that holds and manages shares of overseas subsidiaries
LINE Financial Corporation	Republic of Korea	KRW	249,003,000,000	100.0 (100.0)	*Media & EC segment*: Planning, development and offering of various financial services
LINE Pay Corporation	Japan	¥	21,535	100.0 (100.0)	*Media & EC segment*: Development and offering of cashless payment services of *LINE Pay*
LINE Pay Taiwan Limited	Taiwan	NTD	680,000,000	58.1 (58.1)	*Media & EC segment*: Development and offering of cashless payment services of *LINE Pay* in Taiwan
LINE Plus Corporation	Republic of Korea	KRW	25,032,000,000	100.0 (100.0)	*Media & EC segment*: Development and offering mobile-first services via the messenger app *LINE*, including lifestyle, FinTech, Web3, contents, e-commerce, gaming, entertainment, AI and more

Name	Country	Issued Share Capital		Percentage of voting rights owned (indirectly) by the Company	Principal business
		(millions of yen unless noted otherwise)			
PayPay Corporation . . .	Japan	¥	91,434	69.8 (63.9)	*Financial segment*: Development and offering of cashless payment services of *PayPay* as well as management of group companies
PayPay Securities Corporation	Japan	¥	100	66.0 (35.4)	*Financial segment*: Online securities brokerage business
PayPay Card Corporation	Japan	¥	100	100.0 (100.0)	*Financial segment*: Credit card, credit loan, credit guarantee business
SB Payment Service Corp.	Japan	¥	6,075	100.0	*Financial segment*: Payment services, card and point services, payment collection services, money transfer services and consulting services ancillary to the foregoing services
ITmedia Inc.	Japan	¥	1,892	53.4 (53.4)	*Other businesses*: Operation of comprehensive IT information site ITmedia, etc.
plus additional 201 subsidiaries					
Associates					
C Channel Corporation	Japan	¥	10	29.0	Media business, e-commerce business and influencer marketing business
ValueCommerce Co., Ltd.(2)	Japan	¥	1,728	28.2 (28.2)	Advertising marketing service; *StoreMatch* online advertising distribution service
Demae-can Co., Ltd. . . .	Japan	¥	100	35.3 (35.3)	*Demae-can* online food and grocery delivery service and advertising marketing service
LINE Bank Taiwan Limited	Taiwan	NTD	15,000,000,000	49.9 (49.9)	Online banking business in Taiwan
Webtoon Entertainment Inc.	U.S.A.	$	32,000	24.4 (24.4)	Mobile content business
DiDi Mobility Japan Corp.	Japan	¥	100	50.0	Provision of "DiDi" in the Japan market and ancillary businesses
MONET Technologies Inc.	Japan	¥	2,500	37.3	On-demand mobility services, data analysis services and Autono-MaaS businesses
plus additional 60 associates, including 14 jointly controlled entities					

Notes:

(1) Although the percentage of voting rights owned by us is less than 50%, we accounted for these entities as subsidiaries in light of the control we exert over them.

(2) In May 2024, ValueCommerce Co., Ltd. completed a tender offer for its own shares. As a result, it ceased to be our consolidated subsidiary and became an equity method associate.

RELATED-PARTY TRANSACTIONS

From time to time, we enter into agreements and engage in transactions with associated companies, most importantly with SoftBank Group Corp. and with other members of the SoftBank Group. For a description of our relationship with the SoftBank Group, see "Business—Important Relationships—The SoftBank Group and Related Companies."

For further details on our related-party transactions during the fiscal years ended March 31, 2023, 2024 and 2025, see Note 43 to our audited consolidated financial statements as of and for the fiscal years ended March 31, 2023, 2024 and 2025 included elsewhere herein.

DESCRIPTION OF THE NOTES

The following description of the Notes is a summary of the detailed provisions of the Notes and the Indenture (as defined below). It does not purport to be complete. This summary is subject to and is qualified in its entirety by reference to all the provisions of the Notes and the Indenture, including the definitions of certain terms used therein. We urge you to read those documents in their entirety prior to making an investment decision because they, and not this description, define the rights of holders of the Notes. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. You, as holders of the Notes, may request copies of those documents upon prior written request and satisfactory proof of holding to satisfaction of the Trustee (as defined below) at all reasonable times during normal office hours (being between 9:00 am (Hong Kong time) and 3:00 pm (Hong Kong time)) on any weekday (except public holidays) on or after the Closing Date (as defined below) from the corporate trust office of the trustee located at Citicorp International Limited, 40/F, Champion Tower, Three Garden Road Central, Hong Kong (the "Trustee"), in each case, provided that the Trustee has been supplied with the relevant documents by the Company. In this section, references to the "Company" refer to SoftBank Corp.

General

The Notes will be issued pursuant to an indenture (the "Indenture") to be dated on or around July 9, 2025 (the "Closing Date") between the Company as Issuer, Citicorp International Limited, as Trustee, Citicorp International Limited as Note Registrar, and Citibank, N.A., London Branch as Paying Agent or Transfer Agent. The Paying Agent, Transfer Agent and the Note Registrar are collectively the "Agents," and each an "Agent."

The Indenture will provide that the Company may issue senior notes in one or more series with such terms (including interest rates, maturity dates, interest payment dates and other terms) as it may establish pursuant to the terms of the Indenture, up to the aggregate principal amount as it may authorize from time to time.

Each series of the notes will be established pursuant to the Indenture, and will be issued only in fully registered form without interest coupons in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will be represented by one or more registered notes in global form without coupons and in certain circumstances may be represented by registered notes in definitive form.

The Indenture and the Notes do not contain any financial covenants or restrictions on the payment of dividends on any class of the Company's capital stock, the incurrence of indebtedness, including other senior indebtedness (other than as set forth below under "—Negative Pledge") and the issuance of additional Notes or additional series of notes under the Indenture, or the issuance or repurchase of the Company's securities. In addition, there are only limited restrictions on the Company's ability to pledge assets or secure other indebtedness. The Indenture and the Notes do not contain any covenants or other provisions to afford protection to holders of the Notes in the event of a highly leveraged transaction or a change of control of the Company.

The Notes have not been and will not be registered with the United States Securities and Exchange Commission (the "SEC"), and are being offered and sold by the initial purchasers or their affiliates outside the United States in offshore transactions only to non-U.S. persons in reliance on Regulation S and by the initial purchasers or their affiliates inside the United States to persons reasonably believed to be QIBs in reliance on Rule 144A. Accordingly, the Indenture is not required to be, and will not be, qualified under the U.S. Trust Indenture Act of 1939.

Status of the Notes

The Notes will be the Company's direct, unsecured and unsubordinated general obligations and will rank equally and *pari passu* with all of the Company's other unsubordinated indebtedness (except for statutorily preferred obligations), from time to time outstanding, that is unsecured, and without any preference among themselves.

Principal, Maturity and Interest

The initial aggregate principal amount of the Notes is $500,000,000 for the 2030 Notes and $500,000,000 for the 2035 Notes. The 2030 Notes will mature on July 9, 2030 and the 2035 Notes will mature on July 9, 2035. Principal will be repaid at maturity at a price of 100% of the principal amount of the relevant series

of Notes. Neither series of the Notes will be redeemable prior to maturity, except as set forth below under "—Redemption—Optional Redemption" and "—Redemption—Optional Tax Redemption," nor will they be subject to any sinking fund.

Interest on the 2030 Notes will accrue at the rate of 4.699% per annum and interest on the 2035 Notes will accrue at the rate of 5.332% per annum. The Company will pay interest on each series of the Notes semi-annually in arrears on January 9 and July 9 of each year (each an "interest payment date"), beginning on January 9, 2026. The Company will pay interest to the holders of record of each series of the Notes on the day that is 15 calendar days preceding such interest payment date, whether or not such day is a Business Day (as defined below). Interest on each series of the Notes will be paid to but excluding the relevant interest payment date. Interest on each series of the Notes will accrue from and including the date of original issuance or, if interest has already been paid, from and including the date it was most recently paid. Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months and round the resulting figure to the nearest cent (half a cent being rounded upward). If any date for payment of principal, premium (if any) or interest (or Additional Amounts (as defined in "—Taxation and Additional Amounts"), if any) in respect of either series of the Notes falls on a day that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such next succeeding Business Day shall have the same force and effect as if made on the original due date, and no additional interest shall accrue with respect to such payment for the period after such original due date.

For purposes of the Notes and the Indenture, the term "Business Day" shall mean a day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in Hong Kong, London, The City of New York or Tokyo.

Repurchase

The Company, or any of its subsidiaries, may at any time repurchase any or all of the Notes of either series in the open market or otherwise at any price. Subject to applicable law, neither the Company nor any of its subsidiaries shall have any obligation to offer to repurchase any Notes held by any holder as a result of the Company's or such subsidiary's repurchase or offer to repurchase Notes held by any other holder in the open market or otherwise. Any Notes so repurchased shall be cancelled.

Redemption

Optional Redemption

The Company has the option to redeem the Notes of each series, in whole or in part, at any time prior to June 9, 2030 (the date that is one month before maturity) in the case of the 2030 Notes and April 9, 2035 (the date that is three months before maturity) in the case of the 2035 Notes (in each case, the "Par Call Date"), at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(i) (a) the sum of the present values of the remaining scheduled payments of principal and interest for the relevant series of Notes discounted to the redemption date (assuming the Notes matured on the relevant Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points (in the case of the 2030 Notes) or 20 basis points (in the case of the 2035 Notes) less (b) interest accrued to (but excluding) the date of redemption, and

(ii) 100% of the principal amount of the Notes of the relevant series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to (but excluding) the redemption date.

On or after the relevant Par Call Date, the Company may redeem the Notes of either series, in whole or in part, at any time and from time to time, upon giving at least 10 days but not more than 60 days' prior notice of redemption to the Trustee and the holders, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to (but excluding) the redemption date.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal

Reserve System), on the third Business Day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the relevant Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the relevant Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the relevant Par Call Date, as applicable. If there is no United States Treasury security maturing on the relevant Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the relevant Par Call Date, one with a maturity date preceding the relevant Par Call Date and one with a maturity date following the relevant Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the relevant Par Call Date. If there are two or more United States Treasury securities maturing on the relevant Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. For the avoidance of doubt, neither of the Trustee nor the Agents shall be responsible for the calculation of the redemption price.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depositary's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed, the Trustee and the Agents.

In the case of a partial redemption, selection of the Notes of each series for redemption will be made pro rata, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. No Notes of a principal amount of $200,000 or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to the Note will state the portion of the principal amount of the Note to be redeemed. A new Note in a principal amount equal to the unredeemed portion of the Note will be issued in the name of the holder of the Note upon surrender for cancellation of the original Note. Notwithstanding the foregoing, for so long as the Notes are held by DTC (or another depositary), the redemption of the Notes, including a partial redemption, shall be done in accordance with the policies and procedures of the depositary, which in the case of DTC will be made on a "Pro Rata Pass-Through Distribution of Principal" basis. Unless the Company defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes redeemed or portions thereof called for redemption.

Optional Tax Redemption

Each series of the Notes may be redeemed at any time, at the Company's option and sole discretion, in whole, but not in part, upon giving not less than 30 nor more than 60 days' prior notice of redemption to the Trustee, the Agents and the holders (which notice shall be irrevocable) at a redemption price equal to the principal amount of the Notes together with interest accrued to (but excluding) the date fixed for redemption and

any Additional Amounts thereon, if the Company has been or will be obliged to pay any Additional Amounts with respect to such series as a result of (a) any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the issuance of the Notes or (b) after the completion of any Succession Event (as defined below), any change in, or amendment to, the laws or regulations of the jurisdiction of tax residence of the succeeding entity or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of such Succession Event, and in either case such obligation cannot be avoided through the taking of reasonable measures available to the Company or the succeeding entity, as the case may be ("Additional Amounts Event").

Prior to the publication of any notice of such redemption, the Company shall deliver to the Trustee and the Agents (i) written notice of redemption, (ii) a certificate signed by an authorized officer stating that the conditions precedent to the Company's right to so redeem have been fulfilled and (iii) an opinion of independent legal advisors of recognized standing confirming that an Additional Amounts Event has occurred. The Trustee and the Agents are entitled to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the holders.

No notice of redemption for an Additional Amounts Event shall be given sooner than 90 days prior to the earliest date on which the Company (or the succeeding entity) would actually be obliged to pay Additional Amounts if payment with respect to the Notes were then due.

Merger, Consolidation, Sale or Disposition

The Indenture provides that the Company may not merge or consolidate into any other corporation, entity or person (if the Company is not the continuing entity), or sell, lease or dispose of all or substantially all of its properties and assets (including by way of a corporate split (*kaisha bunkatsu*)), whether as a single transaction or a number of transactions, related or not, to any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any branch, agency or political subdivision thereof (a "Person") unless: (i) such successor is organized and validly existing as a corporation and assumes or succeeds to the Company's obligations under each series of the Notes and the Indenture (and, if such corporation is organized in a jurisdiction other than Japan, agrees to pay any Additional Amounts in respect of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of tax residence of such corporation, or any authority therein or thereof having power to tax, corresponding to the obligation to pay Additional Amounts as described under "—Taxation and Additional Amounts" substituting such jurisdiction for references to "Japan") pursuant to a supplemental indenture; (ii) after giving effect thereto, no event of default with respect to the Notes shall have occurred and be continuing; and (iii) at or prior to the effective date of such transaction, the Company delivers to the Trustee and the Agents an officer's certificate and opinion of counsel each stating that the execution and delivery of the supplemental indenture complies with the requirements set forth in the Indenture (such permitted transaction, a "Succession Event").

Taxation and Additional Amounts

All payments of principal, premium (if any), and interest in respect of the Notes by the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments, levies or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Japan, or any political subdivision of, or any authority in, or of, Japan having power to tax ("Japanese Taxes"), unless such withholding or deduction is required by law, or by regulation or governmental policy having the force of law, as interpreted and enforced by the relevant authority. In that event, the Company shall pay to the holder of each Note such additional amounts on the Notes (all such additional amounts being referred to herein as "Additional Amounts") as may be necessary so that the net amounts received by such holder after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of such Note in the absence of such withholding or deduction, *provided*, that, no such Additional Amounts shall be payable in relation to any such withholding or deduction in respect of any payment on the Notes:

(i) to or on behalf of a holder or beneficial owner of a Note who is an individual non-resident of Japan or a non-Japanese corporation and is liable for such Japanese Taxes in respect of such

Note by reason of its (A) having some present or former connection with Japan other than the mere holding of such Note or (B) being a person having a special relationship with the Company as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act") (a "Specially-Related Person of the Company");

(ii) to or on behalf of a holder or beneficial owner of a Note (A) who would be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide certification, information, documents or other evidence concerning its nationality, residence, identity or connection with Japan, including any requirement to provide Interest Recipient Information (as defined below) or to submit a Written Application for Tax Exemption (as defined below) to the Company, or (B) whose Interest Recipient Information is not duly communicated through the Participant (as defined below) and the relevant international clearing organization to the Paying Agent;

(iii) to or on behalf of a holder or beneficial owner of a Note who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution (as defined below) who complies with the requirement to provide Interest Recipient Information or to submit a Written Application for Tax Exemption and (B) an individual resident of Japan or a Japanese corporation who duly notifies (through the Participant) the Paying Agent of its status as not being subject to Japanese Taxes to be withheld or deducted by the Company, by reason of such individual resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it);

(iv) to or on behalf of a holder or beneficial owner of a Note who presents a Note for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below), except to the extent that such holder or beneficial owner of a Note would have been entitled to such Additional Amounts on presenting the same for payment on any date during such 30-day period;

(v) to or on behalf of a holder of a Note who is a fiduciary or partnership or is not the sole beneficial owner of the payment of the principal of, or any interest on, any Note, and Japanese law requires the payment to be included for tax purposes in the income of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner, in each case, who would not have been entitled to such Additional Amounts had it been the holder of such Note;

(vi) if the withholding or deduction is imposed on a holder or beneficial owner that could have avoided such withholding or deduction by presenting its Notes (where presentation is required) to another paying agent maintained by us; or

(vii) any combination of (i) through (vi) above.

Where a Note is held through a participant of an international clearing organization or a financial intermediary (each, a "Participant"), in order to receive payments free of withholding or deduction by the Company for, or on account of, Japanese Taxes, if the relevant beneficial owner of the Note is (a) an individual non-resident of Japan or a non-Japanese corporation that in either case is not a Specially-Related Person of the Company or (b) a Japanese financial institution (a "Designated Financial Institution") falling under certain categories prescribed by Article 6, paragraph (11) of the Special Taxation Measures Act, and the cabinet order thereunder (Cabinet Order No. 43 of 1957, as amended) (together with the ministerial ordinance and other regulations thereunder, the "Act"), all in accordance with the Act, such beneficial owner of a Note must, at the time of entrusting a Participant with the custody of the relevant Note, provide certain information prescribed by the Act to enable the Participant to establish that such beneficial owner of a Note is exempted from the requirement for Japanese Taxes to be withheld or deducted (the "Interest Recipient Information"), and advise the Participant if such beneficial owner of a Note ceases to be so exempted, including the case where the relevant beneficial owner of the Note who is an individual non-resident of Japan or a non-Japanese corporation becomes a Specially-Related Person of the Company.

Where a Note is not held by a Participant, in order to receive payments free of withholding or deduction by the Company for, or on account of, Japanese Taxes, if the relevant beneficial owner of a Note is (a) an individual non-resident of Japan or a non-Japanese corporation that in either case is not a Specially-Related Person of the Company or (b) a Designated Financial Institution, all in accordance with the Act, such beneficial

owner of a Note must, prior to each date on which it receives interest, submit to the Company, as appropriate, a written application for tax exemption (*hikazei tekiyo shinkokusho*) (a "Written Application for Tax Exemption") in the form obtainable from the Company, as appropriate, stating, among other things, the name and address (and, if applicable, the Japanese individual or corporation ID number) of such beneficial owner of a Note, the title of the Notes, the relevant interest payment date, the amount of interest payable and the fact that such beneficial owner of a Note is qualified to submit the Written Application for Tax Exemption, together with documentary evidence regarding its identity, residence and eligibility. If a holder or beneficial owner of a Note provides certain information required to be stated in the Written Application for Tax Exemption, in an electronic form prescribed by the Act, with the Company, such holder or beneficial owner will be deemed to have submitted the Written Application for Tax Exemption to the Company.

As used herein, the "Relevant Date" means the date on which any payment in respect of a Note first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received by the Paying Agent, notice to that effect is duly given to the holders of the Notes in accordance with the Indenture.

By subscribing for the Notes, an investor will be deemed to have represented that it is (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Person of the Company; or (ii) a beneficial owner that is a Designated Financial Institution. For more details regarding Japanese withholding tax, see "Taxation—Japanese Taxation."

The Company will make any required withholding or deduction and remit the full amount withheld or deducted to the Japanese taxing authority in accordance with applicable law. The Company will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any tax, duty, assessment, fee or other governmental charge so withheld or deducted from the Japanese taxing authority imposing such tax, duty, assessment, fee or other governmental charge, and if certified copies are not available, the Company will use reasonable efforts to obtain other evidence satisfactory to the Paying Agent, and the Company shall make such certified copies or other evidence available to the holders or the beneficial owners of the Notes upon reasonable request to the Company.

The obligation to pay Additional Amounts shall not apply to (A) any estate, inheritance, gift, excise, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (B) any tax, assessment or other governmental charge that is payable otherwise than by way of withholding or deduction from payments of principal of or interest on the Notes; provided that, except as otherwise set forth in the Notes and in the Indenture, the Company shall pay all stamp, court or documentary taxes or any excise or property taxes, charges or similar levies and other duties, if any, which may be imposed by Japan, the United States or any respective political subdivision or any taxing authority thereof or therein, with respect to the Indenture or as a consequence of the initial issuance, execution, delivery, registration or enforcement of the Notes.

In addition, no Additional Amounts will be payable for, or on account of, any deduction or withholding imposed pursuant to Sections 1471-1474 of the U.S. Internal Revenue Code, the U.S. Treasury regulations thereunder and any other official guidance thereunder ("FATCA"), any intergovernmental agreement entered into with respect to FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing, or relating to, FATCA, similar legislation under the laws of any other jurisdiction, or any such intergovernmental agreement.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee in advance of the scheduled payment.

Any references in this "Description of the Notes" to principal, premium (if any), or interest shall be deemed also to refer to any Additional Amounts payable under the Notes and the Indenture.

Negative Pledge

So long as any Note remains outstanding, the Company will not create or permit to subsist any Lien (as defined below) on any of the Company's property, assets or revenues, present or future, to secure, for the benefit

of the holders of Public External Indebtedness (as defined below), payment of any sum owing in respect of any such Public External Indebtedness, any payment under any guarantee of any such Public External Indebtedness or any payment under any indemnity or other like obligation relating to any such Public External Indebtedness, unless contemporaneously therewith effective provision is made to secure the Notes equally and ratably with such Public External Indebtedness with a similar Lien on the same property, assets or revenues securing such Public External Indebtedness for so long as such Public External Indebtedness are secured by such Lien. Notwithstanding the foregoing, this restriction will not apply to Liens on money paid to or money or securities deposited by the Company with a fiscal agent, trustee or depository to pay, defease or discharge in full over time the Company's obligations in respect of other Public External Indebtedness (provided that such money or securities so paid or deposited, and the proceeds therefrom, will be sufficient to pay or discharge such obligations in full).

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property or asset and any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.

"Public External Indebtedness" means bonds, debentures, notes or other similar investment securities evidencing indebtedness for borrowed moneys of, or any guarantees thereof by, the Company or any other person, which (a) are either (i) by their terms payable, or confer a right to receive payment, in any currency other than Japanese yen or (ii) denominated in Japanese yen and more than 50% of the aggregate principal amount thereof is initially distributed outside of Japan by or with the authorization of the issuer thereof; and (b) are capable of being or are intended to be, quoted, listed, ordinarily dealt in or traded on a stock exchange or over-the-counter or other securities market outside Japan.

Events of Default and Remedies

Holders of the Notes will have certain rights if an event of default occurs. References to an event of default mean any of the following:

(a) the Company defaults for more than 30 days in the payment of interest or Additional Amounts in respect of the Notes;

(b) the Company fails to pay principal of or premium, if any, on the Notes when that principal or premium, if any, is due and payable;

(c) the Company defaults in the performance or observance of any other covenant, condition or provision contained in the Notes or in the Indenture for a period of 90 days after the date on which written notice thereof requesting the Company to remedy such default shall have been given to the Company by the Trustee acting on the written instructions of holders of at least 25% in principal amount of the then outstanding Notes;

(d) the Company becomes bound as a consequence of acceleration due to a default in respect of any indebtedness for borrowed moneys having a total principal amount then outstanding of at least $50,000,000 (or its equivalent in any other currency or currencies) contracted or incurred to repay the same prior to its stated maturity, or the Company has defaulted in the repayment of any such indebtedness contracted or incurred at the later of the maturity thereof or the expiration of any applicable grace period therefor, or the Company has failed to pay when properly called upon to do so, and after the expiration of any applicable grace period, any guarantee contracted or incurred by the Company of any such indebtedness in accordance with the terms of any such guarantee; provided, however, that if any such default is cured under such indebtedness, or is waived by the holders of such indebtedness, in each case as may be permitted under the terms of such indebtedness, then such event of default shall be deemed to have been thereupon cured or waived;

(e) a final and non-appealable order of a court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Company, except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing corporation or the corporation formed as a result thereof effectively assumes the Company's entire obligations under the Indenture in relation to the Notes;

(f) an encumbrancer shall have taken possession, or a trustee or receiver shall have been appointed, in bankruptcy, civil rehabilitation, reorganization or insolvency of the Company, of

all or substantially all of the Company's assets and undertakings, as the case may be, and such possession or appointment shall have continued undischarged and unstayed for a period of 60 days;

(g) the Company stops payment (within the meaning of the bankruptcy laws of Japan) or (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction) ceases to carry on business or is unable to pay its debts generally as and when they fall due;

(h) a decree or order by any court having jurisdiction shall have been issued adjudging the Company bankrupt or insolvent, or approving a petition seeking with respect to the Company reorganization or liquidation under bankruptcy, civil rehabilitation, reorganization or insolvency laws of Japan, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or

(i) the Company initiates or consents to proceedings relating to it under bankruptcy, civil rehabilitation, reorganization or insolvency laws of Japan or shall make a conveyance or assignment for the benefit of, or shall enter into any composition with, creditors generally.

If an event of default arising under subsections (e), (f), (g), (h) or (i) above occurs and is continuing, the principal of and interest accrued on the Notes shall be due and payable immediately. If any other event of default occurs and is continuing, the Trustee in its discretion may, or if so requested in writing by the holders of not less than 25% in aggregate principal amount of the outstanding Notes of each affected series, shall (subject to receiving security and/or indemnity and/or prefunding to its satisfaction), declare the principal, premium (if any), accrued interest and any other payments on the Notes of such affected series to be due and payable immediately.

Limitation on Suits

Other than the right to institute a suit for the enforcement of the payment of principal, premium (if any), or interest (including, in each case, any Additional Amounts, if applicable), in respect to any Notes after the applicable due date specified in the Notes, no holder of any Note has any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless: (i) such holder has previously given written notice to the Trustee of a continuing event of default; (ii) the holders of not less than 25% in aggregate principal amount of the Notes of each affected series shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee; (iii) such holder or holders have provided to the Trustee indemnity, security and/or prefunding satisfactory to it against the fees, costs, expenses and liabilities to be incurred in compliance with such request; (iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, security and/or prefunding has failed to institute any such proceeding; and (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Notes of each affected series.

Discharge, Defeasance and Covenant Defeasance

Discharge of Indenture

The Company may terminate all of its obligations with respect to a series of the Notes under the Indenture after the Company has: (i) delivered all of the outstanding Notes of such series to the Trustee for cancellation, (ii) irrevocably deposited with the Trustee (or its duly appointed agent), in trust, funds in U.S. dollars, or U.S. Government Obligations (as defined below), or both, for the benefit of the holders of any such series of the Notes that have either become due and payable or will become due and payable within one year (or are to be called for redemption within one year) in an amount sufficient, in the opinion of an internationally recognized firm of independent accountants, to pay and discharge the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the Notes have become due and payable) or to the maturity thereof or the redemption date of the Notes, and (iii) paid or caused to be paid or made provision satisfactory to the Trustee for the payment of all other sums payable by the Company on all of outstanding Notes of such series under the Indenture; and (iv) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of its obligations with respect to such series of Notes under the Indenture have been complied with.

Defeasance of a Series of the Notes and Covenant Defeasance

The Indenture provides that the Company may elect either (1) to defease and be discharged from any and all obligations with respect to any series of the Notes (except for, among other things, obligations to register the transfer or exchange of the Notes, to replace temporary or mutilated, destroyed, lost or stolen Notes, to maintain an office or agency with respect to the Notes and to hold moneys for payment in trust) ("legal defeasance") or (2) to be released from the Company's obligations to comply with the restrictive covenants, and any omission to comply with such obligations will not constitute a default or an event of default with respect to any series of the Notes and clause (c) under "—Events of Default and Remedies" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by the Company with the Trustee, in trust, of an amount in U.S. dollars, or U.S. Government Obligations, or both, which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient, in the opinion of an internationally recognized firm of independent accountants, to pay the principal or premium, if any, and interest on such series of the Notes on the scheduled due dates therefor, and all other sums payable by the Company under the Indenture.

If the Company exercises its covenant defeasance option or legal defeasance option, the Company will be required to deliver to the Trustee an officer's certificate and an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the Notes to recognize gain or loss for U.S. federal income tax purposes. If the Company exercises its legal defeasance option, that officer's certificate and opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

The Company may exercise its legal defeasance option notwithstanding the prior exercise of its covenant defeasance option with respect to any series of the Notes.

"U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

Indemnification of Judgment Currency

The Company will, as a separate obligation of the Company, indemnify each holder of a Note to the full extent permitted by applicable law against any loss incurred by the holder as a result of any judgment or order being given or made for any amount due under the Note and the judgment or order being expressed and paid in a currency, referred to as judgment currency, other than U.S. dollars and as a result of any variation as between (a) the rate of exchange at which the U.S. dollar is converted into the judgment currency for the purpose of the judgment or order and (b) the spot rate of exchange in The City of New York at which the holder on the Business Day after such payment is made pursuant to the judgment or order is able to purchase U.S. dollars with the amount of the judgment currency actually received by the holder.

Modification and Waiver

Modification and amendment of the Notes of any series and the Indenture may be made by the Company and the Trustee and the Agents with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding Notes of each affected series; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

(i) change the maturity date of the principal or payment date of any interest or change any obligation of the Company to pay any Additional Amounts;

(ii) reduce the principal amount of, or rate of interest on, any Note;

(iii) reduce any amount payable on redemption of any of the Notes or change the dates as of which the Notes may be redeemed at a specified price;

(iv) affect the rights of holders of less than all the outstanding Notes;

(v) change the place of payment where, or the coin or currency in which, any Note or interest thereon is payable; or

(vi) impair the right of a holder to institute suit for the enforcement of any payment on or with respect to any Note on or after the date when due;

provided, further, that no such modification may, without the consent of the holders of all Notes of the affected series outstanding at the time, alter the respective percentages of outstanding Notes necessary, pursuant to the Indenture, to modify the terms of the Notes, waive past defaults or accelerate the payment of the principal amount of the Notes.

It shall not be necessary for any consent of holders under the relevant section of the Indenture to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Notwithstanding the foregoing, without the consent of any holders of the Notes, the Company and the Trustee and the Agents, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(i) to secure the Notes, provided that the provisions under "—Negative Pledge" are not breached;

(ii) to evidence the succession of another corporation to the Company and the assumption by any such successor of the Company's covenants in the Indenture and the Notes;

(iii) to add to the Company's covenants or to surrender any right or power in the Indenture conferred upon the Company for the benefit of the holders of the Notes;

(iv) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee;

(v) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture or applicable laws, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not adversely affect the interests of the holders of the Notes in any material respect;

(vi) to effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC or any applicable clearing system; or

(vii) to make any other change that does not adversely affect the interests of the holders of the Notes in any material respect.

In connection with the matters indicated above, the Trustee and the Agents shall be entitled to rely conclusively on an opinion of counsel and an officer's certificate to the effect that the entry into such amendment, supplement or waiver is authorized and permitted.

The Trustee, Notes Registrar and Agents

Citicorp International Limited, a banking corporation incorporated in Hong Kong, with offices located in Hong Kong is the Trustee and Notes Registrar. Citibank, N.A., London Branch is the Paying Agent and Transfer Agent. Citicorp International Limited, in its capacity as Trustee and Note Registrar, and Citibank, N.A., London Branch, in its capacity as Paying Agent and Transfer Agent, assume no responsibility for the accuracy or completeness of the information concerning the Company or its affiliates or any other party contained in this document or any other documents related to this transaction.

The Indenture provides that during the existence and continuance of an event of default with respect to the Notes, the Trustee will exercise the rights and powers vested in it by the Indenture, and use the same degree of care and skill in the exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. In the absence of an event of default with respect to the Notes, the Trustee and the Agents need only perform the duties specifically set forth in the Indenture, and no implied covenant, duty or obligation shall be read into the Indenture or the Notes against the Trustee and the Agents.

The Trustee and the Agents have no duty to monitor the performance or compliance in the fulfillment of the Company's obligations under the Indenture or to verify the accuracy, validity and/or genuineness of certain facts, documents, reports or calculations notified or furnished to them. The Trustee may decline to exercise its discretion or permissive power in certain circumstances.

The Indenture contains limitations on the rights of the Trustee, should it become the Company's creditor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee or any Agent is permitted to engage in other transactions with the Company, including normal banking and trustee relationships, without being obliged to account for any profits therefrom. The Trustee and the Agents may have an interest in, may be providing, or may in the future provide financial or other services to other parties.

The Trustee will be under no obligation to exercise any rights or powers vested in it by the Indenture at the request or direction of any holder, unless such holders have provided to the Trustee security, indemnity and/or prefunding satisfactory to it against the fees, costs, expenses (including the properly incurred fees and expenses of its counsel and other external advisors) and liabilities which might be incurred by it in compliance with such request or direction. The Trustee will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from its exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the holders.

Successor Trustee

Any successor trustee appointed pursuant to the terms of the Indenture shall have a combined capital and surplus of not less than $50,000,000 (or equivalent) and shall be a bank or trust company organized and doing business under the laws of the United States or of the State of New York or Hong Kong, in good repute or international standing and having an office in the Borough of Manhattan, The City of New York or Hong Kong.

Further Issuances

The Company reserves the right, from time to time, without the consent of the holders of the Notes, to issue additional Notes on terms and conditions identical to those of the Notes (other than the issue date, the issue price and, in some cases, the first interest payment date), which additional Notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the previously outstanding Notes of the relevant series; provided, however, that if such additional Notes are not fungible with the outstanding Notes of the relevant series for U.S. federal income tax purposes, such additional Notes will be assigned a CUSIP, ISIN and Common Code different from those assigned to any series of outstanding Notes.

Repayment of Funds

Any money deposited by the Company with the Trustee or a paying agent in trust for payment of principal of or interest and any Additional Amounts on any Note which remains unclaimed for two years after such principal, interest or Additional Amounts have become due and payable and paid to the Trustee shall, upon the Company's written request, be repaid to the Company and all liability of the Trustee or such paying agent with respect to such payments will cease, and to the extent permitted by applicable law, the holder of that Note shall thereafter look only to the Company for payment thereof.

Reporting Requirements

For as long as any Notes are outstanding, the Company will promptly furnish to the Trustee (for the benefit of the holders of the Notes):

(i) within three months after the end of each fiscal year, the Company's consolidated statements of financial position and consolidated statements of profit or loss, changes in equity and cash flows in English and (y) within six months after the end of each fiscal year, an annual report in English including the Company's consolidated statements of financial position and consolidated statements of profit or loss, changes in equity and cash flows prepared in accordance with IFRS and audited by a nationally or internationally recognized firm of independent auditors of good repute; and

(ii) as soon as practicable after the end of each interim period (other than the last interim period of a fiscal year), the Company's interim consolidated statement of financial position and

consolidated statements of profit or loss and cash flows in English prepared in accordance with IFRS by a nationally or internationally recognized firm of independent accountants of good repute, *provided that* interim consolidated statements of cash flows will not be required if disclosure of interim consolidated statements of cash flows is not required for such corresponding interim period for companies listed on the main board of the Tokyo Stock Exchange pursuant to the listing rules or other regulations generally applicable to such companies.

To the extent any reports or other documents are published by the Company on its investor relations website for such documents and the Company notifies the Trustee of such publication, such reports or other documents shall be deemed to have been furnished to the Trustee and the holders of the Notes.

Governing Law; Consent to Jurisdiction and Service of Process; Communications

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Company has in the Indenture irrevocably and unconditionally submitted to the non-exclusive jurisdiction of the courts of any New York State or United States federal court sitting in the Borough of Manhattan, The City of New York with respect to any legal action or proceedings that may be brought in connection with the Indenture or the Notes. As long as any of the Notes remain outstanding, the Company will at all times have an authorized agent with an office in the Borough of Manhattan, The City of New York upon whom process may be served in any action arising out of or relating to the Indenture or the Notes. The Company has appointed Cogency Global Inc. with offices located at 122 East 42nd Street, 18th Floor, New York, NY 10168 as its initial agent for such purpose.

Book Entry, Delivery and Form

The Notes will initially be issued to investors only in book-entry form. Notes sold in reliance on Regulation S under the Securities Act will be initially in the form of one or more fully registered global notes (the "Regulation S global notes"), and Notes sold in reliance on Rule 144A under the Securities Act will initially be in the form of one or more fully registered global notes (the "Rule l44A global notes"). The global notes will be issued and registered in the name of Cede & Co., acting as nominee for DTC, which will act as securities depositary for the Notes. The global notes will initially be deposited with Citibank, N.A., London Branch, acting as custodian for DTC.

The Notes (including beneficial interests in the global notes) will be subject to certain restrictions on transfer set forth in the Notes and the Indenture and will bear a legend regarding the restrictions as set forth under "Transfer Restrictions." Under certain circumstances, transfers may be made only upon receipt by the Trustee and the Transfer Agent of a written certification.

Prior to the 40th day after the later of the commencement of the offering and the closing date, a beneficial interest in a Regulation S global note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A global note upon receipt by the Trustee and the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a QIB purchasing for its own account (or for the account of one or more QIBs over which account it exercises sole investment discretion) and (ii) has notified the transferee of the restrictions on transfer set forth under "Transfer Restrictions."

Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A global note without any written certification from the transferor or the transferee. Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Regulation S global note only upon receipt by the Trustee and the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in compliance with the restrictions on transfer set forth under "Transfer Restrictions" and pursuant to and in accordance with Rule 903 or 904 of Regulation S under the Securities Act.

Any beneficial interest in one of the global notes that is transferred to an entity that takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interest in such other global note for as long as it remains such an interest.

Persons that acquire beneficial ownership interests in the global notes will hold their interests through DTC in the United States or through Euroclear or Clearstream in Europe, if they are participants of those systems, or indirectly through organizations that are participants in those systems. Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream's names on the books of their respective depositories, which in turn will hold those positions in customers' securities accounts in the depositories' names on the books of DTC. Unless and until definitive notes are issued, the only holder of the Notes will be Cede & Co., as nominee of DTC, or the nominee of a successor depositary. Beneficial owners will be permitted to exercise their rights only indirectly through DTC, Euroclear, Clearstream and their participants.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in its participants' accounts, eliminating the need for physical movement of securities certificates. Participants in DTC include Euroclear and Clearstream, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers. Access to the DTC system is also available to others, such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions among its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. The Euroclear system is operated by Euroclear Bank SA/NV, a bank incorporated under the laws of the Kingdom of Belgium as the "Euroclear operator." All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the initial purchasers or their affiliates. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear system and applicable Belgian law. The Euroclear terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the Euroclear terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the initial purchasers or their affiliates. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Purchases of Notes within the DTC system must be made by or through the DTC participants, which will receive a credit for the Notes on DTC's records and on the records of Euroclear or Clearstream, if applicable.

The ownership interest of each actual purchaser of Notes, a beneficial owner of an interest in a global note, is in turn to be recorded on the DTC participants' and indirect participants' records.

Beneficial owners of interests in a global note will not receive written confirmation from DTC, Euroclear or Clearstream of their purchases, but they are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the DTC participants or indirect participants through which they purchased the Notes. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of the DTC participants and indirect participants acting on behalf of beneficial owners of interests in a global note. Beneficial owners of interests in a global note will not receive certificates representing their ownership interests in the Notes unless use of the book-entry system for the Notes is discontinued.

Transfers among DTC, Clearstream and Euroclear

Transfers between DTC participants will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between persons holding, directly or indirectly through DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant European depositary; however, those cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the relevant European depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the European depositaries.

Because of time zone differences, credits of securities received in Euroclear or Clearstream as a result of a transaction with a person that does not hold the Notes through Euroclear or Clearstream will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Those credits or any transactions in those securities settled during that processing will be reported to the relevant Euroclear or Clearstream participants on that business day. Cash received in Euroclear or Clearstream as a result of sales of securities by or through a Euroclear participant or a Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Limitations on Responsibilities

DTC, Euroclear and Clearstream have no knowledge of the actual beneficial owners of interests in a global note. DTC's records reflect only the identity of the DTC participants to whose accounts those Notes are credited, which may or may not be the beneficial owners of interests in a global note. Similarly, the records of Euroclear and Clearstream reflect only the identity of the Euroclear or Clearstream participants to whose accounts those Notes are credited, which also may or may not be the beneficial owners of interests in a global note. DTC, Euroclear and Clearstream participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

The Trustee and the Agents shall have no responsibility for the operations and procedures or the actions or inactions of DTC, Euroclear and Clearstream.

DTC's Procedures for Notices, Voting and Payments

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or that nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the global note for all purposes under the Notes and the Indenture. No beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Notes, including the presentation of Notes for exchange as described below, only at the direction of one or more of its participants to whose account DTC's interests in the global notes are credited and only in respect of that portion of the aggregate principal amount of Notes as to which that participant or participants has or have given the direction.

Conveyance of notices and other communications by DTC to its participants, by those participants to its indirect participants, and by participants and indirect participants to beneficial owners of interests in a global note will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Paying Agent will make payments of principal of and interest on the Notes and send any notices in respect of the Notes held in book-entry form to Cede & Co.

Payment of principal of and interest on the Notes held in book-entry form will be made to Cede & Co. or another nominee of DTC in immediately available funds. DTC's practice is to credit its participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on that payment date. Neither the Trustee nor the Agents will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests. Payments by DTC's participants and indirect participants to beneficial owners of interests in a global note will be governed by standing instructions and customary practices, and will be the responsibility of those participants and indirect participants and not of DTC or the Company, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal of and interest on the Notes or other amounts to DTC is the Company's responsibility, disbursement of these payments to participants is the responsibility of DTC, and disbursement of those payments to the beneficial owner of an interest in a global note is the responsibility of participants and indirect participants.

Except as described in this offering circular, a beneficial owner of an interest in a global note will not be entitled to receive physical delivery of Notes. Accordingly, each beneficial owner of an interest in a global note must rely on the procedures of DTC to exercise any rights under the Notes.

The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of interests in a global note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among participants, none of them is under any obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time. The Company will not have any responsibility for the performance by DTC, Euroclear, Clearstream or their participants or indirect participants under the rules and procedures governing them. DTC, Euroclear and Clearstream may discontinue providing their services as securities depositary with respect to the Notes at any time by giving notice to the Company. Under those circumstances, definitive notes would be delivered as described below.

The information in this section concerning DTC, Euroclear and Clearstream and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

Exchange of Global Notes for Definitive Notes

No definitive notes will be issued in exchange for the global notes unless (i) DTC is at any time unwilling or unable to continue as a depositary for the global notes or has ceased to be qualified to act as such as required by the Indenture and a successor depositary is not appointed by the Company within 90 days or (ii) there shall have occurred and be continuing an event of default with respect to the Notes and a holder has requested the Company for definitive notes. Definitive notes delivered in exchange for beneficial interests in any global note will be registered in such names, and issued in such approved denominations, as directed by DTC or the successor depositary, in accordance with its customary procedures, and will be issued without coupons.

The principal amount of the Notes in definitive form will be payable by the Paying Agent by wire transfer (at the expense of the Company) in immediately available funds, upon presentation and surrender of the Notes at the specified office of the Note Registrar or at the office of the Transfer Agent of the Notes to be transferred, together with the form of transfer endorsed thereon duly completed and executed and any other evidence that such registrar or transfer agent may reasonably require. Interest on the Notes will be payable by the Paying Agent by wire transfer (at the expense of the Company) in immediately available funds, to the persons in whose names the Notes, or one or more predecessor Notes, are registered on each interest payment record date.

Enforcement

For the purposes of enforcement of the provisions of the Indenture, the persons named in a certificate of the holder of any global note in respect of which a global note is issued will be recognized as the beneficiaries of the Indenture, to the extent of the principal amounts of their interests in the notes set out in the certificate of the holder, as if they were themselves the holders of the notes in such principal amounts.

Clearance and Settlement

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream.

Paying and Transfer Agent

Citibank, N.A., London Branch, located at c/o Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland, will initially act as paying agent (the "Paying Agent") and transfer agent (the "Transfer Agent") for the Notes. The Company may change the paying agent or transfer agent without prior notice to the holders of the Notes, and the Company or any of its subsidiaries may act as paying agent or transfer agent.

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global note is exchanged for definitive notes. In addition, in the event that any of the global notes is exchanged for definitive notes, an announcement of such exchange will be made by the Company or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore.

Minimum Board Lot Size on the SGX-ST

The Notes will be traded on the SGX-ST in a minimum board lot size of $200,000 for so long as the Notes are listed on the SGX-ST.

TAXATION

Japanese Taxation

The following is a general description of certain aspects of Japanese taxation applicable to the Notes. It does not purport to be a comprehensive description of the tax aspects of the Notes. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.

Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on current tax laws and regulations in Japan and current income tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this offering circular are to be regarded as advice on the tax position of any beneficial owner of the Notes or any person purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the purchase, sale or other dealings in respect of the Notes.

The Notes

The Notes do not fall under the concept of so called "taxable linked notes" as described in Article 6, Paragraph (4) of the Special Taxation Measures Act, being notes of which the amount of interest is to be calculated or determined by reference to certain indicators (as prescribed in the Cabinet Order) in respect of the issuer of such notes or any other person who has a special relationship with such issuer (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is directly or indirectly controlled by a person who also directly or indirectly controls, such issuer) as described in Article 6, Paragraph (4) of the Special Taxation Measures Act and Article 3-2-2, Paragraphs (5) to (7) of the Cabinet Order.

Interest Payments on the Notes

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Notes, where the Notes are issued by us outside Japan and payable outside Japan. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.

(1) Non-Resident Holders that are not Specially-Related Persons

If the recipient of interest on the Notes is a holder or beneficial owner of the Notes that is, for Japanese tax purposes, an individual non-resident of Japan or a non-Japanese corporation, or a non-resident holder, as described below, the Japanese tax consequences to such non-resident holder are significantly different depending upon whether such non-resident holder is a specially-related person. Most importantly, if such non-resident holder is a specially-related person, income tax at the rate of 15.315% of the amount of such interest will be withheld by us under Japanese tax law.

(a) If the recipient of interest on the Notes is a non-resident holder that is not a specially-related person having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Notes is not attributable to such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding, deduction or otherwise, if such recipient complies with certain requirements, inter alia:

(i) if the relevant Notes are held through certain participants in an international clearing organization such as DTC, Euroclear and Clearstream or certain financial intermediaries prescribed by the Special Taxation Measures Act and the Cabinet Order (together with the ministerial ordinance and other regulations thereunder), or the Law in this Japanese taxation section, the requirement to provide, at the time of entrusting a "participant" within the meaning of each such participant or financial intermediary with the custody of the relevant Notes, certain information, or the interest recipient information, prescribed by the Law to enable the participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the participant if such non-resident holder ceases to be so exempted (including the case where it became a specially-related person); and

(ii) if the relevant Notes are not held through a participant, the requirement to submit to the relevant paying agent a written application for tax exemption (*hikazei tekiyo shinkokusho*) or certain information to be stated in such a written application in an electronic form, together with certain documentary evidence.

Failure to comply with the foregoing requirements (including the case where the interest recipient information is not duly communicated through a participant or to the relevant paying agent as required under the Law) will result in the withholding by us of income tax at the rate of 15.315% of the amount of such interest.

(b) If the recipient of interest on the Notes is a non-resident holder having a permanent establishment within Japan and the receipt of interest is attributable to such permanent establishment, such interest will not be subject to a 15.315% withholding tax by us, if the recipient provides the interest recipient information or submits the written application for tax exemption as set out in paragraph (a) above. Failure to do so will result in the withholding by us of income tax at the rate of 15.315% of the amount of such interest. The amount of such interest will be aggregated with the recipient's other Japanese source income and will be subject to regular income tax or corporate tax, as appropriate.

(2) Resident Holders, and Non-Resident Holders that are Specially-Related Persons

Payments of interest on the Notes to be made to a holder or beneficial owner of the Notes that is, for Japanese tax purposes, an individual resident of Japan or a Japanese corporation, or a resident holder (except for (a) a designated financial institution which has complied with the requirements under Article 6 of the Special Taxation Measures Act and (b) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Special Taxation Measures Act which has received interest through a payment handling agent in Japan as defined in Article 3-3, Paragraph (1) of the Special Taxation Measures Act and Article 2-2, Paragraph (2) of the Cabinet Order), or to a non-resident holder that is a specially-related person will be subject to deduction in respect of Japanese income tax at the rate of 15.315%.

For an individual resident of Japan and an individual non-resident of Japan that is a specially-related person having a permanent establishment in Japan, interest on the Notes in general constitutes taxable income, together with other interest, dividends and capital gains arising from certain specified notes and listed shares, and is subject to income taxation by reporting at the rate of 15.315%. Such interest income may be offset against capital losses arising from sale of certain specified notes or listed shares by filing a tax return. The withholding tax referred to above will in general be credited against their income tax liability reportable by their tax return. Alternatively, they may elect to finalize their income tax liability only by the withholding tax referred to above without filing a tax return.

For an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially related person having no permanent establishment in Japan, the Japanese taxation is finalized only by the withholding tax referred to above.

Under the Law, if a non-resident holder becomes a specially-related person, and if the Notes are held through a participant, then such non-resident holder is required to notify the participant of such change in status by the immediately following interest payment date of the Notes. As the status of such non-resident holder as a specially-related person for Japanese withholding tax purposes is determined based on the status as at the beginning of our fiscal year in which the relevant interest payment date falls, such non-resident holder should, by such notification, identify and advise the participant of the specific interest payment date on which Japanese withholding tax commences to apply with respect to such non-resident holder as being a specially-related person.

The Japanese withholding tax imposed upon interest on the Notes paid to a non-resident holder that is a specially-related person as mentioned above may be reduced or exempted by an income tax treaty between Japan and the country of residence of such non-resident holder in accordance with its terms.

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance Tax and Gift Tax

Gains derived from the sale of Notes outside Japan by an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by holders of the Notes in connection with the issue of the Notes, nor will such taxes be payable by holders of the Notes in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Notes from another individual as legatee, heir or donee.

Certain U.S. Federal Income Taxation Considerations

The following is a summary of certain U.S. federal income tax considerations relevant to the ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The discussion is limited to considerations relevant to a U.S. Holder (as defined below), and does not address the effects of other U.S. federal tax laws, such as estate and gift tax laws, or any state, local or foreign tax laws. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder ("Treasury Regulations"), judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare surtax on net investment income or the alternative minimum tax. In addition, it does not address all of the tax consequences relevant to holders who are subject to special rules, including, but not limited to:

- U.S. expatriates and former citizens or long-term residents of the United States;
- U.S. Holders whose functional currency is not the U.S. dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- REITs and regulated investment companies;
- brokers, dealers and traders in securities;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations and governmental organizations;
- persons deemed to sell the Notes under the constructive sale provisions of the Code; and
- persons required to recognize any item of gross income for U.S. federal income tax purposes with respect to the Notes no later than when such item is taken into account on an applicable financial statement.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If an entity or arrangement taxed as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partnership and partner level. Accordingly, an entity or arrangement treated as a partnership for U.S. federal income tax purposes that is considering holding the Notes, and the partners in such partnerships, should consult their tax advisers regarding the U.S. federal income tax consequences to them and their partners of the ownership and disposition of the Notes by the partnership.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-US TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Payments of Stated Interest

It is expected, and therefore this discussion assumes, that the Notes will be issued without original issue discount for U.S. Federal income tax purposes. Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for US federal income tax purposes.

Any non-US withholding tax paid by a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for income taxes withheld by the Company. Stated interest income on a Note will generally constitute foreign source income and will generally be considered "passive category income" for purposes of computing the foreign tax credit. There are significant and complex limitations on a U.S. Holder's ability to claim foreign tax credits (or deduction in lieu thereof). U.S. Holders should consult their own tax advisers regarding the creditability or deductibility of any foreign taxes withheld.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of the Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize U.S. source gain or loss equal to the difference, if any, between the amounts realized upon such disposition and the U.S. Holder's adjusted tax basis in the Note. The amount realized by a U.S. Holder is generally the sum of the cash plus the fair market value of all other property received on the sale or other taxable disposition (without reduction for any taxes withheld), less any amount attributable to accrued but unpaid stated interest, which will be taxable as such to the extent not previously included in income as described above under "—Payments of Stated Interest." A U.S. Holder's adjusted tax basis in a Note will generally be its U.S. dollar cost for the Note.

Gain or loss a U.S. Holder recognizes on the sale or other taxable disposition of the Notes generally will be U.S. source capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder has held the Notes for more than one year on the date of disposition. For non-corporate U.S. Holders, long-term capital gains are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their own tax adviser regarding the tax consequences of a non-U.S. tax imposed on a disposition of the Notes, including the foreign tax credit implications of the sale or retirement of the Notes under its particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a redemption or retirement) of a Note paid to a U.S. Holder, unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. A U.S. Holder that is not an exempt recipient may be subject to U.S. federal backup withholding at the applicable rate

(currently 24%) with respect to payments on the Notes and the proceeds of a sale or other taxable disposition of the Notes, unless the U.S. Holder provides its taxpayer identification number and certifies on IRS Form W-9, under penalties of perjury, that it is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding withheld from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS in a timely manner.

Foreign Financial Asset Reporting

Individuals (and certain entities) that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds are generally required to file an information report with respect to such assets with their tax returns. The Notes will generally constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisers regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

CERTAIN ERISA AND BENEFIT PLAN CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Notes (including any interest in a Note) by (i) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code (the "Code"), or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws"), and (iii) entities whose underlying assets are considered to include "plan assets" of any such employee benefit plan, account or arrangement (each of the foregoing described in (i), (ii), and (iii) above shall be referred to herein as a "Plan").

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code, (a "Covered Plan"), and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of a Covered Plan, or who renders investment advice for a fee or other compensation to a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Notes, a fiduciary of a Covered Plan or a Plan should determine, among other things, that the investment is in accordance with the documents and instruments governing the Covered Plan or Plan and the applicable provisions of ERISA, the Code or, with respect to a Plan, the provisions of any Similar Laws, relating to a fiduciary's duties to the Covered Plan or Plan, including, without limitation, as applicable, the prudence, diversification, delegation of control, conflict of interest and prohibited transaction provisions of ERISA, the Code or, with respect to Plans, any other applicable Similar Laws.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Covered Plan and certain persons having certain relationships to such Covered Plans (referred to as "parties in interest" or "disqualified persons"), unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, a fiduciary of the Covered Plan who engaged in such non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code, and the transaction may need to be reversed.

A prohibited transaction within the meaning of ERISA and the Code could arise in connection with an investment in the Notes, for example, if the Notes (including any interest in a Note) are acquired by a Covered Plan to which we or an initial purchaser or any of our or their respective affiliates is a party in interest or disqualified person and such acquisition and holding of the Note is not covered by an applicable statutory or administrative exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "PTCEs," that potentially may provide exemptive relief for direct or indirect prohibited transactions resulting from a Covered Plan's investment in a Note. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the Issuer of the Notes nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan pays no more than adequate consideration in connection with the transaction. Each of these PTCEs contains conditions and limitations on its application. There can be no assurance that any PTCE or any other exemption will be available with respect to any otherwise prohibited transactions arising in connection with an investment in the Notes or that all of the conditions of any exemption will be satisfied or that any exemption or exemptions would cover all potential transactions that may arise in connection with such an investment. Accordingly, the Notes (including interests therein) may not be acquired by any person investing "plan assets" of any Covered Plan or Plan, unless such acquisition will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws. Any fiduciary of a Covered Plan which proposes to cause the Covered Plan to purchase or hold the Notes (including any interest in a Note) should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

U.S. governmental plans, non-U.S. plans and certain church plans, while not subject to the fiduciary responsibility or the prohibited transaction provisions of ERISA or the Code, may nevertheless be subject to Similar Laws. Each fiduciary of any such plan should consult with its counsel before investing in the Notes with the assets of any such plan to determine the need for, and the availability, if necessary, of any exemptive relief under any such Similar Laws.

In light of the foregoing, by its purchase or holding of any Note (including any interest in a Note), the purchaser thereof will be deemed to have represented and warranted that either: (i) no assets of a Covered Plan or a Plan have been used to acquire or hold such Note or an interest therein or (ii) the purchase and holding of such Note or an interest therein by such person will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code or a similar violation of any applicable Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of the rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions or other violations, fiduciaries, or other persons considering purchasing the Notes (including an interest therein) or holding the Notes on behalf of, or with the assets of, any Covered Plan or Plan, should consult with their advisors and/or counsel regarding the matters described in this section. Neither this discussion nor anything provided in this offering circular is, or is intended to be, investment advice directed at any potential Covered Plan or other Plan purchasers, or to Covered Plan or Plan purchasers generally, and such purchasers or holders of the Notes (or interests therein) have the exclusive obligation for determining whether an investment in the Notes is suitable for the Covered Plan or Plan, as applicable, and that such investment will not result in a prohibited transaction under ERISA or Section 4975 of the Code, a violation of the fiduciary requirements of ERISA, or a violation of any Similar Law. The sale of the Notes (including interests therein) to any Covered Plan or Plan is in no respect a representation by us, an initial purchaser or any of our or their respective affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Covered Plans or Plans generally or any particular Covered Plan or Plan, or that such investment is prudent or appropriate for Covered Plans or Plans generally or any particular Covered Plan or Plan.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The offering is being made in accordance with Rule 144A and Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction. Accordingly, the Notes may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except (a) to Qualified Institutional Buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the U.S. to persons other than "U.S. persons" (as defined in Rule 902 under the Securities Act) in offshore transactions in compliance with Regulation S.

For a discussion of the requirements to effect exchanges or transfers of interests in the Global Notes, see "Description of the Notes—Book-Entry, Delivery and Form."

Rule 144A Notes

Each purchaser of the Notes offered hereby in reliance on Rule 144A (the "Rule 144A Notes") will be deemed to have represented and agreed as follows:

(1) It (A) is a Qualified Institutional Buyer, (B) is aware that the sale of the Notes to it is being made in reliance on Rule 144A, and (C) is acquiring the Notes for its own account or for the account of a Qualifying Institutional Buyer, as the case may be.

(2) It understands that the Notes have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except as permitted by the legend set forth in paragraph (3) below.

(3) It understands that the Notes will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF AGREES FOR THE BENEFIT OF SOFTBANK CORP. (THE "COMPANY") THAT THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY, (2) TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN ACCORDANCE WITH RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE COMPANY OR THE TRUSTEE MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL, THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS. THE HOLDER HEREOF, BY, PURCHASING OR ACCEPTING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THIS LEGEND WILL BE REMOVED ONLY AT THE OPTION OF THE COMPANY."

Regulations S Notes

Each purchaser of Notes other than the Rule 144A Notes (the "Regulation S Notes") will be deemed to have represented and agreed as follows:

(1) It is a non-U.S. person who is acquiring such Regulation S Notes in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

(2) It understands that such Regulation S Notes have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons except as permitted by the legend set forth in paragraph (3) below.

(3) It understands that the Notes will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. SOFTBANK CORP. HAS AGREED THAT THIS LEGEND SHALL BE DEEMED TO HAVE BEEN REMOVED ON THE 41ST DAY FOLLOWING THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE FINAL DELIVERY DATE WITH RESPECT THERETO."

Each purchaser and transferee of the Notes offered hereby will be deemed to have represented and agreed that either (i) no portion of the assets used by such purchaser or transferee, as applicable, constitute the assets of (a) an "employee benefit plan" subject to Title I of ERISA, (b) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code, or provisions under any other Similar Laws, or (c) an entity whose underlying assets are considered to include the "plan assets" of any such plan, account or arrangement (each of the foregoing described in clauses (a), (b) and (c) referred to herein as a "Plan") or (ii) its purchase of such Note will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a similar violation of any applicable Similar Laws.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions set forth in a purchase agreement, dated June 30, 2025 (the "purchase agreement") between us and the initial purchasers named below, for whom Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC and SMBC Nikko Securities America, Inc. are acting as the representatives, the initial purchasers have severally, and not jointly, agreed to purchase, and we have agreed to sell to the initial purchasers, the respective principal amount of each series of the Notes listed opposite their names below.

Initial Purchasers of the Notes	Principal amount of the 2030 Notes	Principal amount of the 2035 Notes
Morgan Stanley & Co. LLC	$150,000,000	$150,000,000
Citigroup Global Markets Inc.	100,000,000	100,000,000
J.P. Morgan Securities LLC	100,000,000	100,000,000
Mizuho Securities USA LLC	50,000,000	50,000,000
SMBC Nikko Securities America, Inc.	47,500,000	47,500,000
BNP PARIBAS	12,500,000	12,500,000
BofA Securities, Inc.	12,500,000	12,500,000
Goldman Sachs & Co. LLC	12,500,000	12,500,000
Crédit Agricole Corporate and Investment Bank	5,000,000	5,000,000
Daiwa Capital Markets America Inc.	5,000,000	5,000,000
Nomura Securities International, Inc.	5,000,000	5,000,000
Total	$500,000,000	$500,000,000

The initial purchasers have advised us that they propose initially to offer each series of the Notes at the offering prices listed on the cover page of this offering circular. After the initial offering, the price to investors may be changed. The initial purchasers have agreed to purchase each series of the Notes from us at a purchase price that reflects a discount from the offering price, and the initial purchasers will retain the difference between such purchase price and offering price as compensation.

The initial purchasers are entitled to be released and discharged from their obligations under, and to terminate, the purchase agreement in certain circumstances prior to paying us for the Notes. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased. The initial purchasers are offering the Notes subject to their acceptance of the Notes from us and subject to prior sale. The purchase agreement provides that the obligations of the several initial purchasers to pay for and accept delivery of the Notes are subject to approval of certain legal matters by their counsel and to certain other conditions. Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased.

The purchase agreement provides that we will indemnify the initial purchasers and their affiliates against specified liabilities, in connection with the offer and sale of the Notes, and will contribute to payments the initial purchasers and their affiliates may be required to make in respect of those liabilities.

The Notes are being offered and sold (i) in the United States by the initial purchasers or U.S. broker-dealer affiliates of the initial purchasers in the United States to institutions that are QIBs, as defined in Rule 144A and (ii) by the initial purchasers or the affiliates of certain of the initial purchasers directly or indirectly in offshore transactions to persons other than U.S. persons in reliance on Regulation S under the Securities Act, and, in each case, in accordance with applicable laws.

Short Positions

In connection with this offering, the initial purchasers may purchase and sell the Notes in the open market, subject to applicable laws and regulations. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of the Notes in excess of the principal amount of the Notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of the Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than

the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

No Sale of Similar Securities

We have agreed that, during a period of 30 days following the date of this offering circular, we will not, without the prior written consent of the representatives of the initial purchasers, directly or indirectly, to issue, sell, offer, contract or grant any option to sell, pledge or transfer, or otherwise dispose of or transfer, or announce the offering of, any U.S. dollar-denominated debt securities issued by us or securities exchangeable for or convertible into debt similar to the Notes, other than the sale of the Notes to the initial purchasers.

New Issues of the Notes

The Notes are new issues of securities with no established trading market. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." Approval in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. Under the rules of the SGX-ST, the Notes if traded on the SGX-ST, are required to be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded on the SGX-ST, will be traded in a minimum board lot size of $200,000. The initial purchasers have advised us that they presently intend to make a market in the Notes after completion of this offering. Such market-making activity will be subject to the limits imposed by applicable laws. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. A liquid or active public trading market for any of the Notes may not develop. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If such Notes are traded, they may trade at a discount from the initial offering price, depending on the market for similar securities, our performance and other factors. See "Risk Factors—Risks Relating to the Notes—There is no prior market for the Notes, and the Notes may have limited liquidity."

Selling Restrictions

General

No action has been or will be taken by us that would permit a public offering of the Notes, or possession or distribution of this offering circular, any amendment or supplement thereto, or any other offering or publicity material relating to the Notes in any country or jurisdiction where, or in any circumstances in which, action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering circular nor any other offering or publicity material relating to the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with applicable laws and regulations.

United States

The Notes offered by this offering circular have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The initial purchasers or U.S. affiliates of the initial purchasers may arrange for the sale of a portion of the Notes in the United States exclusively to persons reasonably believed by them to be Qualified Institutional Buyers (as defined in Rule 144A) in reliance on the exemption from registration provided by Rule 144A. Each United States purchaser of Notes is hereby notified that the offer and sale of Notes to it is being made in reliance upon such exemption. The offering of the Notes outside the United States will be made in compliance with Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

Japan

The Notes have not been and will not be registered under the FIEA, and are subject to the Special Taxation Measures Act. Each of the initial purchasers has, severally and not jointly, represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any of the Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (i) means any person that is a resident of Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes as part of its distribution pursuant to the purchase agreement at any time, to, or for the benefit of, any person other than a beneficial owner that is (A) for Japanese tax purposes, neither (1) an individual resident of Japan or a Japanese corporation, nor (2) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Person of ours or (B) a Japanese financial institution, designated in Article 6, paragraph (11) of the Special Taxation Measures Act.

Prohibition of Sales to EEA Retail Investors

The Notes which are the subject of the offering contemplated by this offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

  (iii) not a qualified investor as defined in the Prospectus Regulation.

  and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

The Notes which are the subject of the offering contemplated by this offering circular, as supplemented by any applicable supplement or pricing term sheet in relation thereto, have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

  (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

  and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each initial purchaser has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Hong Kong

The contents of this offering circular have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer and this offering circular. If you are in any doubt about any of the contents of this offering circular, you should obtain independent professional advice.

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time (the "SFO"), and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Notes has been, will be or may be issued or has been, will be or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This offering circular has not been and will not be registered as a prospectus with the MAS. Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; or

(ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because the Notes have a minimum denomination higher than CHF 100,000 (or equivalent in another currency) and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This offering circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

Canada

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are both accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, NI 33-105, the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Stamp Taxes and Other Charges

Purchasers of the Notes offered by this offering circular may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price on the cover page of this offering circular.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us or our subsidiaries and affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities), financial instruments (including bank loans), currencies and commodities for their own account (including purchasing the Notes for their own account) and for the accounts of their customers, and such investment and securities activities may involve securities, instruments or assets of ours or related to our business. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their respective affiliates may also make investment recommendations and may publish or express independent research views in respect of such securities or instruments or in respect of assets, currencies or commodities that may be related to our business, and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities, instruments, currencies or commodities.

We have a comprehensive business alliance with SMC, which is an affiliate of SMBC Nikko Securities America, Inc., an initial purchaser in respect of the offering of the Notes. to enhance digital services through the integration of SMC's "*Olive*" platform for individual customers and our technological capabilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Announcement of Business Alliance with Sumitomo Mitsui Card."

Mizuho Bank, Ltd. is one of our principal bank lenders and is an affiliate of Mizuho Securities USA LLC, an initial purchaser in respect of the offering of the Notes. Sumitomo Mitsui Banking Corporation is one of

our principal bank lenders and is an affiliate of SMBC Nikko Securities America, Inc., an initial purchaser in respect of the offering of the Notes. BNP PARIBAS, an initial purchaser in respect of the offering of the Notes, is one of our principal bank lenders through its Tokyo branch.

Settlement

We expect delivery of the Notes will be made against payment therefor on or about July 9, 2025, New York City time, which will be the sixth New York business day following the date of this offering circular (such settlement being referred to as "T+6"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+6, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for us by Morrison & Foerster LLP with respect to matters of U.S. federal and New York state law and by Mori Hamada & Matsumoto with respect to certain matters of Japanese law, and for the initial purchasers by Sullivan & Cromwell LLP with respect to matters of U.S. federal and New York state law.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company and its subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2023, 2024 and 2025 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended March 31, 2023, 2024 and 2025, prepared in accordance with IFRS, included in this offering circular, have been audited by Deloitte Touche Tohmatsu LLC, independent auditor, as stated in its report thereon included in this offering circular.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SoftBank Corp.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of SoftBank Corp. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of March 31, 2025, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition—significant judgments and estimates required for telecommunication service contracts with customers, and the reliability of the IT systems based on which revenues are recorded (Note 3. Material accounting policies (16) Revenue, Note 16. Contract costs, Note 28. Provisions, and Note 36. Revenue)

   (1) Significant judgments and estimates required for telecommunication service contracts with customers

   Key Audit Matter Description

   As stated in Note 36, total revenues from mobile and broadband services in Consumer business, and mobile and fixed line services in the Enterprise business were Ą2,425,860 million, which represented 37.1% of revenue in the consolidated statement of income. As stated in Notes 16 and 28, the Group capitalized contract costs in the amount of Ą384,500 million, and recognized a provision for contract losses of Ą86,785 million in the consolidated statement of financial position.

   Telecommunication service contracts, which account for the majority of mobile and broadband service contracts in Consumer business, and mobile and fixed line services in Enterprise business have a wide range of tariff structures, and customer loyalty programs.

   Accounting treatment for telecommunication service contracts with customers involves a number of significant judgments and estimates, including future projections made by management. The measurement and allocation of the transaction price of individual contracts, the timing of revenue recording and the amount of contract costs expensed are highly dependent upon the following judgments and estimates, among others:

   - Estimate on the duration of telecommunication service contracts, based on which management determines the amortization period of capitalized contract costs, such as sales commissions for obtaining and renewing telecommunication service contracts.

   - Estimate on the exercise rate and timing of exercise in connection with the program, and sales price of used handsets, which are used for calculation of the provision for contract losses.

   - Significant judgments in determining accounting for incentive plans for customers, such as determination of principal versus agent considerations, and identification of contracts and performance obligations.

   The above judgments and estimates in determining accounting treatment for telecommunication service contracts with customers, including future projects, we have determined the significant judgments and estimates as a key audit matter.

   How the Key Audit Matter Was Addressed in the Audit

   To address the key audit matter, we tested the design and operating effectiveness of controls over telecommunication service contracts, and assessed judgments and estimates used by management in accounting for each telecommunication service contract by performing the following audit procedures, among others:

   - For the estimated expected duration of telecommunication service contracts used by management to determine the amortization period of capitalized contract costs:

     —Conducted a trend analysis of the durations of related telecommunication service contracts

     —Conducted retrospective review of past estimates and actual data

     —Conducted inquiries with management regarding future projections and inspected relevant documents

     —Examined the reliability of the underlying data used in the analysis

   - For the estimation of the exercise rate and timing of exercise for the program, and the sales price of used handsets:

     —Conducted a trend analysis of related historical data

     —Conducted retrospective review of past estimates and actual data

     —Conducted inquiries with management regarding future projections and inspected relevant documents

     —Examined the reliability of the underlying data used in the analysis

—Traced the actual sale price of used handsets to the related documents, tested the validity of the calculation logic, and recalculation

- For various incentive plans for customers:

  —Inspected contracts or terms and conditions with customers

  —Evaluated the accuracy of the identification of contracts and performance obligations

  —Assessed the appropriateness of management's judgments on principal versus agent considerations

  —Compared the number of lines and incentive amounts per agency

  —Assessed the validity of any unique changes through a correlation analysis between incentive unit prices and the number of contracts acquired

(2) The reliability of the IT systems based on which revenues are recorded

Key Audit Matter Description

Revenue recording processes in telecommunication services, such as the calculation of amounts to be billed to customers, billing to customers, and interface of information into the financial reporting systems, are highly dependent on IT systems.

Billing and rating systems cover a combination of different services plans, and process large volumes of data through a number of different IT systems such as customer management systems. Such data includes customer contract data, revenue transaction data captured and recorded for variable-pay plans, such as call detail records ("CDR") and data traffic records, and a wide range of tariffs with frequent changes during the year.

Given the quantitative significance of the telecommunication service revenue in proportion to total revenues in the consolidated statement of income, and the fact that the accuracy and completeness of customer billing and revenue recognized is dependent on the design and operating effectiveness of the IT systems, we determined the reliability of the IT systems as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

To address the key audit matter, with the assistance of our IT specialists, we tested the design and operating effectiveness of the relevant IT controls within the process, such as the accuracy and completeness of the rating and billing calculation, customer invoicing, and the data transfer to the general ledger system, by performing the following procedures, among others:

- Tested the end-to-end reconciliation from the customer management systems to the billing and rating systems, and to the general ledger.

- As part of the control testing of the automated application control for accurate billing and rating, we tested whether the actual billing data agrees to our independently calculated data using the customer database, CDR, and tariff tables.

- Tested general IT controls such as access controls of the customer management systems, the billing and rating systems and other relevant support systems, system operation management, and change management controls around systems relating to material revenue streams.

2. Valuation of goodwill (Note 3. Material accounting policies (11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill, and Note 15. Goodwill and intangible assets)

Key Audit Matter Description

The goodwill balance as of March 31, 2025 is ¥2,068,492 million, representing 12.8% of total assets in the consolidated statement of financial position.

Goodwill has arisen from business combinations as the Group aims to further grow its telecommunication business within the framework of its Beyond Carrier growth strategy, as well as strengthen its revenue base in new areas such as the Media & EC business and Financial business, going beyond the boundaries of a telecommunications carrier.

Goodwill is mainly composed of ¥937,556 million allocated to Media cash-generating unit group and ¥541,000 million allocated to Financial cash-generating unit group as stated in Note 15.

In measuring the recoverable amount of the cash-generating unit groups in the impairment test for goodwill, the higher of the value in use or the fair value less costs of disposal is used. If the recoverable amount is less than the carrying amount, an impairment loss is recognized.

The Group measures the recoverable amount of the cash-generating unit groups, including goodwill, based on a valuation model (mainly the discounted cash flow method) that is suitable for the impairment test.

Especially, the estimation of the recoverable amount for Media cash-generating unit group and Financial cash-generating unit group includes the following significant assumptions, which require subjectivity and judgment of management including consideration of future uncertainties:

	Media cash-generating unit group	Financial cash-generating unit group
Main components	Marketing solution cash-generating unit of LY Corporation, etc.	PayPay cash-generating unit, etc.
Recoverable amount	Value in use	Fair value less costs of disposal
Valuation models and methods	Discounted cash flow method (involved discounting estimated cash flows to present value, including terminal value based on the business plan approved by management and a perpetual growth rate)	Mainly discounted cash flow method (involved discounting estimated cash flows based on the business plan approved by management and a growth rate to present value. The terminal value is calculated by referencing the EV/EBITDA multiples of comparable companies.)
Significant assumptions	• Future revenue forecast based on consideration of the future market growth rate, market share, and other factors • Discount rate	• Future forecast of payment transaction volume and fee rates • Future revenue forecast based on consideration of the future market growth rate, market share, and other factors • EV/EBITDA multiple • Discount rate

The Company's business as a digital platform operator has a rapid business cycle and is susceptible to technological innovations, such as the development of generative AI technology and digital transformation (DX).

Additionally, with the diversification of payment methods accompanying technological innovation, the payment and financial services offered by the Company face competition from other payment financial services offered by competitors, making the growth potential of this business a relatively high degree of future uncertainty.

Given the quantitative significance of goodwill allocated to Media cash-generating unit group and Financial cash-generating unit group, the underlying assumptions used in the valuation involve significant management judgments and subjectivity, and the uncertainty associated with future projections, we determined the reasonableness of the estimates related to the valuation of goodwill as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

In testing the valuation of goodwill allocated to Media cash-generating unit group and Financial cash-generating unit group, we performed the following audit procedures, among others:

	Media cash-generating unit group	Financial cash-generating unit group
(1) Evaluation of controls		
	Obtained an understanding of controls related to the estimation of the value in use or the fair value less costs of disposal, which forms the basis for determining the recoverable amount, and tested the design and operating effectiveness of controls.	
Focus areas	• Controls over the preparation and approval process of the underlying business plans	• Controls over the preparation and approval process of the underlying business plans • Controls over the appropriateness of the EV/EBITDA multiple, which forms the basis for calculating the fair value less costs of disposal
(2) Test of the reasonableness of the estimated recoverable amount		
Understanding of the market environment and business model	Inquired of management and planners to understand the market environment and business model, and assessed the alignment of the business plan, which serves as the basis for estimating the future cash flows, with the business environment and management's business strategy.	
Assessment for estimation bias by management	Tested the consistency between the underlying business plan and the approved budget for the following year and the medium-term business plan. Additionally, we assessed if significant assumptions reflect management's estimation of uncertainty. Furthermore, we compared the business plan with actual results from prior years to assess management's ability to formulate business plans and tested whether there was any excessive estimation bias including the inappropriate assumptions.	
Appropriateness of the valuation models and methods	With the assistance of our valuation specialists, tested the validity of the valuation models and methods selected by management, and the accuracy of valuation results.	
Assessment of the significant assumptions	• Assessed the appropriateness of assumptions related to future forecasts of market growth rates and market share by the comparison and analysis with available external data on growth rates and market shares in the internet advertising market including social media, a trend analysis based on past performance, and a comparative analysis with competitors in the same industry.	• Conducted a comparative analysis with past performance regarding the transaction volume and fee rates. • Assessed the appropriateness of assumptions related to future forecasts of market growth rates and market share by a comparative analysis with available external data, such as growth rates in the QR code payment market, and a trend analysis based on past performance.
	With the assistance of our valuation specialists, tested the appropriateness of the discount rate.	With the assistance of our valuation specialists, tested the appropriateness of the EV/EBITDA multiple and discount rate.
Evaluation of external experts used by management	Evaluated the competence, capability, and objectivity of external experts used by management.	

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the years ended March 31, 2025 and 2024, which were charged by us and our network firms to SoftBank Corp. and its subsidiaries were ¥4,166 million and ¥222 million, and ¥4,851 million and ¥195 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/ Deloitte Touche Tohmatsu LLC
Tokyo, Japan
June 24, 2025

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

a. Consolidated Statements of Financial Position

(Millions of yen)

	Notes	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
ASSETS				
Current assets				
Cash and cash equivalents	8	¥ 2,059,167	¥ 1,992,873	¥ 1,435,525
Trade and other receivables	9,29	2,389,731	2,660,995	2,805,640
Other financial assets	10,29	194,924	229,715	260,236
Inventories	11	159,139	155,059	191,451
Other current assets	12	145,134	186,810	165,803
Subtotal		4,948,095	5,225,452	4,858,655
Assets classified as held for sale	13	-	42,577	-
Total current assets		4,948,095	5,268,029	4,858,655
Non-current assets				
Property, plant and equipment	14	1,673,705	1,768,812	1,966,995
Right-of-use assets	19	763,598	662,183	749,157
Goodwill	15	1,994,298	2,049,404	2,068,492
Intangible assets	15	2,529,116	2,505,511	2,531,480
Contract costs	16	334,345	319,140	384,500
Investments accounted for using the equity method	21	218,170	251,488	273,148
Investment securities	17,29	241,294	272,788	255,068
Investment securities in banking business	18	288,783	522,232	747,056
Other financial assets	10,29	1,528,650	1,755,627	2,099,465
Deferred tax assets	23	59,608	46,529	65,128
Other non-current assets	12	102,519	100,163	103,051
Total non-current assets		9,734,086	10,253,877	11,243,540
Total assets		¥ 14,682,181	¥ 15,521,906	¥ 16,102,195

(Millions of yen)

	Notes	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
LIABILITIES AND EQUITY				
Current liabilities				
Interest-bearing debt	24,29,31	¥ 2,064,154	¥ 2,381,632	¥ 1,646,524
Trade and other payables	25,29	2,317,402	2,535,072	2,828,640
Contract liabilities	36	116,213	128,307	137,223
Deposits for banking business	26,29	1,472,260	1,643,155	1,795,965
Other financial liabilities	29	6,729	1,722	2,742
Income taxes payable		116,220	125,933	122,844
Provisions	28	63,642	33,287	52,932
Other current liabilities	27	216,018	226,596	248,336
Subtotal		6,372,638	7,075,704	6,835,206
Liabilities directly associated with assets classified as held for sale	13	-	9,582	-
Total current liabilities		6,372,638	7,085,286	6,835,206
Non-current liabilities				
Interest-bearing debt	24,29,31	4,070,347	3,939,255	4,315,628
Other financial liabilities	29	30,236	45,312	104,741
Provisions	28	94,084	99,491	142,392
Deferred tax liabilities	23	341,170	301,852	322,232
Other non-current liabilities	27	90,639	115,063	116,625
Total non-current liabilities		4,626,476	4,500,973	5,001,618
Total liabilities		10,999,114	11,586,259	11,836,824
Equity				
Equity attributable to owners of the Company				
Common stock	33	204,309	214,394	228,162
Capital surplus	33	685,066	736,052	927,067
Retained earnings	33	1,392,043	1,475,775	1,594,862
Treasury stock	33	(74,131)	(75,822)	(29,221)
Accumulated other comprehensive income (loss)	33	17,658	26,675	22,760
Total equity attributable to owners of the Company		2,224,945	2,377,074	2,743,630
Non-controlling interests	20	1,458,122	1,558,573	1,521,741
Total equity		3,683,067	3,935,647	4,265,371
Total liabilities and equity		¥ 14,682,181	¥ 15,521,906	¥ 16,102,195

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	7,36	¥ 5,911,999	¥ 6,084,002	¥ 6,544,349
Cost of sales	37	(3,194,085)	(3,150,653)	(3,384,115)
Gross profit		2,717,914	2,933,349	3,160,234
Selling, general and administrative expenses	37	(1,964,580)	(2,081,765)	(2,200,591)
Other operating income	38	321,422	30,172	43,195
Other operating expenses	38	(14,588)	(5,688)	(13,822)
Operating income		1,060,168	876,068	989,016
Gain on changes in equity interest		5,343	20,435	4,564
Share of losses of associates accounted for using the equity method	21	(53,218)	(22,198)	(9,650)
Financing income	39	11,905	12,921	11,676
Financing costs	39	(117,212)	(61,415)	(117,352)
Gain on sales of equity method investments		1,109	5,227	3,713
Impairment loss on equity method investments		(45,227)	(25,126)	(1,910)
Profit before income taxes		862,868	805,912	880,057
Income taxes	23	(208,743)	(215,647)	(224,771)
Net income[1]		¥ 654,125	¥ 590,265	¥ 655,286
Net income attributable to				
Owners of the Company		¥ 531,366	¥ 489,074	¥ 526,133
Non-controlling interests	20	122,759	101,191	129,153
		¥ 654,125	¥ 590,265	¥ 655,286
Earnings per share attributable to owners of the Company[2]				(Yen)
Basic earnings per share	41	¥ 11.25	¥ 10.32	¥ 10.99
Diluted earnings per share	41	¥ 11.10	¥ 10.12	¥ 10.84

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the fiscal years ended March 31, 2023, 2024 and 2025 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 fiscal year ended March 31, 2023.

Consolidated Statements of Comprehensive Income

	Notes	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025
Net income		¥654,125	¥590,265	¥655,286
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	40	3,240	(308)	2,707
Changes in the fair value of equity instruments at FVTOCI	29,40	170,427	2,651	(3,424)
Share of other comprehensive income (loss) of associates accounted for using the equity method	21,40	146	479	97
Total items that will not be reclassified to profit or loss		173,813	2,822	(620)
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of debt instruments at FVTOCI	29,40	(598)	(1,071)	(3,805)
Cash flow hedges	29,40	822	(132)	7,219
Exchange differences on translation of foreign operations	40	14,921	20,545	(14,846)
Share of other comprehensive income (loss) of associates accounted for using the equity method	21,40	1,139	9,754	(14,163)
Total items that may be reclassified subsequently to profit or loss		16,284	29,096	(25,595)
Total other comprehensive income (loss), net of tax		190,097	31,918	(26,215)
Total comprehensive income		¥844,222	¥622,183	¥629,071
Total comprehensive income attributable to				
Owners of the Company		¥654,503	¥499,960	¥524,159
Non-controlling interests		189,719	122,223	104,912
		¥844,222	¥622,183	¥629,071

Note:

1. Income taxes related to the components of other comprehensive income (loss) are described in “Note 40. Other comprehensive income.”

c. Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Notes	Equity attributable to owners of the Company							
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehen-sive income (loss)	Total	Non-controlling interests	Total equity
As of April 1, 2022		¥204,309	¥688,030	¥1,131,391	¥(106,462)	¥ 43,353	¥1,960,621	¥1,252,110	¥3,212,731
Comprehensive income									
Net income		-	-	531,366	-	-	531,366	122,759	654,125
Other comprehensive income (loss)		-	-	-	-	123,137	123,137	66,960	190,097
Total comprehensive income		-	-	531,366	-	123,137	654,503	189,719	844,222
Transactions with owners and other transactions									
Cash dividends	34	-	-	(405,658)	-	-	(405,658)	(47,200)	(452,858)
Issuance of new shares		-	-	-	-	-	-	-	-
Transfer from common stock to capital surplus		-	-	-	-	-	-	-	-
Purchase of treasury stock	33	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	33	-	(13,909)	-	32,331	-	18,422	-	18,422
Cancellation of treasury stock		-	-	-	-	-	-	-	-
Changes from business combinations		-	(3,730)	-	-	-	(3,730)	36,672	32,942
Changes from loss of control		-	-	-	-	-	-	609	609
Changes in interests in existing subsidiaries		-	(709)	-	-	-	(709)	26,275	25,566
Share-based payment transactions		-	1,438	-	-	-	1,438	-	1,438
Transfer from retained earnings to capital surplus	33	-	13,966	(13,966)	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	33	-	-	148,832	-	(148,832)	-	-	-
Other		-	(20)	78	-	-	58	(63)	(5)
Total transactions with owners and other transactions		-	(2,964)	(270,714)	32,331	(148,832)	(390,179)	16,293	(373,886)
As of March 31, 2023		¥204,309	¥685,066	¥1,392,043	¥ (74,131)	¥ 17,658	¥2,224,945	¥1,458,122	¥3,683,067

For the fiscal year ended March 31, 2024

(Millions of yen)

	Notes	Equity attributable to owners of the Company							
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehen-sive 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		-	-	489,074	-	-	489,074	101,191	590,265
Other comprehensive income (loss)		-	-	-	-	10,886	10,886	21,032	31,918
Total comprehensive income		-	-	489,074	-	10,886	499,960	122,223	622,183
Transactions with owners and other transactions									
Cash dividends	34	-	-	(406,935)	-	-	(406,935)	(45,589)	(452,524)
Issuance of new shares	33	70,085	67,180	-	-	-	137,265	-	137,265
Transfer from common stock to capital surplus	33	(60,000)	60,000	-	-	-	-	-	-
Purchase of treasury stock	33	-	-	-	(100,000)	-	(100,000)	-	(100,000)
Disposal of treasury stock	33	-	(12,535)	-	27,175	-	14,640	-	14,640
Cancellation of treasury stock	33	-	(71,134)	-	71,134	-	-	-	-
Changes from business combinations		-	-	-	-	-	-	13,528	13,528
Changes from loss of control		-	-	-	-	-	-	(6,490)	(6,490)
Changes in interests in existing subsidiaries		-	8,600	-	-	-	8,600	16,989	25,589
Share-based payment transactions		-	(1,009)	-	-	-	(1,009)	-	(1,009)
Transfer from retained earnings to capital surplus		-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	33	-	-	1,869	-	(1,869)	-	-	-
Other		-	(116)	(276)	-	-	(392)	(210)	(602)
Total transactions with owners and other transactions		10,085	50,986	(405,342)	(1,691)	(1,869)	(347,831)	(21,772)	(369,603)
As of March 31, 2024		¥214,394	¥736,052	¥1,475,775	¥ (75,822)	¥26,675	¥2,377,074	¥1,558,573	¥3,935,647

For the fiscal year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of the Company							
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehen-sive income (loss)	Total	Non-controlling interests	Total equity
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		-	-	526,133	-	-	526,133	129,153	655,286
Other comprehensive income (loss)		-	-	-	-	(1,974)	(1,974)	(24,241)	(26,215)
Total comprehensive income		-	-	526,133	-	(1,974)	524,159	104,912	629,071
Transactions with owners and other transactions									
Cash dividends	34	-	-	(408,894)	-	-	(408,894)	(124,638)	(533,532)
Issuance of new shares	33	113,768	109,985	-	-	-	223,753	-	223,753
Transfer from common stock to capital surplus	33	(100,000)	100,000	-	-	-	-	-	-
Purchase of treasury stock	33	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	33	-	(22,610)	-	46,601	-	23,991	-	23,991
Cancellation of treasury stock		-	-	-	-	-	-	-	-
Changes from business combinations		-	-	-	-	-	-	-	-
Changes from loss of control		-	4,831	-	-	-	4,831	(12,034)	(7,203)
Changes in interests in existing subsidiaries		-	(17)	-	-	-	(17)	(4,931)	(4,948)
Share-based payment transactions		-	(1,050)	-	-	-	(1,050)	-	(1,050)
Transfer from retained earnings to capital surplus		-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	33	-	-	1,941	-	(1,941)	-	-	-
Other		-	(124)	(93)	-	-	(217)	(141)	(358)
Total transactions with owners and other transactions		13,768	191,015	(407,046)	46,601	(1,941)	(157,603)	(141,744)	(299,347)
As of March 31, 2025		¥ 228,162	¥927,067	¥1,594,862	¥(29,221)	¥22,760	¥2,743,630	¥1,521,741	¥4,265,371

d. Consolidated Statements of Cash Flows

	Notes	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025
Cash flows from operating activities				
Net income		¥ 654,125	¥ 590,265	¥ 655,286
Depreciation and amortization	37	764,210	743,808	748,014
Loss on disposal of property, plant and equipment and intangible assets		30,927	25,321	21,978
Remeasurement gain on step acquisition	6,38	(310,084)	-	-
Gain relating to loss of control over subsidiaries	38	(8,655)	(10,284)	(43,195)
Financing income		(11,905)	(12,921)	(11,676)
Financing costs		117,212	61,415	117,352
Share of (income) losses of associates accounted for using the equity method		53,218	22,198	9,650
Gain on sales of equity method investments		(1,109)	(5,227)	(3,713)
Impairment loss on equity method investments		45,227	25,126	1,910
Gain on changes in equity interest		(5,343)	(20,435)	(4,564)
Income taxes		208,743	215,647	224,771
(Increase) decrease in trade and other receivables		(125,607)	(325,141)	(321,107)
(Increase) decrease in inventories		(21,331)	2,744	(39,375)
Purchases of mobile devices leased to enterprise customers		(49,799)	(49,164)	(49,462)
Increase (decrease) in trade and other payables		269,806	284,461	290,076
Increase (decrease) in consumption taxes payable		11,079	8,090	(4,899)
Increase (decrease) in deposits for banking business		66,055	170,895	152,810
(Increase) decrease in loans in banking business		(229,913)	(135,185)	(194,654)
Other		18,665	(14,363)	72,936
Subtotal		1,475,521	1,577,250	1,622,138
Interest and dividends received		7,253	6,543	11,789
Interest paid		(61,362)	(62,922)	(78,451)
Income taxes paid		(287,741)	(321,493)	(243,266)
Income taxes refunded		22,079	40,311	55,661
Net cash inflow from operating activities		1,155,750	1,239,689	1,367,871
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		(609,222)	(554,074)	(746,657)
Proceeds from sales of property, plant and equipment and intangible assets		1,676	1,838	3,125
Payments for acquisition of investments		(64,894)	(96,062)	(86,700)
Proceeds from sales/redemption of investments		17,090	23,601	59,395
Purchase of investment securities in banking business		(166,222)	(328,014)	(344,567)
Proceeds from sales/redemption of investment securities in banking business		209,247	127,586	123,714
Proceeds from (payments for) obtaining control of subsidiaries	6	382,455	(67,528)	(350)
Proceeds from (payments for) loss of control over subsidiaries		5,141	(6,890)	(21,909)
Other		69,956	(28,064)	18,766
Net cash outflow from investing activities		(154,773)	(927,607)	(995,183)

	Notes	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025
Cash flows from financing activities				
Increase (decrease) in short-term interest-bearing debt, net	24	¥ 78,550	¥ 181,328	¥ (417,203)
Proceeds from interest-bearing debt	24	1,906,121	1,905,910	1,649,994
Repayment of interest-bearing debt	24	(2,066,935)	(2,064,536)	(1,872,502)
Proceeds from issuance of shares	33	-	136,233	221,055
Proceeds from non-controlling interests		30,907	34,202	23,249
Payments for purchase of treasury stock	33	(0)	(100,000)	(0)
Cash dividends paid	34	(405,559)	(406,752)	(408,836)
Cash dividends paid to non-controlling interests		(47,212)	(45,697)	(124,909)
Other		8,868	2,214	(27,277)
Net cash inflow (outflow) from financing activities		(495,260)	(357,098)	(956,429)
Effect of exchange rate changes on cash and cash equivalents		6,658	11,733	(6,618)
Increase (decrease) in cash and cash equivalents relating to transfer of assets classified as held for sale	13	-	(33,011)	33,011
Increase (decrease) in cash and cash equivalents		512,375	(66,294)	(557,348)
Cash and cash equivalents at the beginning of the year		1,546,792	2,059,167	1,992,873
Cash and cash equivalents at the end of the year	8	¥ 2,059,167	¥ 1,992,873	¥ 1,435,525

Note:
1. The consolidated statements of cash flows should be read in conjunction with “Note 42. Supplemental information to the consolidated statements of cash flows.”

Notes to Consolidated Financial Statements

1. Reporting entity

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

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

The Group is engaged in a variety of businesses in the information and technology fields centering on its Consumer, Enterprise, Distribution, Media & EC and Financial businesses. For details, refer to "(1) Summary of reportable segments" under "Note 7. Segment information."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRS Accounting Standards

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

(2) Basis of measurement

The consolidated financial statements are prepared on a historical cost basis, except for certain items, such as financial instruments that are measured at fair value, as described in "Note 3. Material accounting policies."

(3) Presentation currency and unit of currency

The consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of the Company ("functional currency"). Japanese yen amounts are rounded to the nearest million, except when otherwise indicated. Balances listed as "0" represent amounts less than ¥500 thousand rounded down, and balances listed as "-" represent amounts with a nil value.

(4) New accounting standards and interpretations not yet adopted by the Group

Major new or revised standards and interpretations that have been issued on or before the date of approval of the consolidated financial statements and have not been early adopted by the Group are as follows:

IFRS	Title	Reporting periods beginning on or after which the applications are required	Reporting periods of the application by the Group (Reporting period ended)	Outline of new/revised Standards and Interpretations
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 31, 2028	IFRS 18 replaces the previous IAS 1 and the main amendments are as follows: • Amendment to require the classification of income and expenses into either operating, investing or financing categories and the presentation of two sub-totals, "Operating profit or loss" and "Profit or loss before financing and income taxes" in the statement of income • Amendment to the grouping of useful information for the financial statements, including the introduction of the principles of aggregation and disaggregation of information in the statement of income • Amendment to require the disclosure of information about all measures that meet the definition of management-defined performance measures (MPMs)

The impact of the adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" is still under consideration, and the impact upon adoption on the Group's consolidated financial statements cannot be reasonably estimated at this time.

(5) Changes in Presentation

(Consolidated Statements of Income)

"Gain on changes in equity interest," which was included in "Share of losses of associates accounted for using the equity method" for the fiscal year ended March 31, 2023, has been presented as a separate item since the fiscal year ended March 31, 2024 as the amount became material. In order to reflect this change, in the consolidated statement of income for the fiscal year ended March 31, 2023, "Share of losses of associates accounted for using the equity method" of ¥(47,875) million has been reclassified as "Share of losses of associates accounted for using the equity method" of ¥(53,218) million and "Gain on changes in equity interest" of ¥5,343 million.

(Consolidated Statements of Cash Flows)

a. "Gain on changes in equity interest," which was included in "Share of losses of associates accounted for using the equity method" for the fiscal year ended March 31, 2023, has been presented as a separate item for the fiscal year ended March 31, 2024 as the amount became material. In order to reflect this change, reclassification has been made in the consolidated financial statements for the fiscal year ended March 31, 2023.

As a result, in the consolidated statement of cash flows for the fiscal year ended March 31, 2023, "Share of losses of associates accounted for using the equity method" of ¥47,875 million has been reclassified as "Share of losses of associates accounted for using the equity method" of ¥53,218 million and "Gain on changes in equity interest" of ¥(5,343) million.

b. "Proceeds from (payments for) loss of control over subsidiaries," which was included in "Other" under cash flows from investing activities for the fiscal years ended March 31, 2023 and 2024, has been presented as a separate item for the fiscal year ended March 31, 2025 as the amount became material. In order to reflect this change, reclassification has been made in the consolidated statements of cash flows for the fiscal years ended March 31, 2023 and 2024.

As a result, in the consolidated statements of cash flows for the fiscal years ended March 31, 2023 and 2024, "Other" of ¥75,097 million and ¥(34,954) million under cash flows from investing activities has been reclassified as "Proceeds from (payments for) loss of control over subsidiaries" of ¥5,141 million and ¥(6,890) million and "Other" of ¥69,956 million and ¥(28,064) million under cash flows from investing activities.

c. For the fiscal years ended March 31, 2023 and 2024, 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 fiscal year ended March 31, 2025, 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 consolidated statements of cash flows for the fiscal years ended March 31, 2023 and 2024, "Proceeds from interest-bearing debt" of ¥181,000 million and ¥732,900 million and "Repayment of interest-bearing debt" of ¥(157,000) million and ¥(713,700) million under cash flows from financing activities have been reclassified as "Increase (decrease) in short-term interest-bearing debt, net" of ¥24,000 million and ¥19,200 million under cash flows from financing activities.

3. Material accounting policies

The accounting policies adopted by the Group have been applied consistently to all periods presented in the consolidated financial statements.

(1) Basis of consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by the Company.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries' financial statements are consolidated from the date when control is acquired ("acquisition date") until the date when control is lost.

Where the accounting policies adopted by subsidiaries differ from the accounting policies of the Group, adjustments are made to the financial statements of such subsidiaries as necessary.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gains or losses arising from intragroup transactions are eliminated upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the net carrying amount of the assets (including goodwill), liabilities and non-controlling interests of the subsidiary at the date that control is lost.

Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates and joint ventures

An associate is an entity over which the Company has significant influence in financial and operating policy decisions, but does not have control or joint control.

A joint venture is an investment in which parties including the Company have joint control based on the contractual arrangement that requires unanimous consent related to significant decisions regarding business activities and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment is adjusted thereafter to recognize the Group's interest in profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence. For preferred stock investments in associates, when the features of the preferred stock are substantively different from common stock, they are not accounted for using the equity method; rather, they are designated as investments in equity instruments at fair value through other comprehensive income ("equity instruments at FVTOCI") or financial assets at fair value through profit or loss ("financial assets at FVTPL"). For the Group's accounting policy for equity instruments at FVTOCI and financial assets at FVTPL, refer to "(4) Financial instruments" under "Note 3. Material accounting policies."

When the losses of an associate or joint venture exceed the Group's interest in the associate or joint venture, long-term interests that, in substance, form a part of the net investment in the Group are reduced to zero, and no

additional loss is recognized except when the Group incurs legal or constructive obligations to or makes payments on behalf of the associate or joint venture.

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Group's interests in the associate and joint venture.

Any excess in the cost of the acquisition of an associate or joint venture over the Group's interest of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included in the carrying amount of the investments in the associate or joint venture.

Since goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of investments in associates and joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

(2) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in business combinations is measured at fair value as the sum of the acquisition date fair values of assets transferred by the Group, the liabilities assumed by the Group from the former owners of the acquiree, and the equity interests issued by the Group. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for the following:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Group chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Group's previously held interest in the acquiree is remeasured at fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. The amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are accounted for in the same way that the Group has disposed of the interest in the acquiree.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Group retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when it acquires new information about facts and circumstances that existed as of the acquisition date that, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising from business combinations that occurred before the date of transition to IFRS is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles, "JGAAP") as of the date of transition to IFRS, and recorded at that carrying amount after an impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each Group company are prepared in their functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items measured at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Foreign exchange differences arising from translation are recognized in profit or loss, except for those arising from investments in equity instruments at FVTOCI which are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for the period. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income. These cumulative differences are reclassified from equity to profit or loss when the Group loses control or significant influence over the foreign operation.

(4) Financial instruments

a. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a contractual party to an instrument.

Financial assets and financial liabilities are measured at fair value at initial recognition. Except for financial assets at FVTPL and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL"), transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified as financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income ("debt instruments at FVTOCI"), equity instruments at FVTOCI, and financial assets at FVTPL. The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

All purchases and sales of financial assets made in a regular way are recognized and derecognized on a trade date basis. Purchases and sales made in a regular way refer to acquiring or disposing of financial assets under a contract that requires the delivery of assets within a time frame established by regulation or convention in the marketplace.

(a) Financial assets at amortized cost

Financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method less any impairment. Interest income based on the effective interest method is recognized in profit or loss.

(b) Debt instruments at FVTOCI

Financial assets are classified as debt instruments at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt instruments at FVTOCI are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Upon derecognition, previously recognized accumulated other comprehensive income is transferred to profit or loss. Exchange differences arising on monetary financial assets classified as investments in debt instruments at FVTOCI and interest income calculated using the effective interest method relating to debt instruments at FVTOCI are recognized in profit or loss.

(c) Equity instruments at FVTOCI

The Group makes an irrevocable election at initial recognition to recognize changes in fair value of certain investments in equity instruments in other comprehensive income, rather than in profit or loss, and classifies them as investments in equity instruments at FVTOCI. Subsequent to initial recognition, investments in equity instruments at FVTOCI are measured at fair value and gains or losses arising from the changes in fair value are recognized in other comprehensive income.

The Group transfers accumulated gains or losses directly from other comprehensive income to retained earnings in the case of derecognition or significant or prolonged decline in fair value below cost. Dividends received related to investments in equity instruments at FVTOCI are recognized in profit or loss.

(d) Financial assets at FVTPL

Non-derivative financial assets other than those classified as financial assets at amortized cost, debt instruments at FVTOCI, or equity instruments at FVTOCI are classified as financial assets at FVTPL. No financial assets have been designated as those measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and gains or losses arising from changes in fair value, dividend income, and interest income are recognized in profit or loss.

(e) Impairment of financial assets

Allowance for doubtful accounts is recognized for expected credit losses on financial assets at amortized cost, debt instruments at FVTOCI and contract assets under IFRS 15 “Revenue from contracts with customers.” The Group assesses whether credit risk on financial assets has increased significantly since initial recognition at the end of each fiscal year and at the end of each quarter. If the credit risk on financial assets has not increased significantly since the initial recognition, the Group measures the allowance for doubtful

accounts at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since the initial recognition or for credit-impaired financial assets, the Group measures the allowance for doubtful accounts at an amount equal to the lifetime expected credit losses. However, for trade receivables and contract assets arising from IFRS 15 that do not contain a significant financing component, the Group always measures the allowance for doubtful accounts at an amount equal to the lifetime expected credit losses using the simplified approach.

The Group measures expected credit losses in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

The Group shall recognize in profit or loss the amount of provision for the allowance of doubtful accounts and the amount of a reversal of the allowance for doubtful accounts if any event occurs that decreases the allowance for doubtful accounts.

The carrying amount of a financial asset is written off against the allowance for doubtful accounts when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

(f) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified as financial liabilities at FVTPL or "financial liabilities at amortized cost," and the classification is determined upon initial recognition.

Non-derivative financial liabilities are classified as financial liabilities at FVTPL when the Group designates the entire hybrid contract that contains one or more embedded derivatives as financial liabilities at FVTPL. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and gains or losses arising from changes in fair value and interest expense are recognized in profit or loss.

Financial liabilities at amortized cost are measured using the effective interest method subsequent to initial recognition.

The Group derecognizes financial liabilities when the Group satisfies its obligations or when the Group's obligations are discharged, canceled, or expired.

d. Derivatives and hedge accounting

(a) Derivatives

The Group is engaged in derivative transactions, including foreign exchange forward contracts and interest rate swap agreements, in order to manage its exposure to foreign exchange rate and interest rate volatility.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at fair value at the end of the fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated as a hedging instrument or works effectively as a hedge. Derivative financial assets not designated as hedging instruments are classified as "financial assets at FVTPL," and derivative financial liabilities not designated as hedging instruments are classified as "financial liabilities at FVTPL."

(b) Hedge accounting

The Group designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Group formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

Hedges are determined effective when all of the following requirements are met:

(i) there is an economic relationship between the hedged item and the hedging instrument;

(ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirements relating to the hedge ratio, as long as the risk management objective remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

The effective portion of changes in the fair value of derivatives that are designated as and qualify for cash flow hedges is recognized in other comprehensive income and accumulated in accumulated other comprehensive income. Accumulated other comprehensive income is transferred to profit or loss line items related to the hedged item in the consolidated statements of income as long as the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in the fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the historical cost of the non-financial asset or non-financial liability at initial recognition.

Hedge accounting is discontinued prospectively only when the hedge relationship no longer meets the criteria for hedge accounting, such as when the hedging instrument expires, is sold, is terminated, or is exercised.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remain in equity and are reclassified to profit or loss when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative financial assets (“embedded derivatives”) are not separated from the host contract and accounted for as an integral part of the entire hybrid contract.

Derivatives embedded in non-derivative financial liabilities (“embedded derivatives”) are separated from the host contracts and accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL. In the case where the Group is required to separate embedded derivatives from their host contracts but is unable to measure the embedded derivatives separately either at acquisition or subsequently at the end of the fiscal year, the entire hybrid contract is designated and accounted for as financial liabilities at FVTPL.

e. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amounts are presented in the consolidated statements of financial position when, and only when, the Group has a present legally enforceable right to offset the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments with maturities of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile devices and accessories. Their costs comprise all costs related to purchases and other costs incurred in bringing inventory to its present location and condition. The costs are calculated primarily using the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, namely marketing, selling, and distribution costs.

(7) Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement, and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful life of each component. The depreciable amount is calculated as the cost of an asset less its residual value. Land and assets under construction are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	20 - 50 years
Structures	10 - 50 years
Building fixtures	3 - 22 years
Network equipment	
Radio network equipment, core network equipment and other network equipment	5 - 15 years
Towers	10 - 42 years
Other	5 - 30 years
Furniture, fixtures, and equipment	
Leased mobile devices	2 - 3 years
Other	2 - 20 years

The primary assets subject to operating lease as lessor of the above are leased mobile devices.

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

(8) Goodwill

Refer to “(2) Business combinations” under “Note 3. Material accounting policies” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized and is tested for impairment whenever there is an indication of impairment in operating segments (cash-generating unit groups) to which goodwill has been allocated, and at a certain timing within the fiscal year, irrespective of whether there is any indication that the operating segment may be impaired. For details relating to impairment, refer to “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill” under “Note 3. Material accounting policies.”

The Group's policy for goodwill arising from the acquisition of an associate is described in "(1) Basis of consolidation" under "Note 3. Material accounting policies."

(9) Intangible assets

Intangible assets are measured on a historical cost basis and are stated at historical cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense when it is incurred, except for expenditure on development activities eligible for capitalization (internally generated intangible assets). The amount of internally generated intangible assets is measured upon initial recognition as the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

Except for intangible assets with indefinite useful lives, intangible assets are amortized on a straight-line method over the estimated useful life of each asset.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	5 - 10 years
Customer relationships	8 - 25 years
Spectrum-related costs	18 years
Other	2 - 25 years

Spectrum-related costs are the Company's share of costs for the spectrums assigned to the Company based on the Radio Act. These spectrum-related costs include the costs arising from the migration of pre-existing users to other spectrums by the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Amortization methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortized. An intangible asset with an indefinite useful life or the cash-generating unit to which the asset belongs is tested for impairment at a certain timing within the fiscal year and whenever an indication of impairment exists. For details relating to impairment, refer to "(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill" under "Note 3. Material accounting policies."

The Group's intangible assets that have indefinite useful lives primarily relate to its trademark usage right of the "*SoftBank*" brand, trademarks of the "*Yahoo!*" and the "*Yahoo! JAPAN*" brands in Japan, and trademarks of the "*ZOZO*" and "*LINE*" brands. For further details on trademarks, refer to "Note 15. Goodwill and intangible assets."

In addition, the Group does not apply IFRS 16 to leases of intangible assets.

(10) Leases

At inception of a contract, the Group assesses whether contractual arrangements are, or contain, a lease. The lease terms are the non-cancelable period of a lease, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

(As lessee)

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Group accounts for each lease component as a lease separately from non-lease components by allocating the consideration in the contract to each lease component based on the ratio of aggregate stand-alone price of the lease component and the non-lease components.

(b) Leases of intangible assets

The Group does not apply IFRS 16 to leases of intangible assets.

(c) Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date. The Group initially measures right-of-use assets at cost. The cost of the right-of-use asset is measured at the amount of the initial lease liability, adjusted for lease payments made at or before the commencement date, any initial direct costs incurred, and estimates of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is depreciated using the straight-line method over the estimated useful life when it is certain that the lease transfers ownership of the underlying asset, or over the shorter of the lease term or estimated useful life of the right-of-use asset when it is not certain that the lease transfers ownership of the underlying asset. The estimated useful life of a right-of-use asset is determined in the same manner as property, plant and equipment. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses.

(d) Lease liability

The Group recognizes a lease liability at the lease commencement date and measures the lease liability at the present value of the future lease payments that will be paid over the lease term after that date. In calculating the present value, the interest rate implicit in the lease is used as the discount rate if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability primarily comprise fixed lease payments, lease payments for extension periods if the lease term reflects the exercise of an option to extend the lease, and payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, a change in the amounts expected to be payable under a residual value guarantee, or a change in the assessment of possibility of exercising an extension option or a termination option.

If a lease liability is remeasured, the carrying amount of the right-of-use asset is adjusted by the same amount. However, if the amount of decrease in liability resulting from the remeasurement of the lease liability is greater than the carrying amount of the right-of-use asset, any remaining amount after reducing the right-of-use asset to zero is recognized as profit or loss.

(As lessor)

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Group allocates the consideration in the contract to lease components and non-lease components in accordance with IFRS 15.

(b) Lease classification

At inception of a lease contract, the Group determines the classification of the contract as either a finance lease or operating lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise a lease is classified as an operating lease. If the lease term is for the major part of the economic life of the underlying asset, or the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, it is deemed that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred.

(c) Sublease classification

If the Group is a party to a sublease contract, the head lease (as lessee) and the sublease (as lessor) are accounted for separately. In classifying a sublease as a finance lease or an operating lease, the Group considers the risks, rewards, and estimated useful life of a right-of-use asset recognized by the Group in the head lease rather than the assets subject to lease.

(d) Recognition and measurement

Lease receivables in finance leases are recognized at the amount of the Group's net investment in the lease, as of the date the lease is determined and through its maturity. Lease payments received are apportioned between financing income and the repayments of the principal portion. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest method is recognized in profit or loss.

Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term.

(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill

a. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment whenever an indication of impairment exists, and at a certain timing within the fiscal year, regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Group evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased or has been extinguished. If such an indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized had no impairment loss been recognized.

b. Impairment of goodwill

At the end of each reporting period, the Group assesses whether there is any indication that goodwill may be impaired.

Goodwill is allocated to operating segments (cash-generating unit groups) that are expected to benefit from synergies arising from a business combination and is tested for impairment whenever there is an indication of impairment in the operating segments (cash-generating unit groups) to which goodwill has been allocated, and at a certain timing within the fiscal year, irrespective of whether there is any indication that the operating segment (cash-generating unit groups) may be impaired. If, at the time of the impairment test, the recoverable amount of the asset group which belongs to the operating segment (cash-generating unit groups) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the operating segment (cash-generating unit groups) and then to the other assets proportionately based on the carrying amount of each asset in the operating segment (cash-generating unit groups).

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(12) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured using estimated future cash flows, discounted using a pre-tax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Group mainly recognizes asset retirement obligations and provision for loss on contract as provisions.

(13) Treasury stock

When the Company acquires its own equity share capital ("treasury stock"), the consideration paid, including any directly attributable increment costs (net of tax), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(14) Assets or disposal group classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is highly probable that the sale will be completed within one year, are available for immediate sale in their present condition, and management commits to a plan to sell.

The Group, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

(15) Share-based payments

The Group's remuneration system includes stock option and restricted stock plans, as equity-settled share-based compensation, and cash-settled share-based compensation plans, which have been granted to the directors and employees of the Group.

Equity-settled share-based compensation is measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model, the Binomial model, Monte Carlo simulation and other methods. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in equity based on the estimate of stock options that will eventually vest. The Group regularly reviews the assumptions made and revises estimates of the number of stock options that are expected to vest, when necessary. The fair value of restricted stock is calculated based on the stock price on the grant date. Since the restricted stock is fully vested at the time of the grant, expense is recognized immediately.

Cash-settled share-based payment is measured at the fair value of the liability incurred. The fair value of such liabilities is remeasured at the end of fiscal year and at the settlement date, and changes in fair value are recognized in profit or loss.

(16) Revenue

a. Revenue

Consumer business

Revenues in the Consumer business mainly consist of revenues from mobile services, sales of mobile devices, broadband services, and electricity services for individual customers.

(a) Mobile services and sales of mobile devices

The Group provides mobile services, which consist of voice call services, data transmission services, and related optional services to subscribers, and sells mobile devices to customers.

In providing mobile services, sales revenue is mainly generated from basic monthly charges, mobile services, and other fees. Revenues from the sales of mobile devices are generated from the sales of mobile devices and accessories to subscribers or dealers.

The business flow of the above transactions consists of "indirect" sales, where the Group sells mobile devices to dealers and enters into mobile communications service contracts with subscribers through dealers, and "direct" sales, where the Group sells mobile devices to subscribers and enters into mobile communications service contracts directly with subscribers.

In mobile services, the contractual period is defined as the period in which the party to the contract has present enforceable rights and obligations based on the terms of the contract with the subscriber. If the subscriber is granted an option to renew the contract and it is determined that the option provides the subscriber with a "material right," a separate performance obligation is identified. As a practical alternative to estimating the stand-alone selling price of the option that represents a performance obligation, the Group allocates the transaction price to the mobile communications services related to the option by reference to the mobile communications services expected to be provided and the corresponding expected consideration.

Basic charges and mobile service fees are billed to subscribers on a monthly basis and are generally due within one month. Mobile device payments for indirect sales are billed to dealers at the time of sale to the respective dealers and are generally due within one month. In addition, mobile device payments for direct sales can be paid in full at the time of sale or paid in monthly installment over the contract period, normally due within one month. As a result of both quantitative and qualitative analysis, the Company has determined that these transaction prices do not include significant financing components due to the timing of payment and have not been adjusted for such financing components. When the period between the revenue recognition and the payment is one year or less, the Company does not make an adjustment for significant financing components, as a practical expedient permitted by IFRS.

For mobile services and sales of mobile devices, the Company is obliged to allow returns and provide refunds for a certain period of time after the inception of the contract. Return and refund obligations are estimated and deducted from transaction prices for each type of goods and services based on past performance.

The Company provides optional additional warranty services for mobile devices. Under the contracts in which these services are provided, the services are identified as separate performance obligations, and are recognized as revenue when they are provided to subscribers.

i. Indirect sales

Revenues from the sales of mobile devices are recognized when mobile devices are delivered to dealers, which is when dealers are deemed to have obtained control over the mobile devices. Dealers involved in indirect sales have the primary responsibility for fulfilling contracts, carry all inventory risk, and may independently establish their own inventory pricing. Accordingly, the Group considers that dealers involved in indirect sales act as principals.

Basic monthly charges and mobile service fees are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period. Discounts on mobile communications charges are deducted from the revenues recognized from monthly mobile services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

ii. Direct sales

For direct sales, the total amount of transaction prices is allocated to sales of mobile devices and mobile service revenue based on the ratio of their stand-alone selling prices as the revenues from the sales of mobile devices and mobile services, including related fees, are considered to be one transaction. Discounts on mobile communications charges related to mobile service revenue are deducted from the total transaction prices. In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile services. If the amount of revenue recognized at the time of sale of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile services are priced at their observable prices when the mobile devices and mobile services are sold independently to customers at the inception of the contract.

The amount allocated to sale of mobile device is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile service revenues are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period.

Contract assets are included in "Other current assets" in the consolidated statements of financial position.

(b) Broadband services

For broadband services, revenues are mainly generated from basic monthly charges and telecommunications service fees primarily related to internet connection ("revenues from broadband services") and other fees.

Revenues from broadband services are recognized when services are provided to subscribers based upon fixed monthly charges plus the fees charged for usage of the network. Activation fees are recognized as contract liabilities when received, which are then reversed when the broadband services are provided, and are recognized as revenue.

(c) Electricity services

For electricity services, revenues are mainly generated from purchase and sale, supply and intermediation of electricity services, including *Ouchi Denki*. Revenues from supply of electricity (retail service) are recognized when services are provided to subscribers based upon fixed monthly charges plus the fees charged for usage of electricity.

Enterprise business

Revenues in the Enterprise business mainly consist of revenues from mobile services and mobile device rental services, fixed-line communications services, and business solution and others for enterprise customers.

(a) Mobile services and mobile device rental services

Revenues from mobile services mainly consist of revenues from mobile services and other fees. Since mobile device rental services are provided on the condition that mobile service contracts are entered into, consideration arising from these transactions is allocated to lease and others based on the fair value of mobile device lease and mobile communications services. The fair value is the price at which the mobile devices are sold individually and the price at which the mobile communications services are provided individually. Consideration allocated to other is recognized as revenues based on fixed monthly charges and the fees charged for usage of the network when services are provided to subscribers.

(b) Fixed-line communications services

Revenues from fixed-line communications services mainly consist of voice telecommunications service fees and data transmission service fees. Revenues from fixed-line communications services are recognized when services are provided to subscribers, based on fixed monthly charges and the fees charged for usage of the network.

(c) Business solution and others

Revenues from business solution and others mainly consist of services, such as data center, cloud, security, global, AI, Internet of Things ("IoT"), digital marketing, and equipment sales.

Revenues from business solution and others are recognized when products or services are provided to subscribers, representing the point when subscribers have obtained control of the product or service, based upon the consideration receivable from subscribers.

Distribution business

Revenues in the Distribution business are mainly generated from the sales of hardware, software, and services in relation to Information and Communication Technology ("ICT"), cloud and IoT solutions for enterprise customers. Revenues are also driven by the sales of PC software, IoT products, and mobile device accessories for individual customers.

Revenues in the Distribution business are recognized as revenue at the time of delivery to customers, representing the point in time when the customers are deemed to have obtained control over the goods and other items.

For transactions conducted by the Group on behalf of third parties, revenues are presented on a net basis by excluding payment to third parties from the total consideration received from customers.

Media & EC business

Revenues in the Media & EC business mainly consist of revenues from the media business and the commerce business.

(a) Media business

The media business mainly comprises planning and sale of internet-based advertising-related services, information listing services, and other corporate services. Revenues in the media business mainly consist of revenues from search advertising, account advertising, display advertising, and others.

i. Search advertising

Revenues from search advertising are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement.

ii. Account advertising

Account advertising mainly comprises LINE Official Accounts and LINE Sponsored Stickers. Revenues from LINE Official Accounts are recognized over time during the contractual period in which the account is available for the registered user.

Revenues from LINE Sponsored Stickers are recognized over time during the contractual period.

iii. Display advertising

Display advertising comprises display advertising (reservation) and display advertising (programmatic). Revenues from display advertising (reservation) are recognized over the period in which the related advertisement is displayed. Revenues from display advertising (programmatic) are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement on the page with the related content. Revenues from LINE VOOM and LINE NEWS advertising are recognized upon the fulfilment of certain actions under contracts with advertisers.

iv. Others

Others mainly comprises *LYP Premium*. Revenues from *LYP Premium* are recognized over the period during which the membership is valid.

(b) Commerce business

The commerce business mainly comprises sales of products and planning and provision of services, which are provided via the internet for small to medium-sized businesses and individual customers. Revenues in the commerce business consist of revenues from the sale of goods by the ASKUL Group, e-commerce-related services, such as *ZOZOTOWN* and *Yahoo!auction*.

i. Sale of goods by the ASKUL Group

ASKUL Group engages in the business of selling office-related products and other goods. ASKUL Group's major customers are small- and medium-sized companies as well as individual users. Revenues from the sale of goods are recognized when a customer obtains control of the goods, that is, at the time the customer has the ability to direct the use of the goods and to obtain substantially all of the remaining economic benefits from the goods.

ii. *ZOZOTOWN*

ZOZO Inc. operates *ZOZOTOWN* and sells goods on a consignment basis to individual users as an agent of each brand opening a store as a tenant in *ZOZOTOWN*. Consignment sales commission based on gross merchandise value multiplied by sales commission rate is recognized as revenue when the customer obtains control of the goods.

iii. *Yahoo!auction*

LY Corporation provides online auction services through *Yahoo!auction* to individual users and corporations. System usage fees charged to the sellers according to auction proceeds are recognized as revenue when the auction transactions are completed.

Financial business

Revenues in the Financial business mainly consist of merchant fees from providing QR code payment services and merchant fees from credit-related services.

The merchant fees from providing QR code payment services are recognized as revenue at the completion of the settlement, assuming that the merchant has received the payment service at the point of sale of goods or other transactions.

Among the credit card-related services, the merchant fees from providing payment services are recognized as revenue at the time of card usage, which is when the performance obligation is satisfied. Additionally, fees generated from revolving payments, installment payments, and cash advance services provided to card members are recognized as revenue over the period of interest attributed in accordance with IFRS 9 "Financial Instruments."

b. Contract costs

The Group recognizes the costs of obtaining telecommunications service contracts with subscribers that it would not have incurred if the contracts had not been obtained, and if it expects to recover those costs as contract assets. Contract acquisition costs to be capitalized by the Group are mainly sales commissions to dealers related to the acquisition and renewal of telecommunications service contracts between the Group and subscribers.

The Group recognizes the costs to fulfill a contract as an asset if the costs relate directly to the contract or to an anticipated contract that the Group can specifically identify, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. The costs to fulfill contracts capitalized by the Group are mainly setup costs that are incurred prior to the provision of *SoftBank Hikari*, a high-speed internet connection service via optical fiber lines.

Contract acquisition costs are amortized on a straight-line basis over the period (mainly two to four years) during which goods or services directly related to such costs are expected to be provided. In addition, the Group assesses capitalized contract acquisition costs for impairment at the end of each reporting period. The costs to fulfill contracts are amortized on a straight-line basis over the period (mainly four years) during which goods or services directly related to such costs are expected to be provided. In addition, the Group assesses capitalized costs to fulfil contracts for impairment at the end of each reporting period.

The Group utilizes the practical expedient under IFRS 15 that allows the Group to recognize contract acquisition costs as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

(17) Financing income and costs

Financing income consists primarily of interest income, dividend income, foreign exchange gain, and changes in the fair value of financial assets at FVTPL. Interest income is recognized as incurred using the effective interest method. Dividend income is recognized when the Group's entitlement to the dividend is established.

Financing costs consist primarily of interest expense, foreign exchange loss, and changes in the fair value of financial assets at FVTPL. Interest expense is recognized as incurred using the effective interest method.

(18) Income taxes

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the asset and liability method. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of each fiscal year.

Deferred tax assets are not recognized for temporary differences that arise from the initial recognition of assets and liabilities in transactions that are not business combinations, affect neither accounting nor taxable profit, and do not give rise to equal taxable and deductible temporary differences.

In relation to investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized for deductible temporary differences when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences that arise from the initial recognition of assets and liabilities in transactions that are not business combinations, affect neither accounting nor taxable profit, and do not give rise to equal taxable and deductible temporary differences;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

In accordance with temporary relief in the amendments to IAS 12, the Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to income taxes under the Pillar Two model rules.

(19) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the Company by the weighted-average number of common stock (after adjusting for treasury stock) outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the Company and the weighted-average number of common stock (after adjusting for treasury stock) outstanding for the period.

(20) Government Grants

The Group recognizes government grants when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received. Government grants related to income are recognized in profit or loss over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants recognized in profit or loss are deducted from the related expense. Government grants related to assets are deducted from the cost of the assets.

4. Changes in accounting policies

(1) Application of new accounting standards and interpretations

The Group has applied the following standard from the fiscal year ended March 31, 2024.

IFRS	Title	Outline of amendments
IAS 12 (Revised)	Income taxes (Amendments in May 2021)	Clarification for accounting treatment of deferred tax related to assets and liabilities arising from a single transaction

There were no significant impacts on the consolidated financial statements (excluding notes to consolidated financial statements) for the fiscal years ended March 31, 2023 and 2024 from the application of IAS 12 (Amendments) "Income Taxes."

Due to the adoption of the amendments of accounting standard, the Group has recognized deferred tax assets and deferred tax liabilities for the same amounts related to assets and liabilities arising from a single transaction. As a result, deferred tax assets and deferred tax liabilities in the notes to the consolidated financial statements have been retrospectively amended for the fiscal year ended March 31, 2023. For details, refer to "(3) Movement of deferred tax assets and deferred tax liabilities" under "Note 23. Income taxes."

The Group has applied the following standards from the fiscal year ended March 31, 2025.

IFRS	Title	Outline of amendments
IAS 1 (Revised)	Presentation of Financial Statements (Revised in October 2022)	1. Clarify the classification of liabilities as current or non-current 2. Amendments to require information disclosure regarding non-current liabilities with covenants
IAS 7 IFRS 7 (Revised)	Statement of Cash Flows Financial Instruments: Disclosures (Revised in May 2023)	• Disclosure requirements to enhance the transparency of supplier finance arrangements

There were no significant impacts on the Group's consolidated financial statements (except for "Note 24. Interest-bearing debt (2) Financial covenants and other contractual clauses" and "Note 29. Financial instruments (2)Financial risk management c. Liquidity risk (c)Supplier finance arrangements") from the application of the above accounting standards and interpretations.

5. Significant judgments and estimates

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

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

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

(1) Significant judgments

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

a. Judgments of whether an entity is controlled by the Company in determining the scope of consolidation ("(1) Basis of consolidation" under "Note 3. Material accounting policies")

The Company assesses whether or not it has the ability to control subsidiaries based on whether the Company has the practical ability to direct the relevant activities of the subsidiary unilaterally. In making this judgment, the

Company considers the absolute size of its equity share, voting interest, contractual rights, and any other factors that may indicate the Company's ability to direct the relevant activities of the entity. Upon completion of the assessment, the Company will then determine if the subsidiary should be consolidated, accounted for using the equity method, or accounted for as an investment. For further details, refer to "Note 20. Major subsidiaries" and "Note 22. Structured entities."

b. Judgments for accounting treatment of contracts including leases ("(10) Leases" under "Note 3. Material accounting policies" and "Note 19. Leases")

Identifying a lease

At inception of a contract, the Group assesses whether contractual arrangements are, or contain, a lease. It is determined that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group determines that the right to control the use of an identified asset has been transferred when the following conditions are met:

(a) The use of the identified asset is specified in a contract, and the lessor does not have the substantive right to substitute the asset.

(b) The lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

(c) The lessee has the right to direct the use of the asset. If the decisions about how and for what purpose the asset is used are predetermined, it is determined that the customer has the right to direct the use of the asset if either of the following is satisfied:

i. the customer has the right to operate the asset; or

ii. the customer designed the asset in a way that predetermines how and for what purpose the asset will be used.

Lease classification

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

(a) if the lease transfers all the risks and rewards associated with the ownership of the asset;

(b) if ownership of the asset will transfer to the lessee at the conclusion of the lease;

(c) whether the lessee will have the ability to purchase the leased asset at a cost significantly below the asset's fair value;

(d) whether the term of the lease is for a major part of the asset's useful economic life; and

(e) the level of risk that the Group retains in relation to the asset.

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

c. Judgments for accounting for revenue recognition ("(16) Revenue" under "Note 3. Material accounting policies")

Principal versus agent considerations

Gross versus net presentation

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

Timing of revenue recognition for indirect sales

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

determines that a dealer acts as a principal, revenue is recognized upon delivery of inventory to the dealer. Alternatively, where the dealer is determined to be acting as an agent, revenue is recognized when goods or services are received by the customer. For further details on the application of this judgment, refer to "(16) Revenue a. Revenue (a) Mobile services and sales of mobile devices" under "Note 3. Material accounting policies."

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

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

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

(2) Significant estimates

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

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

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

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

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

Regarding information relating to fair value measurement of intangible assets and goodwill acquired by business combinations, refer to "(2) Business combinations" under "Note 3. Material accounting policies" and "Note 6. Business combinations." Regarding information relating to impairment loss of intangible assets and goodwill, refer to "(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill" under "Note 3. Material accounting policies" and "Note 15. Goodwill and intangible assets."

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

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

The depreciation charge for an asset is derived using estimates of its expected useful life and in the case of property, plant and equipment, expected residual value. The expected useful life and residual value of the asset are estimated when they are acquired or generated, and are reviewed at the end of each fiscal year. Changes to an

asset's expected useful life or residual value could result in material adjustments to the consolidated financial statements. Management determines the useful lives and residual values of these assets when assets are acquired or generated or the useful lives and residual values for assets are reviewed based on experience with similar assets, taking into account other relevant factors such as expected changes in technology, expected costs to be incurred upon disposal, expected availability period, estimated attrition rate of existing customers, number of production or similar units expected to be obtained from the asset and any related contractual arrangements that would be indicative of the useful life of an asset.

Regarding information relating to carrying amounts and related depreciation of property, plant and equipment and amortization of intangible assets, refer to "Note 14. Property, plant and equipment" and "Note 15. Goodwill and intangible assets." Regarding information relating to estimated residual values and useful lives of property, plant and equipment and intangible assets, refer to "(7) Property, plant and equipment" and "(9) Intangible assets" under "Note 3. Material accounting policies."

c. Fair value measurement of financial instruments

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

Regarding information relating to fair value of financial instruments, refer to "(1) Categorization by level within the fair value hierarchy" and "(2) Fair value measurements of financial instruments that are categorized as Level 3" under "Note 30. Fair value of financial instruments."

d. Estimated amortization period of contract acquisition costs

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

Regarding information relating to contract acquisition costs, refer to "(16) Revenue b. Contract costs" under "Note 3. Material accounting policies" and "Note 16. Contract costs."

6. Business combinations

Fiscal year ended March 31, 2023

Conversion of PayPay Corporation into a subsidiary

(1) Summary of the Transactions

The Company converted PayPay Corporation (hereinafter, "PayPay") into a subsidiary through a series of transactions based on a transaction agreement between the Company and LY Corporation[1], a subsidiary of the Company, concluded on July 27, 2022 (hereinafter, the "Transaction Agreement"). The conversion was intended to maximize the corporate value of the Company and its subsidiaries, and the Group will work towards improving revenue opportunities in PayPay, expanding the PayPay ecosystem and reinforcing group synergy by jointly operating B Holdings Corporation, which became the parent company of PayPay, with LY Corporation.

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

Note:

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

(2) Summary of the acquiree

Name PayPay Corporation

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

(3) Acquisition date

October 1, 2022

(4) Consideration and its breakdown

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

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

(5) The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date[1]:

		(Millions of yen) Acquisition Date (October 1, 2022)
Cash and cash equivalents		397,292
Trade and other receivables		267,586
Other current assets		65,451
Intangible assets[2]		60,774
Other non-current assets		2,957
Total assets		794,060
Trade and other payables		622,455
Other current liabilities		12,950
Deferred tax liabilities		15,729
Other non-current liabilities		848
Total liabilities		651,982
Net assets	B	142,078
Non-controlling interests[3]	C	43,101
Goodwill[4]	A-(B-C)	534,623

Notes:

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

measured based on assumptions such as estimated future cash flows, discount rate, future sales forecast generated by attrition rate of existing customers, and royalty rate.

3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

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

	(Millions of yen) Acquisition Date (October 1, 2022)
Cash and cash equivalents held by the acquiree at the time of obtaining control	397,292
Cash proceeds from obtaining control of the subsidiary	397,292

(7) Revenue and net loss of the acquiree

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

(8) Consolidated revenue and net income on the assumption that the business combination was completed at the beginning of the year:

On the assumption that the acquisition date is April 1, 2022, the Company's consolidated pro forma financial information (unaudited) for the fiscal year ended March 31, 2023 is as follows:

	(Millions of yen) For the fiscal year ended March 31, 2023
Revenue (Pro forma financial information)	5,956,699
Net income (Pro forma financial information)	640,276

Fiscal year ended March 31, 2024

Acquisition of Cubic Telecom Ltd.

(1) Summary of the Transactions

In order to form a strategic global partnership to pioneer the future of software-defined connected vehicles[1] and other high-value Internet-of-Things (IoT) assets by harnessing the power of global connectivity platforms, the Company acquired Cubic Telecom Ltd.'s shares in cash from existing shareholders and accepted the company's third-party allocation of capital on March 6, 2024. Consequently, the Company acquired a 54.3% equity stake in Cubic Telecom Ltd., and Cubic Telecom Ltd. became a subsidiary of the Company.

Cubic Telecom Ltd. is a leading global provider of connectivity solutions to automotive, transportation and agriculture original equipment manufacturers (OEMs).

Note:

1. Software-defined connected vehicle is a term that describes a vehicle whose features and functions are primarily enabled through software connected to the Internet.

(2) Summary of the acquiree

Name Cubic Telecom Ltd.

Business Provision of global connectivity platforms

(3) Acquisition date

March 6, 2024

(4) Consideration and its breakdown

		(Millions of yen) Acquisition Date (March 6, 2024)
Consideration paid in cash		76,142
Total consideration	A	76,142

Acquisition-related costs incurred for this business combination were ¥2,445 million, which is included in "Selling, general and administrative expenses."

(5) The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date[1]:

		(Millions of yen) Acquisition Date (March 6, 2024)
Cash and cash equivalents		8,614
Trade and other receivables		3,677
Other current assets		612
Intangible assets[2]		26,402
Other non-current assets		211
Total assets		39,516
Trade and other payables		2,903
Other current liabilities		5,377
Deferred tax liabilities		3,902
Total liabilities		12,182
Net assets	B	27,334
Non-controlling interests[3]	C	13,528
Goodwill[4]	A-(B-C)	62,336

Notes:

1. Correction of provisional amounts
   Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value as of the acquisition date. 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.
2. The amount of intangible assets includes ¥17,280 million of customer relationships and ¥8,733 million of technology relationships as identifiable assets, and their estimated useful lives are 16 years and 14 years, respectively. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, future sales forecast generated by existing customers, and royalty rate.
3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

(6) The table below shows payments for obtaining control of the subsidiary:

	(Millions of yen) Acquisition Date (March 6, 2024)
Consideration paid in cash	(76,142)
Cash and cash equivalents held by the acquiree at the time of obtaining control	8,614
Cash paid for obtaining control of the subsidiary	(67,528)

(7) Revenue and net income of the acquiree

The revenue and net income of the acquiree on and after the acquisition date have been omitted as the impact is immaterial.

(8) Consolidated revenue and net income on the assumption that the business combination was completed at the beginning of the year:

On the assumption that the acquisition date is April 1, 2023, the Company's consolidated pro forma financial information (unaudited) for the fiscal year ended March 31, 2024 is as follows:

	(Millions of yen) For the fiscal year ended March 31, 2024
Revenue (Pro forma financial information)	6,094,381
Net income (Pro forma financial information)	585,933

Fiscal year ended March 31, 2025

There are no significant business combinations to be disclosed.

7. Segment information

(1) Summary of reportable segments

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

In the "Consumer" segment, the Group provides services, such as mobile services, broadband services and electricity services, including the *Ouchi Denki* service, mainly to individual customers in Japan. The Company procures mobile devices from mobile device manufacturers and sells the mobile devices to distributors operating SoftBank shops, etc. and individual customers.

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

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

In the "Media & EC (formerly Yahoo! JAPAN/LINE)" segment, the Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the "media" field, the Group provides advertising-related services on its comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the "commerce" field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. In the "strategy" field, the Group provides services centered on FinTech, which the Group is working to develop into new drivers of earnings alongside media and commerce.

In the "Financial" segment, the Group provides cashless payment services such as QR code payment and credit card services, development and provision of marketing solutions for merchants, financial services such as asset management, as well as payment agency services that provide a comprehensive range of diversified payments such as credit cards, electronic money and QR codes. Effective October 1, 2022, the reportable segments were revised and the "Financial" segment was added following the conversion of PayPay into a subsidiary. The main subsidiaries that constitute the "Financial" segment are PayPay, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation. PayPay Card Corporation was transferred from "Media & EC" to "Financial," and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other" to "Financial." As a result, the figures for the fiscal year ended March 31, 2023, have been restated.

Information not included in the preceding reportable segments is summarized in "Other." "Adjustments" includes eliminations of intersegment transactions and expenses not allocated to any reportable segment.

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 fiscal years ended March 31, 2023 and 2024, 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.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments								
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other[2]	Adjustments	Consolidated
Revenue									
Sales to external customers	2,868,862	767,352	516,636	1,532,998	125,816	5,811,664	100,335	-	5,911,999
Intersegment revenue or transferred revenue	14,085	24,468	73,401	28,689	16,503	157,146	11,478	(168,624)	-
Total	2,882,947	791,820	590,037	1,561,687	142,319	5,968,810	111,813	(168,624)	5,911,999
Segment income	461,569	139,564	24,274	159,748	(12,363)	772,792	289,013	(1,637)	1,060,168
Depreciation and amortization[1]	427,316	155,883	4,118	159,919	13,106	760,342	6,140	(2,272)	764,210

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments								
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	2,805,628	802,803	569,076	1,586,072	215,987	5,979,566	104,436	-	6,084,002
Intersegment revenue or transferred revenue	16,991	31,125	77,533	28,031	16,814	170,494	12,017	(182,511)	-
Total	2,822,619	833,928	646,609	1,614,103	232,801	6,150,060	116,453	(182,511)	6,084,002
Segment income	495,193	166,822	26,245	197,950	(4,984)	881,226	(10,076)	4,918	876,068
Depreciation and amortization[1]	395,631	156,706	4,419	161,262	20,861	738,879	9,496	(4,567)	743,808

Fiscal year ended March 31, 2025

	Reportable segments								(Millions of yen)
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	2,933,387	888,160	705,700	1,649,946	255,887	6,433,080	111,269	-	6,544,349
Intersegment revenue or transferred revenue	19,489	34,247	183,804	28,132	21,394	287,066	12,173	(299,239)	-
Total	2,952,876	922,407	889,504	1,678,078	277,281	6,720,146	123,442	(299,239)	6,544,349
Segment income	530,437	170,267	30,434	267,294	33,186	1,031,618	(36,501)	(6,101)	989,016
Depreciation and amortization[1]	378,826	166,291	4,297	163,329	23,452	736,195	14,711	(2,892)	748,014

Notes:

1. "Depreciation and amortization" includes amortization of long-term prepaid expenses which are presented as "Other non-current assets" in the consolidated statements of financial position.
2. "Segment income" of "Other" includes the gain on step acquisition of ¥294,843 million associated with the conversion of PayPay into a subsidiary. For details, refer to "Conversion of PayPay Corporation into a subsidiary" under "Note 6. Business combinations."

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Segment income	1,060,168	876,068	989,016
Gain on changes in equity interest	5,343	20,435	4,564
Share of losses of associates accounted for using the equity method	(53,218)	(22,198)	(9,650)
Financing income	11,905	12,921	11,676
Financing costs	(117,212)	(61,415)	(117,352)
Gain on sales of equity method investments	1,109	5,227	3,713
Impairment loss on equity method investments	(45,227)	(25,126)	(1,910)
Profit before income taxes	862,868	805,912	880,057

(3) Information about products and services

The nature of products and services provided and related revenue are as described in "Note 36. Revenue."

(4) Information about regions

The description of revenue by region is omitted as overseas revenue from external customer accounts is not material. The description of non-current assets by region is omitted because the carrying amount of non-current assets attributable to the Group's operations in Japan accounts for the majority of non-current assets in the consolidated statements of financial position.

(5) Information about major customers

This information is omitted because no revenue from a single external customer exceeds 10% of the Group's revenue.

8. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Cash and demand deposits[1]	2,016,945	1,948,158	1,369,696
Time deposits (maturities of three months or less)	40,673	41,387	62,434
Other	1,549	3,328	3,395
Total	2,059,167	1,992,873	1,435,525

Note:

1. The banking subsidiary is required to deposit certain amounts, which are determined by a fixed ratio against the deposits it receives ("the legal reserve requirement"), in the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2023, 2024 and 2025, cash and cash equivalents include deposits in the Bank of Japan of ¥344,767 million, ¥231,807 million and ¥212,258 million, respectively, which are more than the legal reserve requirement.

9. Trade and other receivables

The components of trade and other receivables are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Trade receivables	910,838	926,991	933,773
Installment receivables[1]	375,919	406,260	383,463
Loans in credit card business	433,217	561,103	749,528
Loans in banking business	75,618	43,431	52,342
Call loans in banking business	98,000	116,083	63,000
Non-trade receivables	189,142	209,609	208,024
Accounts receivable in payment business	52,548	72,041	68,565
Advances paid	31,027	40,023	39,478
Deposits[2]	201,337	274,927	280,840
Other	39,463	38,944	53,319
Allowance for doubtful accounts	(17,378)	(28,417)	(26,692)
Total	2,389,731	2,660,995	2,805,640

Notes:

1. Installment receivables represent receivables arising from the Group's advance payments to dealers on behalf of its customers who choose to purchase mobile devices by installments in indirect sales. The amounts are charged to customers together with telecommunications service fees over the periods of installment payments. The period of installment payments for the receivables above is mainly 24 to 48 months. As such, the amounts due within a year after the period-end date are included in "Trade and other receivables," and those due after one year are included in "Other financial assets (non-current)."
2. The Group is subject to regulations under the Payment Services Act. Therefore, it is required to deposit a certain amount of money or government bonds with the Legal Affairs Bureau, or to enter into a guarantee agreement with a financial institution. If an additional deposit is made, the contribution will be recorded as a guarantee deposit, and if a credit guarantee contract is entered into with a financial institution, the guarantee fee calculated based on the amount of credit guarantee multiplied by the contractual guarantee rate will be incurred. In order to comply with the Payment Services Act, the Group has made some deposits and has entered into credit guarantee agreement with banks.

10. Other financial assets

The components of other financial assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Current			
Investment securities in banking business	78,157	52,565	38,782
Trading securities	54,303	99,686	130,908
Derivative assets	5,856	3,604	5,787
Other	56,608	73,860	84,759
Total	194,924	229,715	260,236
Non-current			
Installment receivables[1]	457,751	486,979	634,780
Loans in credit card business	167,939	237,635	246,006
Loans in banking business	545,323	680,510	875,237
Loans receivable	67,513	81,763	96,179
Deposits in the central clearing house[2]	125,200	90,200	-
Rental and other deposits	46,024	44,122	64,499
Other	151,282	178,229	241,655
Allowance for doubtful accounts	(32,382)	(43,811)	(58,891)
Total	1,528,650	1,755,627	2,099,465

Notes:
1. For further information on installment receivables, refer to "Note 9. Trade and other receivables."
2. Deposits in the central clearing house represents cash pledged to the central clearing house as collateral for exchange settlement purposes by the banking subsidiary.

11. Inventories

The components of inventories are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Merchandise	140,568	135,320	162,669
Other	18,571	19,739	28,782
Total	159,139	155,059	191,451

Write-down of inventories recognized as an expense during the fiscal year is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Write-down of inventories	19,368	19,817	21,577

12. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Current			
Prepaid expenses	69,656	79,758	91,351
Contract assets	11,020	22,000	18,185
Income taxes receivable	34,849	51,090	3,177
Other	29,609	33,962	53,090
Total	145,134	186,810	165,803
Non-current			
Long-term prepaid expenses	77,559	75,045	82,067
Consideration paid to customer[1]	24,849	23,513	20,504
Other	111	1,605	480
Total	102,519	100,163	103,051

Note:
1. The amount represents the consideration paid to a customer that requires a reduction in revenue when the goods or services are transferred to the customer.

13. 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.

14. Property, plant and equipment

Changes in property, plant and equipment at historical cost are as follows:

(Millions of yen)

Historical cost	Buildings and structures	Building fixtures	Furniture, fixtures, and equipment	Network equipment	Assets under construction	Other	Total
As of April 1, 2022	106,447	137,219	496,894	3,039,740	167,875	39,570	3,987,745
Additions	4,988	9,137	51,729	42,194	243,130	8,944	360,122
Business combinations	225	553	867	-	-	172	1,817
Disposals	(101)	(663)	(32,693)	(224,147)	(13,794)	(771)	(272,169)
Transfers[1]	5,038	28,118	57,744	682,494	(246,057)	2,606	529,943
Other[2]	(36)	7,165	1,803	12,234	753	1,131	23,050
As of March 31, 2023	116,561	181,529	576,344	3,552,515	151,907	51,652	4,630,508
Additions	5,388	10,574	40,092	38,133	186,666	3,443	284,296
Business combinations	-	-	257	-	-	704	961
Disposals	(404)	(3,127)	(52,499)	(121,556)	(2,982)	(6,577)	(187,145)
Transfers[1]	3,374	14,658	58,373	646,892	(220,272)	1,589	504,614
Other	1,360	657	1,896	4,385	(95)	638	8,841
As of March 31, 2024	126,279	204,291	624,463	4,120,369	115,224	51,449	5,242,075
Additions[3]	11,881	23,102	37,389	45,708	303,034	29,789	450,903
Business combinations	17	24,638	109	-	15	40	24,819
Disposals	(325)	(3,266)	(33,868)	(322,161)	(1,807)	(969)	(362,396)
Transfers[1]	3,224	6,826	73,945	133,480	(193,025)	3,250	27,700
Other[2]	(195)	(1,931)	(16,086)	14,974	(52)	86	(3,204)
As of March 31, 2025	140,881	253,660	685,952	3,992,370	223,389	83,645	5,379,897

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Building fixtures	Furniture, fixtures, and equipment	Network equipment	Assets under construction	Other	Total
As of April 1, 2022	(60,126)	(56,616)	(312,383)	(2,055,859)	(6)	(10,913)	(2,495,903)
Depreciation	(2,804)	(13,382)	(83,683)	(191,203)	-	(4,397)	(295,469)
Impairment losses	(119)	(130)	(67)	-	-	(41)	(357)
Disposals	35	238	30,259	209,770	-	455	240,757
Transfers[1]	(1,814)	(15,204)	16,209	(402,937)	-	(213)	(403,959)
Other	(5)	(295)	(1,098)	(17)	6	(463)	(1,872)
As of March 31, 2023	(64,833)	(85,389)	(350,763)	(2,440,246)	-	(15,572)	(2,956,803)
Depreciation	(3,293)	(14,839)	(94,349)	(191,570)	-	(3,852)	(307,903)
Impairment losses	(52)	(1,392)	(245)	(1,409)	-	(139)	(3,237)
Disposals	311	2,699	49,892	110,239	-	5,924	169,065
Transfers[1]	(1,087)	(4,116)	31,353	(398,804)	-	(440)	(373,094)
Other	(149)	221	(417)	(6)	-	(940)	(1,291)
As of March 31, 2024	(69,103)	(102,816)	(364,529)	(2,921,796)	-	(15,019)	(3,473,263)
Depreciation	(3,573)	(18,942)	(91,322)	(188,885)	-	(4,570)	(307,292)
Impairment losses	(154)	(3,374)	(6,204)	(218)	-	(626)	(10,576)
Disposals	154	2,843	31,357	309,216	-	531	344,101
Transfers[1]	22	3	21,967	49	-	(409)	21,632
Other	6	(324)	12,799	1	(2)	16	12,496
As of March 31, 2025	(72,648)	(122,610)	(395,932)	(2,801,633)	(2)	(20,077)	(3,412,902)

The components of the carrying amounts of property, plant and equipment are as follows:

(Millions of yen)

Carrying amounts	Buildings and structures	Building fixtures	Furniture, fixtures, and equipment	Network equipment	Assets under construction	Other	Total
As of March 31, 2023	51,728	96,140	225,581	1,112,269	151,907	36,080	1,673,705
As of March 31, 2024	57,176	101,475	259,934	1,198,573	115,224	36,430	1,768,812
As of March 31, 2025	68,233	131,050	290,020	1,190,737	223,387	63,568	1,966,995

Notes:

1. The amount of "Transfers" includes amounts for assets transferred from "Right-of-use assets" under "Non-current assets" as their ownership was transferred to the Group at the end of the lease contract, and the components are as follows. There were no transfers for the fiscal year ended March 31, 2025.

(Millions of yen)

Historical cost	Buildings and structures	Building fixtures	Furniture, fixtures, and equipment	Network equipment	Other	Total
Fiscal year ended March 31, 2023	2,250	19,707	3,365	474,009	-	499,331
Fiscal year ended March 31, 2024	1,858	7,977	1,039	477,215	11	488,100
Fiscal year ended March 31, 2025	-	-	-	-	-	-

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Building fixtures	Furniture, fixtures, and equipment	Network equipment	Other	Total
Fiscal year ended March 31, 2023	(1,819)	(15,194)	(3,314)	(402,596)	-	(422,923)
Fiscal year ended March 31, 2024	(1,115)	(4,118)	(982)	(398,736)	(7)	(404,958)
Fiscal year ended March 31, 2025	-	-	-	-	-	-

The remaining amount of "Transfers" in "Furniture, fixtures, and equipment" excluding the amount above is mainly due to the transfer of leased mobile devices from "Inventories" in "Current assets."

2. The amount of "Other" in "Network equipment" included within historical cost includes the amount due to a change in the accounting estimate of asset retirement obligations in the Group. The change was caused by the increased probability

of the removal of certain network equipment after consideration of the efficient operation of network equipment, as well as the revised estimates of restoration costs for certain equipment due to changing environment such as rise in prices.

3. The amount of "Additions" includes the impact of government grants deducted from historical cost. The government grants deducted from historical cost were mainly received for investments related to generative AI and other purposes, and amounted to ¥30,782 million for the fiscal year ended March 31, 2025. Additionally, there are no unfulfilled conditions or other contingencies attached to the government grants.

Major assets in the above that are subject to operating leases as lessor are leased mobile devices included in "Furniture, fixtures, and equipment," and their changes in historical cost, accumulated depreciation and impairment losses, and carrying amount are as follows:

Historical cost	(Millions of yen) Furniture, fixtures, and equipment
As of April 1, 2022	219,894
Additions	-
Business combinations	-
Disposals	(14,373)
Transfers	29,636
Other	-
As of March 31, 2023	235,157
Additions	-
Business combinations	-
Disposals	(26,525)
Transfers	18,599
Other	7,172
As of March 31, 2024	234,403
Additions	-
Business combinations	-
Disposals	(8,621)
Transfers	24,955
Other	(118)
As of March 31, 2025	250,619

Accumulated depreciation and impairment losses	(Millions of yen) Furniture, fixtures, and equipment
As of April 1, 2022	(162,949)
Depreciation	(34,792)
Impairment losses	-
Disposals	13,825
Transfers	18,887
Other	-
As of March 31, 2023	(165,029)
Depreciation	(41,508)
Impairment losses	-
Disposals	25,353
Transfers	32,338
Other	(5,048)
As of March 31, 2024	(153,894)
Depreciation	(36,546)
Impairment losses	-
Disposals	7,904
Transfers	21,900
Other	77
As of March 31, 2025	(160,559)

Carrying amounts	(Millions of yen) Furniture, fixtures, and equipment
As of March 31, 2023	70,128
As of March 31, 2024	80,509
As of March 31, 2025	90,060

Property, plant and equipment with limited property rights are described in "(3) Assets with limited property rights" under "Note 24. Interest-bearing debt."

15. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

(Millions of yen)

Historical cost	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives				Total intangible assets
		Trademarks	Software	Customer relationships	Spectrum-related costs	Other	
As of April 1, 2022	1,424,574	883,272	1,904,503	910,312	210,201	11,404	3,919,692
Additions	-	-	196,851	-	7,134	12,554	216,539
Internal development	-	-	37,670	-	-	-	37,670
Business combinations	569,682	-	14,742	59,381	-	2	74,125
Loss of control	(1,484)	-	(692)	-	-	(445)	(1,137)
Disposals	-	-	(43,369)	-	-	(740)	(44,109)
Other	1,526	-	(3,530)	101	16	1,234	(2,179)
As of March 31, 2023	1,994,298	883,272	2,106,175	969,794	217,351	24,009	4,200,601
Additions	-	-	158,173	-	5,675	14,781	178,629
Internal development	-	-	52,979	-	-	-	52,979
Business combinations	62,336	-	2,089	17,280	-	8,733	28,102
Loss of control	(2,219)	-	(6,339)	-	-	(37)	(6,376)
Disposals	-	-	(45,791)	-	-	(1,360)	(47,151)
Other	(5,011)	-	(6,012)	8,129	1,525	1,857	5,499
As of March 31, 2024	2,049,404	883,272	2,261,274	995,203	224,551	47,983	4,412,283
Additions	-	-	160,506	-	71,829	11,862	244,197
Internal development	-	-	60,721	-	-	1,685	62,406
Business combinations	20,705	-	250	1,097	-	279	1,626
Loss of control	-	-	(636)	(5)	-	(3,111)	(3,752)
Disposals	-	-	(163,580)	-	-	(842)	(164,422)
Other	445	-	(2,190)	(354)	-	(215)	(2,759)
As of March 31, 2025	2,070,554	883,272	2,316,345	995,941	296,380	57,641	4,549,579

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

Accumulated amortization and impairment losses	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives				Total intangible assets
		Trademarks	Software	Customer relationships	Spectrum-related costs	Other	
As of April 1, 2022	-	-	(1,227,359)	(147,160)	(64,414)	(4,179)	(1,443,112)
Amortization	-	-	(184,664)	(57,934)	(12,075)	(1,531)	(256,204)
Impairment losses	-	-	(1,110)	-	-	(3)	(1,113)
Loss of control	-	-	683	-	-	336	1,019
Disposals	-	-	32,240	-	-	384	32,624
Other	-	-	(3,245)	(101)	-	(1,353)	(4,699)
As of March 31, 2023	-	-	(1,383,455)	(205,195)	(76,489)	(6,346)	(1,671,485)
Amortization	-	-	(198,000)	(61,432)	(12,439)	(4,527)	(276,398)
Impairment losses	-	-	(2,970)	-	-	(230)	(3,200)
Loss of control	-	-	5,959	-	-	36	5,995
Disposals	-	-	36,138	-	-	189	36,327
Other	-	-	3,491	(102)	-	(1,400)	1,989
As of March 31, 2024	-	-	(1,538,837)	(266,729)	(88,928)	(12,278)	(1,906,772)
Amortization	-	-	(193,833)	(62,738)	(13,026)	(2,434)	(272,031)
Impairment losses	(2,062)	-	(1,067)	-	-	(55)	(1,122)
Loss of control	-	-	516	-	-	1,619	2,135
Disposals	-	-	158,438	-	-	686	159,124
Other	-	-	1,083	242	-	(758)	567
As of March 31, 2025	(2,062)	-	(1,573,700)	(329,225)	(101,954)	(13,220)	(2,018,099)

The carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Carrying amounts	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives				Total intangible assets
		Trademarks	Software	Customer relationships	Spectrum-related costs	Other	
As of March 31, 2023	1,994,298	883,272	722,720	764,599	140,862	17,663	2,529,116
As of March 31, 2024	2,049,404	883,272	722,437	728,474	135,623	35,705	2,505,511
As of March 31, 2025	2,068,492	883,272	742,645	666,716	194,426	44,421	2,531,480

The Group's intangible assets that have indefinite useful lives primarily relate to its trademark usage right of the "*SoftBank*" brand, trademarks of the "*Yahoo!*" and the "*Yahoo! JAPAN*" brands in Japan, and trademarks of the "*ZOZO*" and "*LINE*" brands.

With regard to the "*SoftBank*" brand, the trademark usage right was established in a license agreement between the Company and SoftBank Group Corp., with no expiration date, which provides the right to use the "*SoftBank*" trademark. As the license agreement has no expiration and use of the trademark is expected to produce net cash inflows for an indefinite period, the Group considers the usage rights to be an intangible asset with an indefinite useful life. With regard to the trademarks of the "*Yahoo!*" and the "*Yahoo! JAPAN*" brands in Japan and the trademarks of the "*ZOZO*" and "*LINE*" brands, as long as its businesses continue, the trademarks can continue to be used legally, and management plans to provide services for the foreseeable future. Accordingly, such rights are determined to be intangible assets with indefinite useful lives.

Customer relationships reflect the expected excess earning power of the customers that existed at the time of the business combination of the transferred company.

Spectrum-related costs are the Company's share of costs for the spectrums assigned to the Company based on the Radio Act. These spectrum-related costs include the costs arising from the migration of pre-existing users to other spectrums by the termination campaign.

Amortization of intangible assets is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income.

The carrying amounts of internally generated intangible assets included in intangible assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Software	98,203	105,910	145,748

The aggregate amounts of research and development costs recognized as an expense during the period are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Research and development costs	56,094	60,380	73,934

Goodwill and intangible assets with indefinite useful lives acquired as a part of business combinations are allocated to operating segments (cash-generating unit groups) that are expected to benefit from the synergies arising from the business combination and business activities.

The allocation of goodwill and intangible assets with indefinite useful lives to operating segments (cash-generating unit groups) for impairment testing purposes is as follows:

Goodwill

(Millions of yen)

Operating segments (Cash-generating unit groups)	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Consumer	155,075	155,075	155,122
Enterprise	56,340	119,760	135,249
Media & EC			
Media[2]	938,006	937,606	937,556
Shopping[3]	234,941	-	-
ASKUL[3]	-	35,181	35,513
ZOZO[3]	-	194,459	194,459
Ikyu (Restaurant)	500	500	500
Ikyu (Accommodation)	8,762	8,762	8,762
Other	58,584	58,585	58,584
Subtotal	1,240,793	1,235,093	1,235,374
Financial	535,366	535,667	541,000
Other	6,724	3,809	1,747
Total	1,994,298	2,049,404	2,068,492

Intangible assets with indefinite useful lives

(Millions of yen)

Operating segments (Cash-generating unit groups)	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Consumer	293,956	293,956	293,956
Enterprise	51,954	51,954	51,954
Distribution	4,093	4,093	4,093
Media & EC			
Yahoo[1]	169,575	169,575	169,575
Media	160,116	160,116	160,116
Shopping[3]	198,490	-	-
ASKUL[3]	-	19,770	19,770
ZOZO[3]	-	178,720	178,720
Ikyu (Accommodation)	5,088	5,088	5,088
Subtotal	533,269	533,269	533,269
Total	883,272	883,272	883,272

Notes:

1. Allocated to "Yahoo" since it is expected that benefits will come from the Media & EC businesses as a whole rather than the individual cash-generating units under the Media & EC businesses.

2. The "Media" cash-generating unit group mainly consists of the "Marketing solution" cash-generating unit under LY Corporation and the "Media" cash-generating unit under the LY Corporation Group. Synergy arising from business combinations affects the cash-generating unit groups as a whole, and as the goodwill cannot be allocated to them reasonably and on a coherent basis, it is allocated to the cash-generating unit group of "Media."
3. Effective the fiscal year ended March 31, 2024, the cash-generating unit groups have been reevaluated and the former "Shopping" was divided into "ASKUL" and "ZOZO."

The recoverable amount is measured at the higher of fair value less costs to sell or value in use. For "ASKUL," and "ZOZO," fair value less costs to sell is measured based on the market price in the active market. For "Financial," fair value less costs to sell is measured based on the discounted cash flow method.

Discounted cash flow method is assessed by reference to the 12.8 times as EV/EBITBA multiple of comparable companies (13.2 times for the fiscal year ended March 31, 2023 and 10.0 times for the fiscal year ended March 31, 2024), and future cash flows are assessed by discounting to the present value the estimated cash flows in the next 10 years based on the financial budget approved by management which reflects past experience and external information, using a pre-tax discount rate of 22.4% of the operating segment (26.7% for the fiscal year ended March 31, 2023 and 22.4% for the fiscal year ended March 31, 2024). The fair value hierarchy is categorized as Level 3 in accordance with the significant inputs used in the measurement. Value in use is assessed by discounting to the present value the estimated cash flows in the next 3 to 5 years based on the financial budget approved by management, which reflects past experience and external information, using a pre-tax discount rate of 6.0% to 12.9% of the operating segment (4.8% to 12.0% for the fiscal year ended March 31, 2023 and 4.9% to 11.7% for the fiscal year ended March 31, 2024). With respect to estimating cash flows, value in use for cash flows beyond three years is assessed, assuming that the main growth rate each period is 0.0% to 1.5% (0.0% to 0.9% for the fiscal year ended March 31, 2023 and 0.0% to 1.5% for the fiscal year ended March 31, 2024).

The impairment test conducted at a certain timing within the fiscal year recognized no significant impairment losses for goodwill or intangible assets with indefinite useful lives.

The Company determined that for operating segments or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

The Group does not apply IFRS 16 to leases of intangible assets.

Intangible assets with limited property rights are described in "(3) Assets with limited property rights" under "Note 24. Interest-bearing debt."

16. Contract costs

The components of contract costs are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Contract acquisition costs	327,518	310,516	374,587
Contract fulfillment costs	6,827	8,624	9,913
Total	334,345	319,140	384,500

The components of amortization of contract costs are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Amortization			
Contract acquisition costs	233,456	242,084	241,467
Contract fulfillment costs	14,431	13,062	15,246
Total	247,887	255,146	256,713

17. Investment securities

The components of investment securities are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Stocks	144,681	148,231	119,958
Bonds[1]	1,747	16,335	31,371
Other	94,866	108,222	103,739
Total	241,294	272,788	255,068

Note:

1. "Bonds," which was included in "Others" as of March 31, 2024, has been presented as a separate item from the fiscal year ended March 31, 2025, as the amount became material. In order to reflect this change in presentation, figures as of March 31, 2024 and 2023 have been reclassified.

18. Investment securities in banking business

The components of investment securities in banking business are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Debt securities	192,706	407,259	612,999
Trust beneficiary rights	92,698	99,503	132,271
Other	3,379	15,470	1,786
Total	288,783	522,232	747,056

Certain investment securities are pledged as collateral for financing and exchange settlement purposes by the banking subsidiary. The carrying amount of such investment securities in banking business as of March 31, 2023, 2024 and 2025 are ¥97,265 million, ¥186,848 million and ¥249,056 million, respectively.

In addition to the above, investment securities in banking business (current) of ¥38,782 million as of March 31, 2025 (¥52,565 million as of March 31, 2024 and ¥78,157 million as of March 31, 2023) are included in "Other financial assets (current)." Of this, the carrying amount of assets pledged as collateral by the banking subsidiary is ¥6,719 million as of March 31, 2025.

The loss allowance for investment securities in banking business is measured based on 12-month expected credit losses. The exposure to credit risk is equal to the carrying amount of bonds and trust beneficiary rights, and none of the exposures are past due.

19. Leases

(As lessee)

(1) Right-of-use assets

The Group leases assets including network equipment, properties for base stations and space for structures, properties for communications network, offices and warehouses, mainly for the purpose of efficient cash management.

Many of the lease contracts have termination options and extension options to enhance operational flexibility. Many of the options are only exercisable by the Group if certain advance notices are given. When determining the lease term, the Group considers all facts and circumstances that might create an economic incentive to exercise the extension option or not to exercise the termination option. If a significant event or change in circumstances occurs that may affect this assessment, a reassessment is performed.

Network equipment

The Group's leases of network equipment are leases (as lessee) of machinery equipment and transmission equipment for telecommunications used in the telecommunications business. Many of the lease contracts have termination options and extension options. The lease term of the leases is primarily 3 or 10 years. In order to provide stable communications services, the lease of the transmission equipment for telecommunications may be extended beyond the initial lease period if necessary. In that case, it is likely that the Group will extend for the same period as the original contract period. "Network equipment" as right-of-use assets mainly corresponds to "Network equipment" under "Property, plant and equipment."

Properties for base stations and space for structures

The Group's leases of properties for base stations and space for structures are leases (as lessee) of land to construct towers and poles for the installment of base station equipment and areas for buildings and structures to install base station equipment. Many of the lease contracts have termination options and extension options to extend the contract by a term equal to the initial contract term. The lease term of the leases is primarily 10 - 20 years. In order to provide stable communications services, the leases may be extended beyond the initial lease period if necessary. In that case, it is likely that the Group will extend for the same period as the original contract period. "Properties for base stations and space for structures" as right-of-use assets mainly corresponds to "Buildings and structures" or "Land" under "Property, plant and equipment."

Properties for communications network

The Group's leases of properties for communications network are leases (as lessee) of land, buildings, and part of space thereof for the installment of network equipment excluding base station equipment. Many of the leases have

extension options only exercisable by the Group. The lease terms of the leases are primarily 3 - 28 years. In order to provide stable communications services, the leases may be extended beyond the initial lease period if necessary. "Properties for communications network" as right-of-use assets mainly corresponds to "Buildings and structures" or "Land" under "Property, plant and equipment."

Offices and warehouses

The Group's leases of offices and warehouses are leases (as lessee) of land and buildings used for purposes other than the installment of network equipment, such as properties for offices (including properties for shared offices), warehouses and stores. Many of the leases have extension options only exercisable by the Group. The lease terms of the leases are primarily 2 - 15 years for offices, primarily 4 - 15 years for warehouses and primarily 2 - 3 years for stores. In order to continue the business, the leases may be extended beyond the initial lease period if necessary. "Offices and warehouses" as right-of-use assets mainly corresponds to "Buildings and structures" or "Land" under "Property, plant and equipment."

The components of the carrying amount of right-of-use assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Carrying amount of right-of-use assets			
Network equipment	245,206	172,889	174,925
Properties for base stations and space for structures	151,609	158,857	154,654
Properties for communications network	126,508	89,600	85,569
Offices and warehouses	239,930	240,717	332,811
Other	345	120	1,198
Total	763,598	662,183	749,157

Note:

1. The increases in right-of-use assets for the fiscal years ended March 31, 2023, 2024 and 2025 are ¥252,266 million, ¥194,966 million and ¥280,763 million, respectively.

The components of depreciation expense of right-of-use assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation expense of right-of-use assets			
Network equipment	94,646	56,380	47,075
Properties for base stations and space for structures	35,767	37,718	35,716
Properties for communications network	16,655	16,405	13,744
Offices and warehouses	51,572	53,223	70,571
Other	321	204	409
Total	198,961	163,930	167,515

(2) Lease liabilities

Lease liabilities by maturity are described in "(2) Financial risk management c. Liquidity risk (b) Financial liabilities by maturity" under "Note 29. Financial instruments."

Interest expenses from lease liabilities are described in "(2) Financing costs" under "Note 39. Financing income and financing costs."

(3) Cash outflows for leases

Total cash outflow for leases is described in "(2) Cash outflow for leases" under "Note 42. Supplemental information to the consolidated statements of cash flows."

(4) Lease contracted but not yet started

Some of the Group's contracts are not reflected in the measurement of lease liabilities because they have a fixed-term building lease reservation contract, and the lease term has not yet started. Underlying assets of right-of-use assets held under lease contracts are mainly classified as properties for communications network, offices, and warehouses, and the lease start date is after the next fiscal year, and the lease term is 3-10 years. The total amount to be paid after the next fiscal year is ¥69,703 million.

(As lessor)

The Group provides mobile device rental services for enterprise customers. Since mobile device leases are provided on the condition that mobile communications service contracts are entered into, consideration arising from these transactions is allocated to lease component and non-lease component, specifically to the amount of payments to be received for mobile device leases and others based on the fair value of mobile device leases and mobile communications services.

The Group sells mobile devices to trade-in vendors after the conclusion of the lease term. To manage the residual asset risk of mobile devices, the Group obtains purchase prices from more than one trade-in vendor and regularly monitors the development of the purchase prices.

(1) Finance leases

The components of income from finance leases recognized on the consolidated statements of income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Sales income / loss (net)	(67)	(1,256)	(1,133)
Financial income on uncollected amount of net lease investments	93	67	52
Total	26	(1,189)	(1,081)

Amounts above include income of ¥975 million from sub-leases for the fiscal year ended March 31, 2025 (¥888 million for the fiscal year ended March 31, 2024 and ¥964 million for the fiscal year ended March 31, 2023).

Undiscounted total lease payments at the end of the fiscal year and the maturity analysis of the uncollected amount of net lease investments are as follows:

As of March 31, 2023 (Millions of yen)

	Undiscounted total lease payments	Unearned finance income relating to lease payments receivable	Discounted unguaranteed residual value	Uncollected amount of net lease investments
Within 1 year	13,174	(60)	-	13,114
1 to 2 years	7,576	(26)	-	7,549
2 to 3 years	3,156	(9)	-	3,148
3 to 4 years	444	(2)	-	442
4 to 5 years	60	(0)	-	60
Over 5 years	1	(0)	-	1
Total	24,411	(97)	-	24,314

As of March 31, 2024 (Millions of yen)

	Undiscounted total lease payments	Unearned finance income relating to lease payments receivable	Discounted unguaranteed residual value	Uncollected amount of net lease investments
Within 1 year	12,733	(75)	-	12,658
1 to 2 years	8,156	(53)	-	8,103
2 to 3 years	4,139	(40)	-	4,099
3 to 4 years	637	(28)	-	609
4 to 5 years	255	(24)	-	231
Over 5 years	70	(28)	-	42
Total	25,990	(248)	-	25,742

As of March 31, 2025 (Millions of yen)

	Undiscounted total lease payments	Unearned finance income relating to lease payments receivable	Discounted unguaranteed residual value	Uncollected amount of net lease investments
Within 1 year	13,222	(96)	-	13,126
1 to 2 years	8,997	(80)	-	8,917
2 to 3 years	4,201	(63)	-	4,138
3 to 4 years	1,048	(54)	-	994
4 to 5 years	435	(50)	-	385
Over 5 years	4,160	(731)	-	3,429
Total	32,063	(1,074)	-	30,989

(2) Operating leases

The maturity analysis of operating leases are as follows:

As of March 31, 2023 (Millions of yen)

	As of March 31, 2023
Within 1 year	25,630
1 to 2 years	16,155
2 to 3 years	7,429
3 to 4 years	265
4 to 5 years	3
Over 5 years	-
Total	49,482

Lease income (excluding variable lease payments that do not depend on an index or a rate) from operating leases for the fiscal year ended March 31, 2023 is ¥54,531 million, including lease income of ¥5,046 million from subleases.

For changes in the historical cost, accumulated depreciation and accumulated impairment losses, and carrying amount of property, plant and equipment subject to operating leases, refer to “Note 14. Property, plant and equipment.”

As of March 31, 2024 (Millions of yen)

	As of March 31, 2024
Within 1 year	28,833
1 to 2 years	18,747
2 to 3 years	8,667
3 to 4 years	302
4 to 5 years	7
Over 5 years	25
Total	56,581

Lease income (excluding variable lease payments that do not depend on an index or a rate) from operating leases for the fiscal year ended March 31, 2024 is ¥59,215 million, including lease income of ¥5,039 million from subleases.

For changes in the historical cost, accumulated depreciation and accumulated impairment losses, and carrying amount of property, plant and equipment subject to operating leases, refer to “Note 14. Property, plant and equipment.”

As of March 31, 2025 (Millions of yen)

	As of March 31, 2025
Within 1 year	30,936
1 to 2 years	19,514
2 to 3 years	8,064
3 to 4 years	380
4 to 5 years	0
Over 5 years	2
Total	58,896

Lease income (excluding variable lease payments that do not depend on an index or a rate) from operating leases for the fiscal year ended March 31, 2025 is ¥64,130 million, including lease income of ¥5,458 million from subleases.

For changes in the historical cost, accumulated depreciation and accumulated impairment losses, and carrying amount of property, plant and equipment subject to operating leases, refer to “Note 14. Property, plant and equipment.”

20. Major subsidiaries

(1) Organizational structure

The Group's major subsidiaries are as follows:

Major subsidiaries as of March 31, 2025

Company name	Reportable segment	Location	Ownership percentage of voting rights (%)		
			As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Wireless City Planning Inc.[1]	Consumer / Enterprise	Tokyo	31.8	31.8	31.8
SB Power Corp.	Consumer	Tokyo	100	100	100
Cubic Telecom Ltd.	Enterprise	Ireland	-	54.3	54.3
SB C&S Corp.	Distribution	Tokyo	100	100	100
A Holdings Corporation[2]	Media & EC	Tokyo	50.0	50.0	50.0
LY Corporation[3]	Media & EC	Tokyo	64.5	64.4	62.5
ASKUL Corporation[4]	Media & EC	Tokyo	45.0	45.0	46.5
ZOZO, Inc.	Media & EC	Chiba	51.0	51.5	51.5
Ikyu Corporation	Media & EC	Tokyo	100	100	100
PayPay Bank Corporation[5]	Media & EC	Tokyo	46.6	46.6	46.6
Z Intermediate Global Corporation[3]	Media & EC	Tokyo	100	100	100
LINE SOUTHEAST ASIA CORP.PTE.LTD.	Media & EC	Singapore	100	100	100
LINE Financial Corporation[6]	Media & EC	Korea	100	100	100
LINE Pay Corporation	Media & EC	Tokyo	100	100	100
LINE Plus Corporation	Media & EC	Korea	100	100	100
PayPay Corporation	Financial	Tokyo	69.8	69.8	69.8
PayPay Card Corporation	Financial	Tokyo	100	100	100
SB Payment Service Corp.	Financial	Tokyo	100	100	100

Notes:

1. The Group does not own a majority of the voting rights of Wireless City Planning Inc ("WCP"). However, directors and executive officers of the Company account for the majority of the members of WCP's Board of Directors, and WCP's business activities depend heavily on the Company. Accordingly, the Company determined that it controls WCP and consequently consolidated it.
2. The Group does not own a majority of the voting rights of A Holdings Corporation. However, the Group owns 50.0% of the voting rights of A Holdings Corporation and owns the rights to appoint the majority of the members of its Board of Directors. As a result, A Holdings Corporation is considered substantially controlled by the Group and became a subsidiary of the Group.
3. On October 1, 2023, Z Holdings Corporation completed an intra-group reorganization involving mainly itself, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively.
4. The Group does not own a majority of the voting rights of ASKUL Corporation. However, taking into consideration that the Group owns 46.5% of the voting rights of ASKUL Corporation, the dispersion of holdings of the other vote holders and the voting patterns of past shareholders' meetings, ASKUL Corporation is considered substantially controlled by the Group and became a subsidiary of the Group.
5. The Group does not own a majority of the voting rights of PayPay Bank Corporation. However, the Group owns 46.6% of the voting rights of PayPay Bank Corporation and appoints the majority of the members of its Board of Directors. As a result, PayPay Bank Corporation is considered substantially controlled by the Group and became a subsidiary of the Group.
6. LINE Financial Corporation changed its trade name from LINE Financial Plus Corporation as of October 1, 2023.

(2) Condensed consolidated financial information and other information on subsidiaries with significant non-controlling interests

A Holdings Corporation and its subsidiaries

(a) General information

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Ownership ratio of the non-controlling interests (%)	50.0	50.0	50.0
Accumulated amount attributable to the non-controlling interests of the subsidiary group (Millions of yen)	1,437,592	1,521,412	1,499,198

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income allocated to the non-controlling interests of the subsidiary group	124,442	99,723	132,971

(b) Condensed consolidated financial information

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Total assets	8,495,059	8,936,970	9,019,805
Total liabilities	5,332,830	5,655,078	5,791,172
Total equity	3,162,229	3,281,892	3,228,633

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	1,672,377	1,814,663	1,917,478
Net income	173,075	125,015	186,480
Total comprehensive income	270,839	156,910	151,809

The dividend paid by A Holdings Corporation to the non-controlling interests for the fiscal year ended March 31, 2025 was ¥ 90,306 million (for the fiscal year ended March 31, 2024: ¥13,369 million, for the fiscal year ended March 31, 2023: ¥18,769 million).

The dividend paid by LY Corporation, which is a subsidiary of A Holdings Corporation, to the non-controlling interests for the fiscal year ended March 31, 2025 was ¥14,735 million (for the fiscal year ended March 31, 2024: ¥14,894 million, for the fiscal year ended March 31, 2023: ¥15,353 million).

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities (net)	100,874	316,309	523,421
Cash flows from investing activities (net)	319,756	(444,071)	(505,640)
Cash flows from financing activities (net)	96,454	(81,241)	(420,469)
Effect of exchange rate changes on cash and cash equivalents	5,698	10,664	(6,656)
Increase (decrease) in cash and cash equivalents relating to transfer of assets classified as held for sale	-	(33,011)	33,011
Increase (decrease) in cash and cash equivalents	522,782	(231,350)	(376,333)

21. Investments accounted for using the equity method

(1) Condensed consolidated financial information and other information on significant investments

There are no applicable items.

(2) Investments accounted for using the equity method that are not individually material

Financial information of investments accounted for using the equity method that are not individually material is as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Carrying amounts	218,170	251,488	273,148

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net loss	(53,218)	(22,198)	(9,650)
Other comprehensive income (loss), net of tax	1,285	10,233	(14,066)
Total comprehensive loss	(51,933)	(11,965)	(23,716)

Note:

1. For the fiscal years ended March 31, 2023 and 2024, impairment losses of ¥31,304 million and ¥22,345 million were recorded on the equity method investment in Demae-can Co., Ltd. to the extent that the carrying amount was reduced to the recoverable amount. The recoverable amount is measured based on value in use. Value in use is assessed by discounting the estimated future cash flows using a pre-tax discount rate of 34.2% for the fiscal year ended March 31, 2024 (12.0% for the fiscal year ended March 31, 2023). The impairment losses are included in "Impairment loss on equity method investments" in the consolidated statements of income.

22. Structured entities

(1) Consolidated structured entities

The Group set up a monetary trust (the "Trust") as a consolidated structured entity.

The Trust has been designed so that voting rights or similar rights do not constitute a determinant of control. Even though no voting rights or similar rights exist, the Group has determined that the Group has the current ability to direct provision of funding and relevant activities of the Trust. Additionally, the Group has exposure or rights to variable returns from the Trust as interest earned from lending by the Trust is attributable to the Group and has the ability to use its power over the Trust to affect the variable returns. Accordingly, the Group consolidated the Trust.

The Group has not provided nor intends to provide any material financial or other material assistance to any consolidated structured entities without contractual obligations.

(2) Unconsolidated structured entities

The Group set up an investment fund (the "Investment Fund") as an unconsolidated structured entity.

The Investment Fund has been composed primarily of a venture fund of partnership form, an investment limited partnership, and an investment trust, and has been designed so that voting rights or similar rights do not constitute a determinant of control. Accordingly, the operation has been controlled by a third party. The Investment Fund raises capital through the investments from each partner.

The scale of unconsolidated structured entities, the carrying amount of the investments that relate to the Group's interests in the unconsolidated structured entities, and the Group's potential maximum exposure to loss are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Total assets of unconsolidated structured entities	681,406	758,143	734,656
The Group's maximum exposure to loss			
The carrying amounts of the investments recognized by the Group	84,451	91,546	97,483
Commitment contract of additional investments	5,505	10,033	6,800
Total	89,956	101,579	104,283

The investments recognized by the Group are included in "Investments accounted for using the equity method" or "Investment securities" in the consolidated statements of financial position. No debts that relate to the Group's interests in the unconsolidated structured entities are recognized.

The potential maximum exposure to loss as a result of the Group's involvement with the unconsolidated structured entities is limited to the sum of the carrying amount of the Group's investments and the commitment contract of additional investments.

The Group's maximum exposure to loss represents the maximum amount of loss that the Group could incur and bears no relation to the amount of loss anticipated to be incurred from the Group's involvement with the unconsolidated structured entities.

The Group has not provided nor intends to provide any material financial or other material assistance to any unconsolidated structured entities without contractual obligations.

23. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Current tax expenses	(258,329)	(252,296)	(235,206)
Deferred tax expenses	49,586	36,649	10,435
Total	(208,743)	(215,647)	(224,771)

Current tax expenses include benefit arising from previously unrecognized tax losses, tax credits, or temporary differences from prior periods. As a result, the current tax expenses for the year ended March 31, 2025, decreased by ¥35,274 million.

(2) Reconciliation of the statutory effective tax rate to the actual tax rate

The reconciliation of the statutory effective tax rate to the actual tax rate is as follows. The actual tax rate represents the ratio of income taxes to profit before income taxes.

(%)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Statutory effective tax rate	31.5	31.5	31.5
Effect of permanent differences	(2.1)	(0.2)	0.3
Effect of evaluating recoverability of deferred tax assets	3.9	(7.1)	(5.6)
Effect of investments accounted for using the equity method	2.3	1.9	0.6
Gain on step acquisition	(11.1)	-	-
Other	(0.3)	0.7	(1.3)
Actual tax rate	24.2	26.8	25.5

(3) Movement of deferred tax assets and deferred tax liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

Fiscal year ended March 31, 2023

(Millions of yen)

	As of April 1, 2022	Cumulative effect of change in accounting policy	As of April 1, 2022, restated	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	Other	As of March 31, 2023
Deferred tax assets								
Property, plant and equipment and intangible assets	59,913	-	59,913	8,945	-	64	(11)	68,911
Operating payables and other liabilities	120,374	-	120,374	(11,197)	(30)	160	(888)	108,419
Inventories	5,509	-	5,509	1,805	-	21	0	7,335
Net operating loss carryforwards	6,357	-	6,357	3,358	-	-	552	10,267
Contract liabilities	3,076	-	3,076	16,685	-	-	-	19,761
Lease liabilities	4,907	182,904	187,811	19,863	-	-	-	207,674
Other	54,295	(349)	53,946	16,663	(1,006)	628	3,701	73,932
Total	254,431	182,555	436,986	56,122	(1,036)	873	3,354	496,299
Deferred tax liabilities								
Lease receivables	(5,797)	-	(5,797)	338	-	-	-	(5,459)
Contract assets	(906)	-	(906)	804	-	-	-	(102)
Contract costs	(101,932)	-	(101,932)	42	-	-	-	(101,890)
Property, plant and equipment and intangible assets	(391,541)	-	(391,541)	(2,197)	-	(18,328)	-	(412,066)
Right-of-use assets	(63)	(182,621)	(182,684)	(18,797)	-	-	-	(201,481)
Other	(89,441)	66	(89,375)	13,274	20,237	-	(999)	(56,863)
Total	(589,680)	(182,555)	(772,235)	(6,536)	20,237	(18,328)	(999)	(777,861)
Net	(335,249)	-	(335,249)	49,586	19,201	(17,455)	2,355	(281,562)

Note:

The Group has applied IAS 12 (Amendments) “Income taxes” from the fiscal year ended March 31, 2024, and has recognized deferred tax assets and deferred tax liabilities for the same amounts related to assets and liabilities arising from a single transaction, respectively. In accordance with this change in accounting policy, the amounts for the fiscal year ended March 31, 2023 have been retrospectively amended.

Fiscal year ended March 31, 2024

(Millions of yen)

	As of April 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	Other	As of March 31, 2024
Deferred tax assets						
Property, plant and equipment and intangible assets	68,911	21,363	-	(2,720)	(14)	87,540
Operating payables and other liabilities	108,419	20,404	199	190	603	129,815
Inventories	7,335	265	-	(8)	0	7,592
Net operating loss carryforwards	10,267	(3,928)	-	(24)	448	6,763
Contract liabilities	19,761	(6,253)	-	(4)	-	13,504
Lease liabilities	207,674	1,427	-	-	229	209,330
Other	73,932	1,956	(964)	(28)	307	75,203
Total	496,299	35,234	(765)	(2,594)	1,573	529,747
Deferred tax liabilities						
Lease receivables	(5,459)	(305)	-	-	-	(5,764)
Contract assets	(102)	102	-	-	-	-
Contract costs	(101,890)	3,930	-	-	-	(97,960)
Property, plant and equipment and intangible assets	(412,066)	2,093	-	(3,902)	(5,794)	(419,669)
Right-of-use assets	(201,481)	592	-	-	(223)	(201,112)
Other	(56,863)	(4,997)	(1,833)	2,750	378	(60,565)
Total	(777,861)	1,415	(1,833)	(1,152)	(5,639)	(785,070)
Net	(281,562)	36,649	(2,598)	(3,746)	(4,066)	(255,323)

Fiscal year ended March 31, 2025

(Millions of yen)

	As of April 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations[1]	Other	As of March 31, 2025
Deferred tax assets						
Property, plant and equipment and intangible assets	87,540	(2,740)	-	1,151	(3)	85,948
Operating payables and other liabilities	129,815	55,190	(824)	108	(586)	183,703
Inventories	7,592	473	-	(22)	-	8,043
Net operating loss carryforwards	6,763	(297)	-	(29)	(15)	6,422
Contract liabilities	13,504	1,553	-	-	(65)	14,992
Lease liabilities	209,330	(1,565)	-	33,812	(167)	241,410
Other	75,203	5,922	2,622	(553)	48	83,242
Total	529,747	58,536	1,798	34,467	(788)	623,760
Deferred tax liabilities						
Lease receivables	(5,764)	244	-	-	-	(5,520)
Contract assets	-	-	-	-	-	-
Contract costs	(97,960)	(22,300)	-	-	-	(120,260)
Property, plant and equipment and intangible assets	(419,669)	(20,584)	27	(3,277)	(52)	(443,555)
Right-of-use assets	(201,112)	6,309	-	(33,445)	737	(227,511)
Other	(60,565)	(11,770)	(1,099)	(11,200)	616	(84,018)
Total	(785,070)	(48,101)	(1,072)	(47,922)	1,301	(880,864)
Net	(255,323)	10,435	726	(13,455)	513	(257,104)

Note:

1. The increase in “Business combinations” is primarily attributable to the business succession of WeWork Japan GK.

In the Group, deferred tax assets which belong to individual entities that recorded losses as of March 31, 2023, 2024 and 2025 are ¥29,578 million, ¥31,314 million and ¥3,390 million, respectively. The Group recognizes deferred tax assets to the extent that it is probable that future taxable profit will be available.

(4) Deductible temporary differences and net operating loss carryforwards for which no deferred tax assets have been recognized

Deductible temporary differences and net operating loss carryforwards for which no deferred tax assets have been recognized are as follows. The amounts below are on a tax basis.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	116,616	92,998	75,816
Net operating loss carryforwards	122,302	117,780	126,209
Total	238,918	210,778	202,025

The expiration schedule of net operating loss carryforwards for which no deferred tax assets have been recognized is as follows. There is no deductible temporary difference with an expiry date.

Net operating loss carryforwards (tax basis)

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
1st year	401	556	903
2nd year	568	890	1,475
3rd year	914	1,614	66
4th year	2,525	69	3,750
5th year and thereafter	117,894	114,651	120,015
Total	122,302	117,780	126,209

In addition to the above, total deductible temporary differences (before multiplying by the tax rate) for which no deferred tax assets have been recognized that are related to the investments in subsidiaries, associates and joint ventures as of March 31, 2025 are ¥1,031,607 million (as of March 31, 2024: ¥1,217,272 million, as of March 31, 2023: ¥1,673,345 million).

(5) Taxable temporary differences for which no deferred tax liabilities have been recognized that are related to the investments in subsidiaries, associates and joint ventures

Total taxable temporary differences (before multiplying by the tax rate) for which no deferred tax liabilities have been recognized that are related to the investment in subsidiaries, associates and joint ventures as of March 31, 2025 are ¥1,398,079 million (as of March 31, 2024: ¥1,299,426 million, as of March 31, 2023: ¥1,587,969 million).

(6) Impact of Global Minimum Taxation

The legal frameworks related to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD), have been enacted or substantially enacted in some of the countries and regions where the Group operates. In the reforms to the Japanese tax system made in 2023, a corporate tax complying with the global minimum tax was newly created, with the tax reform act ("Act for Partial Revision of the Income Tax Act, etc." (Act No. 3 of 2023)) (hereinafter "Revised Corporation Tax Act") enacted on March 28, 2023 that includes the relevant regulations for the global minimum tax. Within the global minimum tax rules in the Revised Corporation Tax Act, an income inclusion rule ("IIR") has been introduced. Applicable from the fiscal year ended March 31, 2025, top-up tax will be imposed on parent companies located in Japan up to the minimum tax rate (15%) of the taxes borne by the subsidiaries, etc. of those parent companies located in Japan. The impact of these changes on the Group's consolidated financial statements is immaterial.

(7) Revision of deferred tax assets and deferred tax liabilities due to change in statutory effective tax rate

With the promulgation of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Special Defense Corporation Tax" will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to reverse in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 31.5% to 32.3%. The impact of this tax rate change on the Group's consolidated financial statements is immaterial.

24. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	Average interest rate (%)[1]	Maturity[2]
Current					
Short-term borrowings	599,353	767,265	353,233	0.88	-
Commercial paper	122,001	187,001	108,000	0.61	-
Current portion of long-term borrowings	1,051,131	1,202,649	811,447	1.26	-
Current portion of lease liabilities	171,682	139,657	153,782	2.05	-
Current portion of corporate bonds[3]	119,987	84,991	219,992	0.43	-
Current portion of installment payables	-	69	70	4.96	-
Total	2,064,154	2,381,632	1,646,524		
Non-current					
Long-term borrowings	2,470,314	2,167,081	2,429,362	1.37	April 2026-April 2047
Lease liabilities	562,350	560,046	638,581	2.90	April 2026-April 2055
Corporate bonds[3]	1,037,683	1,212,060	1,247,664	0.84	June 2026-July 2033
Installment payables	-	68	21	4.96	April 2026-December 2027
Total	4,070,347	3,939,255	4,315,628		

Notes:

1. Average interest rate represents the weighted-average interest rate as of March 31, 2025.
2. Maturity represents the maturity of the outstanding balance as of March 31, 2025.

3. A summary of the issuance condition of bonds is as follows:

(Millions of yen)

Company name/Name of bond	Date of issuance	As of March 31, 2023[1]	As of March 31, 2024[1]	As of March 31, 2025[1]	Interest rate (%)	Date of maturity
The Company			10,000			
2nd Unsecured Straight Bond	Mar. 18, 2020	10,000	(10,000)	-	0.33	Mar. 18, 2025
3rd Unsecured Straight Bond	Mar. 18, 2020	10,000	10,000	10,000	0.45	Mar. 18, 2027
4th Unsecured Straight Bond	Mar. 18, 2020	10,000	10,000	10,000	0.50	Mar. 18, 2030
5th Unsecured Straight Bond		10,000				
	Jul. 29, 2020	(10,000)	-	-	0.10	Jul. 28, 2023
6th Unsecured Straight Bond				70,000		
	Jul. 29, 2020	70,000	70,000	(70,000)	0.36	Jul. 29, 2025
7th Unsecured Straight Bond	Jul. 29, 2020	20,000	20,000	20,000	0.58	Jul. 29, 2030
8th Unsecured Straight Bond				80,000		
	Dec. 3, 2020	80,000	80,000	(80,000)	0.35	Dec. 3, 2025
9th Unsecured Straight Bond	Dec. 3, 2020	25,000	25,000	25,000	0.48	Dec. 3, 2027
10th Unsecured Straight Bond	Dec. 3, 2020	15,000	15,000	15,000	0.57	Dec. 3, 2030
11th Unsecured Straight Bond	Jun. 3, 2021	34,918	34,944	34,970	0.30	Jun. 3, 2026
12th Unsecured Straight Bond	Jun. 3, 2021	29,918	29,934	29,950	0.42	Jun. 2, 2028
13th Unsecured Straight Bond	Jun. 3, 2021	34,881	34,896	34,910	0.52	Jun. 3, 2031
14th Unsecured Straight Bond	Oct. 12, 2021	34,910	34,936	34,961	0.24	Oct. 9, 2026
15th Unsecured Straight Bond	Oct. 12, 2021	24,926	24,940	24,953	0.41	Oct. 12, 2028
16th Unsecured Straight Bond	Oct. 12, 2021	19,926	19,934	19,943	0.52	Oct. 10, 2031
17th Unsecured Straight Bond	Jan. 27, 2022	14,950	14,959	14,967	0.51	Jan. 26, 2029
18th Unsecured Straight Bond	Jan. 27, 2022	14,942	14,949	14,955	0.62	Jan. 27, 2032
19th Unsecured Straight Bond	Mar. 10, 2023	119,312	119,452	119,592	0.98	Mar. 10, 2028
20th Unsecured Straight Bond	Jul. 12, 2023	-	29,927	29,960	0.32	Jul. 10, 2026
21st Unsecured Straight Bond	Jul. 12, 2023	-	59,820	59,863	0.82	Jul. 12, 2028
22nd Unsecured Straight Bond	Jul. 12, 2023	-	14,948	14,956	1.00	Jul. 12, 2030
23rd Unsecured Straight Bond	Jul. 12, 2023	-	14,939	14,956	1.30	Jul. 12, 2033
24th Unsecured Straight Bond	Jan. 31, 2024	-	139,203	139,320	1.24	Jan. 31, 2031
25th Unsecured Straight Bond	May.27, 2024	-	-	19,951	0.83	May 27, 2027
26th Unsecured Straight Bond	May.27, 2024	-	-	59,824	1.19	May 25, 2029
27th Unsecured Straight Bond	Feb. 4, 2025	-	-	125,261	1.81	Feb. 4, 2032
Subtotal		578,683 (10,000)	827,781 (10,000)	1,023,292 (150,000)		

(Millions of yen)

Company name/Name of bond	Date of issuance	As of March 31, 2023[1]	As of March 31, 2024[1]	As of March 31, 2025[1]	Interest rate (%)	Date of maturity
LY Corporation						
3rd Unsecured Straight Bond		15,000				
	Feb. 28, 2017	(15,000)	-	-	0.37	Feb. 28, 2024
6th Unsecured Straight Bond			25,000			
	Dec. 7, 2017	25,000	(25,000)	-	0.35	Dec. 6, 2024
7th Unsecured Straight Bond	Dec. 7, 2017	10,000	10,000	10,000	0.40	Dec. 7, 2027
8th Unsecured Straight Bond		15,000				
	Dec. 6, 2018	(15,000)	-	-	0.20	Dec. 6, 2023
9th Unsecured Straight Bond	Dec. 6, 2018	10,000	10,000	10,000	0.50	Dec. 6, 2028
11th Unsecured Straight Bond			49,991			
	Jul. 31, 2019	49,957	(49,991)	-	0.18	Jul. 31, 2024
12th Unsecured Straight Bond	Jul. 31, 2019	69,890	69,924	69,958	0.37	Jul. 31, 2026
13th Unsecured Straight Bond	Jul. 31, 2019	49,877	49,896	49,916	0.46	Jul. 31, 2029
15th Unsecured Straight Bond		79,987				
	Jun. 11, 2020	(79,987)	-	-	0.35	Jun. 9, 2023
16th Unsecured Straight Bond				69,992		
	Jun. 11, 2020	69,897	69,945	(69,992)	0.60	Jun. 11, 2025
17th Unsecured Straight Bond	Jun. 11, 2020	14,966	14,975	14,983	0.79	Jun. 11, 2027
18th Unsecured Straight Bond	Jun. 11, 2020	9,969	9,974	9,978	0.90	Jun. 11, 2030
19th Unsecured Straight Bond	Jul. 28, 2021	49,888	49,922	49,957	0.35	Jul. 28, 2026
20th Unsecured Straight Bond	Jul. 28, 2021	19,944	19,954	19,965	0.46	Jul. 28, 2028
21st Unsecured Straight Bond	Jul. 28, 2021	29,899	29,911	29,923	0.63	Jul. 28, 2031
22nd Unsecured Straight Bond	Sep. 15, 2022	9,967	9,974	9,982	0.76	Sep. 15, 2027
23rd Unsecured Straight Bond	Sep. 28, 2022	49,746	49,804	49,861	0.76	Sep. 28, 2027
24th Unsecured Straight Bond	Sep. 12, 2024	-	-	29,925	0.99	Sep. 10, 2027
25th Unsecured Straight Bond	Sep. 12, 2024	-	-	19,934	1.35	Sep. 12, 2029
Subtotal		578,987 (109,987)	469,270 (74,991)	444,374 (69,992)		
Total		1,157,670 (119,987)	1,297,051 (84,991)	1,467,666 (219,992)	-	-

Note: Figures in parentheses as of March 31, 2023, 2024 and 2025 represent the current portion.

(2) Financial covenants and other contractual clauses

The balance of long-term borrowings in non-current liabilities, which is subject to financial covenants and other contractual clauses, as of March 31, 2025 is ¥1,231,684 million. As of March 31, 2025, the Group is in compliance with all of these covenants. In the event of a breach of these financial covenants and other contractual clauses, relevant contractual obligations may be accelerated at the lender's request.

a. Financial covenants and other contractual clauses on interest-bearing debts of the Company

The Company's interest-bearing debt is subject to financial covenants and other contractual clauses mainly as follows:

- At March 31 and September 30 of each year, the Company is required to maintain equity in the consolidated statement of financial position of the Group at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year, the Company is required to maintain net assets in the non-consolidated balance sheet of the Company at a minimum of 75% of that of the same date during the previous fiscal year.
- The Company must not incur operating losses or net losses in the consolidated statement of income of the Group for two consecutive fiscal years.
- The Company must not incur operating losses or net losses in the non-consolidated statement of income of the Company for two consecutive fiscal years.
- At March 31 and September 30 of each year, the Company is required to maintain a net leverage ratio (a) below a certain value:

  (a) Net leverage ratio: Net debt (b) divided by adjusted EBITDA (c)

(b) "Net debt" means the total amount of interest-bearing debt shown in the consolidated statement of financial position of the Group after deducting cash and cash equivalents adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme.

(c) "Adjusted EBITDA" means EBITDA adjusted for certain items as specified in the loan agreement.

b. Financial covenants and other contractual clauses on interest-bearing debts of LY Corporation

The interest-bearing debt of LY Corporation, a subsidiary of the Company, is subject to financial covenants and other contractual clauses mainly as follows:

- At March 31 and September 30 of each year, LY Corporation is required to maintain net assets presented in the non-consolidated balance sheet prepared in accordance with IFRS at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year, the LY Corporation Group is required to maintain equity presented in the consolidated statement of financial position at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year, LY Corporation must not have a net capital deficiency in the non-consolidated balance sheet prepared in accordance with IFRS.
- At March 31 and September 30 of each year, the LY Corporation Group must not have a net capital deficiency in the consolidated statement of financial position.
- At March 31 of each year, LY Corporation must not incur operating losses or net losses in the non-consolidated statement of income prepared in accordance with IFRS for two consecutive fiscal years.
- At March 31 of each year, the LY Corporation Group must not incur operating losses or net losses in the consolidated statement of income for two consecutive fiscal years.
- At March 31 and September 30 of each year, LY Corporation is required to maintain a net leverage ratio (a) below a certain value:

  (a) Net leverage ratio: Net debt (b) divided by adjusted EBITDA (c)

  (b) "Net debt" means the total amount of interest-bearing debt shown in the consolidated statement of financial position of the LY Corporation Group after deducting cash and cash equivalents. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme. Interest-bearing debt and cash and cash equivalents are adjusted not to include those of the financial subsidiary of the LY Corporation Group.

  (c) "Adjusted EBITDA" means EBITDA adjusted for certain items as specified in the loan agreement.

(3) Assets with limited property rights

a. Assets under sale and leaseback transactions for which the transfer is not a sale

Since the transfer of an asset in a sale and leaseback transaction does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognize the asset as property, plant and equipment. Such assets with limited property rights are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	731,125	815,955	743,783

Liabilities related to the assets with limited property rights above are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Interest-bearing debt			
Current portion of long-term borrowings	205,913	226,992	214,420
Long-term borrowings	419,728	398,696	380,051
Total	625,641	625,688	594,471

b. Assets for lease contracts of intangible assets

Assets for which the Group's property rights are limited on transfer, sublease or provision as collateral due to being involved in lease contracts for intangible assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Intangible assets	354,452	335,676	261,046

Liabilities related to the assets which are limited on transfer, sublease or provision as collateral above are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Interest-bearing debt			
Current portion of long-term borrowings	114,956	108,110	94,774
Long-term borrowings	199,600	176,537	138,518
Total	314,556	284,647	233,292

(4) Changes in interest-bearing debt arising from financial activities

Changes in interest-bearing debt arising from financial activities are as follows:

(Millions of yen)

	Short-term borrowings	Commercial paper	Long-term borrowings	Bonds	Lease liabilities	Installment payables	Total
As of April 1, 2022	528,630	270,401	3,363,178	1,073,230	763,960	126	5,999,525
Changes from financing cash flows							
Increase (decrease) in short-term interest-bearing debt, net	114,550	(36,000)	-	-	-	-	78,550
Proceeds from new financing[1]	304,130	244,000	1,168,141	180,000	-	-	1,896,271
Proceeds from sale and leaseback transactions of newly acquired equipment	-	-	-	-	9,850	-	9,850
Repayment[1]	(337,987)	(356,400)	(1,026,968)	(95,000)	(250,457)	(123)	(2,066,935)
Changes from operating cash flows							
Interest paid	-	-	(2,328)	(1,025)	(10,082)	-	(13,435)
Non-cash changes							
New lease transactions or remeasurement of lease liabilities	-	-	-	-	231,056	-	231,056
Amortized cost	-	-	5,351	466	10,045	-	15,862
Changes arising from obtaining or losing control of subsidiaries or other businesses	(1,300)	-	4,700	-	446	-	3,846
Other[2]	(8,671)	-	9,359	-	(20,786)	(3)	(20,101)
Other	-	-	12	-	-	-	12
As of March 31, 2023	599,352	122,001	3,521,445	1,157,671	734,032	-	6,134,501

(Millions of yen)

	Short-term borrowings	Commercial paper	Long-term borrowings	Bonds	Lease liabilities	Installment payables	Total
Changes from financing cash flows							
Increase (decrease) in short-term interest-bearing debt, net	181,328	-	-	-	-	-	181,328
Proceeds from new financing[1]	210,346	285,000	1,148,717	260,000	-	-	1,904,063
Proceeds from sale and leaseback transactions of newly acquired equipment	-	-	-	-	1,847	-	1,847
Repayment[1]	(228,359)	(220,000)	(1,303,131)	(120,000)	(193,046)	-	(2,064,536)
Changes from operating cash flows							
Interest paid	-	-	(3,666)	(1,249)	(9,758)	-	(14,673)
Non-cash changes							
New lease transactions or remeasurement of lease liabilities	-	-	-	-	169,849	-	169,849
Amortized cost	-	-	5,717	629	10,041	-	16,387
Changes arising from obtaining or losing control of subsidiaries or other businesses	(5,549)	-	648	-	(24)	-	(4,925)
Other[2]	10,147	-	-	-	(13,238)	137	(2,954)
Other	-	-	-	-	-	-	-
As of March 31, 2024	767,265	187,001	3,369,730	1,297,051	699,703	137	6,320,887
Changes from financing cash flows							
Increase (decrease) in short-term interest-bearing debt, net	(402,202)	(15,001)	-	-	-	-	(417,203)
Proceeds from new financing[1]	170,282	39,000	1,182,957	256,168	-	-	1,648,407
Proceeds from sale and leaseback transactions of newly acquired equipment	-	-	-	-	1,587	-	1,587
Repayment[1]	(211,606)	(103,000)	(1,302,752)	(85,000)	(170,069)	(75)	(1,872,502)
Changes from operating cash flows							
Interest paid	-	-	(2,825)	(1,371)	(22,647)	-	(26,843)
Non-cash changes							
New lease transactions or remeasurement of lease liabilities	-	-	-	-	177,399	-	177,399
Amortized cost	-	-	4,994	808	22,760	-	28,562
Changes arising from obtaining or losing control of subsidiaries or other businesses	7,348	-	830	-	96,493	-	104,671
Other[2]	22,146	-	(12,122)	-	(12,863)	29	(2,810)
Other	-	-	(3)	-	-	-	(3)
As of March 31, 2025	353,233	108,000	3,240,809	1,467,656	792,363	91	5,962,152

Notes:

1. Proceeds from the securitization of installment receivables are included in "Proceeds from new financing" in "Long-term borrowings" and payments associated with the securitization are included in "Repayment" in "Long-term borrowings." Proceeds from the securitization of installment receivables for the fiscal year ended March 31, 2025 totaled ¥370,581 million (for the fiscal year ended March 31, 2024: ¥458,801 million and for the fiscal year ended March 31, 2023: ¥378,068 million). Payments associated with the securitization for the fiscal year ended March 31, 2025 totaled ¥379,230 million (for the fiscal year ended March 31, 2024 totaled ¥380,891 million and for the fiscal year ended March 31, 2023: ¥358,464 million).
2. For the fiscal years ended March 31, 2023, 2024 and 2025, the amount is mainly the decrease in "Lease liabilities" as a result of termination of lease contracts.

25. Trade and other payables

The components of trade and other payables are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Operating payables	565,749	652,153	672,960
Deposits[1]	551,840	620,444	722,639
Accounts payable in payment business	494,252	634,788	739,930
Trade payable	378,784	346,059	427,320
Fixed asset payable	257,772	214,058	197,310
Other	69,005	67,570	68,481
Total	2,317,402	2,535,072	2,828,640

Note:

1. The amount includes the balance charged by users of the Group's cashless payment services and the balance of points that are granted by using the payment services and that can be used for external services.

26. Deposits for banking business

The components of deposits for banking business are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Ordinary deposits	1,363,844	1,542,742	1,658,539
Time deposits	108,416	100,413	137,426
Total	1,472,260	1,643,155	1,795,965

In addition to the above, deposits for banking business (non-current) of ¥14,887 million as of March 31, 2025 (¥14,368 million as of March 31, 2024 and ¥15,689 million as of March 31, 2023) are included in "Other financial liabilities (non-current)." Both of them are time deposits (non-current).

27. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Current			
Short-term accrued employee benefits	102,397	112,175	118,813
Consumption and other taxes payable	51,206	66,784	65,172
Withholding tax	28,862	3,956	5,402
Other	33,553	43,681	58,949
Total	216,018	226,596	248,336
Non-current			
Long-term accrued employee benefits	8,422	8,899	8,777
Defined benefit liabilities	35,046	39,777	38,026
Contract liabilities	42,390	62,265	65,731
Other	4,781	4,122	4,091
Total	90,639	115,063	116,625

28. Provisions

Changes in provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Provision for loss on contract	Other	Total
As of April 1, 2024	78,218	53,557	1,003	132,778
Additions	6,022	44,954	10,589	61,565
Business combinations	21,732	-	-	21,732
Interest due to passage of time	174	-	-	174
Used	(13,544)	(15,187)	(10,285)	(39,016)
Change in estimates[1,2]	12,262	3,461	(1,129)	14,594
Other	(1,369)	-	4,866	3,497
As of March 31, 2025	103,495	86,785	5,044	195,324

Notes:

1. Regarding the change in estimates of "Asset retirement obligations," the Company revised estimates of restoration costs for certain equipment based on the increased probability of the removal of certain network equipment after consideration of the efficient operation of network equipment and due to changing environment such as rise in prices.
2. Regarding the change in estimates of "Provision for loss on contract," the Company reviewed the exercise rate and the period of trade-in program, as well as the expected sales price of devices based on past performance.

The components of provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Provision for loss on contract	Other	Total
As of March 31, 2025				
Current liabilities	12,411	35,477	5,044	52,932
Non-current liabilities	91,084	51,308	-	142,392
Total	103,495	86,785	5,044	195,324

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal or site restoration of equipment such as parts of base stations, data centers, network centers, and offices including the corporate headquarters building. The estimate is based on the current business plan and both the amounts provided for and timing of payments are uncertain and dependent on future business plan developments.

Provision for loss on contract

In mobile services, provision for loss on contract is recognized by estimating the losses based on forecasts of the exercise rate and period of trade-in programs in order to prepare for losses resulting from the difference between the sales price of devices received from customers and residual installment receivables from customers. The sales price of the devices and the amount of the residual installment receivables may fluctuate due to changes in the market environment and other factors.

29. Financial instruments

(1) Capital management

The Group's policy is to realize and maintain an optimum capital composition to maintain medium-term and long-term sustainable growth and maximize corporate value.

Major indicators used for capital management are as follows:

- Equity capital
- Equity capital ratio

Note:
Equity capital is the amount of "Equity attributable to owners of the Company." The equity capital ratio represents "Equity attributable to owners of the Company" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Equity capital (Millions of yen)	2,224,945	2,377,074	2,743,630
Equity capital ratio (%)	15.2	15.3	17.0

The Group is subject to regulatory capital requirements under the applicable laws and regulations and maintains capital adequacy ratios and net assets at certain levels.

Significant capital requirements attributable to the Group relate to our subsidiary PayPay Bank Corporation and are stated in "(2) Financial risk management." No revisions were made to applicable laws that have a significant impact on the capital requirements for the fiscal years ended March 31, 2023, 2024 and 2025.

For details of financial covenants on interest-bearing debt, refer to "(2) Financial covenants and other contractual clauses" under "Note 24. Interest-bearing debt."

(2) Financial risk management

The Group is promoting diversification of its business and is subject to various financial risks (credit risk, market risk, and liquidity risk) due to factors in its business and financial market environments. The Group manages its risks based on established policies to prevent and reduce these financial risks.

In accordance with regulations under the Payment Services Act, Installment Sales Act, Money Lending Business, and other related laws and regulations, PayPay Corporation is required to maintain net assets (total asset minus total liabilities) above a certain level. Specifically, the following amount is the minimum amount of net assets that must be maintained.

a. ¥100 million

In accordance with regulations under the Payment Services Act, Installment Sales Act, and other related laws and regulations, PayPay Card Corporation is required to maintain net assets (total assts minus total liabilities) above a certain level. Specifically, the following amounts are the minimum amount of net assets that must be maintained.

a. ¥100 million

b. Equal to or greater than 90 percent of the amount of capital or contribution

In accordance with capital adequacy ratio requirements as prescribed in the Banking Act and the notification issued by the Financial Services Agency in Japan, PayPay Bank Corporation is required to maintain a capital adequacy ratio of at least 4.0% as a bank that does not have overseas locations as a sales base.

a. Credit risk

Credit risk is the risk of the Group incurring a financial loss as a result of counterparties to the financial assets held failing to meet their contractual obligations.

In the course of the Group's business, trade and other receivables, contract assets, other financial assets (including deposits, equity securities, debt securities, and derivatives), investment securities and investment securities in banking business are exposed to the credit risks of its counterparties.

In order to prevent and reduce the risk, the Group does not expose itself to significant concentrations of credit risk for such receivables and financial assets.

Investment securities in banking business mainly include investment securities such as domestic bonds and foreign bonds and trust beneficiary rights. Such bonds are exposed to the credit risk of issuers, whereas trust beneficiary rights are exposed to the credit risk of underlying assets. Equity instruments at FVTOCI consist primarily of shares of companies with which the Group has business relationships and are exposed to the issuers' credit risk. This risk is managed by continuously monitoring the financial conditions of issuers.

Trade receivables include receivables from dealers, communications fee receivables from customers, and installment receivables for mobile devices, and are exposed to the credit risk of dealers and customers. To manage credit risk for receivables from dealers, the Group performs due date controls and balance controls for

each dealer in accordance with its internal dealers' credit management policies and regularly monitors major dealers' credit statuses. For customer credit risk, the Group conducts screening in accordance with its internal company standards upon entering into an agreement with customers and checks the status of usage and collection of each customer periodically to avoid an increase in the uncollectible amounts. Regarding installment receivables, the Group refers to external institutions for credit risk information.

Derivative transactions are executed and managed based on internal rules, and the Group enters into derivative transactions only with highly creditworthy financial institutions in order to mitigate credit risk.

The carrying amount of financial assets, net of impairment, which is presented in the consolidated statement of financial position, as well as the amount of lending commitments and credit guarantees, represents the Group's maximum exposure to credit risk on its financial assets. The value of collateral held and other credit enhancements are not included.

For trade receivables and contract assets arising from IFRS 15 that do not contain a significant financing component, the Group always measures the lifetime expected credit losses using the simplified approach. For receivables, lending commitments and others other than trade receivables and contract assets, the Group measures future expected credit losses in consideration of the assessment of a significant increase of credit risk. The Group determines whether credit risk has increased significantly or not, based on the change in default risk by considering the counterparties' past due information, deterioration of business performance, external credit rating, and other factors. For receivables, lending commitments and others other than trade receivables and contract assets, the expected credit losses are measured at an amount equal to the 12-month expected credit losses in principle, but are measured at an amount equal to the lifetime expected credit losses when the credit risk has increased significantly since initial recognition.

The Group considers a financial asset to be in default when the financial asset becomes credit-impaired. In case of events such as those listed below that have a detrimental impact on the estimated future cash flows of financial assets, the financial assets are deemed to be credit-impaired and the expected credit losses are measured individually. When financial assets are not individually significant, the expected credit losses are measured collectively based on the credit risk characteristics and the nature of the transactions that have occurred.

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in interest or principal payments
- High possibility of the borrower filing for bankruptcy or entering financial reorganization

The details of lending commitments and credit guarantees are described in "(1) Lending commitments" and "(2) Credit guarantees" under "Note 44. Contingencies."

There were no financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the fiscal years ended March 31, 2023, 2024 and 2025.

(a) The carrying amount of financial assets and contract assets subject to allowance for doubtful accounts

i. Trade receivables and contract assets

The table below presents the exposure to credit risk of trade receivables and contract assets.

Since trade receivables arising from the credit card business include interest income, the Group measures expected credit losses for those receivables by using the same method for the financial assets other than trade receivables. As a result, exposure to credit risk on trade receivables arising from the credit card business is included in the financial assets other than trade receivables

As of March 31, 2023

(Millions of yen)

		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade receivables	980,499	25,126	5,520	3,946	5,369	3,467	1,023,927
Contract assets	11,020	-	-	-	-	-	11,020
Allowance for doubtful accounts	(4,103)	(544)	(1,042)	(1,085)	(1,985)	(3,380)	(12,139)
Total	987,416	24,582	4,478	2,861	3,384	87	1,022,808

As of March 31, 2024

(Millions of yen)

	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Trade receivables	1,007,031	26,632	7,361	5,200	5,265	4,259	1,055,748
Contract assets	22,000	-	-	-	-	-	22,000
Allowance for doubtful accounts	(5,147)	(945)	(1,950)	(2,838)	(3,595)	(2,755)	(17,230)
Total	1,023,884	25,687	5,411	2,362	1,670	1,504	1,060,518

As of March 31, 2025

(Millions of yen)

	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Trade receivables	1,060,098	23,761	7,219	4,453	4,643	3,240	1,103,414
Contract assets	18,185	-	-	-	-	-	18,185
Allowance for doubtful accounts	(7,352)	(1,301)	(1,727)	(2,409)	(3,904)	(3,236)	(19,929)
Total	1,070,931	22,460	5,492	2,044	739	4	1,101,670

ii. Financial assets other than trade receivables and contract assets

The table below presents the exposure to credit risk of financial assets other than trade receivables and contract assets. The exposure represents the carrying amounts before deduction of allowance for doubtful accounts.

The credit risk for investment securities in banking business is insignificant, and credit risk exposure related to investment securities in banking business is disclosed in “Note 18. Investment securities in banking business” and accordingly is not included in the following tables.

As of March 31, 2023

(Millions of yen)

Financial assets other than trade receivables and contract assets	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
12-month expected credit losses	2,916,437	55,801	-	-	-	-	2,972,238
Lifetime expected credit losses							
Financial assets that are not credit-impaired	-	-	9,119	-	-	-	9,119
Financial assets that are credit-impaired	-	-	-	6,932	7,770	13,504	28,206
Total	2,916,437	55,801	9,119	6,932	7,770	13,504	3,009,563

As of March 31, 2024

(Millions of yen)

Financial assets other than trade receivables and contract assets	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
12-month expected credit losses	3,379,015	77,305	-	-	-	-	3,456,320
Lifetime expected credit losses							
Financial assets that are not credit-impaired	-	-	12,170	-	-	-	12,170
Financial assets that are credit-impaired	-	-	-	13,992	15,866	16,246	46,104
Total	3,379,015	77,305	12,170	13,992	15,866	16,246	3,514,594

As of March 31, 2025

(Millions of yen)

Financial assets other than trade receivables and contract assets	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
12-month expected credit losses	3,817,234	84,039	-	-	-	-	3,901,273
Lifetime expected credit losses							
Financial assets that are not credit-impaired	-	-	13,661	-	-	-	13,661
Financial assets that are credit-impaired	-	-	-	14,663	19,243	25,783	59,689
Total	3,817,234	84,039	13,661	14,663	19,243	25,783	3,974,623

There are no significant assets held as collateral or other credit enhancements for financial assets.

(b) Allowance for doubtful accounts

Since trade receivables arising from the credit card business include interest income, the Group measures expected credit losses for those receivables by using the same method for the financial assets other than trade receivables. As a result, exposure to credit risk on trade receivables arising from the credit card business is included in the financial assets other than trade receivables.

The table below presents changes in the allowance for doubtful accounts for trade receivables and financial assets other than trade receivables.

Fiscal year ended March 31, 2023

i. Trade receivables

(Millions of yen)

	Lifetime expected credit losses		Total
	Financial assets that are not credit-impaired	Financial assets that are credit-impaired	
Balance at the beginning of the year	6,413	9,675	16,088
Additions	(717)	912	195
Used	(5)	(4,137)	(4,142)
Other	-	(1)	(1)
Balance at the end of the year	5,691	6,449	12,140

ii. Financial assets other than trade receivables

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Financial assets that are not credit-impaired	Financial assets that are credit-impaired	
Balance at the beginning of the year	8,891	2,076	29,498	40,465
Additions	12,849	3,369	19,659	35,877
Used	(355)	(1,249)	(26,008)	(27,612)
Reversal	(666)	(39)	(281)	(986)
Other	(3,092)	(302)	512	(2,882)
Balance at the end of the year	17,627	3,855	23,380	44,862

Fiscal year ended March 31, 2024

i. Trade receivables

(Millions of yen)

	Lifetime expected credit losses		
	Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Total
Balance at the beginning of the year	5,691	6,449	12,140
Additions	2,354	7,882	10,236
Used	(2)	(5,144)	(5,146)
Balance at the end of the year	8,043	9,187	17,230

ii. Financial assets other than trade receivables

(Millions of yen)

		Lifetime expected credit losses		
	12-month expected credit losses	Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Total
Balance at the beginning of the year	17,627	3,855	23,380	44,862
Additions	8,207	248	23,685	32,140
Used	(2,824)	(103)	(15,749)	(18,676)
Reversal	(1,395)	(29)	(123)	(1,547)
Other	246	(335)	451	362
Balance at the end of the year	21,861	3,636	31,644	57,141

Fiscal year ended March 31, 2025

i. Trade receivables

(Millions of yen)

	Lifetime expected credit losses		
	Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Total
Balance at the beginning of the year	8,043	9,187	17,230
Additions	2,337	7,445	9,782
Used	(0)	(7,083)	(7,083)
Balance at the end of the year	10,380	9,549	19,929

ii. Financial assets other than trade receivables

(Millions of yen)

		Lifetime expected credit losses		
	12-month expected credit losses	Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Total
Balance at the beginning of the year	21,861	3,636	31,644	57,141
Additions	5,041	853	32,099	37,993
Used	(1,202)	(55)	(21,906)	(23,163)
Reversal	(824)	(39)	(172)	(1,035)
Other	(4,311)	(275)	128	(4,458)
Balance at the end of the year	20,565	4,120	41,793	66,478

Additions to and reversal of allowance for doubtful accounts are recorded as "Selling, general and administrative expenses" in the consolidated statements of income.

For the fiscal years ended March 31, 2023, 2024 and 2025, there were no significant changes in the gross carrying amount that affected changes in the allowance for doubtful accounts, and there were no financial assets that were directly written off but are still subject to recovery.

b. Market risk

(a) Currency risk

The Group conducts foreign currency-denominated transactions and is exposed to currency risk arising mainly from fluctuations in the exchange rate of U.S. dollars to Japanese yen. To avoid this risk, the Group utilizes forward foreign exchange contracts. In addition, to avoid currency risk arising from foreign exchange dealings, the Group enters into covering transactions with counterparties to cover its positions arising from transactions with customers.

Foreign exchange sensitivity analysis

The table below presents the currency risk exposure of financial instruments related to the U.S. dollar, which is the main foreign currency of companies that use the Japanese yen as their functional currency:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net exposure affecting profit before income taxes	18,744	56,689	34,224
Net exposure affecting other comprehensive income (before tax effect)	16,848	9,260	2,627

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar on profit before income taxes and other comprehensive income (before tax effect) assuming that all other factors are constant. The sensitivity analysis below does not reflect the impacts of the translation of assets and liabilities of foreign operations into the presentation currency:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Decrease in profit before income taxes	(187)	(567)	(342)
Decrease in other comprehensive income (before tax effect)	(168)	(93)	(26)

(b) Price risk

The Group, for the purposes of its business strategy, holds securities traded on active markets such as publicly traded shares and is exposed to market price fluctuation risk. Equity instruments are acquired to mutually expand businesses and enhance business relationships and are not held for trading in the short term. To manage the market price fluctuation risk, the Group continuously monitors issuers' financial conditions and market prices and reviews the holding status of the instruments considering the business relationships with those issuers.

Price sensitivity analysis for securities

The table below presents the effect of a 10% decrease in market price for securities traded in active markets on other comprehensive income (before tax effect) assuming that all other factors are constant:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Decrease in other comprehensive income (before tax effect)	(4,993)	(6,237)	(3,863)

(c) Interest rate risk

The Group raises capital through interest-bearing loans, including those with floating interest rates, and hence is exposed to the risk of an increase in the interest payments resulting from rising interest rates. In order to prevent or reduce the risk of interest rate fluctuations, the Group maintains an appropriate mix of interest-bearing debt with fixed and floating interest rates and uses interest rate swap transactions for certain borrowings with floating interest rates to hedge the risk of interest rate fluctuations and convert the floating rates into fixed rates. For floating interest rate debt, the Group also continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of adding an additional 1% to interest rates for the Group's floating interest rate debt on profit before income taxes in the consolidated statements of income assuming that all other factors are constant. The analysis excludes floating interest rate debt with interest rate payments that are fixed using interest rate swap agreements.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Decrease in profit before income taxes	(17,828)	(16,706)	(14,717)

ii. Derivatives (interest rate swaps)

The Group designates interest rate swap transactions as cash flow hedges. The hedge is determined to have been effective by confirming that there is an economic relationship between the hedged item and the hedging instrument through assessing effectiveness at the inception of the hedge and on a regular basis. As the main terms of the hedging instrument match the terms of the hedged item, hedge ineffectiveness is not recognized. During the fiscal years ended March 31, 2023, 2024 and 2025, there were no transactions for which hedge accounting had been applied but was discontinued because they were no longer expected to occur.

The details of hedging instruments designated as cash flow hedges are presented in the table below:

As of March 31, 2023

(Millions of yen)

	Total amount of agreement	Amount of agreement with maturity over 1 year	Carrying amount		Average interest rate	Line item on the consolidated statement of financial position
			Assets	Liabilities		
Interest rate risk						
Interest rate swaps	844,500	715,000	100	2,241	1.75%	Other financial liabilities
Total	844,500	715,000	100	2,241	1.75%	

As of March 31, 2024

(Millions of yen)

	Total amount of agreement	Amount of agreement with maturity over 1 year	Carrying amount		Average interest rate	Line item on the consolidated statement of financial position
			Assets	Liabilities		
Interest rate risk						
Interest rate swaps	815,000	470,000	396	591	1.72%	Other financial liabilities
Total	815,000	470,000	396	591	1.72%	

As of March 31, 2025

	Total amount of agreement	Amount of agreement with maturity over 1 year	Carrying amount		Average interest rate	(Millions of yen) Line item on the consolidated statement of financial position
			Assets	Liabilities		
Interest rate risk						
Interest rate swaps	570,000	485,000	9,767	-	1.62%	Other financial liabilities
Total	570,000	485,000	9,767	-	1.62%	

Changes in accumulated other comprehensive income (after tax effect) related to designated hedging instruments are as follows:

Fiscal year ended March 31, 2023

Interest risk	(Millions of yen) Interest rate swaps
Balance as of April 1, 2022	(2,283)
Amounts arising during the year	(842)
Reclassification adjustments[1]	1,664
Balance as of March 31, 2023	(1,461)

Fiscal year ended March 31, 2024

Interest risk	(Millions of yen) Interest rate swaps
Balance as of April 1, 2023	(1,461)
Amounts arising during the year	(699)
Reclassification adjustments[1]	2,026
Balance as of March 31, 2024	(134)

Fiscal year ended March 31, 2025

Interest risk	(Millions of yen) Interest rate swaps
Balance as of April 1, 2024	(134)
Amounts arising during the year	6,000
Reclassification adjustments[1]	748
Balance as of March 31, 2025	6,614

Note:

1. The adjustments, which are the amount reclassified from other comprehensive income to profit or loss when the hedged item affects profit or loss, are recorded in “Financing costs” in the consolidated statements of income.

c. Liquidity risk

The Group is exposed to liquidity risk through potential difficulty in meeting its obligations such as trade payables, accounts payable, borrowings, and lease liabilities.

In order to prevent and reduce liquidity risk, the Group maintains access to diversified fundraising sources including both indirect financing, such as bank borrowings and leases, and direct financing, such as issuance of

bonds and securitization, taking market conditions and its current/non-current debt ratios into consideration. As part of fund management activities, the Group invests its funds primarily in liquid short-term deposits.

The Group also continuously monitors its forecasted and actual cash flows and liquid funds.

(a) Committed lines of credit

The Group entered into committed lines of credit mainly with financial institutions to reduce liquidity risk.

The undrawn balance of the Company's credit facilities is ¥1,107,033 million as of March 31, 2025 (¥1,041,684 million as of March 31, 2024, ¥728,453 million as of March 31, 2023). The undrawn balance of credit facilities includes the lines of credit of ¥552,500 million that require certain conditions to be met at the time borrowing.

In addition, borrowable securitization contracts depending on the balance of receivables were not presented in the amounts above. The carrying amount of the securitization contracts above is included in the carrying amount of transferred assets under "Note 31. Transfers of financial assets."

(b) Financial liabilities by maturity

The table below presents the analysis of financial liabilities (including derivative financial instruments) by maturity.

Receivables and payables arising from derivative transactions are presented on a net basis.

As of March 31, 2023

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year[1]	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt[2]								
Short-term borrowings	599,353	599,353	599,353	-	-	-	-	-
Commercial paper	122,001	122,001	122,001	-	-	-	-	-
Long-term borrowings[3] (including current portion)	3,521,445	3,539,042	1,054,328	1,226,663	484,635	328,454	259,826	185,136
Bonds (including current portion)	1,157,670	1,160,000	120,000	85,000	220,000	200,000	230,000	305,000
Lease liabilities	734,032	734,032	171,682	107,816	80,891	71,524	58,784	243,335
Installment payables	-	-	-	-	-	-	-	-
Trade and other payables	2,317,402	2,317,402	2,305,812	6,865	2,119	1,352	1,022	232
Deposits for banking business (current)	1,472,260	1,472,260	1,472,260	-	-	-	-	-
Other financial liabilities								
Deposits for banking business (non-current)	15,689	15,689	-	5,457	3,846	943	1,407	4,036
Other[4]	16,974	16,974	4,427	1,821	88	83	85	10,470
Total	9,956,826	9,976,753	5,849,863	1,433,622	791,579	602,356	551,124	748,209
Derivative financial liabilities								
Foreign exchange forward contracts	2,061	2,061	2,061	-	-	-	-	-
Interest rate swaps	2,241	1,606	2,064	561	(104)	(297)	(342)	(276)
Total	4,302	3,667	4,125	561	(104)	(297)	(342)	(276)
Off-balance sheet items								
Credit guarantees[7]	-	3,542	3,542	-	-	-	-	-
Lending commitments[7]	-	11,186,836	11,186,836	-	-	-	-	-

As of March 31, 2024

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year[1]	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt[2]								
Short-term borrowings	767,265	767,265	767,265	-	-	-	-	-
Commercial paper	187,001	187,001	187,001	-	-	-	-	-
Long-term borrowings[3] (including current portion)	3,369,730	3,385,814	1,204,812	694,876	544,824	451,590	310,157	179,555
Bonds (including current portion)	1,297,051	1,300,000	85,000	220,000	230,000	230,000	160,000	375,000
Lease liabilities	699,703	699,703	139,657	107,851	88,588	73,729	60,710	229,168
Installment payables	137	137	69	60	8	-	-	-
Trade and other payables	2,535,072	2,535,072	2,524,088	7,204	2,344	1,128	108	200
Deposits for banking business (current)	1,643,155	1,643,155	1,643,155	-	-	-	-	-
Other financial liabilities								
Deposits for banking business (non-current)	14,368	14,368	-	4,648	3,058	1,292	1,052	4,318
Other[4]	29,574	29,574	208	4,604	4,458	343	15,264	4,697
Total	10,543,056	10,562,089	6,551,255	1,039,243	873,280	758,082	547,291	792,938
Derivative financial liabilities								
Foreign exchange forward contracts	1,373	1,372	1,372	-	-	-	-	-
Interest rate swaps	591	191	99	369	(0)	(59)	(95)	(123)
Other	1,129	1,129	-	-	1,129	-	-	-
Total	3,093	2,692	1,471	369	1,129	(59)	(95)	(123)
Off-balance sheet items								
Credit guarantees[7]	-	5,772	5,772	-	-	-	-	-
Lending commitments[7]	-	12,395,550	12,395,550	-	-	-	-	-

As of March 31, 2025

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year[1]	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt[2]								
Short-term borrowings	353,233	353,233	353,233	-	-	-	-	-
Commercial paper	108,000	108,000	108,000	-	-	-	-	-
Long-term borrowings[3] (including current portion)	3,240,809	3,258,938	814,844	793,153	699,359	502,466	214,295	234,821
Bonds (including current portion)	1,467,656	1,471,000	220,000	230,000	280,000	160,000	140,000	441,000
Lease liabilities	792,363	792,363	153,782	128,631	105,657	88,593	75,862	239,838
Installment payables	91	91	70	17	4	-	-	-
Trade and other payables	2,828,640	2,828,640	2,807,324	12,492	5,685	2,796	174	169
Deposits for banking business (current)	1,795,965	1,795,965	1,795,965	-	-	-	-	-
Other financial liabilities								
Deposits for banking business (non-current)	14,887	14,887	-	3,528	4,051	694	1,745	4,869
Other[4,5]	76,188	76,188	-	8,418	8,403	4,182	3,971	51,214
Total	10,677,832	10,699,305	6,253,218	1,176,239	1,103,159	758,731	436,047	971,911
Derivative financial liabilities								
Foreign exchange forward contracts	765	515	613	(25)	(25)	(34)	(14)	-
Interest rate swaps	-	-	-	-	-	-	-	-
Other[6]	15,643	15,643	2,010	1,056	-	12,577	-	-
Total	16,408	16,158	2,623	1,031	(25)	12,543	(14)	-
Off-balance sheet items								
Credit guarantees[7]	-	5,983	5,983	-	-	-	-	-
Lending commitments[7]	-	9,971,128	9,971,128	-	-	-	-	-

Notes:

1. Financial liabilities payable on demand are classified as being due "Within 1 year." "Deposits for banking business" include ¥1,658,539 million of demand deposits for the fiscal year ended March 31, 2025 (¥1,542,742 million for the fiscal year ended March 31, 2024, ¥1,363,845 million for the fiscal year ended March 31, 2023).
2. For the average interest rates of interest-bearing debt, refer to "(1) Components of interest-bearing debt" under "Note 24. Interest-bearing debt."
3. The Group does not apply IFRS 16 to leases of intangible assets.
4. Written put options on non-controlling shareholders are included in "Other" in "Other financial liabilities."
5. 4.9GHz specified base station establishment fee is included in "Other" in "Other financial liabilities."
6. Written put options are included in "Other" in "Derivative financial liabilities."
7. For further details regarding credit guarantees and lending commitments, refer to "Note 44. Contingencies."

(c) Supplier finance arrangements

The Group has entered into supplier finance arrangements with third-party financial institutions with respect to carrier payments made by mobile users, purchase of mobile devices by the Company, and payments to stores listed on "Yahoo! Shopping" operated by the Company's subsidiary. The contractual terms of the arrangements are as follows. There are no assets pledged as collateral or guarantees by third parties for supplier finance arrangements.

i. The table below presents the carrying amount of financial liabilities that are part of supplier finance arrangements. These liabilities are included in "Trade and other payables" in the consolidated statements of financial position.

(Millions of yen)

	April 1, 2024	March 31, 2025
Financial liabilities that are part of supplier finance arrangements		
Trade and other payables	71,609	72,458

ii. The table below presents the carrying amount of financial liabilities disclosed under i., for which suppliers have already received payment from the finance providers. These liabilities are included in "Trade and other payables" in the consolidated statements of financial position.

(Millions of yen)

	March 31, 2025
Financial liabilities for which suppliers have already received payment from the finance providers	
Trade and other payables	71,681

iii. The table below presents the range of payment due dates for financial liabilities disclosed under i. and for comparable trade payables that are not part of supplier finance arrangements.

(Millions of yen)

	March 31, 2025
Financial liabilities that are part of supplier finance arrangements	The fifth business day of the second following month
Comparable trade payables that are not part of supplier finance arrangements	The last day of the following month

The Group has applied the transitional provisions under "Supplier finance arrangements" (Revision of IAS 7 and IFRS 7) and no comparative information is provided for the first year of application.

There were no material non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements for the fiscal year ended March 31, 2025.

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2023

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	-	-	-	-	2,389,731	2,389,731
Other financial assets	61,077	15	58,235	-	75,597	194,924
Non-current assets						
Investment securities	133,233	-	-	107,910	151	241,294
Investment securities in banking business	3,380	-	219,179	-	66,224	288,783
Other financial assets	1	100	-	-	1,528,549	1,528,650
Total	197,691	115	277,414	107,910	4,060,252	4,643,382

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	-	-	2,064,154	2,064,154
Trade and other payables	-	-	2,317,402	2,317,402
Deposits for banking business	-	-	1,472,260	1,472,260
Other financial liabilities	2,032	270	4,427	6,729
Non-current liabilities				
Interest-bearing debt	-	-	4,070,347	4,070,347
Other financial liabilities	5,633	2,000	22,603	30,236
Total	7,665	2,270	9,951,193	9,961,128

As of March 31, 2024

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	-	-	-	-	2,660,995	2,660,995
Other financial assets	114,051	88	52,253	-	63,323	229,715
Assets classified as held for sale[1]	592	-	-	321	4,735	5,648
Non-current assets						
Investment securities	167,644	-	-	90,598	14,546	272,788
Investment securities in banking business	15,470	-	208,348	-	298,414	522,232
Other financial assets	13	386	-	-	1,755,228	1,755,627
Total	297,770	474	260,601	90,919	4,797,241	5,447,005

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	-	-	2,381,632	2,381,632
Trade and other payables	-	-	2,535,072	2,535,072
Deposits for banking business	-	-	1,643,155	1,643,155
Other financial liabilities	1,372	142	208	1,722
Liabilities directly associated with assets classified as held for sale[1]	-	-	4,985	4,985
Non-current liabilities				
Interest-bearing debt	-	-	3,939,255	3,939,255
Other financial liabilities	24,294	449	20,569	45,312
Total	25,666	591	10,524,876	10,551,133

Note:

1. "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" represent the amount of the financial assets and the financial liabilities included in the respective accounts.

As of March 31, 2025

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	-	-	-	-	2,805,640	2,805,640
Other financial assets	149,213	608	39,071	-	71,344	260,236
Non-current assets						
Investment securities	154,221	-	299	78,650	21,898	255,068
Investment securities in banking business	1,785	-	225,237	-	520,034	747,056
Other financial assets	1	9,166	-	-	2,090,298	2,099,465
Total	305,220	9,774	264,607	78,650	5,509,214	6,167,465

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	-	-	1,646,524	1,646,524
Trade and other payables	-	-	2,828,640	2,828,640
Deposits for banking business	-	-	1,795,965	1,795,965
Other financial liabilities	2,721	21	-	2,742
Non-current liabilities				
Interest-bearing debt	-	-	4,315,628	4,315,628
Other financial liabilities	22,216	-	82,525	104,741
Total	24,937	21	10,669,282	10,694,240

(4) Equity instruments at FVTOCI

The Group holds certain investments in equity instruments primarily to maintain or enhance business relationships, and hence categorizes those investments as equity instruments at FVTOCI.

The major industry sectors of equity instruments at FVTOCI and the fair value thereof are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Industry sector	Fair value	Fair value	
Information and communications	41,364	34,755	31,929
Services	36,034	27,436	18,513
Retail	12,687	12,379	12,131

Equity instruments that are no longer in line with the Group's investment strategy are derecognized through sale or other forms of disposal. The table below presents the fair value at the date of derecognition and the accumulated gain or loss on disposal of equity instruments at FVTOCI that were derecognized during the period:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Fair value at the date of derecognition	9,058	21,975	10,348
Accumulated gain or (loss) on disposal	5,697	9,967	5,461

The Group directly transfers accumulated gains or losses from other comprehensive income to retained earnings in the case of derecognition or significant or prolonged decline in the fair value below cost. The amount transferred from accumulated other comprehensive income or loss to retained earnings is ¥935 million for the fiscal year ended March 31, 2025 (¥1,888 million for the fiscal year ended March 31, 2024 and ¥147,640 million for the fiscal year ended March 31, 2023).

30. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for valuation.

The fair value hierarchy is defined as follows:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter.

There are no transfers between Level 1 and Level 2 during the fiscal years ended March 31, 2023, 2024 and 2025.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy:

As of March 31, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	40,856	-	104,335	145,191
Bonds	4,804	149,323	2,111	156,238
Trust beneficiary rights	-	-	123,402	123,402
Derivative financial assets	988	4,970	-	5,958
Other[1]	57,265	300	94,776	152,341
Total	103,913	154,593	324,624	583,130
Financial liabilities				
Derivative financial liabilities	286	4,016	-	4,302
Other	-	-	5,633	5,633
Total	286	4,016	5,633	9,935

As of March 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	38,991	146	109,860	148,997
Bonds	7,289	138,102	2,352	147,743
Trust beneficiary rights	-	-	123,992	123,992
Derivative financial assets	873	3,118	-	3,991
Other[1]	114,737	1,436	108,868	225,041
Total	161,890	142,802	345,072	649,764
Financial liabilities				
Derivative financial liabilities	396	2,697	-	3,093
Other	-	-	23,164	23,164
Total	396	2,697	23,164	26,257

As of March 31, 2025

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	34,292	-	96,270	130,562
Bonds	4,639	96,103	17,374	118,116
Trust beneficiary rights	-	-	156,392	156,392
Derivative financial assets	228	14,725	-	14,953
Other[1]	132,512	800	104,916	238,228
Total	171,671	111,628	374,952	658,251
Financial liabilities				
Derivative financial liabilities	102	3,729	12,577	16,408
Other	-	-	8,550	8,550
Total	102	3,729	21,127	24,958

Note:

1. "Other" under financial assets in the above table includes mainly investments in exchange-traded fund and investment limited partnerships.

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Equity securities

Equity securities are measured using quoted prices in active markets for identical assets if such prices are available, and are classified as Level 1. Where such quoted prices in active markets for identical assets are not available, they are measured using appropriate valuation techniques such as the comparable company analysis, discounted cash flow method and transaction case approach. They are classified as Level 2 if all significant inputs such as quoted prices of comparable companies and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as Level 3. The Group uses valuation multiple, such as revenue multiple of comparable companies, capital cost and perpetual growth rate as the significant unobservable inputs to calculate the fair value of financial assets classified as Level 3.

b.Debt securities and trust beneficiary rights

Fair value using quoted prices in active markets for identical assets are measured using such quoted prices and is classified as Level 1. Fair value using inputs other than Level 1 that are observable, either directly or indirectly, are measured by using prices based on available information, mainly such as reference trading statistics and brokers' quotes. The Group also utilizes the discounted cash flow method using discount rates as inputs after taking into account risk-free interest rates and credit spreads. They are categorized as Level 2 or Level 3 depending on their observability and significance of the inputs.

c. Derivative financial assets and liabilities

Derivative financial assets and liabilities are measured using quoted prices in active markets for identical assets if such prices are available, and are classified as Level 1. Where such quoted prices in active markets for identical assets are not available, they are measured based on prices of comparable contracts and prices quoted by financial institutions with which contracts were concluded, as well as using valuation techniques such as the discounted cash flow method and the Black-Scholes model. They are categorized as Level 2 or Level 3 depending on the observability and significance of the inputs. Significant unobservable inputs used to calculate the fair value of financial liabilities classified as Level 3 include revenue multiple of comparable companies and capital cost.

(2) Fair value measurements of financial instruments that are categorized as Level 3

a. Fair value measurements and inputs

Equity securities

Fair value of equity securities is measured primarily based on the discounted cash flow method and transaction case approach. The significant unobservable inputs of the discounted cash flow method are mainly cost of capital and valuation multiple, such as revenue multiple of comparable companies, used for the measurement of the terminal value.

b. Sensitivity analysis

Fair value of equity securities decreases (increases) when cost of capital increases (decreases) among unobservable inputs. On the other hand, fair value of equity securities increases (decreases) when valuation multiple, such as revenue multiple, increases (decreases).

The financial instruments classified as Level 3 are not expected to significantly change their fair value in case the unobservable inputs are changed to reasonably possible alternative assumptions.

c. Valuation processes

Fair value is measured by the Group's personnel in the treasury and accounting departments based on internal regulations, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics, and risks of the financial instruments subject to fair value measurement. The fair value of financial instruments that require a high level of knowledge and experience for the valuation is measured by external specialists if the amount of such financial instruments is material. The result of the measurement conducted at the end of each quarter, including the valuation by the external specialists and the analysis of fair value changes and other contents, is reviewed and approved by the personnel responsible for each department.

d. Changes in financial instruments categorized as Level 3

Changes in financial instruments categorized as Level 3 are as follows:

Fiscal year ended March 31, 2023

Financial assets				(Millions of yen)
	Equity securities	Bonds	Trust beneficiary rights	Other
As of April 1, 2022	314,742	1,039	126,428	109,471
Gains or losses				
Net income[1]	(14,284)	(19)	-	(16,878)
Other comprehensive income (loss)[2,3]	150,333	(2)	311	2,319
Purchases	13,800	1,033	27,000	2,968
Sales	(2,213)	(940)	(30,337)	(202)
Changes in the scope of consolidation[4]	(348,725)	-	-	50
Transfer to Level 1 by listing	(648)	-	-	-
Other[3]	(8,670)	1,000	-	(2,952)
As of March 31, 2023	104,335	2,111	123,402	94,776

Financial liabilities	(Millions of yen)
	Other
As of April 1, 2022	-
Gains or losses	
Net income[1]	(5,887)
Other[5]	11,520
As of March 31, 2023	5,633

Notes:

1. Gains or losses recognized in "Net income" in the table above are included in "Financing income" and "Financing costs" in the consolidated statements of income.
2. Gains or losses recognized in "Other comprehensive income (loss)" in the table above, net of tax, are included in "Changes in the fair value of equity instruments at FVTOCI," "Changes in the fair value of debt instruments at FVTOCI" and "Exchange differences on translation of foreign operations" in the consolidated statements of comprehensive income.
3. "Other comprehensive income (loss)" of financial assets in the table above includes a valuation gain of ¥141,700 million recognized on PayPay preferred shares. In addition, "Other" of financial assets includes an excess loss amount of ¥6,121 million allocated to PayPay preferred shares.
4. "Changes in scope of consolidation" of financial assets in the table above includes the transfer amount of ¥337,784 million from preferred shares to common shares undertaken to consolidate PayPay.
5. "Other" of financial liabilities in the table above includes the initial recognition amount of written put options related to non-controlling shareholders.

Fiscal year ended March 31, 2024

Financial assets (Millions of yen)

	Equity securities	Bonds	Trust beneficiary rights	Other
As of April 1, 2023	104,335	2,111	123,402	94,776
Gains or losses				
Net income[1]	(5,810)	193	-	6,364
Other comprehensive income (loss)[2]	105	48	(474)	6,925
Purchases	20,212	6,570	35,500	2,044
Sales	(811)	(6,570)	(34,436)	(214)
Changes in the scope of consolidation	648	-	-	(0)
Transfer to Level 1 by listing	(1,754)	-	-	-
Other	(7,065)	-	-	(1,027)
As of March 31, 2024	109,860	2,352	123,992	108,868

Financial liabilities (Millions of yen)

	Other
As of April 1, 2023	5,633
Gains or losses	
Net income[1]	2,602
Other[3]	14,929
As of March 31, 2024	23,164

Notes:

1. Gains or losses recognized in "Net income" in the table above are included in "Financing income" and "Financing costs" in the consolidated statements of income.
2. Gains or losses recognized in "Other comprehensive income (loss)" in the table above, net of tax, are included in "Changes in the fair value of equity instruments at FVTOCI," "Changes in the fair value of debt instruments at FVTOCI" and "Exchange differences on translation of foreign operations" in the consolidated statements of comprehensive income.
3. "Other" of financial liabilities in the table above includes the initial recognition amount of written put options related to non-controlling shareholders.

Fiscal year ended March 31, 2025

Financial assets (Millions of yen)

	Equity securities	Bonds	Trust beneficiary rights	Other
As of April 1, 2024	109,860	2,352	123,992	108,868
Gains or losses				
Net income[1]	(13,633)	4,082	-	(6,713)
Other comprehensive income (loss)[2]	(7,894)	(78)	(1,631)	5,071
Purchases	22,608	4,091	62,761	9,071
Sales	(12,541)	(1,500)	(28,730)	(6,484)
Changes in the scope of consolidation	(2,017)	(548)	-	(5,101)
Other	(113)	8,975	-	204
As of March 31, 2025	96,270	17,374	156,392	104,916

Financial liabilities (Millions of yen)

	Derivative financial liabilities	Other
As of April 1, 2024	-	23,164
Gains or losses		
Net income[1]	12,577	315
Changes in the scope of consolidation	-	(14,929)
As of March 31, 2025	12,577	8,550

Notes:

1. Gains or losses recognized in "Net income" in the table above are included in "Financing income" and "Financing costs" in the consolidated statements of income.
2. Gains or losses recognized in "Other comprehensive income (loss)" in the table above, net of tax, are included in "Changes in the fair value of equity instruments at FVTOCI," "Changes in the fair value of debt instruments at FVTOCI" and "Exchange differences on translation of foreign operations" in the consolidated statements of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial liability not measured at fair value on recurring basis:

As of March 31, 2023

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest-bearing debt (non-current)					
Long-term borrowings	2,470,314	-	1,490,552	998,247	2,488,799
Corporate bonds	1,037,683	-	1,025,323	-	1,025,323

As of March 31, 2024

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest-bearing debt (non-current)					
Long-term borrowings	2,167,081	-	1,192,887	984,455	2,177,342
Corporate bonds	1,212,060	-	1,194,643	-	1,194,643

As of March 31, 2025

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest-bearing debt (non-current)					
Long-term borrowings	2,429,362	-	1,431,064	1,001,408	2,432,472
Corporate bonds	1,247,664	-	1,210,795	-	1,210,795

Financial instruments whose carrying amounts are reasonably similar to their fair values are not included in the table above. In addition, financial instruments that are measured at fair value on a recurring basis are not included in the table above since the fair value matches the carrying amounts.

The major valuation techniques for fair value measurements of the financial liabilities above are as follows:

a. Long-term borrowings

Fair values of the non-current portion of long-term borrowings with floating interest rates are measured based on the discounted cash flow method using observable inputs such as market interests, and are categorized as Level 2.

Fair values of the non-current portion of long-term borrowings with fixed rates are measured based on the discounted cash flow method using an interest rate, considering the credit spread that would be used for a borrowing with the same terms and maturity, and are categorized as Level 3.

Fair values of the non-current portion of long-term borrowings associated with leases of intangible assets are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3.

Fair values of the non-current portion of long-term borrowings in relation to sale and leaseback transactions not accounted as sales are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3.

b. Corporate bonds (non-current portion)

Fair values of the non-current portion of corporate bonds are measured using quoted prices that are observable in markets that are not active for identical bonds, such as reference trading statistics, and are categorized as Level 2.

31. Transfers of financial assets

The Group enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of installment receivables recognized from the mobile device sales business and others.

For each transaction, the Group transfers receivables to financial institutions and acquires cash and subordinate interest in the transferred receivables for financing purposes. The receivables transferred are not derecognized because in each transaction the Group retains subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables is included in "Interest-bearing debt" under current liabilities and non-current liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Carrying amount of transferred assets	833,976	891,223	917,099
Carrying amount of related liabilities	(802,334)	(866,903)	(850,348)

(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Fair value of transferred assets	833,976	891,223	917,099
Fair value of related liabilities	(802,022)	(866,169)	(847,599)
Net position	31,954	25,054	69,500

The difference between transferred assets and related liabilities is the subordinate interest which the Group retains on securitization.

In addition, the Group enters into securitization transactions involving a part of the monthly lump sum payment receivables included in loans in the card business. However, there are securitization receivables for which the Group

bears a credit risk until collection and is obligated to pay retrospectively if a debtor does not pay. Those securitization receivables are not derecognized because they do not meet the derecognized criteria. Cash received from transferring the receivables is included in "Interest-bearing debt" under current liabilities.

The carrying amounts of the receivables transferred and related liabilities in financial assets transferred by the method not to meet the derecognized criteria are ¥1,150 million and ¥70,000 million, respectively, as of March 31, 2025 (¥8,292 million and ¥200,000 million, respectively, as of March 31, 2024, ¥6,169 million and ¥170,000 million, respectively, as of March 31, 2023). The liability is settled without significant delay when a debtor pays for receivables transferred, but the Group cannot use the receivables transferred until the settlement of the liability or payment from the debtor is completed. The discrepancy between receivables transferred and related liabilities are mainly due to the amount of loan collection in the card business.

32. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities presented net in the consolidated statements of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are not offset as they do not meet certain or all criteria for offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

Transactions subject to offset consist primarily of receivables and payables that the Group attributes to dealers.

The Group's receivables from mobile device sales to dealers and the Group's obligation for incentive fees payable to dealers are presented net in the consolidated statements of financial position as they meet the criteria for offsetting.

As of March 31, 2023

Financial assets (Millions of yen)

	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	190,235	(97,420)	92,815	(21,529)	71,286

Financial liabilities (Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	285,707	(97,420)	188,287	(21,053)	167,234
Other financial liabilities	712	-	712	(476)	236
Total	286,419	(97,420)	188,999	(21,529)	167,470

As of March 31, 2024

Financial assets (Millions of yen)

	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	228,480	(126,821)	101,659	(19,952)	81,707

Financial liabilities (Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	929,986	(126,821)	803,165	(19,424)	783,741
Other financial liabilities	745	-	745	(528)	217
Total	930,731	(126,821)	803,910	(19,952)	783,958

As of March 31, 2025

Financial assets (Millions of yen)

	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	214,483	(125,363)	89,120	(16,279)	72,841

Financial liabilities (Millions of yen)

	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	1,055,649	(125,363)	930,286	(15,781)	914,505
Other financial liabilities	722	-	722	(498)	224
Total	1,056,371	(125,363)	931,008	(16,279)	914,729

33. Equity

(1) Common stock

a. Shares authorized

The number of shares authorized to be issued is as follows:

(Thousands of shares)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Common stock	8,010,960	8,010,960	80,109,603
Series 1 Bond-Type Class Shares	-	30,000	30,000
Series 2 Bond-Type Class Shares	-	30,000	30,000
Series 3 Bond-Type Class Shares	-	30,000	30,000
Series 4 Bond-Type Class Shares	-	30,000	30,000
Series 5 Bond-Type Class Shares	-	30,000	30,000

b. Shares issued[1,2]

Changes in the number of shares issued are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	4,787,145	4,787,145	4,756,201
Increase during the year[3]	-	13,906	42,995,290
Decrease during the year[4]	-	(44,850)	-
Balance at the end of the year	4,787,145	4,756,201	47,751,491

Changes in the number of Series 1 Bond-Type Class Shares issued are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	-	-	30,000
Increase during the year[5]	-	30,000	-
Decrease during the year	-	-	-
Balance at the end of the year[7]	-	30,000	30,000

Changes in the number of Series 2 Bond-Type Class Shares issued are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	-	-	-
Increase during the year[6]	-	-	25,000
Decrease during the year	-	-	-
Balance at the end of the year[7]	-	-	25,000

Notes:

1. Shares issued by the Company are shares with no par value.
2. Shares issued have been fully paid.
3. For the fiscal year ended March 31, 2024, due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 13,906 thousand shares.
   For the fiscal year ended March 31, 2025, based on the resolution of the Board of Directors meeting held on April 25, 2024, 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. As a result of the stock split, the number of shares issued increased by 42,911,435 thousand shares. In addition, due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 83,855 thousand shares.
4. For the fiscal year ended March 31, 2024, due to the cancellation of treasury stock under the resolution passed at the Board of Directors meeting held on March 25, 2024, the number of treasury stock decreased by 44,850 thousand shares on March 29, 2024.
5. The Company issued Series 1 Bond-Type Class Shares with the payment date of November 1, 2023. As a result of the issuance of the Series 1 Bond-Type Class Shares, common stock and capital surplus increased by ¥60,000 million each under the Companies Act of Japan. On the same day, the amount of common stock was decreased by the same amount and transferred to capital surplus. In addition, direct issuance costs of ¥2,905 million relating to the issuance of the Series 1 Bond-Type Class shares were deducted from capital surplus.
6. The Company issued Series 2 Bond-Type Class Shares with the payment date of October 3, 2024. As a result of the issuance of the Series 2 Bond-Type Class Shares, common stock and capital surplus increased by ¥100,000 million each under the Companies Act of Japan. On the same day, the amount of common stock was decreased by the same amount and transferred to capital surplus. In addition, direct issuance costs of ¥3,784 million relating to the issuance of the Series 2 Bond-Type Class shares were deducted from capital surplus.
7. Although the Bond-Type Class Shares have a defined period for fixed dividends and any unpaid dividends shall be carried over to subsequent fiscal years, they 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.

c. Bond-Type Class Shares

Summary of the Bond-Type Class Shares is as follows:

	Series 1 Bond-Type Class Shares	Series 2 Bond-Type Class Shares
1. Annual dividends rate/yield	- March 31, 2029 Fixed: 2.500%[1] April 1, 2029 - Floating: Base rate + 3.182%[1]	- March 31, 2030 Fixed: 3.200%[2] April 1, 2030 - March 31, 2050 Floating: Base rate + 2.960%[2] April 1, 2050 - Floating: Base rate + 3.710%[2]
2. Preferred dividends	Fixed dividend for approximately five years from the issuance and variable dividend thereafter[1,2]	
3. Rights to vote and rights to convert into common Shares	None	
4. Acquisition clause (acquisition by the Company in exchange for cash)	After the elapse of 5 years from the date of issuance, etc., the Company has the option to acquire (call) the shares in exchange for cash at an amount equal to the issue price, adjusted for accrued dividends and other adjustments.[3]	

Notes:

1. Series 1 Bond-Type Class Shares are senior to common shares. If the record date falls in a fiscal year ending on or before March 31, 2029, the annual dividend rate for the 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 (Annual Rate Quotation Date) in which the record date falls plus 3.182%.

   Furthermore, the Series 1 Bond-Type Class Shares are "cumulative," meaning that any unpaid dividends shall be carried over to subsequent fiscal years. They are also "non-participating," which means that no dividend is paid beyond the preferred dividend initially set.
2. Series 2 Bond-Type Class Shares are senior to common shares. If the record date falls in a fiscal year ending on or before March 31, 2030, the annual dividend rate for the Series 2 Bond-Type Class Shares is 3.200% per annum. If the record date falls in a fiscal year ending between April 1, 2030 and March 31, 2050, the annual dividend rate is 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 2.960%. If the record date falls in a fiscal year ending on or after April 1, 2050, the annual dividend rate is 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%.

   Furthermore, the Series 2 Bond-Type Class Shares are "cumulative," meaning that any unpaid dividends shall be carried over to subsequent fiscal years. They are also "non-participating," which means that no dividend is paid beyond the preferred dividend initially set.
3. As a general rule, after five years from the date of issuance, the Company has the option to repurchase (call) the shares for an amount equal to the issuance price, adjusted for accrued dividends and other adjustments, in cash. In addition, similar to typical hybrid bonds, capital financing of equal or greater value will be required if the Company repurchases the Bond-Type Class Shares by exercising the call option, etc. Therefore, in order to have the ability to issue additional Bond-type Class Shares when the acquisition clause of the Bond-type Class Shares is exercised, the Company has established an authorization framework for up to the 5th issuance in its Articles of Incorporation.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus.

Under the Companies Act of Japan (the "Companies Act"), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(3) Retained earnings

Retained earnings of the Company include reserves legally required as legal retained earnings.

The Companies Act provides that 10% of retained earnings as the dividend shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	79,843	55,596	47,805
Increase during the year[1]	0	56,179	279,317
Decrease during the year[2,3]	(24,247)	(63,970)	(142,888)
Balance at the end of the year	55,596	47,805	184,234

Notes:

1. For the fiscal year ended March 31, 2024, 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 56,179 thousand shares (amount purchased ¥100,000 million).

In addition, for the fiscal year ended March 31, 2025, based on the resolution of the Board of Directors meeting held on April 25, 2024, 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. As a result of this stock split, the number of "Treasury stock" increased by 279,317 thousand shares.

2. For the fiscal year ended March 31, 2023, due to the exercise of stock acquisition rights, the number of "Treasury stock" decreased by 24,247 thousand shares. As a result, "Treasury stock" decreased by ¥32,331 million and a loss on disposal of treasury stock of ¥13,909 million was recognized as a decrease in "Capital surplus," of which ¥13,966 million was transferred from "Retained earnings."
   In addition, for the fiscal year ended March 31, 2024, due to the exercise of stock acquisition rights, the number of "Treasury stock" decreased by 19,120 thousand shares. As a result, "Treasury stock" decreased by ¥27,175 million and a loss on disposal of treasury stock of ¥12,535 million was recognized as a decrease in "Capital surplus."
   In addition, for the fiscal year ended March 31, 2025, due to the exercise of stock acquisition rights, the number of "Treasury stock" decreased by 142,888 thousand shares. As a result, "Treasury stock" decreased by ¥46,601 million and a loss on disposal of treasury stock of ¥22,610 million was recognized as a decrease in "Capital surplus."
3. For the fiscal year ended March 31, 2024, due to the cancellation of treasury stock under the resolution passed at the Board of Directors meeting held on March 25, 2024, the number of treasury stock decreased by 44,850 thousand shares on March 29, 2024. As a result, "Treasury stock" decreased by ¥71,134 million and a loss on disposal of treasury stock of ¥71,134 million was recognized as a decrease in "Capital surplus."

(5) Accumulated other comprehensive income

Changes in accumulated other comprehensive income are as follows:

Fiscal year ended March 31, 2023

(Millions of yen)

	Remeasurements of defined benefit plan	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income (loss) of associates accounted for using the equity method	Total
As of April 1, 2022	-	36,435	(158)	(2,283)	6,880	2,479	43,353
Other comprehensive income (attributable to owners of the Company)	1,076	114,562	(90)	822	6,094	673	123,137
Transfer to retained earnings	(1,076)	(147,640)	-	-	-	(116)	(148,832)
As of March 31, 2023	-	3,357	(248)	(1,461)	12,974	3,036	17,658

Fiscal year ended March 31, 2024

(Millions of yen)

	Remeasurements of defined benefit plan	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income (loss) of associates accounted for using the equity method	Total
As of April 1, 2023	-	3,357	(248)	(1,461)	12,974	3,036	17,658
Other comprehensive income (attributable to owners of the Company)	(125)	1,123	(161)	(132)	6,557	3,624	10,886
Transfer to retained earnings	125	(1,888)	-	-	-	(106)	(1,869)
As of March 31, 2024	-	2,592	(409)	(1,593)	19,531	6,554	26,675

Fiscal year ended March 31, 2025

(Millions of yen)

	Remeasurements of defined benefit plan	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income (loss) of associates accounted for using the equity method	Total
As of April 1, 2024	-	2,592	(409)	(1,593)	19,531	6,554	26,675
Other comprehensive income (attributable to owners of the Company)	981	(171)	(556)	7,219	(4,809)	(4,638)	(1,974)
Transfer to retained earnings	(981)	(935)	-	-	-	(25)	(1,941)
As of March 31, 2025	-	1,486	(965)	5,626	14,722	1,891	22,760

The above amounts are presented net of tax effect. The amount of income taxes on each item in other comprehensive income is described in “Note 40. Other comprehensive income.”

34. Dividends

Dividends paid are as follows:

Fiscal year ended March 31, 2023

(1) Dividends paid are as follows:

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

(2) Dividends whose record date is in the fiscal year ended March 31, 2023, but whose effective date is on or after April 1, 2023 are as follows:

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, 2022

Fiscal year ended March 31, 2024

(1) Dividends paid are as follows:

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on May 24, 2023	Common stock	43.00	203,457	March 31, 2023	June 6, 2023
Board of Directors meeting held on October 23, 2023	Common stock	43.00	203,478	September 30, 2023	December 6, 2023

(2) Dividends whose record date is in the fiscal year ended March 31, 2024, but whose effective date is on or after April 1, 2024 are as follows:

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[1, 2]	Series 1 Bond-Type Class Shares	41.53	1,246	March 31, 2024	June 6, 2024

Notes:

1. If the record date falls in a fiscal year ending on or before March 31, 2029, the annual dividend rate for the 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%.
2. The amount of the preferred dividend to the Series 1 Bond-Type Class Shares with a record date of March 31, 2024 will be calculated based on actual day counts on a 366-day year basis.

Fiscal year ended March 31, 2025

(1) Dividends paid are as follows:

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[1]	Common stock	43.00	202,461	March 31, 2024	June 6, 2024
Board of Directors meeting held on May 17, 2024[2, 3]	Series 1 Bond-Type Class Shares	41.53	1,246	March 31, 2024	June 6, 2024
Board of Directors meeting held on October 21, 2024[1]	Common stock	43.00	203,687	September 30, 2024	December 6, 2024
Board of Directors meeting held on October 21, 2024[2]	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 the 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 (Annual Rate Quotation Date) in which the record date falls plus 3.182%.
3. The amount of the Preferred Dividend to the Series 1 Bond-Type Class Shares with a record date of March 31, 2024 will be calculated based on actual day counts on a 366-day year basis.

(2) Dividends whose record date is in the fiscal year ended March 31, 2025, but whose effective date is on or after April 1, 2025 are as follows:

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on May 20, 2025[1]	Common stock	4.30	204,539	March 31, 2025	June 12, 2025
Board of Directors meeting held on May 20, 2025[2]	Series 1 Bond-Type Class Shares	50.00	1,500	March 31, 2025	June 12, 2025
Board of Directors meeting held on May 20, 2025[3]	Series 2 Bond-Type Class Shares	126.24	3,156	March 31, 2025	June 12, 2025

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 after 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 the 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 (Annual Rate Quotation Date) in which the record date falls plus 3.182%.
3. If the record date falls in a fiscal year ending on or before March 31, 2030, the annual dividend rate for the Series 2 Bond-Type Class Shares is 3.200% per annum. If the record date falls in a fiscal year ending on or after April 1, 2030 and before March 31, 2050, the annual dividend rate is 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 2.960%. If the record date falls in a fiscal year ending on or after April 1, 2050, the annual dividend rate is 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%.

35. Share-based payment transactions

The Company grants stock options and a restricted stock compensation plan as share-based payment awards.

Share-based payment awards are granted to directors and employees of the Group based on the terms resolved at shareholders' meetings or Board of Directors meetings of the Company.

SoftBank Group Corp. also grants stock options as share-based payment awards. Certain parts of the awards are granted to the Group's directors and employees based on the terms resolved at shareholders' meetings or Board of Directors meetings of SoftBank Group Corp.

LY Corporation has an equity-settled share option plan and other plans as incentive plans for directors and employees of LY Corporation and its affiliated companies.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability amounts recognized from share-based payment awards are as follows:

Expenses arising from share-based payments

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-settled	20,892	21,199	16,196
Cash-settled	882	1,820	3,073
Total	21,774	23,019	19,269

Liabilities arising from share-based payments

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-settled	866	2,595	4,324

(1) Details of the stock option plan

The details of the stock option plan for the fiscal years ended March 31, 2023, 2024 and 2025 are as follows:

a. SoftBank Corp.

The Company grants stock options to directors and employees of the Company and its subsidiaries, and the stock option plan is designed to provide incentives for participants to increase the performance of the Group and maximize shareholder value.

Shares granted by the exercise of stock options are those issued by the Company.

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 figures for stock options for each fiscal year presented reflect the adjustments for the stock split.

Year issued / Name	Grant date	Due date for exercise
2018 March stock acquisition rights[1]	March 30, 2018	March 31, 2025
2020 July stock acquisition rights[2]	July 31, 2020	July 31, 2027
2021 January stock acquisition rights[3]	January 22, 2021	March 31, 2028
2021 July stock acquisition rights item(i)[4]	July 20, 2021	March 31, 2028
2021 July stock acquisition rights item(ii)[5]	July 20, 2021	July 31, 2028
2022 July stock acquisition rights[6]	July 20, 2022	July 31, 2029
2023 July stock acquisition rights[7]	July 20, 2023	July 31, 2030
2024 July stock acquisition rights[8]	July 19, 2024	July 31, 2031
2024 August stock acquisition rights[9]	August 30, 2024	March 31, 2032

Notes:

1. Vesting conditions

In the case where the common stock of the Company is newly listed on the financial instruments market established by the financial instruments exchange by March 31, 2020, an entitled person is able to exercise the above stock acquisition rights.

The number of rights which an entitled person is able to exercise is as follows:

(a) Where the total number of shares granted by the stock acquisition rights initially allotted is from 30,000 to less than 120,000, the number of the stock acquisition rights which an entitled person is able to exercise is limited to:

i. up to 30% of the total allotted rights are exercisable from April 1, 2020 to March 31, 2021;

ii. up to 60% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2021 to March 31, 2022; and

iii. up to 100% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2022 to March 31, 2025.

(b) Where the total number of shares granted by the stock acquisition rights initially allotted is 120,000 or more, the number of the stock acquisition rights which an entitled person is able to exercise is limited to:

i. up to 20% of the total allotted rights are exercisable from April 1, 2020 to March 31, 2021;
ii. up to 40% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2021 to March 31, 2022;
iii. up to 60% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2022 to March 31, 2023;
iv. up to 80% of the total allotted rights, including the rights exercised during the periods (i), (ii), and (iii), are exercisable from April 1, 2023 to March 31, 2024; and
v. up to 100% of the total allotted rights, including the rights exercised during the periods (i), (ii), (iii), and (iv), are exercisable from April 1, 2024 to March 31, 2025.

When an eligible person (director, employee, or executive officer) retires from the Company and its subsidiaries, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

2. Vesting conditions

Stock acquisition rights vest when service period requirements are met, with a vesting period of approximately two years.

When an eligible person (director, employee, or executive officer) retires from the Company and its subsidiaries, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

3. Vesting conditions

The number of rights which an entitled person is able to exercise is as follows:

(a) Where the total number of shares granted by the stock acquisition rights initially allotted is from 30,000 to less than 120,000, the number of the stock acquisition rights which an entitled person is able to exercise is limited to:

i. up to 30% of the total allotted rights are exercisable from April 1, 2023 to March 31, 2024;
ii. up to 60% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2024 to March 31, 2025; and
iii. up to 100% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2025 to March 31, 2028.

(b) Where the total number of shares granted by the stock acquisition rights initially allotted is 120,000 or more, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following, provided that the number of exercisable stock acquisition rights is given by rounding down any fractions of less than one:

i. up to 20% of the total allotted rights are exercisable from April 1, 2023 to March 31, 2024;
ii. up to 40% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2024 to March 31, 2025;
iii. up to 60% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2025 to March 31, 2026;
iv. up to 80% of the total allotted rights, including the rights exercised during the periods (i), (ii), and (iii), are exercisable from April 1, 2026 to March 31, 2027; and
v. up to 100% of the total allotted rights, including the rights exercised during the periods (i), (ii), (iii), and (iv), are exercisable from April 1, 2027 to March 31, 2028.

When an eligible person (director, employee, or executive officer) retires from the Company and its subsidiaries, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

4. Vesting conditions

The number of rights which an entitled person is able to exercise during the following periods (i) through (v) is as follows:

i. up to 20% of the total allotted rights are exercisable from April 1, 2023 to March 31, 2024;

ii. up to 40% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2024 to March 31, 2025;

iii. up to 60% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2025 to March 31, 2026;

iv. up to 80% of the total allotted rights, including the rights exercised during the periods (i), (ii), and (iii), are exercisable from April 1, 2026 to March 31, 2027; and

v. up to 100% of the total allotted rights, including the rights exercised during the periods (i), (ii), (iii), and (iv), are exercisable from April 1, 2027 to March 31, 2028.

When an eligible person (director, employee, or executive officer) retires from the Company and its subsidiaries, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

5. Vesting conditions

Stock acquisition rights vest when service period requirements are met, with a vesting period of approximately two years through July 31, 2023.

When an eligible person (director, employee, executive officer, or advisor) retires from the Company, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

6. Vesting conditions

Stock acquisition rights vest when service period requirements are met, with a vesting period of approximately two years through July 31, 2024.

When an eligible person (director, employee, executive officer, or advisor) retires from the Company, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

7. Vesting conditions

Stock acquisition rights vest when service period requirements are met, with a vesting period of approximately two years through July 31, 2025.

When an eligible person (director, employee, executive officer, or advisor) retires from the Company, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

8. Vesting conditions

Stock acquisition rights vest when service period requirements are met, with a vesting period of approximately two years through July 31, 2026.

When an eligible person (director, employee, executive officer, or advisor) retires from the Company, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

9. Vesting conditions

The number of rights which an entitled person is able to exercise is as follows:

(a) Where the total number of shares granted by the stock acquisition rights initially allotted is from 30,000 to less than 120,000, the number of the stock acquisition rights which an entitled person is able to exercise is limited to:

i. up to 30% of the total allotted rights are exercisable from April 1, 2027 to March 31, 2028;

ii. up to 60% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2028 to March 31, 2029; and

iii. up to 100% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2029 to March 31, 2032.

(b) Where the total number of shares granted by the stock acquisition rights initially allotted is 120,000 or more, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following, provided that the number of exercisable stock acquisition rights is given by rounding down any fractions of less than one:

i. up to 20% of the total allotted rights are exercisable from April 1, 2027 to March 31, 2028;
ii. up to 40% of the total allotted rights, including the rights exercised during the period (i), are exercisable from April 1, 2028 to March 31, 2029;
iii. up to 60% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from April 1, 2029 to March 31, 2030;
iv. up to 80% of the total allotted rights, including the rights exercised during the periods (i), (ii), and (iii), are exercisable from April 1, 2030 to March 31, 2031; and
v. up to 100% of the total allotted rights, including the rights exercised during the periods (i), (ii), (iii), and (iv), are exercisable from April 1, 2031 to March 31, 2032.

When an eligible person (director, employee, or executive officer) retires from the Company and its subsidiaries, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

b. SoftBank Group Corp. (“SBG”)

SBG grants stock options as equity-settled share-based payments.
SBG grants stock options to the Group’s directors and employees.
Shares granted by the exercise of stock options are those issued by SBG.
On June 28, 2019, SBG conducted a 2-for-1 common stock split.

The number of shares related to stock options for each fiscal year has been adjusted to reflect the common stock split above.

Year issued / Name	Grant date	Due date for exercise
2017 July stock acquisition rights[1]	July 28, 2017	July 31, 2023
2018 August stock acquisition rights[2]	August 31, 2018	August 31, 2025

Notes:

1. Vesting conditions
Stock acquisition rights vest when service period requirements are met, with a vesting period of two years.
Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting conditions
Stock acquisition rights vest when service period requirements are met, with a vesting period of three years.
Where the total number of shares granted by the stock acquisition rights initially allotted is 400 or more, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following, provided that the number of exercisable stock acquisition rights is given by rounding down any fractions of less than one.

i. up to 25% of the total allotted rights are exercisable from September 1, 2021 to August 31, 2022;
ii. up to 50% of the total allotted rights, including the rights exercised during the period (i), are exercisable from September 1, 2022 to August 31, 2023;
iii. up to 75% of the total allotted rights, including the rights exercised during the periods (i) and (ii), are exercisable from September 1, 2023 to August 31, 2024; and
iv. up to 100% of the total allotted rights, including the rights exercised during the periods (i), (ii), and (iii), are exercisable from September 1, 2024 to August 31, 2025.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

c. LY Corporation

LY Corporation grants stock options as equity-settled share-based payments.

LY Corporation grants stock options to directors and employees of LY Corporation and its affiliated companies.

Shares granted by the exercise of stock options are those issued by LY Corporation.

Year issued / Name	Grant date	Due date for exercise
2012 1st[1,9]	May 16, 2012	May 2, 2022
2020 LINE 22nd[2,3]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 24th[2, 4]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 25th[2, 4]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 26th[2,5]	March 1, 2021	From November 5, 2023 to November 5, 2030
2020 LINE 28th[6]	March 30, 2021	From November 5, 2023 to November 5, 2030
2021 LINE 29th[7]	November 10, 2021	From November 11, 2024 to October 24, 2031
2022 Z Holdings 1st[8]	August 18, 2022	From August 19, 2025 to August 3, 2032

Notes:

1. Vesting conditions
   Share options mainly vest in stages beginning after two years from the grant date. One-half of the total granted shares vests after two years from the grant date, and one-fourth vests per year in the subsequent two years. Vesting requires continuous service from the grant date to the vesting date. When the holder of vested share options retires, those vested share options are forfeited.

2. Stock acquisition rights to be provided for directors and employees of LY Corporation and its affiliated companies
   Based on the capital alliance agreement entered into on December 23, 2019 that stipulated the LY Corporation group's governance, management and other matters after the business integration, LY Corporation granted alternative stock options to directors and employees of LY Corporation and its affiliated companies at the same scale as the stock options which A Holdings Corporation was granting A Holdings' directors and employees.

3. Vesting conditions
   An entitled person must hold the position of director of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term.
   If the stock price of LY Corporation's common stock meets the following requirements, the number of shares of stock acquisition rights specified in (i), (ii), and (iii) is exercisable.
   (i) At any day from July 29, 2022 through July 29, 2025, including 10 days before the last business day (excluding the day on which ordinary trading of LY Corporation's common stock is not closed; same conditions apply to (i) to (iii)), if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds ¥640 ("basic stock price"), up to 20% of the total allotted rights are exercisable.
   (ii) At any day from July 29, 2023 through July 29, 2026, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 30% of the total allotted rights are exercisable.
   (iii) At any day from July 29, 2024 through July 29, 2027, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 50% of the total allotted rights are exercisable.

   Regardless of the exercise period (July 29, 2022 through July 8, 2029. However, if the final day of the exercise period conflicts with a holiday of LY Corporation, its last business day shall be the final day), an entitled person is able to exercise the stock acquisition rights (including the stock acquisition rights already exercised) in the following

period (either period shall include the first and last day), to the extent specified in (a), (b), and (c). If there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.

(a) up to 20% of the total allotted rights are exercisable from July 29, 2022 to July 8, 2029;
(b) up to 50% of the total allotted rights are exercisable from July 29, 2023 to July 8, 2029; and
(c) up to 100% of the total allotted rights are exercisable from July 29, 2024 to July 8, 2029.

4. Vesting conditions
An entitled person must hold the position of director, audit and supervisory board member, executive officer, corporate executive officer, or employee of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term.
Regardless of the exercise period (July 29, 2022 through July 8, 2029. However, if the final day of the exercise period conflicts with a holiday of LY Corporation, its last business day shall be the final day), an entitled person is able to exercise the stock acquisition rights (including the stock acquisition rights already exercised) in the following period (either period shall include the first and last day), to the extent specified in (a), (b), and (c). If there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.

(a) up to 20% of the total allotted rights are exercisable from July 29, 2022 to July 8, 2029;
(b) up to 50% of the total allotted rights are exercisable from July 29, 2023 to July 8, 2029; and
(c) up to 100% of the total allotted rights are exercisable from July 29, 2024 to July 8, 2029.

5. Vesting conditions
An entitled person must hold the position of director of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term.
If the stock price of LY Corporation's common stock meets the following requirements, the number of shares of stock acquisition rights specified in (i), (ii), and (iii) is exercisable.

(i) At any day from November 5, 2023 through November 5, 2026, including 10 days before the last business day (excluding the day on which ordinary trading of LY Corporation's common stock is not closed; same conditions apply to (i) to (iii)), if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds ¥640 ("basic stock price"), up to 20% of the total allotted rights are exercisable.
(ii) At any day from November 5, 2024 through November 5, 2027, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 30% of the total allotted rights are exercisable.
(iii) At any day from November 5, 2025 through November 5, 2028, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 50% of the total allotted rights are exercisable.

Regardless of the exercise period (November 5, 2023 through November 5, 2030. However, if the final day of the exercise period conflicts with a holiday of LY Corporation, its last business day shall be the final day), an entitled person is able to exercise the stock acquisition rights (including the stock acquisition rights already exercised) in the following period (either period shall include the first and last day), to the extent specified in (a), (b), and (c). If there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.

(a) up to 20% of the total allotted rights are exercisable from November 5, 2023 to November 5, 2030;
(b) up to 50% of the total allotted rights are exercisable from November 5, 2024 to November 5, 2030; and
(c) up to 100% of the total allotted rights are exercisable from November 5, 2025 to November 5, 2030.

6. Vesting conditions
An entitled person must hold the position of director, audit and supervisory board member, executive officer, corporate executive officer, or employee of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term.
Regardless of the exercise period (November 5, 2023 through November 5, 2030. However, if the final day of the exercise period conflicts with a holiday of LY Corporation, its last business day shall be the final day), an entitled person is able to exercise the stock acquisition rights (including the stock acquisition rights already exercised) in the following period (either period shall include the first and last day), to the extent specified in (a), (b), and (c). If there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.

(a) up to 20% of the total allotted rights are exercisable from November 5, 2023 to November 5, 2030;
(b) up to 50% of the total allotted rights are exercisable from November 5, 2024 to November 5, 2030; and
(c) up to 100% of the total allotted rights are exercisable from November 5, 2025 to November 5, 2030.

7. Vesting conditions

An entitled person must hold the position of director, audit and supervisory board member, executive officer, corporate executive officer, or employee of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term.

If the stock price of LY Corporation's common stock meets the following requirements, the number of shares of stock acquisition rights specified in (i), (ii), and (iii) is exercisable.

(i) At any day from November 11, 2024 through November 11, 2027, including 10 days before the last business day (excluding the day on which ordinary trading of LY Corporation's common stock is not closed; same conditions apply to (i) to (iii)), if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds ¥640 ("basic stock price"), up to 20% of the total allotted rights are exercisable.

(ii) At any day from November 11, 2025 through November 11, 2028, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 30% of the total allotted rights are exercisable.

(iii) At any day from November 11, 2026 through November 11, 2029, including 10 days before the last business day, if the average closing price of LY Corporation's common stock in ordinary trading on the Tokyo Stock Exchange exceeds the basic stock price, up to 50% of the total allotted rights are exercisable.

Regardless of the exercise period (November 11, 2024 through October 24, 2031. However, if the final day of the exercise period conflicts with a holiday of LY Corporation, its last business day shall be the final day), an entitled person is able to exercise the stock acquisition rights (including the stock acquisition rights already exercised) in the following period (either period shall include the first and last day), to the extent specified in (a), (b), and (c). If there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.

(a) up to 20% of the total allotted rights are exercisable from November 11, 2024 to October 24, 2031;
(b) up to 50% of the total allotted rights are exercisable from November 11, 2025 to October 24, 2031; and
(c) up to 100% of the total allotted rights are exercisable from November 11, 2026 to October 24, 2031.

8. Vesting conditions

An entitled person must hold the position of director, audit & supervisory board member, executive officer, corporate executive officer, or employee of LY Corporation or its affiliated companies at the time of exercising the rights. However, this shall not apply in the case of a good cause, such as expiration of the term. Other conditions for the exercise of stock acquisition rights shall be as specified in the "Stock Acquisition Rights Allotment Agreement," which LY Corporation enters into with an entitled person.

9. Forfeiture

Vested acquisition rights are forfeited due to the expiring of exercises.

(2) Fair value of stock options granted during the period

Weighted-average fair value at the measurement date and fair value measurement method of the stock options granted during the period are as follows:

a. SoftBank Corp.

The weighted-average fair value at the measurement date of the stock options granted to the Company's directors and employees during the fiscal year ended March 31, 2023 is ¥139.

The weighted-average fair value at the measurement date of the stock options granted to the Company's directors and employees during the fiscal year ended March 31, 2024 is ¥138.

The weighted-average fair value at the measurement date of the stock options granted to the Company's directors and employees during the fiscal year ended March 31, 2025 is ¥183 for the options granted in July 2024 and ¥9 for the options granted in August 2024.

The method, key inputs and assumptions used to calculate fair value are as follows:

	Fiscal year ended March 31, 2023
Year issued / Name	2022 July stock acquisition rights
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted-average stock price	¥155
Weighted-average exercise price	¥1
Volatility of stock price[1]	15.44%
Estimated residual period	2 years
Estimated dividend	¥8.6 per share
Risk-free interest rate	(0.08%)

	Fiscal year ended March 31, 2024
Year issued / Name	2023 July stock acquisition rights
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted-average stock price	¥154
Weighted-average exercise price	¥1
Volatility of stock price[1]	13.14%
Estimated residual period	2 years
Estimated dividend	¥8.6 per share
Risk-free interest rate	(0.04%)

	Fiscal year ended March 31, 2025	
Year issued / Name	2024 July stock acquisition rights	2024 August stock acquisition rights
Valuation method used	Black-Scholes model	Black-Scholes model
Key inputs and assumptions:		
Weighted-average stock price	¥200	¥204
Weighted-average exercise price	¥1	¥211
Volatility of stock price[1]	12.60%	13.28%~16.37%
Estimated residual period	2 years	2-7 years
Estimated dividend	¥8.6 per share	¥8.6 per share
Risk-free interest rate	0.35%	0.38%~0.60%

Note:
1. The Company's calculations are based on the stock price performance of the most recent period corresponding to the period until maturity.

b. SoftBank Group Corp.

No stock options were granted during the period.

c. LY Corporation

Weighted-average fair value at the measurement date and fair value measurement method of the stock options granted during the period are as follows:

The weighted-average fair values at the measurement date of the stock options during the fiscal years ended 31, 2023 is ¥158 per common stock.

The method, key inputs and assumptions used to calculate fair value are as follows:

	Fiscal year ended March 31, 2023
Year issued / Name	2022 Z Holdings 1st
Valuation method used	Binomial model
Key inputs and assumptions:	
Stock price	¥440.4
Exercise price	¥454
Volatility of stock price[1]	35.43%
Estimated residual period	9.97 years
Estimated dividend	Dividend yield 1.26%
Risk-free interest rate	0.181%

Note:
1. The Company's calculations are based on the stock price performance of the most recent period corresponding to the period until maturity.

(3) Changes in stock options during the period and stock options at the period-end

Changes in stock options during the period and stock options at the period-end are as follows:

a. SoftBank Corp.

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	1,837,434,000	108	1,583,876,000	114	1,247,713,000	119
Granted	5,474,000	1	4,920,000	1	1,313,209,000	210
Forfeited	(30,777,000)	125	(21,995,000)	126	(31,824,000)	173
Exercised	(228,255,000)	61	(319,088,000)	94	(461,607,000)	93
Matured	-	-	-	-	(28,054,000)	63
Ending balance - Unexercised	1,583,876,000	114	1,247,713,000	119	2,039,437,000	184
Ending balance - Exercisable	250,586,000	62	467,913,000	107	296,658,000	137

The unexercised options as of March 31, 2025 are as follows:

Range of exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average remaining contract period (Years)
1	10,247,000	1	5.5
137	644,399,000	137	3.0
150	92,000,000	150	3.0
211	1,292,791,000	211	7.0
Total	2,039,437,000	184	5.6

b. SoftBank Group Corp.

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	4,044,400	4,304	2,662,800	4,490	116,200	1
Granted	-	-	-	-	-	-
Forfeited	(104,600)	3,548	(622,400)	4,777	(600)	1
Exercised	(1,303,600)	3,941	(1,615,800)	4,669	(72,000)	1
Increase due to secondment and other reasons	70,200	3,604	-	-	1,800	1
Decrease due to secondment and other reasons	(43,600)	4,549	(308,400)	4,661	(1,400)	1
Ending balance - Unexercised	2,662,800	4,490	116,200	1	44,000	1
Ending balance - Exercisable	2,566,400	4,658	69,400	1	44,000	1

The unexercised options as of March 31, 2025 are as follows:

Range of exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average remaining contract period (Years)
1	44,000	1	0.4
Total	44,000	1	0.4

c. LY Corporation

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	220,003,100	448	224,138,375	452	183,498,425	424
Granted	13,605,400	454	-	-	-	-
Forfeited	(7,950,050)	386	(37,072,650)	605	(5,940,900)	438
Exercised	(1,509,475)	298	(3,567,300)	299	(6,711,600)	300
Matured	(10,600)	254	-	-	-	-
Ending balance - Unexercised	224,138,375	452	183,498,425	424	170,845,925	428
Ending balance - Exercisable	10,327,075	298	32,605,075	686	63,786,050	358

The unexercised options as of March 31, 2025 are as follows:

Range of exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average remaining contract period (Years)
201–300	78,474,725	298	4.3
401–500	73,759,200	477	5.8
701–800	18,612,000	783	6.6
Total	170,845,925	428	5.2

(4) Stock options exercised during the period

The weighted-average stock price at the time of exercise of stock options during the period is as follows:

a. SoftBank Corp.

Fiscal year ended March 31, 2023			Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)
2018 March stock acquisition rights	225,070,000	150	2018 March stock acquisition rights	175,281,000	169	2018 March stock acquisition rights	266,261,000	200
2020 July stock acquisition rights	3,185,000	151	2020 July stock acquisition rights	401,000	160	2020 July stock acquisition rights	321,000	192
			2021 January stock acquisition rights	129,056,000	174	2021 January stock acquisition rights	176,483,000	199
			2021 July stock acquisition rights item(i)	10,000,000	195	2021 July stock acquisition rights item(i)	13,000,000	198
			2021 July stock acquisition rights item(ii)	4,350,000	166	2021 July stock acquisition rights item(ii)	846,000	192
						2022 July stock acquisition rights	4,696,000	191

b. SoftBank Group Corp.

Fiscal year ended March 31, 2023			Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)
2016 July stock acquisition rights	573,600	5,525	2016 July stock acquisition rights	1,574,600	6,517	2016 July stock acquisition rights	-	-
2017 July stock acquisition rights	703,600	5,931	2017 July stock acquisition rights	41,200	7,195	2017 July stock acquisition rights	-	-
2018 August stock acquisition rights	26,400	5,593	2018 August stock acquisition rights	2,800	6,633	2018 August stock acquisition rights	72,000	8,495

c. LY Corporation

Fiscal year ended March 31, 2023			Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)	Year issued / Name	Number of shares	Weighted-average exercise price (Yen)
2012	9,000	515	2012	-	-	2012	-	-
2020	1,500,475	440	2020	3,567,300	426	2020	6,711,600	431

(5) Restricted stock compensation plan

The Company has adopted a restricted stock compensation plan (hereinafter the "Plan"), under which the Company grants shares whose transfer is restricted. The fair value of restricted stocks is calculated based on the Company's common stock price on the grant date. The Plan is accounted for as equity-settled share-based payments.

The Plan is vested on the day when the shares of restricted stocks are granted, and the granted shares of restricted stocks shall not be transferred, pledged as collateral or disposed of from the grant date to the day of resignation date of the eligible directors.

The details of the Plan for the fiscal years ended March 31, 2023, 2024 and 2025 are as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Eligible director(s)	Five directors Four corporate executive officers	Five directors Four corporate executive officers	Four directors Seven corporate executive officers
Number of shares granted	14,217,000	11,171,000	21,695,000
Weighted-average fair value of shares granted	¥154	¥154	¥195

36. Revenue

(1) Components of revenue

The components of revenue are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Consumer[6]			
Service revenues			
Mobile	1,503,360	1,508,264	1,555,584
Broadband	393,185	400,261	408,247
Electricity	392,550	261,666	255,694
Revenues from sales of goods and others	579,767	635,437	713,862
Subtotal	2,868,862	2,805,628	2,933,387
Enterprise[7]			
Mobile[3]	302,844	305,528	299,314
Fixed-line	172,570	162,578	162,715
Business solution and others[3]	291,938	334,697	426,131
Subtotal	767,352	802,803	888,160
Distribution	516,636	569,076	705,700
Media & EC[4,5]			
Media[8]	660,239	674,042	703,881
Commerce[8]	794,194	822,124	844,232
Strategy	74,285	84,395	97,785
Other	4,280	5,511	4,048
Subtotal	1,532,998	1,586,072	1,649,946
Financial	125,816	215,987	255,887
Other[6,7]	100,335	104,436	111,269
Total	5,911,999	6,084,002	6,544,349

Notes:
1. The components of revenue represent sales to external customers.

2. 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 fiscal years ended March 31, 2023, 2024 and 2025 were ¥148,111 million, ¥196,943 million and ¥202,785 million respectively.
3. "Mobile" and "Business solution and others" under "Enterprise" include service revenues and revenues from sales of goods and others. Service revenues for the fiscal years ended March 31, 2023, 2024 and 2025 were ¥465,611 million, ¥493,959 million and ¥559,582 million respectively. Revenues from sales of goods and others for the fiscal years ended March 31, 2023, 2024 and 2025 were ¥129,171 million, ¥146,266 million and ¥165,864 million respectively.
4. From the three months ended June 30, 2023, the reportable segments have been partially renamed, and the "Yahoo! JAPAN/LINE" segment has been changed to the "Media & EC" segment.
5. Effective for the three months ended June 30, 2023, the business categories of "Media & EC (formerly Yahoo! JAPAN/LINE)" have been reevaluated and some services included in "Media" and "Other" were transferred between the business categories. In addition, effective for the three months ended December 31, 2023, some services were transferred between the business categories due to an intra-group reorganization involving mainly Z Holdings Corporation, LINE Corporation and Yahoo Japan Corporation. As a result, all components of revenue under "Media & EC" for the fiscal year ended March 31, 2023, have been restated.
6. 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 fiscal years ended March 31, 2023 and 2024, have been retrospectively adjusted.
7. 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 fiscal years ended March 31, 2023 and 2024, have been retrospectively adjusted.
8. Effective for the three months ended December 31, 2024, the business categories of "Media & EC" have been reevaluated and some services categorized as "Media" were transferred to "Commerce." As a result, all components of revenue under "Media" and "Commerce" for the fiscal years ended March 31, 2023 and 2024, have been retrospectively adjusted.

(2) Contract balances

The components of contract balances are as follows:

(Millions of yen)

	As of April 1, 2022	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers	837,308	920,170	962,577	993,360
Contract assets	17,817	11,020	22,000	18,185
Total	855,125	931,190	984,577	1,011,545
Contract liabilities	124,831	158,603	190,571	202,955

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer (when that right is conditioned on something other than the passage of time). Major contract assets are as follows:

- Various campaign discounts provided to a customer are accounted for as a reduction of the transaction price. The total of the transaction price is allocated per performance obligation, and the amount of the Group's right to consideration in exchange for fulfilling the performance obligations, excluding the receivables, is recognized as a contract asset.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has already received consideration from the customer. Major contract liabilities are as follows:

- Activation fees and upgrade fees received from customers at the inception of a new contract and model changes; and
- Consideration for services already received from the customer, such as advances received, is recognized as contract liabilities.

Of the revenue recognized during the fiscal years ended March 31, 2023, 2024 and 2025 the amounts included in the balance of contract liabilities at the beginning of the year are ¥96,188 million, ¥86,668 million and ¥95,628 million respectively.

Impairment loss recognized for receivables arising from contracts with customers during the fiscal years ended March 31, 2023, 2024 and 2025 are ¥6,065 million, ¥14,095 million and ¥14,380 million respectively.

(3) Transaction prices allocated to unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2025 is ¥142,368 million (¥139,449 million as of March 31, 2024 and ¥150,980 million as of March 31, 2023). The unsatisfied performance obligations arise primarily from mobile services and mobile device rental services in the Enterprise business, and are expected to be recognized as revenue mainly over approximately three years.

As the Group applies the practical expedient in paragraph 121 of IFRS 15, the following transaction prices for the remaining performance obligations are not included:

- the transaction price for a contract that has an original expected duration of one year or less; and
- the transaction price for a contract in which consideration is received from the customer in the amount that corresponds directly with the value of services provided, such as fees charged per use.

37. Cost of sales and selling, general and administrative expenses

The components of "Cost of sales" and "Selling, general and administrative expenses" are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cost of goods sold	(1,752,418)	(1,700,679)	(1,892,284)
Sales commissions and sales promotion expenses	(433,141)	(446,172)	(516,815)
Depreciation and amortization[1]	(764,210)	(743,808)	(748,014)
Amortization of contract costs	(247,887)	(255,146)	(256,713)
Telecommunications equipment usage fees	(251,752)	(249,243)	(263,126)
Employees and directors benefit costs	(501,133)	(540,092)	(549,011)
Outsourced service fees	(333,648)	(319,243)	(343,518)
Other[2]	(874,476)	(978,035)	(1,015,225)
Total	(5,158,665)	(5,232,418)	(5,584,706)

Notes:

1. "Depreciation and amortization" includes the amortization of long-term prepaid expenses, which are recorded in "Other non-current assets" in the consolidated statements of financial position.
2. "Loss on disposal of property, plant and equipment and intangible assets," which was presented as a separate item for the fiscal years ended March 31, 2023 and 2024, has been included in "Other" for the fiscal year ended March 31, 2025 as the amount became immaterial. In order to reflect this change, the presentation for the fiscal years ended March 31, 2023 and 2024 has been reclassified accordingly.

38. Other operating income and other operating expenses

The components of "Other operating income" and "Other operating expenses" are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Other operating income			
Remeasurement gain on step acquisition[1]	310,084	-	-
Gain on loss of control over subsidiaries	8,655	10,284	43,195
Gain on sale of businesses	-	10,462	-
Compensation for damage income	-	9,426	-
Other	2,683	-	-
Total	321,422	30,172	43,195
Other operating expenses			
Impairment loss	(5,604)	(14,672)	(13,822)
Provision for loss on litigation[2]	(8,984)	8,984	-
Total	(14,588)	(5,688)	(13,822)

Notes:
1. For the fiscal year ended March 31, 2023, the amount is mainly the gain on step acquisition recorded in connection with the conversion of PayPay into a subsidiary. For details, refer to "Conversion of PayPay Corporation into a subsidiary" under "Note 6. Business combinations."
2. For the fiscal year ended March 31, 2023, the amount represents an estimated loss amount recognized as a provision for potential damages payment related to the litigation with Japan Post Information Technology Co., Ltd. For the fiscal year ended March 31, 2024, the amount represents a reversal of the estimated loss related to the litigation with Japan Post Information Technology Co., Ltd. For details, refer to "Note 44. Contingencies (3) Litigation."

39. Financing income and financing costs

(1) Financing income

The components of financing income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Dividends received	1,226	788	706
Interest received	1,620	3,497	5,249
Foreign exchange gains	742	-	4,314
Realized gain from financial instruments at FVTPL	-	2,444	-
Other[1]	8,317	6,192	1,407
Total	11,905	12,921	11,676

(2) Financing costs

The components of financing costs are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expenses[2]	(64,045)	(63,733)	(81,478)
Foreign exchange losses	-	(1,355)	-
Realized loss from financial instruments at FVTPL	(31,041)	-	(15,412)
Provision for loss on litigation[3]	(10,192)	10,192	-
Other	(11,934)	(6,519)	(20,462)
Total	(117,212)	(61,415)	(117,352)

Notes:
1. For the fiscal year ended March 31, 2023, the amount is mainly remeasurement gain of ¥5,887 million on written put options related to non-controlling shareholders.
2. Interest expenses are primarily from financial liabilities measured at amortized cost and include interest expenses from lease liabilities of ¥10,045 million, ¥9,659 million and ¥22,761 million for the fiscal years ended March 31, 2023, 2024 and 2025 respectively.
3. The amount represents an estimated loss amount recognized as a provision for potential delay damages payment related to the litigation with Japan Post Information Technology Co., Ltd. The amount was recognized based on the judgment of the Tokyo District Court for the fiscal year ended March 31, 2023 and was reversed based on the judgment of Tokyo High Court for the fiscal year ended March 31, 2024. For details, refer to "Note 44. Contingencies (3) Litigation."

40. Other comprehensive income

The table below presents the amounts arising during the year, reclassification adjustments to profit or loss, and the income tax effect of each item in other comprehensive income:

Fiscal year ended March 31, 2023

(Millions of yen)

	Amounts arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	4,088	-	4,088	(848)	3,240
Changes in the fair value of equity instruments at FVTOCI	150,265	-	150,265	20,162	170,427
Share of other comprehensive income (loss) of associates accounted for using the equity method	146	-	146	-	146
Total	154,499	-	154,499	19,314	173,813
Items that may be reclassified to profit or loss					
Changes in the fair value of debt instruments at FVTOCI	(1,491)	629	(862)	264	(598)
Cash flow hedges	(1,228)	2,427	1,199	(377)	822
Exchange differences on translation of foreign operations	14,865	56	14,921	-	14,921
Share of other comprehensive income (loss) of associates accounted for using the equity method	1,203	(64)	1,139	-	1,139
Total	13,349	3,048	16,397	(113)	16,284
Total other comprehensive income (loss)	167,848	3,048	170,896	19,201	190,097

Fiscal year ended March 31, 2024

(Millions of yen)

	Amounts arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	(482)	-	(482)	174	(308)
Changes in the fair value of equity instruments at FVTOCI	2,935	-	2,935	(284)	2,651
Share of other comprehensive income (loss) of associates accounted for using the equity method	479	-	479	-	479
Total	2,932	-	2,932	(110)	2,822
Items that may be reclassified to profit or loss					
Changes in the fair value of debt instruments at FVTOCI	(1,496)	(48)	(1,544)	473	(1,071)
Cash flow hedges	(3,580)	3,387	(193)	61	(132)
Exchange differences on translation of foreign operations	23,623	(56)	23,567	(3,022)	20,545
Share of other comprehensive income (loss) of associates accounted for using the equity method	9,754	-	9,754	-	9,754
Total	28,301	3,283	31,584	(2,488)	29,096
Total other comprehensive income (loss)	31,233	3,283	34,516	(2,598)	31,918

Fiscal year ended March 31, 2025

(Millions of yen)

	Amounts arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	3,525	-	3,525	(818)	2,707
Changes in the fair value of equity instruments at FVTOCI	(3,794)	-	(3,794)	370	(3,424)
Share of other comprehensive income (loss) of associates accounted for using the equity method	97	-	97	-	97
Total	(172)	-	(172)	(448)	(620)
Items that may be reclassified to profit or loss					
Changes in the fair value of debt instruments at FVTOCI	(5,374)	(110)	(5,484)	1,679	(3,805)
Cash flow hedges	9,792	843	10,635	(3,416)	7,219
Exchange differences on translation of foreign operations	(14,233)	(613)	(14,846)	-	(14,846)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(16,540)	(534)	(17,074)	2,911	(14,163)
Total	(26,355)	(414)	(26,769)	1,174	(25,595)
Total other comprehensive income (loss)	(26,527)	(414)	(26,941)	726	(26,215)

41. Earnings per share

Basic earnings per share and "Diluted earnings per share" are as follows:

(1) Basic earnings per share

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income attributable to common shareholders of the Company (Millions of yen)			
Net income attributable to owners of the Company	531,366	489,074	526,133
Net income not-attributable to common shareholders of the Company[2]	-	(1,246)	(6,156)
Net income used in the calculation of basic earnings per share	531,366	487,828	519,977
Weighted-average number of shares of common stock outstanding (Thousands of shares) [1]	47,219,669	47,283,987	47,312,472
Basic earnings per share (Yen)	11.25	10.32	10.99

(2) Diluted earnings per share

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Diluted net income attributable to common shareholders (Millions of yen)			
Net income used in the calculation of basic earnings per share	531,366	487,828	519,977
Effect of dilutive securities issued by subsidiaries and associates	(2,655)	(5,057)	(3,724)
Total	528,711	482,771	516,253
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share[1] (Thousands of shares)			
Weighted-average number of shares of common stock outstanding	47,219,669	47,283,987	47,312,472
Increase in the number of shares of common stock due to stock acquisition rights	413,845	438,020	332,966
Total	47,633,514	47,722,007	47,645,438
Diluted earnings per share (Yen)	11.10	10.12	10.84

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 fiscal year ended March 31, 2023.
2. The amount represents dividends to be paid to class shareholders in connection with the Bond-Type Class Shares.

42. Supplemental information to the consolidated statements of cash flows

(1) Scope of purchases of property, plant and equipment and intangible assets

"Purchases of property, plant and equipment and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the consolidated statements of financial position.

(2) Cash outflow for leases

Total cash outflow for leases for the fiscal year ended March 31, 2025 was ¥192,882 million (¥203,997 million for the fiscal year ended March 31, 2024 and ¥261,739 million for the fiscal year ended March 31, 2023).

(3) Significant non-cash transactions

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

a. Acquisition of investments in subsidiaries

The conversion of PayPay preferred shares into common shares, which was undertaken to consolidate PayPay, for the fiscal year ended March 31, 2023, is a non-cash transaction. For details, refer to "Conversion of PayPay Corporation into a subsidiary" under "Note 6. Business combinations."

b. Issuance of stock options

The Company granted equity-settled stock options to the Group's directors and employees for the fiscal years ended March 31, 2023, 2024 and 2025. The stock options granted with no cash consideration are non-cash transactions. For details, refer to "Note 35. Share-based payment transactions."

c. 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 fiscal years ended March 31, 2023, 2024 and 2025, were ¥250,131 million, ¥194,673 million and ¥181,812 million, respectively, and are non-cash transactions.

d. Other non-cash transactions

The total amount of increase in "Trade and other payables" and "Other financial liabilities" related to the acquisition of "Intangible assets" for the 4.9GHz specified base station establishment for the fiscal year ended March 31, 2025 was ¥65,047 million and is non-cash transaction.

43. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Group are as follows:

Fiscal year ended March 31, 2023

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2023 Amount of transaction	As of March 31, 2023 Balance at period-end
Ken Miyauchi	Director of the Company	Exercise of stock options[1]	498	-
Yasuyuki Imai	Director of the Company	Exercise of stock options[1]	249	-
		Lending of loans[2,3,4]	430	860
		Receipt of interest on loans receivable	7	-
Junichi Miyakawa	Director of the Company	Exercise of stock options[1]	249	-
		Receipt of loans receivable[2,3,4,5]	70	19,930
		Receipt of interest on loans receivable	220	-
		Receipt of deposits[2]	250	-
		Offset of deposits[2]	289	-
		Payment of interest on deposits	1	-
Jun Shimba	Director of the Company	Exercise of stock options[1]	249	-
Kazuhiko Fujihara	Director of the Company	Exercise of stock options[1]	186	-
		Lending of loans[2,3,4]	320	640
		Receipt of interest on loans receivable	5	-
		Refund of deposits[2]	320	-
		Receipt of deposits[2]	190	190
		Payment of interest on deposits	1	-
Masayoshi Son	Director of the Company	Exercise of stock options[1]	498	-

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

1. The amount represents the exercise of stock options under the resolution passed at the Board Directors' meetings held on March 6, 2018 and March 27, 2018 for the fiscal year ended March 31, 2023. The amount of the transaction is calculated by the number of the stock granted due to exercise of stock options multiplied by the payment amount.
2. 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. Decrease in the amount of deposits is offset against loan and loan interest.
3. In this transaction, the borrowers' assets as follows have been provided as security.
   - Shares in SoftBank Corp. purchased by using the loan.
4. 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").
5. 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.

Fiscal year ended March 31, 2024

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2024 Amount of transaction	As of March 31, 2024 Balance at period-end
Ken Miyauchi	Director of the Company	Exercise of stock options[1]	947	-
Yasuyuki Imai	Director of the Company	Exercise of stock options[1]	698	-
		Lending of loans[2,3,4]	-	860
		Receipt of interest on loans receivable	9	-
Junichi Miyakawa	Director of the Company	Exercise of stock options[1]	249	-
		Lending of loans[2,3,4,5]	-	19,930
		Receipt of interest on loans receivable	220	-
Jun Shimba	Director of the Company	Exercise of stock options[1]	249	-
Kazuhiko Fujihara	Director of the Company	Exercise of stock options[1]	186	-
		Lending of loans[2,3,4]	-	640
		Receipt of interest on loans receivable	7	-
		Refund of deposits[2]	190	-
		Receipt of deposits[2]	210	-
		Offsetting of deposits[2]	3	207
		Payment of interest on deposits	1	-
Masayoshi Son	Director of the Company	Exercise of stock options[1]	498	-
Keiko Erikawa (KOEI TECMO GAMES CO., LTD.)	Officer of the parent company and related entity whose majority of voting rights are held by the person and her close relatives	Commission fees to content providers[6]	232	64

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

1. The amount represents the exercise of stock options under the resolution passed at the Board Directors' meetings held on March 6, 2018, March 27, 2018, and June 22, 2021 for the fiscal year ended March 31, 2024. The amount of the transaction is calculated by the number of the stock granted due to exercise of stock options multiplied by the payment amount.
2. 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. Decrease in the amount of deposits is offset against loan interest.
3. In this transaction, the Company's shares purchased by the borrower using the loan have been provided as security.
4. 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").
5. 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.
6. The terms and conditions of transactions are determined through negotiation considering factors, such as market prices and the details of services provided.

Fiscal year ended March 31, 2025

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2025 Amount of transaction	As of March 31, 2025 Balance at period-end
Ken Miyauchi	Director of the parent company	Exercise of stock options[1]	947	-
Yasuyuki Imai	Director of the Company	Exercise of stock options[1]	249	-
		Collection of loans receivable[2,3,4]	430	430
		Receipt of interest on loans receivable	9	-
Junichi Miyakawa	Director of the Company	Exercise of stock options[1]	249	-
		Lending of loans[2,3,4,5]	-	19,930
		Receipt of interest on loans receivable	219	-
Jun Shimba	Director of the Company	Exercise of stock options[1]	698	-
Kazuhiko Fujihara	Director of the Company	Exercise of stock options[1]	187	-
		Collection of loans receivable[2,3,4]	320	320
		Receipt of interest on loans receivable	6	-
		Refund of deposits[2]	207	
		Receipt of deposits[2]	200	
		Offsetting of deposits[2]	200	-
		Payment of interest on deposits	0	-
Masayoshi Son	Director of the Company	Exercise of stock options[1]	498	-
Keiko Erikawa (KOEI TECMO GAMES CO., LTD.)	Officer of the parent company and related entity whose majority of voting rights are held by the person and her close relatives	Commission fees to content providers[6]	195	65

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

1. The amount represents the exercise of stock options under the resolution passed at the Board Directors' meetings held on March 6, 2018, March 27, 2018, and June 22, 2021 for the fiscal year ended March 31, 2025. The amount of the transaction is calculated by the number of the stock granted due to exercise of stock options multiplied by the payment amount.
2. 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. Decrease in the amount of deposits is offset against loan.
3. In this transaction, the Company's shares purchased by the borrower using the loan have been provided as security.
4. 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").
5. 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.
6. The terms and conditions of transactions are determined through negotiation considering factors, such as market prices and the details of services provided.

(2) Remuneration for key management personnel

Remuneration for key management personnel is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Short-term benefits	641	1,511	465
Share-based payments	2,094	1,638	3,113
Total	2,735	3,149	3,578

Notes:
1. Remuneration for key management personnel includes all directors of the Company.
2. There were no material post-employment benefits, long-term employment benefits, or termination benefits paid to key management personnel for the fiscal years ended March 31, 2023, 2024 and 2025.
3. Stock options that had vested are included in share-based payments since Ken Miyauchi retired on June 20, 2024.

44. Contingencies

(1) Lending commitments

The lending commitments of the Group mainly consist of the shopping limits and cashing limits that are granted to customers in the Group's credit card business. The total amount and remaining balances at year-end are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Total lending commitments	11,975,713	13,426,606	11,242,877
Funded	788,877	1,031,056	1,271,749
Unfunded	11,186,836	12,395,550	9,971,128

The unfunded balance of the shopping limit and cashing limit does not indicate that the total amount of the balance will be used in the future because customers may use the credit card up to the limit at any time and do not always use the full amount of the limit and the Group may change the limit arbitrarily. Also, maturities for the unfunded lending commitments are within one year because they are payable on demand.

(2) Credit guarantees

Guarantees that the Group provides are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Total credit guarantees	3,542	7,277	5,983
Guarantee balance	3,542	5,772	5,983

Expected credit losses that could occur from the performance of the above credit guarantee contracts are not recorded since the amount is expected to be immaterial.

(3) Litigation

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

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

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

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

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

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

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015.

Subsequently, on September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and the Company to pay JPiT ¥10,854 million in damages and delay damages. The Company and JPiT appealed the judgment to the Tokyo High Court, and on March 21, 2024, the Court rendered a judgment ordering JPiT to pay ¥65 million as remuneration for the additional services and delay damages, and dismissing all claims by JPiT.

The Company and JPiT appealed to the Supreme Court and filed a petition for acceptance of appeal with regard to the judgment.

Based on the judgment of the Tokyo High Court, the Company reversed a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which had been recognized as provisions since the fiscal year ended March 31, 2023, in "Provisions (current liabilities)" in the consolidated statement of financial position. For the fiscal year ended March 31, 2024, in the consolidated statement of income, the damages amount of ¥8,984 million and the delay damages amount of ¥10,192 million were reversed in "Other operating expenses" and "Financing costs," respectively.

45. Purchase commitments

Purchase commitments for the purchase of goods and services are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025
Inventories	226,265	194,548	334,876
Property, plant and equipment and intangible assets	240,021	289,855	191,606
Other[1]	239,662	337,662	369,998
Total	705,948	822,065	896,480

Note:
1. "Other" primarily includes the amount of unfulfilled contracts regarding purchase of electricity, outsourced services, and utility expenses (electricity, gas, and water) at data centers.

46. Subsequent events

(Conversion of LINE Bank Taiwan Limited into a subsidiary through capital increase)

(1) Summary of the Transactions

LY Corporation ("LY"), a subsidiary of the Company, has decided on April 10, 2025, to increase the capital by 2.745 billion Taiwan dollars and acquire additional 274,500 thousand common shares of LINE Bank Taiwan Limited ("LBT"), an associate of LY, through its subsidiary LINE Financial Taiwan Limited ("LFT").

The purpose of this capital increase is to promote the banking services operated by LBT in Taiwan under the "LINE Bank" brand and to further strengthen collaboration with the Group. The capital increase was completed in June 2025.

Upon completion of the capital increase, the number of LBT common shares held by LFT will be 1,023,000 thousand shares and the voting rights of LFT in LBT will reach 51.2%, thereby exceeding a majority. As a result, LY acquired control over LBT, and LBT became the Group's subsidiary.

(2) Summary of the acquiree

Name LINE Bank Taiwan Limited

Business Internet-only bank

(3) Acquisition date

During June 2025

The Group is currently evaluating the impact of this matter.

47. Approval of consolidated financial statements

These consolidated financial statements were approved by Junichi Miyakawa, Representative Director, President & CEO, and Kazuhiko Fujihara, Director, Executive Vice President & CFO, as of June 24, 2025.

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