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OFFERING CIRCULAR

SoftBank Corp.

€500,000,000 3.936% Bonds due 2032
Issue Price: 100%
€700,000,000 4.467% Bonds due 2036
Issue Price: 100%

The €500,000,000 3.936% Bonds due 2032 (the "2032 Bonds") and the €700,000,000 4.467% Bonds due 2036 (the "2036 Bonds" and, together with the 2032 Bonds, the "Bonds", and each, a "Series") will be issued by SoftBank Corp. (the "Company"). Interest is payable annually in arrear on June 30, in each year, except that the first payment of interest, to be made on June 30, 2026, will be in respect of the period from and including April 17, 2026 to but excluding June 30, 2026.

The 2032 Bonds will mature on June 30, 2032 and the 2036 Bonds will mature on June 30, 2036. The Bonds of each Series are subject to redemption in whole, but not in part, at any time, at their principal amount, together with accrued interest, in the event of certain changes to the tax laws. The Bonds of each Series are subject to redemption in whole, or in part, at any time, at their principal amount, together with accrued interest, on or after the Par Call Date (as defined under the terms and conditions of the Bonds (the "Conditions") of the relevant Series). The Bonds of each Series may be redeemed at our option in whole or in part, on any date prior to the Par Call Date of the relevant Series at the applicable make-whole prices determined in accordance with the Conditions of the relevant Series. See "Redemption and Purchase" in the Conditions of the relevant Series.

The Bonds will constitute our direct, unconditional, unsubordinated and unsecured obligations. See "Status" in the Conditions of the relevant Series. Payments on the Bonds will be made without withholding or deduction for or on account of Japanese taxes to the extent described under "Taxation" in the Conditions of the relevant Series.

The Bonds are issued in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Upon issue, the Bonds of each Series will be evidenced by a global certificate (each a "Global Certificate") in registered form, which will be deposited with, and registered in the name of, or a nominee for, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on or about April 17, 2026 (the "Closing Date") for the accounts of their respective accountholders.

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

The Bonds are assigned a credit rating of BBB by S&P Global Ratings Japan Inc.("S&P") and BBB+ by Fitch Ratings, Inc. ("Fitch"). A credit 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.

This Offering Circular does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, the Bonds in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, 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 ("Regulation S")).

See "Investment Considerations" for a discussion of certain factors that should be considered in connection with an investment in the Bonds.

Joint Bookrunners and Joint Lead Managers

J.P. Morgan **BNP PARIBAS** **Citigroup** **Mizuho**

Barclays **BofA Securities** **Morgan Stanley**

Co-managers

ANZ **Crédit Agricole CIB** **Daiwa Capital Markets** **DBS Bank Ltd.**

Goldman Sachs International **HSBC** **Natixis** **Nomura** **SMBC NIKKO**

The date of this offering circular is April 10, 2026.

Having made all reasonable enquiries, we confirm that this Offering Circular contains all information which is material in the context of the issuance and offering of the Bonds, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular by us are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. We accept responsibility accordingly.

None of the Managers (as defined in "Subscription and Sale") nor their respective subsidiaries or affiliates have independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or their respective subsidiaries and affiliates as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by us in connection with the Bonds.

No person is authorized to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the Managers or their respective subsidiaries and affiliates.

To the fullest extent permitted by law, the Managers and their respective subsidiaries and affiliates accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by a Manager or its respective subsidiaries or affiliates or on their behalf, in connection with us or the issue and offering of the Bonds. Each of the Managers or their respective subsidiaries and affiliates accordingly disclaims all and any liability, whether arising in tort and contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us or the Managers to subscribe or purchase, any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Managers to inform themselves about and to observe any such restrictions.

No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in jurisdictions including the United States, the European Union, the United Kingdom, Japan, Singapore, Hong Kong and Switzerland and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale."

The Bonds are only being offered and sold in offshore transactions to non-U.S. persons outside the United States in reliance on Regulation S of the Securities Act ("Regulation S").

MiFID II Product Governance / Professional investors and ECPs only target market—For the purposes of Directive EU 2014/65/EU (as amended, "MiFID II") (i) the target market in respect of the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person offering, selling or recommending the Bonds (a "distributor") should take into consideration such target market; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds and determining appropriate distribution channels.

UK MiFIR Product Governance / Professional investors and ECPs only target market—For the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law (the "UK MiFIR") (i) the target market in respect of the Bonds is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in the UK MiFIR and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration such target market; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors—The Bonds 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 (the "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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (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 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors—The Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is not 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. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the FCA Product Disclosure Sourcebook, as applicable.

All applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by any person in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with. See "Subscription and Sale".

The Bonds 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 Bonds 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 Bonds are not, as part of the initial distribution by the Managers 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 (a) an individual resident of Japan or a Japanese corporation, nor (b) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with SoftBank Corp. as described in Article 6, Paragraph (4) of the Special Taxation Measures Act (a "specially-related person of SoftBank Corp."), (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 Bonds 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 BONDS, 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 SOFTBANK CORP., (II) A JAPANESE FINANCIAL INSTITUTION, DESIGNATED IN ARTICLE 3-2-2, PARAGRAPH (29) OF THE CABINET ORDER THAT WILL HOLD THE BONDS 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 Bonds will generally be subject to Japanese withholding tax unless it is established that the Bonds 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 of SoftBank Corp., (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 Bonds 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 of SoftBank Corp. (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% of the amount of such interest.

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

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication (i) that there has been no change in our affairs since the date hereof, (ii) that there has been no adverse change in our financial position since the date hereof, or (iii) that the information contained in this Offering Circular or any other information supplied in connection with the Bonds is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In connection with the issue of the Bonds, J.P. Morgan Securities plc (the "Stabilization Manager") (or any person acting on behalf of the Stabilization Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilization Manager (or any person acting on behalf of the Stabilization Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilization action or over-allotment must be conducted by the Stabilization Manager (or any person acting on behalf of the Stabilization Manager) in accordance with all applicable laws and rules.

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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 "$" or "dollar" are to the lawful currency of the United States;
- references herein to "€" are to the currency of those member states of the European Union which are participating in the European Economic and Monetary Union pursuant to the Treaty on European Union; and
- references herein to "S$" 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 year ended March 31, 2025, included elsewhere herein, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

Our unaudited condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2025 have been prepared in accordance with Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

Unless otherwise indicated, all financial information included herein has been prepared using IFRS, which differs in certain respects from accounting principles generally accepted in Japan ("Japanese GAAP") and 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 and Japanese 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.

Unless otherwise indicated, all references to the percentages of voting rights held are as of March 31, 2025.

Scope of Consolidation

As of December 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 year ended March 31, 2025. As of December 31, 2025, we held 62.4% 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. On August 21, 2025, LY further announced the result of a share repurchase it had conducted, pursuant to which it had repurchased a total of 63,400,000 shares for an aggregate amount of ¥32,297 million.

As of March 31, 2025, we held 46.6% of the total voting rights of PayPay Bank Corporation. In light of the control we exert over it through the rights to appoint a majority of the members of its board of directors, 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 year ended March 31, 2025. 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 year ended March 31, 2025, included elsewhere herein.

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, 2023 and 2024 and as a result, the segment results for such periods are not directly comparable to those for the subsequent period.

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 year ended March 31, 2024 in our audited consolidated financial statements as of and for the fiscal year ended March 31, 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 in our audited consolidated financial statements as of and for the fiscal year ended March 31, 2025. As such, the historical financial information and discussions of historical performance throughout this offering circular, except for that as of and for the nine months ended December 31, 2025, including under "Selected Financial and Other Data" and "Recent Business and Recent Development," 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 "Investment Considerations" 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". 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 "Investment Considerations," "Recent Business and Recent Development" 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.

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. Mobile ARPU: 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 value-added service related revenue plus broadband service bundle discount, 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. 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.
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%.
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.
GPU	A graphics processing unit (graphical processing unit) is an electronic circuit designed to speed computer graphics and image processing on various devices. These devices include video cards, system boards, mobile phones and personal computers. By performing mathematical calculations rapidly, a GPU reduces the time needed for a computer to run multiple programs. This makes it an essential enabler of emerging and future technologies such as machine learning, AI and blockchain.
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.
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. 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. See "Regulation—Radio Act—Allocation of Radio Frequency Spectrum".
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 "Investment Considerations," "Recent Business and Recent Development," "Business" and the consolidated financial statements and related notes thereto contained elsewhere herein.

SoftBank Corp.

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.

THE OFFERINGS

The summary below describes the principal terms of the Bonds. 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 Bonds of each Series, including the definitions of certain terms used in this summary, see "Conditions of the 2032 Bonds" and "Conditions of the 2036 Bonds."

Issuer	SoftBank Corp.
Securities Offered	€500,000,000 3.936% Bonds due 2032 (the "2032 Bonds"); and €700,000,000 4.467% Bonds due 2036 (the "2036 Bonds" and, together with the 2032 Bonds, the "Bonds").
Offering Price	2032 Bonds: 100% 2036 Bonds: 100%.
Closing Date	On or about April 17, 2026.
Delivery	It is expected that the Global Certificates will be deposited with, and registered in the name of a nominee for a common depositary for each of Euroclear and Clearstream, Luxembourg on or about the Closing Date.
Form	The Bond of each Series will be issued in registered form and evidenced by a Global Certificate. The Definitive Certificate in respect of a Bond will only be available in certain limited circumstances. See "Provisions Relating to the Bonds While in Global Form."
Listing	Approval in-principle has been received for the listing and quotation of each Series on the Official List of the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of €200,000 for so long as such Series is listed on the SGX-ST and the rules of the SGX-ST so require.
Use of Proceeds	The net proceeds of the issue of the Bonds are estimated to be approximately €1,193 million and will be used for general corporate purposes. See "Use of Proceeds."
Fiscal Agent and Registrar	Citicorp International Limited.
Paying Agent and Transfer Agent	Citibank, N.A., London Branch.

THE BONDS

Form and Denominations	The Bonds are issued in form in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Status	The Bonds will constitute our direct, unconditional, unsubordinated and unsecured obligations.
Interest Payment Dates	Interest on the Bonds is payable annually in arrear on June 30, in each year, except that the first payment of interest, to be made on June 30, 2026, will be in respect of the period from and including April 17, 2026 to but excluding June 30, 2026.
Interest Rate	2032 Bonds: 3.936% per annum. 2036 Bonds: 4.467% per annum.
Maturity Date	2032 Bonds: June 30, 2032. 2036 Bonds: June 30, 2036.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 3 (Negative Pledge) of the relevant Series.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on June 30, 2032, in the case of the 2032 Bonds, and June 30, 2036, in the case of the 2036 Bonds.
Redemption for Taxation Reasons	The Bonds of each Series may be redeemed at our option in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) we have or will become obliged to pay Additional Amounts (as defined in Condition 7 of the relevant Series) as a result of any change in, amendment to, or judicial decision relating 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 the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after April 17, 2026 and (ii) such obligation cannot be avoided by us taking reasonable measures available to us. See Condition 5(b) of the relevant Series.
Redemption at the option of the Issuer (Issuer Make-Whole Call)	The Bonds of each Series may be redeemed at our option in whole or in part (in integral multiples of €1,000), on any date prior to the Par Call Date of the relevant Series on giving not less than 10 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable) at a redemption price equal to the greater of: (i) 100 per cent of the principal amount of the Bonds being redeemed; or (ii) the present value at such Call Settlement Date of (x) the principal amount of the Bonds being redeemed at the Par

	Call Date plus (y) all required interest payments due on the Bonds being redeemed through the Par Call Date (excluding accrued but unpaid interest to the Call Settlement Date), discounted to such Call Settlement Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Bund Rate plus (i) 20 basis points in the case of the 2032 Bonds, and (ii) 25 basis points in the case of the 2036 Bonds,
	plus, in each case, accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, the Call Settlement Date. See Condition 5(c) of the relevant Series.
Redemption at the option of the Issuer (Issuer Par Call)	We have the option to redeem the Bonds of each Series, in whole or in part (in integral multiples of €1,000), at any time on or after the Par Call Date of the relevant Series upon giving not less than 10 days nor more than 60 days' prior notice of redemption to Bondholders (which notice shall be irrevocable), at their principal amount plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the date of redemption. See Condition 5(d) of the relevant Series.
Events of Default	The Bonds will contain certain events of default as further described in Condition 8 of the relevant Series.
Governing Law	English law.
Clearance and Settlement	Euroclear and Clearstream, Luxembourg.
Jurisdiction	English courts.
International Securities Identification Number ("ISIN")	2032 Bonds: XS3317460619.
	2036 Bonds: XS3317460700.
Legal Entity Identifier (LEI)	353800M1YCTS9JRBJ535
Rating	The Bonds are rated BBB by S&P and BBB+ by 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.

INVESTMENT CONSIDERATIONS

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 "Recent Business and Recent Development" 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 fierce 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 228 million as of September 30, 2025, according to 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 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 of, 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 industry 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 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 a 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. Pursuant to the NTT Law amended in May 2025, the government will be required 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 to 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 reliably offer 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 amounts 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 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 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 expenditure 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 otherwise at 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 leakage 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 remedial measures, based on administrative guidance and recommendations received from the MIC and the PPC in March and April 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 leakage of the personal information of approximately 140,000 subscribers. On June 3, 2025, we reported the incident to the relevant authorities. 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 recurrence of disruption in service. Nonetheless, these or other countermeasures taken may not be sufficient to prevent future incidents of 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 base 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 and the implementation guideline published in March 2026 stipulates that radio stations using 26 GHz spectrum band will be assigned by using auction-based mechanisms. 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 development and deployment of an enterprise AI agent through a joint venture with OpenAI Group PBC, named SB OAI Japan GK ("SB OAI Japan"). 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 which 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 and may further increase 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 (particularly the strikes against Iran by the United States and Israel as well as the retaliatory actions taken by Iran beginning in February 2026), 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 Trump 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 Bonds—The Bonds 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 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 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). After publicly submitting a draft registration statement on Form F-1 to the U.S. Securities and Exchange Commission (the "SEC") in February 2026 (and an amendment in March 2026) relating to the proposed IPO of American depositary shares (the "ADSs") representing its common stock on a U.S. stock exchange, on March 12, 2026, PayPay Corporation announced that it has priced the IPO of 54,987,214 ADSs representing its common shares at a price of $16 per ADS. Of such ADSs offered, 31,054,254 ADSs are being offered by PayPay Corporation and 23,932,960 ADSs are being offered by the selling shareholder, SVF II Piranha (DE) LLC, an investment fund ultimately controlled by SoftBank Group Corp. PayPay Corporation has granted the underwriters an option to purchase up to an additional 8,248,081 ADSs to cover over-allotments, if any, for 30 days after March 11, 2026. The IPO closed on March 13, 2026 (U.S. time) and the underwriters' option to purchase up to an additional 8,248,081 was fully exercised on March 27, 2026 (U.S. time). Immediately after the full exercise of such underwriters' option, we held 62.17% of the total voting rights of PayPay Corporation. As PayPay Corporation had become 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 is subject to greater public and investor scrutiny, which may affect its reputation, performance or decision-making. Furthermore, our equity interest in PayPay Corporation had been diluted following its listing, 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 and OpenAI, 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 November 2025, SoftBank Group Corp. announced that it has established SB OAI Japan and will leverage OpenAI's advanced AI technology to market "Crystal intelligence", a packaged enterprise AI solution that integrates OpenAI's latest products with tailored implementation and system integration services. SB OAI Japan is owned equally by OpenAI and C Holdings Corporation, a company which is owned 51% by us and 49% by SoftBank Group Corp. Ahead of the rollout of Crystal intelligence to customers in Japan, we will adopt and deploy this technology as the first user, validating its effectiveness in product development and business transformation through advanced AI technologies. However, the schedule for 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.

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. Moreover, the concentration of authority within subsidiaries in a limited number of executives may result in corporate governance weaknesses. 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, including the acquisition of PayPay Bank Corporation by PayPay Corporation in April 2025 and the equity investment by PayPay Corporation of a 40% ownership stake in Binance Japan Inc., which became an equity-method affiliate of the former in September 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. Pursuant to the NTT Law amended in May 2025, the government will 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 further 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 external 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 November 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, through 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 standalone 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 and further to 0.75% in December 2025, marking the highest level in the last three decades. 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 exceeding 2.4% in April 2026, marking the highest level since 1999. 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 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 December 31, 2025, our ultimate parent company owned 40.1% 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 if we or any 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. may 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. Mr. Son's departure 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 NTT, Inc. (renamed from Nippon Telegraph and Telephone Corporation, "NTT") group companies, including NTT East, Inc. (renamed from Nippon Telegraph and Telephone East Corporation, "NTT East") and NTT West, Inc. (renamed from 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, we and KDDI 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 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 skills 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 December 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 ¥1,965.4 billion, ¥756.4 billion, ¥223.7 billion, ¥2,592.3 billion and ¥2,186.8 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. 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 Bonds

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

The Bonds will constitute unsubordinated and unsecured obligations solely of the Company. The Bonds 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 Bonds.

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 Bonds could be adversely affected.

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

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

The Bonds are unsecured obligations.

The Bonds are unsecured obligations and repayment of the Bonds 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 Bonds. 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 Bonds have denominations and integral multiples.

The denomination of the Bonds is €100,000 and integral multiples of €1,000 in excess thereof. A Bondholder who, as a result of trading the Bonds holds a principal amount of less than €100,000, will not receive a definitive certificate evidencing the Bond in respect of such holding (should definitive certificates be printed) and would need to purchase an additional principal amount of the Bonds.

The terms and conditions of the Bonds are subject to modification and waivers.

The terms and conditions of each Series (together, the "Conditions") contain provisions for calling meetings of Bondholders (as defined in the Conditions) to consider matters affecting their interests generally, and for resolutions of Bondholders on certain matters to be given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting (if held) and Bondholders who acted in a manner contrary to the majority (whether at a meeting or by way of electronic consent).

The Bonds may not be suitable for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks pertaining to an investment in the Bonds;

(iv) thoroughly understand the Conditions and be familiar with the behavior of any relevant markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors including those set forth in this "Investment Considerations" section that may affect its investment and its ability to bear the applicable risks.

Additionally, investments by certain investors, such as financial institutions, may be subject to additional regulations or review and/or approvals. Such investors should consult with their advisers or the relevant regulatory bodies as necessary before investing in the Bonds.

The Bonds are impacted by fluctuations in exchange rates

We will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

The Bonds are assigned with ratings of "BBB" by S&P and "BBB+" by Fitch. In addition, other rating agencies may assign credit ratings to the Bonds 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 Bonds, 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 Bonds and adversely affect the price and liquidity of the Bonds. 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 the 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 Bonds 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. In March 2026, S&P had revised its outlook on our issuer rating to "negative" from "stable" following a revision of its outlook on the issuer rating of SoftBank Group Corp. to "negative" from "stable". 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 Bonds of each Series prior to maturity.

We may redeem the Bonds of each Series, in whole or in part, at our option at any time and from time to time. See "Condition 5. Redemption and Purchase" in the Conditions of the relevant Series. In addition, we may redeem each Series, 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 in certain circumstances. See "Condition 7. Taxation" in the Conditions of the relevant Series. In the event we choose to redeem the Bonds, the holders of such Bonds 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 Bonds.

Risk Related to Forward-looking Statements

Forward-looking statements in this Offering Circular involving risks and uncertainties

Statements in this Offering Circular with respect to our plans, strategies, projected financial figures and beliefs, as well as other statements that are not historical facts are forward-looking statements involving risks and uncertainties. The important factors that could cause actual results to differ materially from such statements include, but are not limited to, the impact of general economic and market conditions in the markets where we operate, the level of demand for our products and services, the level of competition, and our ability to adapt itself to market, industry and general economic, political and business conditions.

USE OF PROCEEDS

We expect that the aggregate net proceeds from the offering of the Bonds, after deducting the Managers' discounts and estimated expenses related to the offering, will be approximately €1,193 million.

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

CAPITALIZATION AND INDEBTEDNESS

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

The information in the table below should be read together with "Recent Business and Recent Development" and the financial statements and related notes included elsewhere in this offering circular.

	As of December 31, 2025	
	Actual	**As adjusted**
	(Billions of yen)	
Current interest-bearing debt		
Short-term borrowings	¥ 595.4	¥ 595.4
Commercial paper	115.0	115.0
Current portion of long-term borrowings	825.9	825.9
Current portion of lease liabilities	160.9	160.9
Current portion of corporate bonds	219.9	219.9
Current portion of installment payables	0.0	0.0
Total current interest-bearing debt	¥1,917.1	¥1,917.1
Non-current interest-bearing debt		
Long-term borrowings	¥2,652.1	¥2,652.1
Lease liabilities	637.6	637.6
Corporate bonds	1,410.7	1,410.7
Installment payables	0.0	0.0
Bonds offered hereby[(1)]	—	220.9
Total non-current interest-bearing debt	¥4,700.5	¥4,921.4
Equity		
Common stock (80,109,603,000 shares authorized, 47,934,429,700 shares issued; including 170,961,759 shares of treasury stock).	241.6	241.6
Capital surplus	927.6	927.6
Retained earnings	1,661.2	1,661.2
Treasury stock (170,961,759 shares)	(27.1)	(27.1)
Accumulated other comprehensive income	53.5	53.5
Total equity attributable to owners of the Company	2,856.8	2,856.8
Non-controlling interests	1,633.5	1,633.5
Total equity	¥4,490.4	¥4,490.4
Total capitalization[(2)]	¥9,190.8	¥9,411.8

Notes:

(1) For the purpose of this table, the yen equivalent of the Bonds has been translated at the rate of €1.00 = ¥184.09, the approximate rate of exchange prevailing as of December 31, 2025. This rate of exchange bears no relationship to the rate(s) at which amounts relating to the Bonds will be converted into yen for accounting purposes.

(2) 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 December 31, 2025.

CONDITIONS OF THE 2032 BONDS

The following Conditions, save for paragraphs in italics, will be endorsed on the Certificates (as defined below) evidencing the 2032 Bonds.

The issue of the €500,000,000 3.936 per cent Bonds due 2032 (the "Bonds") was authorised by a resolution of the Board of Directors of SoftBank Corp. (the "Issuer") passed on 29 January 2026. A fiscal agency agreement dated April 17, 2026 (the "Fiscal Agency Agreement") has been entered into in relation to the Bonds among the Issuer, Citicorp International Limited as fiscal agent and registrar and Citibank, N.A., London Branch as paying agent and transfer agent, and any further transfer agents and paying agents named in it. The fiscal agent, registrar, transfer agents and paying agents for the time being are referred to below, respectively, as the "Fiscal Agent", the "Registrar", the "Transfer Agents" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the certificate in respect of the Bonds. The Bonds have the benefit of a deed of covenant dated April 17, 2026 (the "Deed of Covenant") executed by the Issuer in relation to the Bonds. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Fiscal Agent or may be provided by email to such Bondholders (as defined below) requesting copies of the Fiscal Agency Agreement and the Deed of Covenant following prior written request and satisfactory proof of holdings being provided to the Fiscal Agent. Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination, Title and Transfer of Bonds

(a) **Form and Denomination**: The Bonds are serially numbered and in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof and are not exchangeable for bonds in bearer form. A bond certificate (each, a "Certificate") will be issued in respect of each holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of holders of Bonds to be kept by the Registrar in accordance with Condition 1(c)(i).

(b) **Title**: Title to the Bonds passes only by transfer and registration of title in the Register. The holder (as defined below) of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it, or its theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and "holder" mean the person in whose name the Bond is registered.

Upon issue, the 2032 Bonds will be represented by a Global Certificate deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

These Conditions applicable to the 2032 Bonds are modified by certain provisions contained in the relevant Global Certificate. Except in the limited circumstances described in such Global Certificate, owners of interests in the 2032 Bonds represented by a Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of the 2032 Bonds.

(c) Transfer of Bonds

(i) **The Register**: The Issuer will cause to be kept at the specified office of the Registrar, and in accordance with the terms of the Fiscal Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions of the Bonds.

(ii) **Transfers**: A Bond may be transferred upon the surrender at the specified offices of the Registrar or the Transfer Agent of the Certificate representing such Bond, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar and the Transfer Agent may reasonably require. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued to the transferee in respect of the Bond so transferred. Where some only of the Bonds in respect of which a Certificate is issued are transferred, a new Certificate in respect of the Bonds not so transferred will be issued. No transfer may be made which would result in the principal amount of Bonds held by a holder and in respect of which a Certificate is to be issued being less than €100,000. All transfers of the Bonds and entries on the Register will be made subject

to the detailed regulations concerning transfer of the Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Transfer Agent or the Registrar to any Bondholder upon request.

Transfers of interests in the 2032 Bonds represented by a Global Certificate will be effected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, as described in "Summary of Provisions Relating to the Bonds while in Global Form".

(iii) **Partial redemption in respect of Bonds**: In the case of a partial redemption of a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent.

(iv) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 1(c)(ii) and Condition 1(c)(iii) shall be available for delivery within three Transfer Business Days (as defined below) of surrender of the original Certificate for exchange and receipt (in the case of a transfer) of the duly completed and signed form of transfer. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent to whom delivery or surrender of the Certificate and (in the case of a transfer) such form of transfer shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address so specified (at the Issuer's expense), unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In these Conditions, "Transfer Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(v) **Formalities Free of Charge**: Registration of a transfer of Bonds and issue of Certificates in relation to a transfer or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon (A) payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require); and (B) the Issuer and the Registrar or the Transfer Agent being reasonably satisfied that the regulations concerning transfer of Bonds have been satisfied.

(vi) **No Registration of Transfer**: No Bondholder may require the transfer of a Bond to be registered (A) during the period of seven days ending on (and including) the due date for redemption pursuant to Condition 5(a), (B) after a notice of redemption has been given pursuant to Condition 5(b), 5(c) or 5(d), or (C) during the period commencing on (and including) any Interest Record Date (as defined in Condition 6(a)) and ending on the immediately following Interest Payment Date (as defined in Condition 4).

2. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 3) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond remains outstanding the Issuer will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any Securities (as defined below) upon the whole or any part of the property, assets or revenues, present or future, of the Issuer to secure (i) payment of any sum due in respect of any Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation in respect of Securities, in any such case in which:

(a) either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than Japanese yen, or such Securities are denominated in Japanese yen and more than 50 per cent of the aggregate principal amount thereof is initially offered or distributed outside Japan by or with the authorisation of the issuer thereof; and

(b) such Securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan,

unless, at the time or prior thereto, the Issuer's obligations under the Bonds (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement, in each case, as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In these Conditions, "Securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities of any person, having an original maturity of more than one year from its date of issue.

4. Interest

The Bonds bear interest from and including April 17, 2026 at the rate of 3.936 per cent per annum, payable annually in arrear in the amount of €39.36 per Calculation Amount (as defined below) on June 30 in each year (each an "Interest Payment Date"), except that the first payment of interest, to be made on June 30, 2026, will be in respect of the period from and including April 17, 2026 to but excluding June 30, 2026 and will amount to €7.98 per Calculation Amount. Each Bond will cease to bear interest from the due date for redemption unless, upon due surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

The day-count fraction will be calculated on the following basis:

(a) if the Accrual Period (as defined below) is equal to or shorter than the Interest Determination Period (as defined below) during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the number of days in such Interest Determination Period; and

(b) if the Accrual Period is longer than one Interest Determination Period, the day-count fraction will be the sum of:

  (i) the number of days in such Accrual Period falling in the Interest Determination Period in which it begins divided by the number of days in such Interest Determination Period; and

  (ii) the number of days in such Accrual Period falling in the next Interest Determination Period divided by the number of days in such Interest Determination Period.

In these Conditions, the period beginning on and including June 30, in any year and ending on but excluding the next June 30, is called an "Interest Determination Period", and "Accrual Period" means the relevant period for which interest is to be calculated (beginning on and including the first day of such relevant period and ending on but excluding the last day of such relevant period). Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any Accrual Period (other than an Accrual Period in respect of which a fixed coupon amount is specified above) shall be equal to the product of 3.936 per cent, the Calculation Amount and the day-count fraction for the Accrual Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the 2032 Bonds are evidenced by a Global Certificate and such 2032 Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate principal amount of such 2032 Bonds represented by the Global Certificate.

5. Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on June 30, 2032. The Bonds may not be redeemed at the option of the Issuer other than in accordance with these Conditions.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7) as a result of any change in, amendment to, or

judicial decision relating 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 the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after April 17, 2026, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Representative Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of tax counsel of recognised standing confirming such facts. The Fiscal Agent shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate and opinion.

(c) **Redemption at the option of the Issuer (Issuer Make-Whole Call)**: The Bonds may be redeemed at the option of the Issuer in whole, or in part (in integral multiples of €1,000), on any date (each, a "Call Settlement Date") prior to March 30, 2032 (the "Par Call Date") on giving not less than 10 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable) at a redemption price equal to the greater of:

(i) 100 per cent of the principal amount of the Bonds being redeemed; or

(ii) the present value at such Call Settlement Date of (x) the principal amount of the Bonds being redeemed at the Par Call Date plus (y) all required interest payments due on the Bonds being redeemed through the Par Call Date (excluding accrued but unpaid interest to the Call Settlement Date), discounted to such Call Settlement Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Bund Rate plus 20 basis points,

plus, in each case, accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, the Call Settlement Date.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the relevant Bonds in accordance with this Condition 5(c).

For the purposes of this Condition 5(c):

"Bund Rate" means, with respect to any Call Settlement Date, the rate per annum equal to the equivalent yield to maturity as of the third business day prior to such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination, where:

(i) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Call Settlement Date to the Par Call Date, and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Bonds and of a maturity most nearly equal to the Par Call Date; provided, however, that, if the period from such Call Settlement Date to the Par Call Date is less than one year, a fixed maturity of one year shall be used;

(ii) "Comparable German Bund Price" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(iii) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(iv) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage

of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at or about 03.30 p.m. Frankfurt, Germany time on the third business day (being for this purpose a day on which banks are open for business in Frankfurt and London) preceding the relevant date.

(d) **Redemption at the option of the Issuer (Issuer Par Call)**: The Issuer has the option to redeem the Bonds, in whole, or in part (in integral multiples of €1,000), at any time on or after the Par Call Date, upon giving not less than 10 days nor more than 60 days' prior notice of redemption to Bondholders (which notice shall be irrevocable), at their principal amount plus accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, the date of redemption.

(e) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the notice to Bondholders shall also specify the principal amount of Bonds drawn and the certificate number(s) of the relevant Certificate(s) representing such Bonds to be redeemed.

While the 2032 Bonds are represented by a Global Certificate and such 2032 Bonds are held on behalf of Euroclear and/or Clearstream, Luxembourg, the 2032 Bonds to be redeemed will be selected in accordance with the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction of principal amount, at their discretion), not more than 30 days prior to the date fixed for redemption.

(f) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Bonds purchased by the Issuer or any of its Subsidiaries may be held or resold or, at the discretion of the Issuer, be cancelled. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

(g) **Cancellation**: All Certificates in respect of Bonds so redeemed will be, and any Certificates in respect of Bonds purchased may be at the option of the Issuer, cancelled and thereafter may not be re-issued or resold.

6. Payments

(a) **Method of Payment**: Payment of principal and interest payable on redemption of the Bonds will be made in euro by transfer to the Registered Account (as defined below) of the Bondholder or by cheque drawn on a bank mailed to the registered address of the Bondholder if it does not have a Registered Account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of the relevant Paying Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date").

In these Conditions, "Registered Account" means a euro account maintained by the payee with a bank, details of which appear on the Register at the close of business on the sixth day before the due date of payment.

So long as the 2032 Bonds are represented by a Global Certificate and such 2032 Bonds are held on behalf of Euroclear and/or Clearstream, Luxembourg, the requirement that the relevant Certificate shall be surrendered in order to receive payment shall not apply. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(b) **Payments Subject to Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment or other laws to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payments on Business Days**: If the due date for payment of any amount of principal or interest in respect of any Bond is not a business day, then the holder thereof shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition:

"business day" means a day on which commercial banks and foreign exchange markets are open for business in the city in which the specified office of the relevant Paying Agent is located and in Tokyo and London and which is a TARGET Business Day.

"TARGET Business Day" means a day on which T2 is open for the settlement of payments in euro.

"T2" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(d) **Paying Agents, Transfer Agents and Registrar**: The initial Paying Agents, Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Transfer Agents and the Registrar and appoint additional or other Paying Agents or Transfer Agents, provided that it will maintain (i) a Fiscal Agent, (ii) a Transfer Agent, (iii) a Registrar and (iv) a Paying Agent having a specified office in Singapore, so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require. Notice of any change in the Paying Agents, the Transfer Agents, the Registrar or their specified offices will promptly be given to the Bondholders.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds held by a Japanese non-resident or a designated financial institution will be made free and clear of, and without withholding of, or deduction for or on account of, any present or future taxes imposed or levied by Japan, or any authority therein or thereof having power to tax ("Taxes") if the Bondholder establishes that the Bond is held by or for the account of a Japanese non-resident or a designated financial institution in compliance with requirements under Japanese tax laws. If such withholding or deduction in respect of the Bonds held by such Japanese non-resident or designated financial institution is required by law, the Issuer will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by such Bondholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Bond:

(a) presented for payment by or on behalf of a holder (i) who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (1) a designated financial institution that complies with the requirement to provide interest recipient information or to submit a written application for tax exemption, and (2) an individual resident of Japan or a Japanese corporation that duly notifies the relevant Paying Agent of its status as not being subject to withholding or deduction by the Issuer by reason of receipt by such individual resident of Japan or Japanese corporation of interest on the Bonds through a payment handling agent in Japan appointed by it) or (ii) who fails to comply with the Japanese tax law requirements in respect of the exemption from such withholding or deduction or (iii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of (x) being connected with Japan otherwise than by reason only of the holding of the Bond or the receipt of payment in respect of the Bond or (y) having a special relationship with the Issuer 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 Issuer"); or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth such day.

As used herein:

"designated financial institution" means a Japanese financial institution or financial instruments business operator falling under certain categories prescribed by the cabinet order under Article 6, Paragraph (11) of the Special Taxation Measures Act;

"interest recipient information" means certain information prescribed by the Special Taxation Measures Act and the cabinet order and other regulations thereunder to enable the participant to establish that such holder is exempted from the requirement for Japanese taxes to be withheld or deducted;

"Japanese non-resident" means a person that is not an individual resident of Japan or a Japanese corporation for Japanese tax purposes;

"participant" means a participant of an international clearing organisation or a financial intermediary;

"written application for tax exemption" means a written application for tax exemption (*hikazei tekiyo shinkokusho*) in a form obtainable from a Paying Agent stating, inter alia, the name and address of the Bondholders, the relevant Interest Payment Date, the amount of interest and the fact that the beneficial owner is qualified to submit the written application for tax exemption. If the Bondholders provide the relevant Paying Agent with the information required to be stated in the written application for tax exemption in an electronic form prescribed by the relevant ministerial ordinance, such Bondholders will be deemed to submit the written application for tax exemption to the relevant Paying Agent.

In these Conditions, "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

References in these Conditions to "principal" and/or "interest" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. Events of Default

If any of the following events (an "Event of Default") shall have occurred and be continuing:

(a) **Non-Payment of Interest**: the Issuer defaults in the payment of any interest on any of the Bonds when due and such failure continues for more than 30 days; or

(b) **Breach of Other Obligations**: the Issuer defaults in the performance or observance of any other covenant, condition or provision contained in the Bonds and on its part to be performed or observed and (except where such failure is not capable of remedy, when no such notice shall be required and no grace period shall apply) such default shall continue for 90 days after notice requiring such default to be remedied shall have been given to the Fiscal Agent at its specified office by any Bondholder; or

(c) **Cross-Default**: (i) the obligation to repay any indebtedness for money borrowed by the Issuer is accelerated prior to its stated maturity (otherwise than pursuant to a provision permitting prepayment at the option of the Issuer), or any such indebtedness is not paid when due (or at the expiration of any applicable grace period as originally provided), or (ii) the Issuer defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed, provided that the aggregate amount in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds $50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against Japanese yen as quoted by any leading bank on the day on which this Condition 8(c) operates) and provided further 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; or

(d) **Initiation of Insolvency Proceedings**: proceedings shall have been initiated against the Issuer seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(e) **Decree of Insolvency/Dissolution**: a final decree or order is made or issued by a court of competent jurisdiction approving a petition seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or any material part of its property, or for the winding-up, dissolution or liquidation of the Issuer in its bankruptcy or insolvency; or

(f) **Resolution for Dissolution**: a resolution is passed for the winding-up, dissolution or liquidation of the Issuer except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of English law) the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement); or

(g) **Institution of Insolvency Proceedings**: the Issuer institutes proceedings seeking with respect to itself a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or any material part of its property, or makes a general assignment for the benefit of its creditors; or

(h) **Stop Payment**: the Issuer stops payment (within the meaning of the Bankruptcy Act or any other similar applicable law of Japan or of any other jurisdiction); or

(i) **Cessation of Business**: the Issuer ceases, or through an official action of its board of directors threatens to cease, to carry on business, except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution; or

(j) **Encumbrancer**: any encumbrancer takes possession of the whole or any material part of the assets or undertakings of the Issuer or a distress, execution or other similar process is levied or enforced upon or sued out against the whole or any material part of the assets of the Issuer and is not removed, discharged or paid out within 60 days,

then any Bondholder for the time being may, by written notice given to the Fiscal Agent at its specified office, declare the principal amount of, and all interest accrued on, the Bonds held by the Bondholder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without presentment, demand, protest or other notice of any kind.

In these Conditions:

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended); and

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended).

9. Prescription

Claims in respect of principal and interest will become void unless made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Meetings of Bondholders and Modification

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent

in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to amend, vary or terminate the Deed of Covenant in a manner which would materially and adversely affect the Bondholders or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit (i) any modification of any of these Conditions or any of the provisions of the Fiscal Agency Agreement, or (ii) any waiver or authorisation of any breach or proposed breach of or any failure to comply with the Fiscal Agency Agreement, if to do so could not, in the sole opinion of the Issuer, reasonably be expected to be prejudicial to the interests of the Bondholders or if necessary to comply with mandatory provisions of the law. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination by the Issuer. Any such modification shall be binding on the Bondholders and any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

13. Notices

Notices to Bondholders will be valid if mailed to them at their respective addresses in the Register and published in one leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the later of (i) the seventh day after being so mailed and (ii) the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the 2032 Bonds are represented by a Global Certificate and such 2032 Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by these Conditions.

14. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other

currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Fiscal Agency Agreement, the Bonds, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process:** The Issuer irrevocably appoints Cogency Global (UK) Limited at its registered office for the time being in England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

CONDITIONS OF THE 2036 BONDS

The following Conditions, save for paragraphs in italics, will be endorsed on the Certificates (as defined below) evidencing the 2036 Bonds.

The issue of the €700,000,000 4.467 per cent Bonds due 2036 (the "Bonds") was authorised by a resolution of the Board of Directors of SoftBank Corp. (the "Issuer") passed on 29 January 2026. A fiscal agency agreement dated April 17, 2026 (the "Fiscal Agency Agreement") has been entered into in relation to the Bonds among the Issuer, Citicorp International Limited as fiscal agent and registrar and Citibank, N.A., London Branch as paying agent and transfer agent, and any further transfer agents and paying agents named in it. The fiscal agent, registrar, transfer agents and paying agents for the time being are referred to below, respectively, as the "Fiscal Agent", the "Registrar", the "Transfer Agents" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the certificate in respect of the Bonds. The Bonds have the benefit of a deed of covenant dated April 17, 2026 (the "Deed of Covenant") executed by the Issuer in relation to the Bonds. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Fiscal Agent or may be provided by email to such Bondholders (as defined below) requesting copies of the Fiscal Agency Agreement and the Deed of Covenant following prior written request and satisfactory proof of holdings being provided to the Fiscal Agent. Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination, Title and Transfer of Bonds

(a) **Form and Denomination**: The Bonds are serially numbered and in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof and are not exchangeable for bonds in bearer form. A bond certificate (each, a "Certificate") will be issued in respect of each holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of holders of Bonds to be kept by the Registrar in accordance with Condition 1(c)(i).

(b) **Title**: Title to the Bonds passes only by transfer and registration of title in the Register. The holder (as defined below) of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it, or its theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and "holder" mean the person in whose name the Bond is registered.

Upon issue, the 2036 Bonds will be represented by a Global Certificate deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

These Conditions applicable to the 2036 Bonds are modified by certain provisions contained in the relevant Global Certificate. Except in the limited circumstances described in such Global Certificate, owners of interests in the 2036 Bonds represented by a Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of the 2036 Bonds.

(c) Transfer of Bonds

(i) **The Register**: The Issuer will cause to be kept at the specified office of the Registrar, and in accordance with the terms of the Fiscal Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions of the Bonds.

(ii) **Transfers**: A Bond may be transferred upon the surrender at the specified offices of the Registrar or the Transfer Agent of the Certificate representing such Bond, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar and the Transfer Agent may reasonably require. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued to the transferee in respect of the Bond so transferred. Where some only of the Bonds in respect of which a Certificate is issued are transferred, a new Certificate in respect of the Bonds not so transferred will be issued. No transfer may be made which would result in the principal amount of Bonds held by a holder and in respect of which a Certificate is to be issued being less than €100,000. All transfers of the Bonds and entries on the Register will be made subject

to the detailed regulations concerning transfer of the Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Transfer Agent or the Registrar to any Bondholder upon request.

Transfers of interests in the 2036 Bonds represented by a Global Certificate will be effected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, as described in "Summary of Provisions Relating to the Bonds while in Global Form".

(iii) **Partial redemption in respect of Bonds**: In the case of a partial redemption of a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent.

(iv) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 1(c)(ii) and Condition 1(c)(iii) shall be available for delivery within three Transfer Business Days (as defined below) of surrender of the original Certificate for exchange and receipt (in the case of a transfer) of the duly completed and signed form of transfer. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent to whom delivery or surrender of the Certificate and (in the case of a transfer) such form of transfer shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address so specified (at the Issuer's expense), unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In these Conditions, "Transfer Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(v) **Formalities Free of Charge**: Registration of a transfer of Bonds and issue of Certificates in relation to a transfer or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon (A) payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require); and (B) the Issuer and the Registrar or the Transfer Agent being reasonably satisfied that the regulations concerning transfer of Bonds have been satisfied.

(vi) **No Registration of Transfer**: No Bondholder may require the transfer of a Bond to be registered (A) during the period of seven days ending on (and including) the due date for redemption pursuant to Condition 5(a), (B) after a notice of redemption has been given pursuant to Condition 5(b), 5(c) or 5(d), or (C) during the period commencing on (and including) any Interest Record Date (as defined in Condition 6(a)) and ending on the immediately following Interest Payment Date (as defined in Condition 4).

2. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 3) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond remains outstanding the Issuer will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any Securities (as defined below) upon the whole or any part of the property, assets or revenues, present or future, of the Issuer to secure (i) payment of any sum due in respect of any Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation in respect of Securities, in any such case in which:

(a) either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than Japanese yen, or such Securities are denominated in Japanese yen and more than 50 per cent of the aggregate principal amount thereof is initially offered or distributed outside Japan by or with the authorisation of the issuer thereof; and

(b) such Securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan,

unless, at the time or prior thereto, the Issuer's obligations under the Bonds (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement, in each case, as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In these Conditions, "Securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities of any person, having an original maturity of more than one year from its date of issue.

4. Interest

The Bonds bear interest from and including April 17, 2026 at the rate of 4.467 per cent per annum, payable annually in arrear in the amount of €44.67 per Calculation Amount (as defined below) on June 30, in each year (each an "Interest Payment Date"), except that the first payment of interest, to be made on June 30, 2026, will be in respect of the period from and including April 17, 2026 to but excluding June 30, 2026 and will amount to €9.06 per Calculation Amount. Each Bond will cease to bear interest from the due date for redemption unless, upon due surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

The day-count fraction will be calculated on the following basis:

(a) if the Accrual Period (as defined below) is equal to or shorter than the Interest Determination Period (as defined below) during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the number of days in such Interest Determination Period; and

(b) if the Accrual Period is longer than one Interest Determination Period, the day-count fraction will be the sum of:

  (i) the number of days in such Accrual Period falling in the Interest Determination Period in which it begins divided by the number of days in such Interest Determination Period; and

  (ii) the number of days in such Accrual Period falling in the next Interest Determination Period divided by the number of days in such Interest Determination Period.

In these Conditions, the period beginning on and including June 30, in any year and ending on but excluding the next June 30, is called an "Interest Determination Period", and "Accrual Period" means the relevant period for which interest is to be calculated (beginning on and including the first day of such relevant period and ending on but excluding the last day of such relevant period). Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any Accrual Period (other than an Accrual Period in respect of which a fixed coupon amount is specified above) shall be equal to the product of 4.467 per cent, the Calculation Amount and the day-count fraction for the Accrual Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the 2036 Bonds are evidenced by a Global Certificate and such 2036 Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate principal amount of such 2036 Bonds represented by the Global Certificate.

5. Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on June 30, 2036. The Bonds may not be redeemed at the option of the Issuer other than in accordance with these Conditions.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7) as a result of any change in, amendment to, or

judicial decision relating 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 the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after April 17, 2026, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Representative Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of tax counsel of recognised standing confirming such facts. The Fiscal Agent shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate and opinion.

(c) **Redemption at the option of the Issuer (Issuer Make-Whole Call)**: The Bonds may be redeemed at the option of the Issuer in whole, or in part (in integral multiples of €1,000), on any date (each, a "Call Settlement Date") prior to March 30, 2036 (the "Par Call Date") on giving not less than 10 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable) at a redemption price equal to the greater of:

(i) 100 per cent of the principal amount of the Bonds being redeemed; or

(ii) the present value at such Call Settlement Date of (x) the principal amount of the Bonds being redeemed at the Par Call Date plus (y) all required interest payments due on the Bonds being redeemed through the Par Call Date (excluding accrued but unpaid interest to the Call Settlement Date), discounted to such Call Settlement Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Bund Rate plus 25 basis points,

plus, in each case, accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, the Call Settlement Date.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the relevant Bonds in accordance with this Condition 5(c).

For the purposes of this Condition 5(c):

"Bund Rate" means, with respect to any Call Settlement Date, the rate per annum equal to the equivalent yield to maturity as of the third business day prior to such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination, where:

(i) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Call Settlement Date to the Par Call Date, and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Bonds and of a maturity most nearly equal to the Par Call Date; provided, however, that, if the period from such Call Settlement Date to the Par Call Date is less than one year, a fixed maturity of one year shall be used;

(ii) "Comparable German Bund Price" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(iii) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(iv) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage

of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at or about 03.30 p.m. Frankfurt, Germany time on the third business day (being for this purpose a day on which banks are open for business in Frankfurt and London) preceding the relevant date.

(d) **Redemption at the option of the Issuer (Issuer Par Call)**: The Issuer has the option to redeem the Bonds, in whole, or in part (in integral multiples of €1,000), at any time on or after the Par Call Date, upon giving not less than 10 days nor more than 60 days' prior notice of redemption to Bondholders (which notice shall be irrevocable), at their principal amount plus accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, the date of redemption.

(e) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the notice to Bondholders shall also specify the principal amount of Bonds drawn and the certificate number(s) of the relevant Certificate(s) representing such Bonds to be redeemed.

While the 2036 Bonds are represented by a Global Certificate and such 2036 Bonds are held on behalf of Euroclear and/or Clearstream, Luxembourg, the 2036 Bonds to be redeemed will be selected in accordance with the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction of principal amount, at their discretion), not more than 30 days prior to the date fixed for redemption.

(f) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Bonds purchased by the Issuer or any of its Subsidiaries may be held or resold or, at the discretion of the Issuer, be cancelled. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

(g) **Cancellation**: All Certificates in respect of Bonds so redeemed will be, and any Certificates in respect of Bonds purchased may be at the option of the Issuer, cancelled and thereafter may not be re-issued or resold.

6. Payments

(a) **Method of Payment**: Payment of principal and interest payable on redemption of the Bonds will be made in euro by transfer to the Registered Account (as defined below) of the Bondholder or by cheque drawn on a bank mailed to the registered address of the Bondholder if it does not have a Registered Account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of the relevant Paying Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date").

In these Conditions, "Registered Account" means a euro account maintained by the payee with a bank, details of which appear on the Register at the close of business on the sixth day before the due date of payment.

So long as the 2036 Bonds are represented by a Global Certificate and such 2036 Bonds are held on behalf of Euroclear and/or Clearstream, Luxembourg, the requirement that the relevant Certificate shall be surrendered in order to receive payment shall not apply. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(b) **Payments Subject to Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment or other laws to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payments on Business Days**: If the due date for payment of any amount of principal or interest in respect of any Bond is not a business day, then the holder thereof shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition:

"business day" means a day on which commercial banks and foreign exchange markets are open for business in the city in which the specified office of the relevant Paying Agent is located and in Tokyo and London and which is a TARGET Business Day.

"TARGET Business Day" means a day on which T2 is open for the settlement of payments in euro.

"T2" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(d) **Paying Agents, Transfer Agents and Registrar**: The initial Paying Agents, Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Transfer Agents and the Registrar and appoint additional or other Paying Agents or Transfer Agents, provided that it will maintain (i) a Fiscal Agent, (ii) a Transfer Agent, (iii) a Registrar and (iv) a Paying Agent having a specified office in Singapore, so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require. Notice of any change in the Paying Agents, the Transfer Agents, the Registrar or their specified offices will promptly be given to the Bondholders.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds held by a Japanese non-resident or a designated financial institution will be made free and clear of, and without withholding of, or deduction for or on account of, any present or future taxes imposed or levied by Japan, or any authority therein or thereof having power to tax ("Taxes") if the Bondholder establishes that the Bond is held by or for the account of a Japanese non-resident or a designated financial institution in compliance with requirements under Japanese tax laws. If such withholding or deduction in respect of the Bonds held by such Japanese non-resident or designated financial institution is required by law, the Issuer will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by such Bondholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Bond:

(a) presented for payment by or on behalf of a holder (i) who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (1) a designated financial institution that complies with the requirement to provide interest recipient information or to submit a written application for tax exemption, and (2) an individual resident of Japan or a Japanese corporation that duly notifies the relevant Paying Agent of its status as not being subject to withholding or deduction by the Issuer by reason of receipt by such individual resident of Japan or Japanese corporation of interest on the Bonds through a payment handling agent in Japan appointed by it) or (ii) who fails to comply with the Japanese tax law requirements in respect of the exemption from such withholding or deduction or (iii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of (x) being connected with Japan otherwise than by reason only of the holding of the Bond or the receipt of payment in respect of the Bond or (y) having a special relationship with the Issuer 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 Issuer"); or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth such day.

As used herein:

"designated financial institution" means a Japanese financial institution or financial instruments business operator falling under certain categories prescribed by the cabinet order under Article 6, Paragraph (11) of the Special Taxation Measures Act;

"interest recipient information" means certain information prescribed by the Special Taxation Measures Act and the cabinet order and other regulations thereunder to enable the participant to establish that such holder is exempted from the requirement for Japanese taxes to be withheld or deducted;

"Japanese non-resident" means a person that is not an individual resident of Japan or a Japanese corporation for Japanese tax purposes;

"participant" means a participant of an international clearing organisation or a financial intermediary;

"written application for tax exemption" means a written application for tax exemption (*hikazei tekiyo shinkokusho*) in a form obtainable from a Paying Agent stating, inter alia, the name and address of the Bondholders, the relevant Interest Payment Date, the amount of interest and the fact that the beneficial owner is qualified to submit the written application for tax exemption. If the Bondholders provide the relevant Paying Agent with the information required to be stated in the written application for tax exemption in an electronic form prescribed by the relevant ministerial ordinance, such Bondholders will be deemed to submit the written application for tax exemption to the relevant Paying Agent.

In these Conditions, "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

References in these Conditions to "principal" and/or "interest" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. Events of Default

If any of the following events (an "Event of Default") shall have occurred and be continuing:

(a) **Non-Payment of Interest**: the Issuer defaults in the payment of any interest on any of the Bonds when due and such failure continues for more than 30 days; or

(b) **Breach of Other Obligations**: the Issuer defaults in the performance or observance of any other covenant, condition or provision contained in the Bonds and on its part to be performed or observed and (except where such failure is not capable of remedy, when no such notice shall be required and no grace period shall apply) such default shall continue for 90 days after notice requiring such default to be remedied shall have been given to the Fiscal Agent at its specified office by any Bondholder; or

(c) **Cross-Default**: (i) the obligation to repay any indebtedness for money borrowed by the Issuer is accelerated prior to its stated maturity (otherwise than pursuant to a provision permitting prepayment at the option of the Issuer), or any such indebtedness is not paid when due (or at the expiration of any applicable grace period as originally provided), or (ii) the Issuer defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed, provided that the aggregate amount in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds $50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against Japanese yen as quoted by any leading bank on the day on which this Condition 8(c) operates) and provided further 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; or

(d) **Initiation of Insolvency Proceedings**: proceedings shall have been initiated against the Issuer seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(e) **Decree of Insolvency/Dissolution**: a final decree or order is made or issued by a court of competent jurisdiction approving a petition seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or any material part of its property, or for the winding-up, dissolution or liquidation of the Issuer in its bankruptcy or insolvency; or

(f) **Resolution for Dissolution**: a resolution is passed for the winding-up, dissolution or liquidation of the Issuer except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of English law) the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement); or

(g) **Institution of Insolvency Proceedings**: the Issuer institutes proceedings seeking with respect to itself a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or any material part of its property, or makes a general assignment for the benefit of its creditors; or

(h) **Stop Payment**: the Issuer stops payment (within the meaning of the Bankruptcy Act or any other similar applicable law of Japan or of any other jurisdiction); or

(i) **Cessation of Business**: the Issuer ceases, or through an official action of its board of directors threatens to cease, to carry on business, except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution; or

(j) **Encumbrancer**: any encumbrancer takes possession of the whole or any material part of the assets or undertakings of the Issuer or a distress, execution or other similar process is levied or enforced upon or sued out against the whole or any material part of the assets of the Issuer and is not removed, discharged or paid out within 60 days,

then any Bondholder for the time being may, by written notice given to the Fiscal Agent at its specified office, declare the principal amount of, and all interest accrued on, the Bonds held by the Bondholder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without presentment, demand, protest or other notice of any kind.

In these Conditions:

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended); and

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended).

9. Prescription

Claims in respect of principal and interest will become void unless made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Meetings of Bondholders and Modification

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent

in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to amend, vary or terminate the Deed of Covenant in a manner which would materially and adversely affect the Bondholders or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit (i) any modification of any of these Conditions or any of the provisions of the Fiscal Agency Agreement, or (ii) any waiver or authorisation of any breach or proposed breach of or any failure to comply with the Fiscal Agency Agreement, if to do so could not, in the sole opinion of the Issuer, reasonably be expected to be prejudicial to the interests of the Bondholders or if necessary to comply with mandatory provisions of the law. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination by the Issuer. Any such modification shall be binding on the Bondholders and any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

13. Notices

Notices to Bondholders will be valid if mailed to them at their respective addresses in the Register and published in one leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the later of (i) the seventh day after being so mailed and (ii) the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the 2036 Bonds are represented by a Global Certificate and such 2036 Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by these Conditions.

14. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other

currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Fiscal Agency Agreement, the Bonds, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process:** The Issuer irrevocably appoints Cogency Global (UK) Limited at its registered office for the time being in England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

Transfers of interests in the Bonds in respect of which the Global Certificate is issued shall be effected through the records of the relevant clearing system and their respective participants in accordance with the rules and procedures of the relevant clearing system and their respective direct and indirect participants.

Transfers of the holding of the Bonds represented by the Global Certificate pursuant to Condition 1(c) of the relevant Series may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Bond is not paid when due,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the holder has given the Registrar (as defined in the Conditions) not less than 30 days' prior notice at its specified office of the holder's intention to effect such transfer.

Upon issue, each Series will be represented by the Global Certificate. In the event that definitive certificates for the Bonds are issued, a Bondholder who holds a principal amount of less than €100,000 will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Bonds such that it holds an amount of €100,000 or above in integral multiples of €1,000 thereof.

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of the Bonds evidenced by the Global Certificate will be made without presentation or surrender of the Global Certificate to or to the order of the Fiscal Agent (as defined in the Conditions) or such other Paying Agent (as defined in the Conditions) as shall have been notified to the Bondholders for such purpose, provided that for the purposes of the definition of "business day" in Condition 6(c) there shall be no requirement for it to be a business day in the specified office of the relevant Paying Agent.

All payments in respect of the Bonds represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register (as defined in the Conditions) at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except December 25 and January 1.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, the Company has promised, *inter alia*, to pay interest in respect of such Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation of interest is made in respect of the total aggregate principal amount of the Bonds represented by the Global Certificate (rather than per Calculation Amount (as defined in the Conditions)).

Partial Redemption

So long as any Bonds are evidenced by the Global Certificate and the Global Certificate is registered in the name of a nominee on behalf of a clearing system, the Bonds to be redeemed shall be selected in accordance with the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction of principal amount, at their discretion), not more than 30 days prior to the date fixed for redemption. Notices of redemption in the case of partial redemption is not required to include the identifying number(s) of the relevant Certificate(s) in respect of the Bonds to be redeemed.

Notices

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is registered in the name of a nominee on behalf of Euroclear and/or Clearstream, Luxembourg or any other clearing system, notices to Bondholders, including notices of redemption, shall be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or, as the case may be, such other clearing system, for communication by it to accountholders entitled to the Bonds in substitution for publication and mailing as required by the Conditions. Such notices shall be deemed to have been given in accordance with the Conditions on the date of delivery to the relevant clearing system.

Meetings

The holder of the Bonds in respect of which the Global Certificate is issued shall be treated as being two persons for the purposes of any quorum requirements of a meeting of the Bondholders in respect of the Bonds and, at any such meeting, as having one vote in respect of each €1,000 of the Bonds in respect of which the Global Certificate is issued.

Written Resolution/Electronic Consent

While the Global Certificate is registered in the name of any nominee for, or a nominee for any common depositary for, a clearing system, then (a) approval of a resolution proposed by the Company given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent in nominal amount of the Bonds then outstanding (an "Electronic Consent" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an extraordinary resolution to be passed at a meeting subject to a special quorum), take effect as an extraordinary resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, subject to certain requirements set out in the Fiscal Agency Agreement, the Company shall be entitled to rely on consent or instructions given in writing directly to the Company by accountholders in the relevant clearing system with entitlements to the Bonds evidenced by Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries.

Default

If principal in respect of any Bond is not paid when due and payable, the holder of a Bond represented by the Global Certificate may elect for direct enforcement rights against the Company under the terms of the Deed of Covenant (as defined in the Conditions) to come into effect in relation to a principal amount of the Bonds up to an aggregate principal amount in respect of which failure to pay has occurred in favor of the persons entitled to such part of such Bonds as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Certificate and the corresponding entry in the Register kept by the Registrar will become void as to the specified Bonds.

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, 2023, 2024 and 2025. The selected consolidated financial data set forth below as of and for the fiscal years ended March 31, 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 year ended March 31, 2025, with the corresponding figures presented as comparative information for the year ended March 31, 2024, 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, 2023 have been derived from the comparative figures as of and for the fiscal year ended March 31, 2023 included in our audited consolidated financial statements as of and for the fiscal year ended March 31, 2024, which are not included in this offering circular.

The following tables also set forth our unaudited condensed interim consolidated financial and other data as of December 31, 2025 and for each of the nine months ended December 31, 2024 and 2025. The selected condensed interim consolidated financial data set forth below as of December 31, 2025 and for the nine months ended December 31, 2024 and 2025 have been derived from, and should be read in conjunction with, our unaudited condensed interim consolidated financial statements as of and for the nine months ended December 31, 2025 and the related notes included elsewhere herein.

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 "Recent Business and Recent Development" and our consolidated financial statements and related notes included elsewhere herein.

	For the fiscal year ended March 31,			For the nine months ended December 31,	
	2023	2024	2025	2024	2025
			(Billions of yen)		
Consolidated Statement of Income Data:					
Revenue	¥ 5,912.0	¥ 6,084.0	¥ 6,544.3	¥ 4,811.5	¥ 5,195.4
Cost of sales	(3,194.1)	(3,150.7)	(3,384.1)	(2,440.2)	(2,647.9)
Gross profit	2,717.9	2,933.3	3,160.2	2,371.3	2,547.5
Selling, general and administrative expenses	(1,964.6)	(2,081.8)	(2,200.6)	(1,585.4)	(1,715.9)
Other operating income	321.4	30.2	43.2	43.2	58.9
Other operating expenses	(14.6)	(5.7)	(13.8)	(7.2)	(6.4)
Operating income	1,060.2	876.1	989.0	821.9	884.1
Gain on changes in equity interest	5.3	20.4	4.6	3.3	—
Share of losses of associates accounted for using the equity method	(53.2)	(22.2)	(9.7)	(6.1)	(6.3)
Financing income	11.9	12.9	11.7	9.9	14.4
Financing costs	(117.2)	(61.4)	(117.4)	(89.5)	(76.0)
Gain on sales of equity method investments	1.1	5.2	3.7	4.3	10.8
Impairment loss on equity method investments.	(45.2)	(25.1)	(1.9)	—	(7.2)
Profit before income taxes	862.9	805.9	880.1	743.8	819.9
Income taxes	(208.7)	(215.6)	(224.8)	(199.1)	(170.8)
Net income	¥ 654.1	¥ 590.3	¥ 655.3	¥ 544.7	¥ 649.0
Net income attributable to:					
Owners of the Company	531.4	489.1	526.1	436.6	485.5
Non-controlling interests	122.8	101.2	129.2	108.1	163.5

	As of March 31,			As of December 31,
	2023	2024	2025	2025
			(Billions of yen)	
Consolidated Statement of Financial Position Data:				
Assets:				
Current assets				
Cash and cash equivalents	¥ 2,059.2	¥ 1,992.9	¥ 1,435.5	¥ 1,577.5
Trade and other receivables	2,389.7	2,661.0	2,805.6	3,099.8
Other financial assets	194.9	229.7	260.2	434.5
Inventories	159.1	155.1	191.5	226.2
Other current assets	145.1	186.8	165.8	203.8
Assets classified as held for sale	—	42.6	—	—
Total current assets	4,948.1	5,268.0	4,858.7	5,541.8
Non-current assets				
Property, plant and equipment	1,673.7	1,768.8	1,967.0	1,965.4
Right-of-use assets	763.6	662.2	749.2	756.4
Goodwill	1,994.3	2,049.4	2,068.5	2,186.8
Intangible assets	2,529.1	2,505.5	2,531.5	2,592.3
Contract costs	334.3	319.1	384.5	426.5
Investments accounted for using the equity method	218.2	251.5	273.1	223.7
Investment securities	241.3	272.8	255.1	331.7
Investment securities in banking business	288.8	522.2	747.1	1,158.9
Other financial assets	1,528.7	1,755.6	2,099.5	2,815.8
Deferred tax assets	59.6	46.5	65.1	130.5
Other non-current assets	102.5	100.2	103.1	113.6
Total non-current assets	9,734.1	10,253.9	11,243.5	12,701.8
Total assets	14,682.2	15,521.9	16,102.2	18,243.7
Liabilities:				
Current liabilities				
Interest-bearing debt	2,064.2	2,381.6	1,646.5	1,917.1
Trade and other payables	2,317.4	2,535.1	2,828.6	3,211.8
Contract liabilities	116.2	128.3	137.2	167.8
Deposits for banking business	1,472.3	1,643.2	1,796.0	2,551.3
Other financial liabilities	6.7	1.7	2.7	4.7
Income taxes payable	116.2	125.9	122.8	95.1
Provisions	63.6	33.3	52.9	57.6
Other current liabilities	216.0	226.6	248.3	258.2
Liabilities directly associated with assets classified as held for sale	—	9.6	—	—
Total current liabilities	6,372.6	7,085.3	6,835.2	8,263.6
Non-current liabilities				
Interest-bearing debt	4,070.3	3,939.3	4,315.6	4,700.5
Other financial liabilities	30.2	45.3	104.7	161.6
Provisions	94.1	99.5	142.4	149.7
Deferred tax liabilities	341.2	301.9	322.2	356.6
Other non-current liabilities	90.6	115.1	116.6	121.2
Total non-current liabilities	4,626.5	4,501.0	5,001.6	5,489.6
Total liabilities	10,999.1	11,586.3	11,836.8	13,753.3
Equity:				
Total equity	3,683.1	3,935.6	4,265.4	4,490.4
Total equity attributable to owners of the Company	2,224.9	2,377.1	2,743.6	2,856.8
Total liabilities and equity	14,682.2	15,521.9	16,102.2	18,243.7

	As of and for the fiscal year ended March 31,			As of and for the nine months ended December 31,	
	2023	2024	2025	2024	2025
	(Billions of yen, except percentages, ratios and per share amounts)				
Consolidated Statement of Cash Flows Data:					
Net cash inflow from operating activities	¥1,155.8	¥1,239.7	¥1,367.9	¥1,212.6	¥1,093.6
Net cash outflow from investing activities	(154.8)	(927.6)	(995.2)	(706.5)	(969.8)
Net cash outflow from financing activities	(495.3)	(357.1)	(956.4)	(643.0)	0.7
Other Data:					
Operating margin[1]	17.9%	14.4%	15.1%	17.1%	17.0%
Net income margin[2]	9.0%	8.0%	8.0%	9.1%	9.3%
Shareholders equity ratio[3]	15.2%	15.3%	17.0%	16.2%	15.7%
Ratio of total equity to total assets[4]	25.1%	25.4%	26.5%	25.5%	24.6%
Ratio of interest-bearing debt to cash flows[5]	5.3x	5.1x	4.4x	5.1x	6.1x
Interest paid	¥ 61.4	¥ 62.9	¥ 78.5	¥ 57.8	¥ 64.6
Interest coverage ratio[6]	25.5x	26.5x	22.3x	23.7x	22.0x
Ratios:					
ROE[7]	25.4%	21.3%	20.5%	17.4%	17.3%
Amounts per share (yen):					
Basic EPS[8]	11.3	10.3	11.0	9.2	10.0
Dividends per share[9]	86.00	86.00	—	43.00	4.30
Segment Revenue:					
Consumer[10][11]	¥2,882.9	¥2,822.6	¥2,952.9	¥2,181.0	¥2,253.2
Enterprise[10][11]	791.8	833.9	922.4	673.6	733.2
Distribution[10]	590.0	646.6	889.5	616.0	773.6
Media & EC[10][15]	1,561.7	1,614.1	1,678.1	1,216.7	1,226.1
Financial[10][15]	142.3	232.8	277.3	238.4	295.4
Other businesses[10][11]	111.8	116.5	123.4	83.0	97.3
Adjustments[11][12]	(168.6)	(182.5)	(299.2)	(197.3)	(183.5)
Revenue	¥5,912.0	¥6,084.0	¥6,544.3	¥4,811.5	¥5,195.4
Segment Income:					
Consumer[11][13]	¥ 461.6	¥ 495.2	¥ 530.4	¥ 440.5	¥ 468.3
Enterprise[11][13]	139.6	166.8	170.3	140.4	158.1
Distribution[13]	24.3	26.2	30.4	23.8	30.8
Media & EC[13][15]	159.7	198.0	267.3	211.5	206.3
Financial[13][15]	(12.4)	(5.0)	33.2	32.6	66.0
Other businesses[11][13]	289.0	(10.1)	(36.5)	(22.3)	(44.4)
Adjustments[11][14]	(1.6)	4.9	(6.1)	(4.7)	(1.0)
Operating income	¥1,060.2	¥ 876.1	¥ 989.0	¥ 821.9	¥ 884.1

Notes:

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

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

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

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

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

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

(7) 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.

(8) 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 stock was split into 10 shares, with the effective date being October 1, 2024. For the fiscal years ended March 31, 2023, 2024 and 2025, and for the nine months ended December 31, 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, 2023.

(9) 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 years ended March 31, 2023 and 2024, and for the nine months ended December 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.

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

(11) 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.

(12) Adjustments include elimination of intersegment transactions and transferred revenue.

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

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

(15) Starting in the fiscal year ending March 31, 2026, PayPay Bank Corporation, previously classified under the "Media & EC" segment, has been transferred to the "Financial" segment following its acquisition by PayPay Corporation in April 2025. In accordance with this change, figures for the nine months ended December 31, 2024 have been retrospectively adjusted. No such retrospective adjustments have been made to the figures for the fiscal years ended March 31, 2023, 2024 and 2025.

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.

	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[1]:					
Main subscribers[2]	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[3]	266	183	120	—	64
Cumulative subscribers[1]	49,896	50,438	51,247	—	52,281
Mobile ARPU[4]:					
Mobile ARPU	¥ 3,910	¥ 3,880	¥ 3,840	¥3,780	¥ 3,850
Churn rate[5]:					
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[1]:					
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[6]	343	319	291	—	256
Cumulative subscribers[1]	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[6]	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					
Main subscribers[2]	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[1]	52,738	53,950	54,636	—	55,635
Mobile ARPU[4]:					
Mobile ARPU	¥ 3,720	¥ 3,750	¥ 3,740	¥3,750	¥ 3,740
Churn rate[5]:					
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%

	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 Broadband Telecommunications Business					
Cumulative subscribers[1]:					
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[6]	241	220	200	—	177
Cumulative subscribers[1]	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[6]	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[1]:					
Main subscribers[2]	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[1]	52,564	53,362	54,443	—	55,722
Mobile ARPU[4]:					
Mobile ARPU	¥ 3,730	¥ 3,750	¥ 3,760	¥3,730	¥ 3,740
Churn rate[5]:					
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[1]:					
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[1]	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

	As of and for the three months ended		
	June 30, 2025	September 30, 2025	December 31, 2025
	(Thousands of subscribers, yen or percentages)		
Key Performance Indicators for Mobile Telecommunications Business			
Cumulative subscribers[1]:			
Main subscribers[2]	41,356	41,521	41,418
Smartphones	31,951	32,059	31,958
Communication modules and others	15,244	15,760	16,059
Cumulative subscribers[1]	56,600	57,281	57,477
Mobile ARPU[4]:			
Mobile ARPU	¥ 3,700	¥ 3,720	¥ 3,750
Churn rate[5]:			
Main subscriber churn rate	1.29%	1.36%	1.38%
Smartphone churn rate	1.36%	1.41%	1.45%
Key Performance Indicators for Broadband Telecommunications Business			
Cumulative subscribers[1]:			
SoftBank Hikari (includes SoftBank Air)	8,030	8,046	8,033
Yahoo! BB Hikari with FLET'S	476	466	456
Cumulative subscribers[1]	8,506	8,512	8,489
ARPU:			
SoftBank Hikari (includes SoftBank Air)	¥ 4,080	¥ 4,080	¥ 4,150
Yahoo! BB Hikari with FLET'S	1,590	1,590	1,590

Notes:

(1) "Cumulative subscribers" means the total number of subscribers as of each date set forth in the table and does not include subscribers who have terminated their subscriptions prior to such date.

(2) 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.

(3) 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 and as of and for the nine months ended December 31, 2025.

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

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

(6) *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 and as of and for the nine months ended December 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 and December 31, 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,			For the nine-months ended December 31,	
	2023	2024	2025	2024	2025
	(Billions of yen, percentages and ratios)				
On a consolidated basis:					
Adjusted EBITDA	¥1,566.4	¥1,667.7	¥1,753.1	¥1,371.8	¥1,423.9
Adjusted EBITDA margin	26.5%	27.4%	26.8%	28.5%	27.4%
Net interest-bearing debt	¥4,020.1	¥4,283.0	¥4,482.1	¥4,283.3	¥4,988.0
Net leverage ratio	2.6x	2.6x	2.6x	2.5x	2.8x
Excluding the Non-Primary Entities:					
Adjusted EBITDA[(1)]	¥1,240.3	¥1,274.5	¥1,299.4	—	—
Primary free cash flow	¥ 618.6	¥ 607.7	¥ 603.3	¥ 540.9	¥ 498.1
Adjusted net interest-bearing debt	¥3,041.3	¥3,026.8	¥3,044.4	¥2,943.3	¥3,067.5
Adjusted net leverage ratio	2.5x	2.4x	2.3x	2.3x	2.3x

Note:

(1) Adjusted EBITDA for the 12 months ended December 31, 2024 and 2025 was ¥1,284.8 billion and ¥1,333.7 billion, respectively.

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 EBITDA 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, PayPay Bank 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 and *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 or period. 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,			For the nine months ended December 31,	
	2023	**2024**	**2025**	**2024**	**2025**
			(Billions of yen)		
Reconciliation of adjusted EBITDA from net income and operating income:					
Net income	¥ 654.1	¥ 590.3	¥ 655.3	¥ 544.7	¥ 649.0
Add: Income taxes	208.7	215.6	224.8	199.1	170.8
Add: Impairment loss on equity method investments	45.2	25.1	1.9	—	7.2
Subtract: Gain on sales of equity method investments	(1.1)	(5.2)	(3.7)	(4.3)	(10.8)
Add: Financing costs	117.2	61.4	117.4	89.5	76.0
Subtract: Financing income	(11.9)	(12.9)	(11.7)	(9.9)	(14.4)
Add: Share of losses of associates accounted for using the equity method.	53.2	22.2	9.7	6.1	6.3
Subtract: Gain on changes in equity interest	(5.3)	(20.4)	(4.6)	(3.3)	—
Operating income	¥1,060.2	¥ 876.1	¥ 989.0	¥ 821.9	¥ 884.1
Add: Depreciation and amortization[1]	795.1	769.1	770.0	566.2	587.8
Add: Stock compensation expenses	21.8	23.0	19.3	15.6	9.7
Subtract: Gain on sale of business	—	(10.5)	—	—	—
Subtract: Gain on loss of control over subsidiaries	(3.5)	(4.8)	(39.0)	(39.0)	—
Subtract: Remeasurement gain on step acquisition	(310.1)	—	—	—	(58.9)
Add: Impairment loss	5.6	14.7	13.8	7.2	1.1
Subtract: Other	(2.7)	—	—	—	—
Adjusted EBITDA on a consolidated basis[2]	¥1,566.4	¥1,667.7	¥1,753.1	¥1,371.8	¥1,423.9
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, ¥748.0 billion, ¥553.5 billion and ¥578.0 billion of depreciation and amortization for the fiscal years ended March 31, 2023, 2024 and 2025 and the nine months ended December 31, 2024 and 2025, respectively, and ¥30.9 billion, ¥25.3 billion, ¥22.0 billion, ¥12.6 billion and ¥9.7 billion of loss on disposal of property, plant and equipment and intangible assets for the fiscal years ended March 31, 2023, 2024 and 2025 and the nine months ended December 31, 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. Adjusted EBITDA excluding the Non-Primary Entities for the 12 months ended December 31, 2024 and 2025 was ¥1,284.8 billion and ¥1,333.7 billion, respectively.

	For the fiscal year ended March 31,			For the nine months ended December 31,	
	2023	2024	2025	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	¥1,371.8	¥1,423.9
Divide by: Revenue	5,912.0	6,084.0	6,544.3	4,811.5	5,195.4
Adjusted EBITDA margin on a consolidated basis[(1)]	26.5%	27.4%	26.8%	28.5%	27.4%

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,			For the nine months ended December 31,	
	2023	2024	2025	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	¥1,212.6	¥1,093.6
Net cash outflow from investing activities representing purchases of equipment[(1)]	(607.5)	(552.2)	(743.5)	(475.7)	(441.5)
Net cash inflow (outflow) from investing activities other than purchases of equipment[(2)]	452.8	(375.4)	(251.7)	(230.8)	(528.3)
Free cash flow	1,001.0	312.1	372.7	506.1	123.8
Effect of securitization of installment sale receivables:					
Proceeds from securitization of installment sale receivables[(3)]	378.1	458.8	370.6	338.6	531.4
Payments on securitizations of installment sale receivables[(3)]	(358.5)	(380.9)	(379.2)	(276.6)	(317.8)
Total effect of securitization of installment sale receivables	19.6	77.9	(8.6)	62.1	213.6
Effect of free cash flow from Non-Primary Entities[(4)]	(420.6)	130.8	(15.2)	(153.9)	100.4
Other adjustments[(5)]:	18.7	12.0	87.7	87.7	33.2
Adjusted free cash flow	618.6	532.8	436.5	501.9	470.9
Long-term growth investments[(6)]	—	74.9	166.9	39.0	27.1
Primary free cash flow[(7)]	¥ 618.6	¥ 607.7	¥ 603.3	¥ 540.9	¥ 498.1

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 (payments for) obtaining control of subsidiaries," 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, PayPay Bank 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,			As of and for the nine months ended December 31,	
	2023	2024	2025	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	¥4,414.6	¥ 4,664.9
Borrowings	1,246.4	1,010.5	850.9	880.5	970.5
Securitization of sales receivables	792.0	859.7	850.3	918.2	1,071.3
Lease liabilities	1,062.6	1,051.5	937.5	985.8	847.2
Corporate bonds	578.7	827.8	1,023.3	907.9	1,144.7
Impact from IFRS 16 (Lease expense of network equipment/properties and others)	479.4	498.0	596.3	596.1	601.7
Other	88.5	213.8	20.5	126.2	29.5
Non-Primary Entities	1,886.9	1,859.5	1,683.3	1,801.3	1,952.7
Total interest-bearing debt	6,134.5	6,320.9	5,962.2	6,215.8	6,617.6
Cash and cash equivalent and cash reserves for securitization of sales receivables:					
Excluding the Non-Primary Entities	469.6	619.9	428.6	594.7	578.2
Cash and cash equivalents	414.3	574.9	384.1	553.1	526.1
Cash reserves for securitization of sales receivables	55.3	45.0	44.5	41.7	52.1
Non-Primary Entities	1,644.8	1,418.0	1,051.4	1,337.8	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	1,932.5	1,629.6
Net Interest-bearing debt	¥4,020.1	¥4,283.0	¥4,482.1	¥4,283.3	¥ 4,988.0
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	¥4,414.6	¥ 4,664.9
Subtract: Cash and cash equivalents and cash reserves for securitization of sales receivables (excluding the Non-Primary Entities)	(469.6)	(619.9)	(428.6)	(594.7)	(578.2)
Subtract: Securitization of sales receivables (excluding the Non-Primary Entities)	(792.0)	(859.7)	(850.3)	(918.2)	(1,071.3)
Add: Cash reserves for securitization of sales receivables (excluding the Non-Primary Entities)	55.3	45.0	44.5	41.7	52.1
Adjusted net interest-bearing debt (excluding the Non-Primary Entities)	¥3,041.3	¥3,026.8	¥3,044.4	¥2,943.3	¥ 3,067.5

	As of and for the fiscal year ended March 31,			As of and for the nine months ended December 31,	
	2023	2024	2025	2024	2025
	(Billions of yen and ratios)				
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	¥4,283.3	¥4,988.0
Divide by: Adjusted EBITDA on a consolidated basis	1,566.4	1,667.7	1,753.1	1,730.4	1,805.2
Net leverage ratio	2.6x	2.6x	2.6x	2.5x	2.8x
Adjusted net interest-bearing debt (excluding the Non-Primary Entities)	¥3,041.3	¥3,026.8	¥3,044.4	¥2,943.4	¥3,067.5
Divide by: Adjusted EBITDA (excluding the Non-Primary Entities)	1,240.3	1,274.5	1,299.4	1,284.8	1,333.7
Adjusted net leverage ratio (excluding the Non-Primary Entities)	2.5x	2.4x	2.3x	2.3x	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, PayPay Bank Corporation and PayPay Securities Corporation, as well as the intermediate holding companies through which the Company holds such subsidiaries, namely AHD and BHD.

RECENT BUSINESS AND RECENT DEVELOPMENT

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 "Investment Considerations" and elsewhere herein.

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 IPO. After publicly submitting a draft registration statement on Form F-1 to the SEC in February 2026 (and an amendment in March 2026) relating to the proposed IPO, on March 12, 2026, PayPay Corporation announced that it has priced the IPO of 54,987,214 ADSs representing its common shares at a price of $16 per ADS (including 8,653,079 ADSs being offered in a public offering in Japan at the same price). Of such ADSs offered, 31,054,254 ADSs are being offered by PayPay Corporation and 23,932,960 ADSs are being offered by the selling shareholder, SVF II Piranha (DE) LLC, an investment fund ultimately controlled by SoftBank Group Corp. PayPay Corporation has granted the underwriters an option to purchase up to an additional 8,248,081 ADSs to cover over-allotments, if any, for 30 days after March 11, 2026. The IPO closed on March 13, 2026 (U.S. time) and the underwriters' option to purchase up to an additional 8,248,081 was fully exercised on March 27, 2026 (U.S. time). Immediately after the full exercise of such underwriters' option, we held 62.17% of the total voting rights of PayPay Corporation. We intend that PayPay Corporation will remain as our consolidated subsidiary following the completion of the IPO. We do not expect that the IPO would have a material effect on our consolidated results or financial position.

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. On November 28, 2025, we further issued and sold three series of unsecured straight yen-denominated domestic bonds, the 30th Series Unsecured Bond due in November 2030, the 31st Series Unsecured Bond due in November 2032 and the 32nd Series Unsecured Bond due in November 2035, to institutional investors in Japan. The aggregate principal amount of the 30th Series Unsecured Bond, the 31st Series Unsecured Bond and the 32nd Series Unsecured Bond issued is ¥10.0 billion, ¥18.0 billion and ¥18.0 billion, respectively.

Issuance and Sale of Dollar-denominated Senior Notes to Institutional Investors Overseas

On July 9, 2025, we issued and sold two series of unsecured straight dollar-denominated notes, the USD-denominated senior notes due July 2030 and the USD-denominated senior notes due July 2035, to institutional investors in overseas markets mainly in the United States, Europe and Asia. The aggregate principal amount of the USD-denominated senior notes due July 2030 issued is $500 million, and the aggregate principal amount of the USD-denominated senior notes due July 2035 issued is $500 million.

Launch of "SB OAI Japan" Joint Venture with OpenAI

In November 2025, the Company and SoftBank Group Corp. announced that they have established a joint venture with OpenAI Group PBC, named SB OAI Japan GK, and will leverage OpenAI's AI technology to market "Crystal intelligence", a packaged enterprise AI solution that integrates OpenAI's latest products with tailored implementation and system integration services. SB OAI Japan is owned equally by OpenAI and C Holdings Corporation, a company which is owned 51% by us and 49% by SoftBank Group Corp. as of December 31, 2025. Ahead of the rollout of Crystal intelligence to customers in Japan, we will adopt and deploy this technology as the first user, validating its effectiveness in product development and business transformation through advanced AI technologies.

Launch of "Cloud PF Type A" with Oracle

In October 2025, we began a collaboration with Oracle Corporation to provide secure, compliant, and scalable sovereign cloud and AI services to organizations in Japan, with the aim of launching a new Cloud PF Type A, a suite of our proprietary cloud and AI services powered by Oracle Alloy for the Japanese market from April 2026. We plan to deploy Oracle Alloy to build an advanced cloud infrastructure in our eastern and western Japan data centers, ensuring that data and systems are fully managed and operated within Japan. The service is scheduled to launch in the eastern Japan data center in April 2026, followed by the western Japan data center in October 2026. We will utilize Cloud PF Type A to support GPU environments and build a cloud infrastructure capable of high-speed computation and generative AI workloads, addressing the increasing importance of sovereignty in generative AI adoption.

Launch of "Sarashina mini" API

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. After internal trials involving approximately 20,000 employees beginning in June 2025 to refine and enhance the model, we began the commercial rollout of *Sarashina mini* in November 2025. We aim to expand its availability to a wider range of users and further develop industry-specific Japanese LLMs to deliver tailored solutions that meet the diverse needs of various businesses and sectors.

Launch of "Infrinia AI Cloud OS" for AI Data Centers

On January 21, 2026, we have announced the development of "Infrinia AI Cloud OS," a software stack designed for AI data centers, in an effort to develop next-generation AI infrastructure architecture and systems. By deploying "Infrinia AI Cloud OS," AI data center operators can incorporate Kubernetes (which is an open-source system for automating the deployment and scaling of applications and for managing containerized applications) and Inference (which provides Large Language Model inference capabilities via APIs) as part of their own GPU cloud services. In addition, the software stack is expected to reduce total cost of ownership as well as operational burden compared with bespoke solutions or in-house development. This will enable the rapid delivery of GPU cloud services that efficiently and flexibly support the full AI lifecycle, from AI model training to inference. We plan to deploy "Infrinia AI Cloud OS" initially within our own GPU cloud services and subsequently expand deployment to overseas data centers and cloud environments with a view to global adoption.

Establishment of Joint Venture with Sony Network Communications Inc.

As announced on January 30, 2026, we have entered into a definitive agreement with Sony Network Communications Inc. ("SNC") to establish a joint venture which will succeed to our business relating to the construction, management, and operation of optical line terminals and subscriber lines through an absorption-type split (the "Split"). Under a governance structure in which both companies appoint an equal number of directors, and with the aim of optimizing facility utilization, streamlining operations, and further enhancing network quality through joint operations, we and SNC have decided to consolidate the functions related to the construction, management, and operation of the optical line terminals owned by both companies into the joint venture. By maximizing synergies between the two companies, we aim to enhance the value provided to users. The Split is planned to become effective on June 1, 2026.

Results of Operations

Comparison of the Nine Months Ended December 31, 2024 with the Nine Months Ended December 31, 2025

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

	For the nine months ended December 31,	
	2024	2025
	(Billions of yen)	
Unaudited Interim Consolidated Statements of Income Data:		
Revenue	¥ 4,811.5	¥ 5,195.4
Cost of sales	(2,440.2)	(2,647.9)
Gross profit	2,371.3	2,547.5
Selling, general and administrative expenses	(1,585.4)	(1,715.9)
Other operating income	43.2	58.9
Other operating expenses	(7.2)	(6.4)
Operating income	821.9	884.1
Gain on changes in equity interest	3.3	—
Share of losses of associates accounted for using the equity method	(6.1)	(6.3)
Financing income	9.9	14.4
Financing costs	(89.5)	(76.0)
Gains on sales of equity method investments	4.3	10.8
Impairment loss on equity method investments	—	(7.2)
Profit before income taxes	743.8	819.9
Income taxes	(199.1)	(170.8)
Net income	¥ 544.7	¥ 649.0
Net income attributable to:		
Owners of the Company	436.6	485.5
Non-controlling interests	108.1	163.5

Revenue. Revenue increased by ¥383.9 billion, or 8.0%, from ¥4,811.5 billion for the nine months ended December 31, 2024, to ¥5,195.4 billion for the nine months ended December 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 nine months ended December 31, 2024 and 2025 were as follows:

	For the nine months ended December 31,	
	2024	2025
	(Billions of yen)	
Consumer segment:		
Service revenues:		
Mobile	¥ 1,177.0	¥ 1,203.0
Broadband	305.4	312.7
Electricity	184.2	149.7
Revenues from sales of goods and others	514.5	587.7
Subtotal	2,181.0	2,253.2
Enterprise segment:		
Mobile	235.9	256.4
Fixed-line	127.0	125.5
Business solution and other	310.7	351.3
Subtotal	673.6	733.2
Distribution segment	616.0	773.6
Media & EC segment[(1)(2)]:		
Media	538.0	539.7
Commerce	635.2	625.6
Strategy	38.4	53.2
Other	5.2	7.7
Subtotal	1,216.7	1,226.1
Financial segment[(1)]	238.4	295.4
Other businesses	83.0	97.3
Adjustments	(197.3)	(183.5)
Total	¥ 4,811.5	¥ 5,195.4

Notes:

(1) Effective for the three months ended June 30, 2025, following the intra-group reorganization effective April 11, 2025, the management business categories have been reevaluated, and PayPay Bank Corporation has been transferred from "Media & EC" segment to "Financial" segment. As a result, revenue under "Media & EC" segment and "Financial" segment for the nine months ended December 31, 2024, have been retrospectively adjusted.

(2) Effective for the three months ended June 30, 2025, the business categories of "Media & EC" have been reevaluated and some services included in "Media & EC" segment were transferred between the business categories. As a result, all components of revenue under "Media & EC" segment for the nine months ended December 31, 2024, have been retrospectively adjusted.

Revenue in our Consumer segment increased by ¥72.2 billion, or 3.3%, from ¥2,181.0 billion in the nine months ended December 31, 2024 to ¥2,253.2 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in revenues from sales of goods and others and mobile.

Revenue in our Enterprise segment increased by ¥59.6 billion, or 8.8%, from ¥673.6 billion in the nine months ended December 31, 2024 to ¥733.2 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in demand for solutions associated with digitalization.

Revenue in our Distribution segment increased by ¥157.6 billion, or 25.6%, from ¥616.0 billion in the nine months ended December 31, 2024 to ¥773.6 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in revenue from ICT-related products for enterprise customers and recurring revenue products.

Revenue in our Media & EC segment increased by ¥9.4 billion, or 0.8%, from ¥1,216.7 billion in the nine months ended December 31, 2024 to ¥1,226.1 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in commerce revenue excluding ASKUL Corporation and strategy revenue.

Revenue in our Financial segment increased by ¥56.9 billion, or 23.9%, from ¥238.4 billion in the nine months ended December 31, 2024 to ¥295.4 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in gross merchandise value of QR code payments and credit card services provided by PayPay Corporation and PayPay Card Corporation.

Revenue from our other businesses increased by ¥14.3 billion, or 17.2%, from ¥83.0 billion in the nine months ended December 31, 2024 to ¥97.3 billion in the nine months ended December 31, 2025.

Cost of sales, gross profit and selling, general and administrative expenses. Cost of sales increased by ¥207.7 billion, or 8.5%, from ¥2,440.2 billion in the nine months ended December 31, 2024 to ¥2,647.9 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in our revenue from the nine months ended December 31, 2024 to the nine months ended December 31, 2025.

As a result, gross profit increased by ¥176.3 billion, or 7.4%, from ¥2,371.3 billion in the nine months ended December 31, 2024 to ¥2,547.5 billion in the nine months ended December 31, 2025.

Selling, general and administrative expenses increased by ¥130.4 billion, or 8.2%, from ¥1,585.4 billion in the nine months ended December 31, 2024 to ¥1,715.9 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in increases in sales commissions and sales promotion expenses.

Other operating income. Other operating income increased by ¥15.7 billion, or 36.3%, from ¥43.2 billion in the nine months ended December 31, 2024 to ¥58.9 billion in the nine months ended December 31, 2025. This increase was primarily due to a recognition in the nine months ended December 31, 2025 of ¥58.9 billion in remeasurement gain on step acquisition associated with the conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary compared to a recognition in the nine months ended December 31, 2024 of ¥43.2 billion in gain relating to loss of control over subsidiaries.

Other operating expenses. Other operating expenses decreased by ¥0.8 billion, or 10.6%, from ¥7.2 billion in the nine months ended December 31, 2024 to ¥6.4 billion in the nine months ended December 31, 2025. This decrease was primarily due to decrease in impairment loss, partially offset by a recognition of ¥5.3 billion in the nine months ended December 31, 2025.

Operating income. Operating income increased by ¥62.2 billion, or 7.6%, from ¥821.9 billion in the nine months ended December 31, 2024 to ¥884.1 billion in the nine months ended December 31, 2025. This increase was primarily due to increases in the operating income of Financial, Consumer, Enterprise and Distribution segments.

Segment income (loss) in our reportable segments and other businesses for the nine months ended December 31, 2024 and 2025 was as follows:

	For the nine months ended December 31,	
	2024	2025
	(Billions of yen)	
Consumer segment	¥ 440.5	¥ 468.3
Enterprise segment	140.4	158.1
Distribution segment	23.8	30.8
Media & EC segment[(1)]	211.5	206.3
Financial segment[(1)]	32.6	66.0
Reportable segment subtotal	848.9	929.5
Other businesses	(22.3)	(44.4)
Adjustments[(2)]	(4.7)	(1.0)
Operating income	¥ 821.9	¥ 884.1

Notes:

(1) From the three months ended June 30, 2025, PayPay Bank Corporation, which was previously classified under the "Media & EC" segment, has been transferred to the "Financial" segment. As a result, the figures for the nine months ended December 31, 2024 have been retrospectively adjusted.

(2) "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 ¥27.8 billion, or 6.3%, from ¥440.5 billion in the nine months ended December 31, 2024 to ¥468.3 billion in the nine months ended December 31, 2025. This increase was primarily due to increased revenues from sales of goods and others as well as growth in revenues across services such as mobile and broadband, partially offset by a decrease in revenues for electricity services, primarily due to diminished trading transactions, 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 ¥17.7 billion, or 12.6%, from ¥140.4 billion in the nine months ended December 31, 2024 to ¥158.1 billion in the nine months ended December 31, 2025. This increase was primarily due to increase in revenues from our business solutions and other businesses and mobile, offset by an increase in operating expenses attributable to an increase in cost following the abovementioned increase in revenue from business solution and others.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Distribution segment increased by ¥7.0 billion, or 29.2%, from ¥23.8 billion in the nine months ended December 31, 2024 to ¥30.8 billion in the nine months ended December 31, 2025. This increase was primarily due to increased revenues from ICT related products and recurring revenue products, as well as 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 decreased by ¥5.2 billion, or 2.5%, from ¥211.5 billion in the nine months ended December 31, 2024 to ¥206.3 billion in the nine months ended December 31, 2025. This decrease was primarily due to a decline in operating income in our commerce business affected by the system outage at ASKUL Corporation in October 2025. Excluding the impact of ASKUL, our operating income grew, primarily driven by increased revenues in the media, commerce and strategy businesses, as well as a decrease in operating expenses mainly reflecting the recognition of a remeasurement gain on step acquisition in the nine months ended December 31, 2025, compared with a gain relating to the loss of control over subsidiaries recognized in the nine months ended December 31, 2024.

Segment income, before elimination of intersegment transactions and excluding expenses not allocable to any reportable segment, in our Financial segment increased by ¥33.5 billion, or 102.8%, from ¥32.6 billion in the nine months ended December 31, 2024 to ¥66.0 billion in the nine months ended December 31, 2025. This increase was 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, as well as 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 ¥44.4 billion for the nine months ended December 31, 2025 as compared to ¥22.3 billion for the nine months ended December 31, 2024.

Share of losses of associates accounted for using the equity method. Share of losses of associates accounted for using the equity method increased by ¥0.3 billion, or 4.2%, from ¥6.1 billion in the nine months ended December 31, 2024 to ¥6.3 billion in the nine months ended December 31, 2025.

Financing income. Financing income increased by ¥4.5 billion, or 44.8%, from ¥9.9 billion for the nine months ended December 31, 2024 to ¥14.4 billion for the nine months ended December 31, 2025.

Financing costs. Financing costs decreased by ¥13.6 billion, or 15.2%, from ¥89.5 billion for the nine months ended December 31, 2024 to ¥76.0 billion for the nine months ended December 31, 2025. This decrease was primarily due to absence of valuation loss of put options for equity method associates in the previous year.

Profit before income taxes. Due to the abovementioned factors, profit before income taxes increased by ¥76.1 billion, or 10.2%, from ¥743.8 billion for the nine months ended December 31, 2024 to ¥819.9 billion for the nine months ended December 31, 2025.

Income taxes. Income taxes decreased by ¥28.3 billion, or 14.2%, from ¥199.1 billion for the nine months ended December 31, 2024 to ¥170.8 billion for the nine months ended December 31, 2025. This decrease is mainly due to the additional recording of deferred tax assets associated with the reassessment of the recoverability of deferred tax assets at PayPay Corporation, as well as an increase in expenses resulting from the absence of the deferred tax impact from business restructuring of associates recorded in the nine months ended December 31, 2024.

Net income. As a result of the above, net income increased by ¥104.4 billion, or 19.2%, from ¥544.7 billion for the nine months ended December 31, 2025 to ¥649.0 billion for the nine months ended December 31, 2025.

Net income attributable to owners of the Company. Net income attributable to owners of the Company increased by ¥48.9 billion, or 11.2%, from ¥436.6 billion for the nine months ended December 31, 2024 to ¥485.5 billion for the nine months ended December 31, 2025.

Net income attributable to non-controlling interests. Net income attributable to non-controlling interests increased by ¥55.5 billion, or 51.3%, from ¥108.1 billion for the nine months ended December 31, 2024 to ¥163.5 billion for the nine months ended December 31, 2025.

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 year ended March 31, 2025, with the corresponding figures presented as comparative information for the year ended March 31, 2024, 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" have 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" have 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.

	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 have 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, which 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 November 2025, as well as bond-type class shares issued in November 2023 and October 2024, in the Japanese market and two series of unsecured senior U.S. dollar-denominated notes to institutional investors in overseas markets in July 2025. 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 December 31, 2025, the sum of short-term borrowings and the current and non-current portions of long-term borrowings was ¥4,073.4 billion. As of the same date, the sum of the current and non-current portions of lease obligations was ¥798.5 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 year ended March 31, 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 year ended March 31, 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 year ended March 31, 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. On November 28, 2025, we further issued ¥10.0 billion aggregate principal amount of 1.913% unsecured straight yen-denominated domestic bonds due November 2030, ¥18.0 billion aggregate principal amount of 2.324% unsecured straight yen-denominated domestic bonds due November 2032 and ¥18.0 billion aggregate principal amount of 2.677% unsecured straight yen-denominated domestic bonds due November 2035.

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 year ended March 31, 2025 included elsewhere herein.

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 and the nine months ended December 31, 2025, we made ¥788.6 billion, ¥650.9 billion, ¥912.8 billion and ¥516.1 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 segments, 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 segments, 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 segments, 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. The capital expenditures of ¥516.1 billion for the nine months ended December 31, 2025 include ¥228.7 billion for the capital expenditures of our Consumer and Enterprise segments. The total capital expenditure for such period decreased by ¥71.5 billion year on year, mainly due to the recording of an establishment license fee for specified base stations using the 4.9 GHz band of ¥66.5 billion in the same period of the previous fiscal year and a

decrease of ¥43.0 billion in capital expenditures by LY Group, partly offset by an increase of ¥26.1 billion in right-of-use assets associated with the signing of lease contracts for data centers and an increase of ¥18.0 billion in investments in devices for rental services. 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 segments, 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. In the nine months ended December 31, 2025, we have made approximately ¥18 billion investment in AI computing infrastructure and AI data centers.

Cash Flows

Cash Flows for the Nine Months Ended December 31, 2024 and 2025

The following table shows selected consolidated cash flow data for the nine months ended December 31, 2024 and 2025. The information below has been derived from, and should be read together with, our unaudited interim consolidated financial statements as of and for the nine months ended December 31, 2025, with the corresponding figures presented as comparative information for the nine months ended December 31, 2024, included elsewhere herein.

	For the nine months ended December 31,	
	2024	2025
	(Billions of yen)	
Cash flows:		
Cash and cash equivalents at the beginning of the period	¥ 1,992.9	¥ 1,435.5
Net cash inflow from operating activities	1,212.6	1,093.6
Net cash outflow from investing activities	(706.5)	(969.8)
Net cash inflow (outflow) from financing activities	(643.0)	0.7
Increase (decrease) in cash and cash equivalents	(102.0)	142.0
Cash and cash equivalents at the end of the period	¥ 1,890.8	¥ 1,577.5

Our net cash inflow from operating activities decreased by ¥119.0 billion, or 9.8%, from ¥1,212.6 billion for the nine months ended December 31, 2024 to ¥1,093.6 billion for the nine months ended December 31, 2025. This was due mainly to an increase in EBITDA and a decrease in necessary working capital such as trade receivables, payables, and inventories, including those of the banking and securities businesses, while there was a decrease in income taxes refunded.

Our net cash outflow from investing activities increased by ¥263.3 billion, or 37.3%, from ¥706.5 billion for the nine months ended December 31, 2024 to ¥969.8 billion for the nine months ended December 31, 2025. This was due primarily to an increase in payments for acquisition of investment securities in banking business.

Our net cash outflow from financing activities was ¥643.0 billion for the nine months ended December 31, 2024 compared to a net cash inflow of ¥0.7 billion for the nine months ended December 31, 2025. This was due mainly to fund procurement, including bank loans, leases, corporate bonds (such as U.S. dollar-denominated senior unsecured notes), and the securitization of receivables.

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

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.

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 year ended March 31, 2025, with the corresponding figures presented as comparative information for the year ended March 31, 2024, included elsewhere herein.

	For the fiscal years 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.

	For the fiscal years 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.

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 services and products (including the latest and most in-demand smartphones), broadband services and electricity services 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, security, global, AI, IoT and digital marketing services, 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 and PC peripherals, including accessories, software and IoT products, to individual customers.
- Our Media & EC segment offers advertising-related and e-commerce services primarily through our popular digital platforms, *Yahoo! JAPAN* and *LINE*, which provide search engine, news, online shopping, social media, advertising and marketing services, and the services centered on FinTech 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 brokerage services for smartphones 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, 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 41.4 million mobile subscribers as of December 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 increased from 29,262 thousand as of March 31, 2023 to 31,958 thousand as of December 31, 2025 (which represents a slight decline from 32,059 thousand as of September 30, 2025 due to the shift in our customer strategy). In addition, the ratio of 5G handsets has increased from 51% in the fiscal year ended March 31, 2023 to 76% in the fiscal year ended March 31, 2025, supported by our leading position in 5G connectivity rates among our competitors. 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 such as messaging and voice calls on the *LINE* communication app and is available exclusively through online distribution channels with SIM-only plans.
- 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 nine months ended December 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 100 million monthly active users of *LINE* in December 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 72 million registered users as of December 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 ¥15.7 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, 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), security, cloud 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*", a solution integrating AI and a radio access network ("RAN"), named "AITRAS" and an AI solution, named "Crystal 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 228 million subscribers as of September 30, 2025, 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 31,958 thousand smartphone subscribers as of December 31, 2025 (which represents a slight decline from 32,059 thousand

subscribers as of September 30, 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 98% in Japan as of March 31, 2025, according to MIC, 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 four consecutive years from 2022 to 2025. 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."

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. As of December 31, 2025, we had 41.4 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 100 million monthly active users in December 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 72 million registered users as of December 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. From the three months ended June 30, 2025, PayPay Bank Corporation has been transferred to the "Financial" segment from the "Media & EC" segment. 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 amounted to ¥3,750 for the three months ended December 31, 2025 and ¥3,740 for the fiscal years ended March 31, 2024 and 2025.

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, and ¥3.0 trillion of our ¥5.2 trillion of total revenue for the nine months ended December 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 and the nine months ended December 31, 2025 were ¥481 billion, ¥382 billion, ¥641 billion and ¥340 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 for specified base stations using 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 and 2.3x as of December 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.

Intensifying 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, our Mobile ARPU for the fiscal year ended March 31, 2025 has stabilized at ¥3,740 from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2025, during which year we have also achieved positive change in brand conversion, which is calculated by subtracting the outflow of users who converted from *SoftBank* brand to *Y!mobile*, *LINE MOBILE* and *LINEMO* brands from the inflow of users to *SoftBank* brand from such brands (excluding enterprise customers). Furthermore, as peer companies such as NTT and KDDI as well as our *Y!mobile* brand revised pricing upwards in 2025, we believe that there is room for us to revise our pricing and increase our Mobile APRU as we provide further value-added services and promote upgrades between our brands based on increased data usage.

Furthermore, in the past, we actively promoted MNP to attract subscribers from competing carriers by making the transition to our network seamless and cost-effective by offering various incentives for MNP users. However, to discourage "hopping" users who change carriers within a short period of time after earning initial incentives, we have started to focus on acquiring users likely to remain long-term, striving to lower churn rate and control acquisition costs, aiming to transform our business structure toward sustainable growth.

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. 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 ¥15.7 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 ¥19.2 billion, and increased to ¥56.3 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, 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 ¥89 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. As of December 31, 2025, we have made a cumulative investment of ¥204 billion in AI data centers and AI computing infrastructure.

We also aim to become a market leader in the field of generative AI by developing an advanced AI agent for enterprises, named "Crystal intelligence" and deploying "AITRAS," a solution integrating AI and 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. After internal trials involving approximately 20,000 employees beginning in June 2025 to refine and enhance the model, we began the commercial rollout of *Sarashina mini* in November 2025. We aim to expand its availability to a wider range of users and further develop industry-specific Japanese LLMs to deliver tailored solutions that meet the diverse needs of various businesses and sectors. Furthermore, in October 2025, we started offering "AI Data Center GPU Server", a cloud-based service which allows companies and research institutions to utilize the GPU system that we use as our AI computing platform for purposes such as LLM learning and generative AI-driven data analysis and simulations. Furthermore, pursuant to a collaboration with Oracle Corporation to provide secure, compliant, and scalable sovereign cloud and AI services to organizations in Japan, as announced in October 2025, we aim to launch a new Cloud PF Type A, a suite of our proprietary cloud and AI services powered by Oracle Alloy for the Japanese market from April 2026.

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 establishment license fee for specified base stations using the 4.9 GHz spectrum 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 ¥47 billion in expected subsidies from the Ministry of Economy, Trade and Industry) in building the "Next-generation Social Infrastructure" and related AI computing infrastructure, for which ¥89.3 billion of investment was completed during the period from April 1, 2023 to December 31, 2025.

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 and December 31, 2025, a level that we believe to be lower than our competitors, 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. Additionally, due to the implementation of our "*Beyond Carrier*" strategy, we have not only successfully diversified our revenue source and lowered our reliance on mobile communications services but also improved our cash flow.

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. As part of our recent initiatives, we have commenced a demonstration project in Chiba Prefecture, involving base stations powered by on-site renewable energy generation using solar and wind power. In addition, we have developed a system that leverages AI to dynamically control sleep modes at base stations in order to maximize energy efficiency, and has begun deploying this system at selected sites.

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. We have obtained certifications from SBTi (Science Based Targets initiative) for such short-term target in 2021 and such "net zero" target in 2024.

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 "Investment Considerations—Risks Relating to Our Business—We may be unsuccessful in our transformation into a comprehensive information and technology company," "Investment Considerations—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 62.4% of its voting rights through AHD as of December 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 established joint venture with SoftBank Group Corp. and OpenAI Group PBC in November 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, 2024, according to data published by the MIC in its "2025 White Paper on Information and Communications in Japan" with 228 million mobile telecommunications subscribers as of September 30, 2025. 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, 2025 according to data published by the MIC in its "Publication of 5G Development Status (FY2024)." 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 an 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 40 million MVNO subscriptions in Japan as of September 30, 2025.

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.

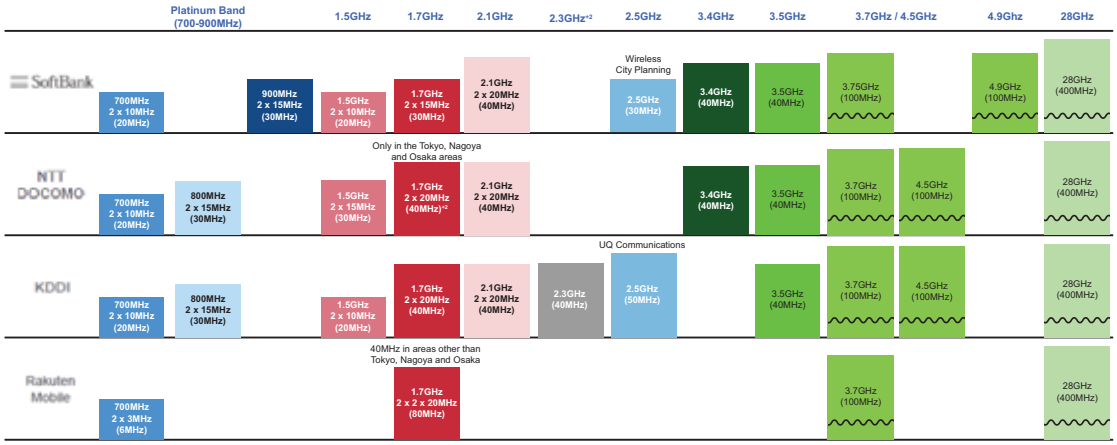
Attractive regulatory environment

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 allocated 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 will conduct auctions for radio stations using spectrum bands exceeding 6GHz that meet certain requirements, the details of which were stipulated in the implementation guideline which was published in March 2026. See "Regulation—Radio Act—Allocation of Radio Frequency Spectrum," and "Investment Considerations—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.

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, 2025. 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 costliest 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" 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, 2025, 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, 2.1 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 allocated 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 and postpaid smartphone 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 payments made with a PayPay Card, family plan, or *Home Bundle Discount Hikari Set* in addition to *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 September 2025, offers the *Simple3 S/M/L* plans tailored to address the needs of customers seeking higher data allowances. These plans include monthly data allowances of 5GB, 30GB and 35GB, respectively, with optional features such as unlimited domestic voice calls, data add-ons for overage, and reduced rates for payments made with a PayPay Card, family plan or *Home Bundle Discount Hikari Set* subscribers. The basic monthly fees offered under the *Simple3 S/M/L* plans range from approximately ¥3,100 to ¥5,300 (including tax), compared to the previous *Simple2 S/M/L* plans which ranged from approximately ¥2,400 to ¥5,100 (including tax). After discounts with payments made with a PayPay Card, family plan or *Home Bundle Discount Hikari Set*, prices range from approximately ¥860 to ¥3,100 (including tax).

Our *LINEMO* brand is online exclusive and leverages the popularity of the communication app *LINE*'s messaging and communication platform, which had 100 million monthly active users in Japan in December 2025. 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 cashback 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 a 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. However, our active customer acquisition approach has resulted in an increasing number of "hopping" users who change carriers within a short period of time after earning initial incentives. Accordingly, we have started to focus on acquiring users likely to remain long-term, striving to lower churn rate and control acquisition costs, aiming to transform our business structure toward sustainable growth.

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 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, cloud, 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 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 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. Furthermore, our subsidiary, Gen-AX Corp., has developed "X-Ghost", an autonomous AI-powered voice-response solution which converses in an empathetic, human-like fashion and provides support around the clock. Gen-AX Corp. is now providing a pilot version to credit card major Sumitomo Mitsui Card Co., Ltd., and is planning a full-fledged rollout in the fiscal year ending on March 31, 2026.

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. Furthermore, we merged with SB Technology Corp., with the merger effective as of April 1, 2026.

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 DOCOMO BUSINESS, Inc. 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 offers 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 100 million

monthly active users in Japan in December 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 72 million registered users as of December 31, 2025 and 40 million monthly transaction users for December 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 over 9 million accounts registered with *PayPay Bank* in December 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 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 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 67 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 Company has begun offering "*Sarashina API*," a service that enables enterprise customers to connect to its homegrown LLM "*Sarashina mini*" in November 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.

During the nine months ended December 31, 2025, under the same focus, our key initiatives included:

- *All optical network*: We collaborated with Cisco Systems G.K. to develop our "All optical network" in Japan's metro networks. The technology significantly reduces energy consumption by eliminating the need for optical-electrical conversion. The first phase was completed in the initial area of Osaka Prefecture in September 2025, and we plan to complete the deployment of the "All optical network" in metro networks nationwide by 2027.
- *High energy density battery packs and high-efficiency solar cells for HAPS*: In October 2025, we announced that our proposal entitled "Research and Development on High Energy Density Battery Pack and High-power Generation Efficiency Solar Cells for HAPS (High Altitude Platform Station)" has been adopted by Japan's New Energy and Industrial Technology Development Organization for a new four-year project starting in the year ending March 31, 2026. Over the next few years, we and our partner institutions will jointly develop high energy density battery packs and high-efficiency solar cells to enable long-duration HAPS flights and pursue modularization technologies that achieve both weight reduction and environmental durability in the stratosphere, with the goal of conducting a stratospheric demonstration in the year ending in March 31, 2029.

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 December 31, 2025, SoftBank Group Corp., our ultimate parent company, through a wholly owned subsidiary, owned 40.1% 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 "Investment Considerations—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 November 2025, the Company and SoftBank Group Corp. announced that they have established a joint venture with OpenAI Group PBC. The joint venture is named SB OAI Japan and will leverage OpenAI's advanced AI technology to market "Crystal intelligence", a packaged enterprise AI solution that integrates OpenAI's latest products with tailored implementation and system integration services. SB OAI Japan is owned equally by OpenAI and C Holdings Corporation, a company which is owned 51% by us and 49% by SoftBank Group Corp. as of December 31, 2025. Ahead of the rollout of "Crystal intelligence" to customers in Japan, we will adopt and deploy this technology as the first user, validating its effectiveness in product development and business transformation through advanced AI technologies. SB OAI Japan 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 base 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 December 31, 2025, the value of our consolidated outstanding leases was ¥847.2 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 migrate 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 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 of Japan regarding the judgment, on July 17, 2025 the Supreme Court of Japan dismissed both parties' appeals, thereby rendering the judgment of the Tokyo High Court final.

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, the amendment of the Radio Act in 2025 introduced a legal framework for auction-based mechanisms for spectrum assignment in Japan for the first time. 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 established detailed guidelines in March 2026. These guidelines 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. 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 an 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 FIEA, 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 has 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 interim 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 the Company's director's and Audit & Supervisory Board members as of the date of this offering circular:

Name	Title
Jun Shimba	Director & Chairman
Junichi Miyakawa	President & CEO
Masayoshi Son	Director, Founder
Yasuyuki Imai(1)	Director & Special Advisor
Kazuhiko Fujihara(2)	Director & Senior Advisor
Atsushi Horiba	External Director
Naomi Koshi	External Director
Maki Sakamoto	External Director
Hiroko Sasaki	External Director
Hideaki Karaki	External Director
Akiko Nakajo	External Director
Shuji Kojima	Full-time External Audit & Supervisory Board Member
Eiji Shimagami	Full-time Audit & Supervisory Board Member
Kazuko Kimiwada	Audit & Supervisory Board Member
Yoko Kudo	External Audit & Supervisory Board Member

Notes:

(1) Mr. Imai is scheduled to step down from the position of Director upon the expiration of his term at the conclusion of the 40th Annual General Meeting of Shareholders to be held in June 2026 (tentative).

(2) Mr. Kazuhiko Fujihara is scheduled to step down from the position of Director upon the expiration of his term at the conclusion of the 40th Annual General Meeting of Shareholders to be held in June 2026 (tentative).

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, 2026, we had 18 managing executive officers. The following table provides information regarding these officers as of the date of this offering circular:

Name	Title
Junichi Miyakawa	President & CEO
Kenichi Takashima	Deputy President & Chief Operating Officer
Hayato Sakurai	Deputy President & Chief Operating Officer
Hiroyuki Terao	Executive Vice President
Keiichi Makizono	Executive Vice President & Chief Information Officer
Hironobu Tamba	Senior Vice President
Gen Miyazawa	Senior Vice President
Fumiya Takasu	Senior Vice President
Junshi Yamasaki	Senior Vice President
Kinya Honda	Senior Vice President
Daichi Nozaki	Senior Vice President
Tomochika Morita	Senior Vice President
Masafumi Nagano	Senior Vice President
Teruyuki Oya	Senior Vice President & Chief Network Officer
Ryuji Wakikawa	Senior Vice President & Chief Technology Officer
Tadashi Iida	Senior Vice President & Chief Information Security Officer & Chief Risk Officer
Osamu Akiyama	Senior Vice President & CFO
Yasuyuki Genda	Senior Vice President & Chief Human Resources 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 December 31, 2025, we had 266 subsidiaries and 60 associates accounted for by the equity method in our consolidated financial statements. The following table sets forth information as of December 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	€ 240,135	54.3	*Enterprise segment*: Connected software solutions and analytics services, specializing in enabling connectivity for vehicles and IoT devices.
SB Technology Corp.	Japan	¥ 1,271	100.0	*Enterprise segment*: Business IT and Corporate IT solutions, based on cloud, security and IoT solutions
Cybertrust Japan Co., Ltd.[4]	Japan	¥ 836	58.0 (58.0)	*Enterprise segment*: Security services, mainly electronic certificate issuance services.
eMnet Japan, Inc.[1][6]	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
LY Corporation	Japan	¥ 251,766	62.4 (62.4)	*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][7]	Japan	¥ 21,234	46.8 (46.8)	*Media & EC segment*: Mail-order sale of stationery and services

Name	Country	Issued Share Capital		Percentage of voting rights owned (indirectly) by the Company	Principal business
		(millions of yen unless noted otherwise)			
ZOZO, Inc.[5]	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.
Kurashiru, Inc.[5]	Japan	¥	100	56.2 (56.2)	*Media & EC segment*: Media company specializing in lifestyle content
LINE Bank Taiwan Limited[2]	Taiwan	NTD	20,000,000,000	51.2 (51.2)	*Media & EC segment*: Online banking business in Taiwan
Z Intermediate Global Corporation	Japan	¥	23,761	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	$	542,491,000	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	261,755,765,000	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	25,031,813,380	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
PayPay Corporation[3]	Japan	¥	152,405	66.0 (58.0)	*Financial segment*: Development and offering of cashless payment services of *PayPay* as well as management of group companies
PayPay Bank Corporation[4]	Japan	¥	72,217	75.5 (75.5)	*Financial segment*: Online banking business
PayPay Securities Corporation	Japan	¥	100	75.3 (75.3)	*Financial segment*: Online securities brokerage business
PayPay Card Corporation	Japan	¥	100	100.0 (100.0)	*Financial segment*: Credit card, credit loan, credit guarantee business

Name	Country	Issued Share Capital		Percentage of voting rights owned (indirectly) by the Company	Principal business
		(millions of yen unless noted otherwise)			
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. [5]	Japan	¥	1,892	53.4 (53.4)	*Other businesses*: Operation of comprehensive IT information site ITmedia, etc.
plus additional 237 subsidiaries					
Associates					
C Channel Corporation	Japan	¥	10	29.0	Media business, e-commerce business and influencer marketing business
Demae-can Co., Ltd. [8]	Japan	¥	100	35.3 (35.3)	*Demae-can* online food and grocery delivery service and advertising marketing service
Webtoon Entertainment Inc. [9] . . .	U.S.A.	$	13,000	24.0 (24.0)	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 55 associates, including 12 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) LY Corporation, through its subsidiary, increased its capital in LINE Bank Taiwan Limited, which was an equity-method affiliate, in June 2025. As a result, LY Corporation gained control over LINE Bank Taiwan Limited and made it a subsidiary.

(3) Immediately following the full exercise of the underwriters' option to purchase additional ADSs on March 27, 2026 after the closing of PayPay Corporation's IPO, we held 62.17% of its total voting rights.

(4) Following PayPay Corporation's acquisition of PayPay Bank Corporation as a subsidiary in April 2025, PayPay Bank Corporation, previously classified under the "Media & EC" segment, was transferred to the "Financial" segment from the fiscal year ending March 31, 2026.

(5) As of March 31, 2025

(6) As of December 31, 2024

(7) As of May 20, 2025

(8) As of August 31, 2025

(9) As of September 30, 2025

TAXATION

The following is a general description of certain aspects of Japanese taxation applicable to the Bonds. It does not purport to be a comprehensive description of the tax aspects of the Bonds. Prospective investors 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 investors 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 Bonds or any person subscribing for, purchasing, selling or otherwise dealing in the Bonds or any tax implication arising from the subscription for or purchase, sale or other dealings in respect of the Bonds.

In the following statements, a "Resident Holder" is an individual resident of Japan or a Japanese corporation and a "Non-Resident Holder" is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes.

The Bonds

The Bonds do not fall under the concept of so called "taxable linked bonds" as described in Article 6, Paragraph (4) of the Special Taxation Measures Act, being bonds 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 bonds 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 (such other person is hereinafter referred to as a "Specially-Related Person").

Interest Payments on the Bonds

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Bonds, where the Bonds 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 Bonds is a holder or beneficial owner of the Bonds 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 Bonds 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 Bonds 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 Bonds are held through certain participants in an international clearing organization such as the Depository Trust Company (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 "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 Bonds, 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 Bonds 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 Bonds 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 Bonds to be made to a Resident Holder (except for (a) a designated financial institution which has complied with the requirements under Article 6, Paragraph (11) 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 Japanese Payment Handling Agent), 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 Bonds in general constitutes taxable income, together with other interest, dividends and capital gains arising from certain specified bonds 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 bonds 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 a Non-Resident Holder 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 Bonds 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 Bonds. 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 Persons.

The Japanese withholding tax imposed upon interest on the Bonds 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 Bonds outside Japan by a Non-Resident Holder 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 Bonds in connection with the issue of the Bonds, nor will such taxes be payable by holders of the Bonds 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 the Bonds from another individual as legatee, heir or donee.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated April 10, 2026 in respect of the Bonds (the "Subscription Agreement") between us and J.P. Morgan Securities plc, BNP PARIBAS, Citigroup Global Markets Limited, Mizuho International plc, Barclays Bank PLC, Merrill Lynch International and Morgan Stanley & Co. International plc (together, the "Joint Lead Managers") and the other managers named therein (together with the Joint Lead Managers, the "Managers"), subject to the satisfaction of certain conditions, the Managers have agreed, severally but not jointly, to subscribe for the Bonds of each Series at the respective issue prices as stated on the cover page of this Offering Circular.

	Principal Amount of the 2032 Bonds	Principal Amount of the 2036 Bonds
Managers		
J.P. Morgan Securities plc	€135,000,000	€189,000,000
BNP PARIBAS	100,000,000	140,000,000
Citigroup Global Markets Limited	80,000,000	112,000,000
Mizuho International plc	80,000,000	112,000,000
Barclays Bank PLC	20,000,000	28,000,000
Merrill Lynch International	20,000,000	28,000,000
Morgan Stanley & Co. International plc	20,000,000	28,000,000
Australia and New Zealand Banking Group Limited	5,000,000	7,000,000
Crédit Agricole Corporate and Investment Bank	5,000,000	7,000,000
Daiwa Capital Markets Europe Limited	5,000,000	7,000,000
DBS Bank Ltd.	5,000,000	7,000,000
Goldman Sachs International	5,000,000	7,000,000
HSBC Bank plc	5,000,000	7,000,000
Natixis	5,000,000	7,000,000
Nomura International plc	5,000,000	7,000,000
SMBC Bank International plc	5,000,000	7,000,000
Total	€500,000,000	€700,000,000

We have agreed to pay certain costs in connection with the issue and offering of the Bonds. The Managers are entitled to be released and discharged from their obligations under the Subscription Agreement or to terminate the Subscription Agreement in certain circumstances prior to payment to us as set out therein. We have agreed to indemnify the Managers, any of their affiliates, controlling persons, representatives, directors, officers, employees or agents against certain liabilities in connection with the issue and offering of the Bonds.

Selling Restrictions

General

Neither we nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or us that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering or publicity material relating to the Bonds 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 Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds have not been and will not be offered, sold or delivered (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and each Manager will have sent to each dealer to which it sells Bonds during the distribution

compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons

In addition, until 40 days after the commencement of the offering of the Bonds, any offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to Retail Investors in the EEA

The Bonds have not been, and may 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; or

  (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 Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Prohibition of Sales to UK Retail Investors

The Bonds have not been, and may not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is not 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; 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 Bonds to be offered so as to enable an investor to decide to buy or subscribe for the Bonds.

This Offering Circular is being distributed only to, and is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Order or (ii) high net worth entities falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this Offering Circular relates is only available to, and will be engaged in with, relevant persons.

Japan

The Bonds have not been and will not be registered under the FIEA, and are subject to the Special Taxation Measures Act. Each Manager has represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, Bonds 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 ministerial guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution at any time, directly or indirectly, offer or sell any of the Bonds to, or for the benefit of, any person other than (a) 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 SoftBank Corp., (b) a Japanese financial institution, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order relating to the Special Taxation Measures Act that will hold the Bonds for its own proprietary account, or (c) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (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 any Bonds may not be circulated or distributed, nor may any Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons 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 as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

This Offering Circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Bonds have not been 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 (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance") and any rules made under that Ordinance or (b) in other circumstances which do not result in this Offering Circular being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Bonds, 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 Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance have been or will be issued, whether in Hong Kong or elsewhere.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Bonds described in this Offering Circular. The Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Bonds constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Other Relationships

Some of the Managers and their respective affiliates have engaged in, and may in the future engage in, various activities, which may include securities trading, commercial and investment banking, financial advisory, investment research, hedging, financing, and brokerage activities, and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates may act as investors for their own accounts and may take up the Bonds in the offering and in that capacity, may retain, purchase or sell for their own accounts such securities and any other of our securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references in this Offering Circular to the Bonds being offered should be read as including any offering of the Bonds to the Managers and/or their respective affiliates acting in such capacity. Such person does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, in the ordinary course of their business activities, the Managers and their respective affiliates may purchase or sell, make or hold long or short positions in, a broad array of investments and debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. Certain of the Managers or their respective affiliates that

have a lending relationship with us or our affiliates routinely hedge their credit exposure to us or our affiliates consistent with their customary risk management policies. Typically, such Managers and their respective 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 Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Mizuho Bank, Ltd. is one of our principal bank lenders and is an affiliate of Mizuho International plc, a Joint Lead Manager in respect of the offering of the Bonds.

GENERAL INFORMATION

(1) We have obtained all necessary consents, approvals and authorizations in Japan in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized by the resolution of our Board of Directors dated January 29, 2026.

(2) The Issuer's Legal Entity Identifier (LEI) is 353800M1YCTS9JRBJ535.

(3) The Bonds have been accepted for clearance through Euroclear and through Clearstream, Luxembourg. The International Securities Identification Number (ISIN) is XS3317460619 in respect of the 2032 Bonds and XS3317460700 in respect of the 2036 Bonds.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

(4) Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds of each Series on the Official List of the SGX-ST.

For so long as the Bonds of each Series are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate for such Series is exchanged for definitive Certificates, we will appoint and maintain a paying agent in Singapore, where the definitive Certificates in respect of such Series may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate for a Series is exchanged for definitive Certificates, an announcement of such exchange will 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 the definitive Certificates, including details of the paying agent in Singapore. The Bonds of each Series will be traded on the SGX-ST in a minimum board lot size of €200,000 for so long as any of the Bonds for that Series are listed on the SGX-ST and the rules of the SGX-ST so require.

(5) Except as disclosed elsewhere in this Offering Circular, there has been no significant change in our financial or trading position and no material adverse change in our financial position or prospects since March 31, 2025.

(6) There are no, nor have there been any, governmental, legal, arbitral, administrative or other proceedings involving us or any other member of the Group which may have, or have had during the 12 months immediately preceding the date of this Offering Circular, a material effect on our financial position or the profitability and, so far as we are aware, there are no such proceedings pending or threatened.

(7) Copies of the latest annual report in English (including our audited consolidated financial statements) and English translations of our latest unaudited consolidated interim financial results announcement (*kessan tanshin*) published subsequently to such annual report, may be obtained, and copies of the Fiscal Agency Agreement (as defined in the Conditions) will be available for inspection, at the specified offices of each of the Agents during normal business hours, so long as any of the Bonds is outstanding.

(8) The consolidated financial statements of SoftBank Corp. as of and for the year ended March 31, 2025 included in this Offering Circular have been audited by Deloitte Touche Tohmatsu LLC, independent auditors, as stated in their reports appearing in this Offering Circular.

With respect to our unaudited condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2025 included in this Offering Circular, Deloitte Touche Tohmatsu LLC has applied limited procedures in accordance with interim review standards generally accepted in Japan. However, as stated in their report appearing herein, they did not audit and they do not express an opinion on these unaudited condensed interim consolidated financial statements. Accordingly, the degree of reliance on their report on such financial statements should be restricted in light of the limited nature of the review procedures applied.

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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 statement of financial position as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

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, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2(3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit 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 ¥2,425,860 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 ¥384,500 million, and recognized a provision for contract losses of ¥86,785 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 year ended March 31, 2025, which were charged by us and our network firms to SoftBank Corp. and its subsidiaries were ¥4,166 million and ¥222 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 Statement of Financial Position

	Notes	(Millions of yen) As of March 31, 2024	(Millions of yen) As of March 31, 2025	(Thousands of U.S. dollars) As of March 31, 2025
ASSETS				
Current assets				
Cash and cash equivalents	8	¥ 1,992,873	¥ 1,435,525	$ 9,600,890
Trade and other receivables	9,29	2,660,995	2,805,640	18764312
Other financial assets	10,29	229,715	260,236	1,740,476
Inventories	11	155,059	191,451	1,280,437
Other current assets	12	186,810	165,803	1,108,902
Subtotal		5,225,452	4,858,655	32,495,017
Assets classified as held for sale	13	42,577	-	-
Total current assets		5,268,029	4,858,655	32,495,017
Non-current assets				
Property, plant and equipment	14	1,768,812	1,966,995	13,155,397
Right-of-use assets	19	662,183	749,157	5,010,413
Goodwill	15	2,049,404	2,068,492	13,834,216
Intangible assets	15	2,505,511	2,531,480	16,930,712
Contract costs	16	319,140	384,500	2,571,562
Investments accounted for using the equity method	21	251,488	273,148	1,826,833
Investment securities	17,29	272,788	255,068	1,705,912
Investment securities in banking business	18	522,232	747,056	4,996,362
Other financial assets	10,29	1,755,627	2,099,465	14,041,366
Deferred tax assets	23	46,529	65,128	435,581
Other non-current assets	12	100,163	103,051	689,212
Total non-current assets		10,253,877	11,243,540	75,197,566
Total assets		¥ 15,521,906	¥ 16,102,195	$ 107,692,583

	Notes	(Millions of yen) As of March 31, 2024	(Millions of yen) As of March 31, 2025	(Thousands of U.S. dollars) As of March 31, 2025
LIABILITIES AND EQUITY				
Current liabilities				
Interest-bearing debt	24,29,31	¥ 2,381,632	¥ 1,646,524	$ 11,012,065
Trade and other payables	25,29	2,535,072	2,828,640	18,918,138
Contract liabilities	36	128,307	137,223	917,757
Deposits for banking business	26,29	1,643,155	1,795,965	12,011,537
Other financial liabilities	29	1,722	2,742	18,339
Income taxes payable		125,933	122,844	821,589
Provisions	28	33,287	52,932	354,013
Other current liabilities	27	226,596	248,336	1,660,888
Subtotal		7,075,704	6,835,206	45,714,326
Liabilities directly associated with assets classified as held for sale	13	9,582	-	-
Total current liabilities		7,085,286	6,835,206	45,714,326
Non-current liabilities				
Interest-bearing debt	24,29,31	3,939,255	4,315,628	28,863,216
Other financial liabilities	29	45,312	104,741	700,515
Provisions	28	99,491	142,392	952,327
Deferred tax liabilities	23	301,852	322,232	2,155,110
Other non-current liabilities	27	115,063	116,625	779,996
Total non-current liabilities		4,500,973	5,001,618	33,451,164
Total liabilities		11,586,259	11,836,824	79,165,490
Equity				
Equity attributable to owners of the Company				
Common stock	33	214,394	228,162	1,525,963
Capital surplus	33	736,052	927,067	6,200,288
Retained earnings	33	1,475,775	1,594,862	10,666,546
Treasury stock	33	(75,822)	(29,221)	(195,432)
Accumulated other comprehensive income (loss)	33	26,675	22,760	152,220
Total equity attributable to owners of the Company		2,377,074	2,743,630	18,349,585
Non-controlling interests	20	1,558,573	1,521,741	10,177,508
Total equity		3,935,647	4,265,371	28,527,093
Total liabilities and equity		¥ 15,521,906	¥ 16,102,195	$ 107,692,583

b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025	(Thousands of U.S. dollars) Fiscal year ended March 31, 2025
Revenue	7,36	¥ 6,084,002	¥ 6,544,349	$ 43,769,054
Cost of sales	37	(3,150,653)	(3,384,115)	(22,633,193)
Gross profit		2,933,349	3,160,234	21,135,861
Selling, general and administrative expenses	37	(2,081,765)	(2,200,591)	(14,717,703)
Other operating income	38	30,172	43,195	288,891
Other operating expenses	38	(5,688)	(13,822)	(92,442)
Operating income		876,068	989,016	6,614,607
Gain on changes in equity interest		20,435	4,564	30,524
Share of losses of associates accounted for using the equity method	21	(22,198)	(9,650)	(64,540)
Financing income	39	12,921	11,676	78,090
Financing costs	39	(61,415)	(117,352)	(784,859)
Gain on sales of equity method investments		5,227	3,713	24,833
Impairment loss on equity method investments		(25,126)	(1,910)	(12,774)
Profit before income taxes		805,912	880,057	5,885,881
Income taxes	23	(215,647)	(224,771)	(1,503,283)
Net income[1]		¥ 590,265	¥ 655,286	$ 4,382,598
Net income attributable to				
Owners of the Company		¥ 489,074	¥ 526,133	$ 3,518,814
Non-controlling interests	20	101,191	129,153	863,784
		¥ 590,265	¥ 655,286	$ 4,382,598
Earnings per share attributable to owners of the Company[2]			(Yen)	(U.S. dollars)
Basic earnings per share	41	¥ 10.32	¥ 10.99	$ 0.07
Diluted earnings per share	41	¥ 10.12	¥ 10.84	$ 0.07

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the fiscal years ended March 31, 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 previous fiscal year.

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025	(Thousands of U.S. dollars) Fiscal year ended March 31, 2025
Net income		¥590,265	¥655,286	$4,382,598
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	40	(308)	2,707	18,105
Changes in the fair value of equity instruments at FVTOCI	29,40	2,651	(3,424)	(22,901)
Share of other comprehensive income (loss) of associates accounted for using the equity method	21,40	479	97	649
Total items that will not be reclassified to profit or loss		2,822	(620)	(4,147)
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of debt instruments at FVTOCI	29,40	(1,071)	(3,805)	(25,448)
Cash flow hedges	29,40	(132)	7,219	48,281
Exchange differences on translation of foreign operations	40	20,545	(14,846)	(99,291)
Share of other comprehensive income (loss) of associates accounted for using the equity method	21,40	9,754	(14,163)	(94,723)
Total items that may be reclassified subsequently to profit or loss		29,096	(25,595)	(171,181)
Total other comprehensive income (loss), net of tax		31,918	(26,215)	(175,328)
Total comprehensive income		¥622,183	¥629,071	$4,207,270
Total comprehensive income attributable to				
Owners of the Company		¥499,960	¥524,159	$3,505,611
Non-controlling interests		122,223	104,912	701,659
		¥622,183	¥629,071	$4,207,270

Note:

1. Income taxes related to the components of other comprehensive income (loss) are described in “Note 40. Other comprehensive income.”

c. Consolidated Statement of Changes in Equity

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 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 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

For the fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Notes	Equity attributable to owners of the Company							
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
As of April 1, 2024		$1,433,882	$4,922,766	$ 9,870,084	$(507,102)	$178,404	$15,898,034	$10,423,843	$26,321,877
Comprehensive income									
Net income		-	-	3,518,814	-	-	3,518,814	863,784	4,382,598
Other comprehensive income (loss)		-	-	-	-	(13,203)	(13,203)	(162,125)	(175,328)
Total comprehensive income		-	-	3,518,814	-	(13,203)	3,505,611	701,659	4,207,270
Transactions with owners and other transactions									
Cash dividends	34	-	-	(2,734,711)	-	-	(2,734,711)	(833,587)	(3,568,298)
Issuance of new shares	33	760,888	735,587	-	-	-	1,496,475	-	1,496,475
Transfer from common stock to capital surplus	33	(668,807)	668,807	-	-	-	-	-	-
Purchase of treasury stock	33	-	-	-	-	-	-	-	-
Disposal of treasury stock	33	-	(151,217)	-	311,670	-	160,453	-	160,453
Cancellation of treasury stock		-	-	-	-	-	-	-	-
Changes from business combinations		-	-	-	-	-	-	-	-
Changes from loss of control		-	32,310	-	-	-	32,310	(80,484)	(48,174)
Changes in interests in existing subsidiaries		-	(114)	-	-	-	(114)	(32,979)	(33,093)
Share-based payment transactions		-	(7,022)	-	-	-	(7,022)	-	(7,022)
Transfer from accumulated other comprehensive income (loss) to retained earnings	33	-	-	12,981	-	(12,981)	-	-	-
Other		-	(829)	(622)	-	-	(1,451)	(944)	(2,395)
Total transactions with owners and other transactions		92,081	1,277,522	(2,722,352)	311,670	(12,981)	(1,054,060)	(947,994)	(2,002,054)
As of March 31, 2025		$1,525,963	$6,200,288	$10,666,546	$(195,432)	$152,220	$18,349,585	$10,177,508	$28,527,093

d. Consolidated Statement of Cash Flows

	Notes	(Millions of yen) Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025	(Thousands of U.S. dollars) Fiscal year ended March 31, 2025
Cash flows from operating activities				
Net income		¥ 590,265	¥ 655,286	$ 4,382,598
Depreciation and amortization	37	743,808	748,014	5,002,769
Loss on disposal of property, plant and equipment and intangible assets		25,321	21,978	146,990
Gain relating to loss of control over subsidiaries	38	(10,284)	(43,195)	(288,891)
Financing income		(12,921)	(11,676)	(78,090)
Financing costs		61,415	117,352	784,859
Share of (income) losses of associates accounted for using the equity method		22,198	9,650	64,540
Gain on sales of equity method investments		(5,227)	(3,713)	(24,833)
Impairment loss on equity method investments		25,126	1,910	12,774
Gain on changes in equity interest		(20,435)	(4,564)	(30,524)
Income taxes		215,647	224,771	1,503,283
(Increase) decrease in trade and other receivables		(325,141)	(321,107)	(2,147,586)
(Increase) decrease in inventories		2,744	(39,375)	(263,343)
Purchases of mobile devices leased to enterprise customers		(49,164)	(49,462)	(330,805)
Increase (decrease) in trade and other payables		284,461	290,076	1,940,048
Increase (decrease) in consumption taxes payable		8,090	(4,899)	(32,765)
Increase (decrease) in deposits for banking business		170,895	152,810	1,022,004
(Increase) decrease in loans in banking business		(135,185)	(194,654)	(1,301,859)
Other		(14,363)	72,936	487,801
Subtotal		1,577,250	1,622,138	10,848,970
Interest and dividends received		6,543	11,789	78,846
Interest paid		(62,922)	(78,451)	(524,686)
Income taxes paid		(321,493)	(243,266)	(1,626,980)
Income taxes refunded		40,311	55,661	372,265
Net cash inflow from operating activities		1,239,689	1,367,871	9,148,415
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		(554,074)	(746,657)	(4,993,693)
Proceeds from sales of property, plant and equipment and intangible assets		1,838	3,125	20,900
Payments for acquisition of investments		(96,062)	(86,700)	(579,856)
Proceeds from sales/redemption of investments		23,601	59,395	397,238
Purchase of investment securities in banking business		(328,014)	(344,567)	(2,304,488)
Proceeds from sales/redemption of investment securities in banking business		127,586	123,714	827,408
Proceeds from (payments for) obtaining control of subsidiaries	6	(67,528)	(350)	(2,341)
Proceeds from (payments for) loss of control over subsidiaries		(6,890)	(21,909)	(146,529)
Other		(28,064)	18,766	125,509
Net cash outflow from investing activities		(927,607)	(995,183)	(6,655,852)

	Notes	(Millions of yen) Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025	(Thousands of U.S. dollars) Fiscal year ended March 31, 2025
Cash flows from financing activities				
Increase (decrease) in short-term interest-bearing debt, net	24	¥ 181,328	¥ (417,203)	$ (2,790,282)
Proceeds from interest-bearing debt	24	1,905,910	1,649,994	11,035,273
Repayment of interest-bearing debt	24	(2,064,536)	(1,872,502)	(12,523,422)
Proceeds from issuance of shares	33	136,233	221,055	1,478,431
Proceeds from non-controlling interests		34,202	23,249	155,491
Payments for purchase of treasury stock	33	(100,000)	(0)	(0)
Cash dividends paid	34	(406,752)	(408,836)	(2,734,323)
Cash dividends paid to non-controlling interests		(45,697)	(124,909)	(835,400)
Other		2,214	(27,277)	(182,430)
Net cash inflow (outflow) from financing activities		(357,098)	(956,429)	(6,396,662)
Effect of exchange rate changes on cash and cash equivalents		11,733	(6,618)	(44,262)
Increase (decrease) in cash and cash equivalents relating to transfer of assets classified as held for sale	13	(33,011)	33,011	220,780
Increase (decrease) in cash and cash equivalents		(66,294)	(557,348)	(3,727,581)
Cash and cash equivalents at the beginning of the year		2,059,167	1,992,873	13,328,471
Cash and cash equivalents at the end of the year	8	¥ 1,992,873	¥ 1,435,525	$ 9,600,890

Note:
1. The consolidated statement of cash flows should be read in conjunction with “Note 42. Supplemental information to the consolidated statement 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.

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.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at a rate of ¥149.52 to $1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(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 Statement of Cash Flows)

a. “Proceeds from (payments for) loss of control over subsidiaries,” which was included in “Other” under cash flows from investing activities for the fiscal year ended March 31, 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 year ended March 31, 2024.

As a result, in the consolidated statement of cash flows for the fiscal year ended March 31, 2024, “Other” of ¥(34,954) million under cash flows from investing activities has been reclassified as “Proceeds from (payments for) loss of control over subsidiaries” of ¥(6,890) million and “Other” of ¥(28,064) million under cash flows from investing activities.

b. For the fiscal year ended March 31, 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 statement of cash flows for the fiscal year ended March 31, 2024, “Proceeds from interest-bearing debt” of ¥732,900 million and “Repayment of interest-bearing debt” of ¥(713,700) million under cash flows from financing activities have been reclassified as “Increase (decrease) in short-term interest-bearing debt, net” of ¥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 statement 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 statement 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 statement 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 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 statement of financial position, revenue and expenses in the consolidated statement of income, or contingent liabilities and assets to be disclosed.

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

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

(1) Significant judgments

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

a. Judgments of whether an entity is controlled by the Company in determining the scope of consolidation ("(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, 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. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the "Consumer" segment, the Group provides services, such as mobile services, broadband services and electricity services, including the *Ouchi Denki* service, mainly to individual customers in Japan. The Company procures mobile devices from mobile device manufacturers and sells the mobile devices to distributors operating SoftBank shops, etc. and individual customers.

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

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

In the “Media & EC” segment, the Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the “media” field, the Group provides advertising-related services on its comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the “commerce” field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. In the “strategy” field, the Group provides services centered on FinTech, which the Group is working to develop into new drivers of earnings alongside media and commerce.

In the “Financial” segment, the Group provides cashless payment services such as QR code payment and credit card services, development and provision of marketing solutions for merchants, financial services such as asset management, as well as payment agency services that provide a comprehensive range of diversified payments such as credit cards, electronic money and QR codes.

Information not included in the preceding reportable segments is summarized in “Other.” “Adjustments” includes eliminations of intersegment transactions and expenses not allocated to any reportable segment.

In addition, the Group reevaluated the management business categories to reinforce group synergy. As a result, from the three months ended June 30, 2024, the reportable segments of SB Technology Corp., Cybertrust Japan Co., Ltd., and others, which were included in the “Other” segment, have been changed to the “Enterprise” segment. In addition, the reportable segment of certain subsidiaries, which were included in the “Consumer” segment, has been changed to the “Other” segment. As a result, the figures for the fiscal year ended March 31, 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, 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

(Millions of yen)

	Reportable segments								
	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

Note:

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

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Segment income	876,068	989,016
Gain on changes in equity interest	20,435	4,564
Share of losses of associates accounted for using the equity method	(22,198)	(9,650)
Financing income	12,921	11,676
Financing costs	(61,415)	(117,352)
Gain on sales of equity method investments	5,227	3,713
Impairment loss on equity method investments	(25,126)	(1,910)
Profit before income taxes	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 statement 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, 2024	As of March 31, 2025
Cash and demand deposits[1]	1,948,158	1,369,696
Time deposits (maturities of three months or less)	41,387	62,434
Other	3,328	3,395
Total	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, 2024 and 2025, cash and cash equivalents include deposits in the Bank of Japan of ¥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, 2024	As of March 31, 2025
Trade receivables	926,991	933,773
Installment receivables[1]	406,260	383,463
Loans in credit card business	561,103	749,528
Loans in banking business	43,431	52,342
Call loans in banking business	116,083	63,000
Non-trade receivables	209,609	208,024
Accounts receivable in payment business	72,041	68,565
Advances paid	40,023	39,478
Deposits[2]	274,927	280,840
Other	38,944	53,319
Allowance for doubtful accounts	(28,417)	(26,692)
Total	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, 2024	As of March 31, 2025
Current		
Investment securities in banking business	52,565	38,782
Trading securities	99,686	130,908
Derivative assets	3,604	5,787
Other	73,860	84,759
Total	229,715	260,236
Non-current		
Installment receivables[1]	486,979	634,780
Loans in credit card business	237,635	246,006
Loans in banking business	680,510	875,237
Loans receivable	81,763	96,179
Deposits in the central clearing house[2]	90,200	-
Rental and other deposits	44,122	64,499
Other	178,229	241,655
Allowance for doubtful accounts	(43,811)	(58,891)
Total	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, 2024	As of March 31, 2025
Merchandise	135,320	162,669
Other	19,739	28,782
Total	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, 2024	Fiscal year ended March 31, 2025
Write-down of inventories	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, 2024	As of March 31, 2025
Current		
Prepaid expenses	79,758	91,351
Contract assets	22,000	18,185
Income taxes receivable	51,090	3,177
Other	33,962	53,090
Total	186,810	165,803
Non-current		
Long-term prepaid expenses	75,045	82,067
Consideration paid to customer[1]	23,513	20,504
Other	1,605	480
Total	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, 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, 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, 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, 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, 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, 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, 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, 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, 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, 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, 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 statement of income.

The carrying amounts of internally generated intangible assets included in intangible assets are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Software	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, 2024	Fiscal year ended March 31, 2025
Research and development costs	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, 2024	As of March 31, 2025
Consumer	155,075	155,122
Enterprise	119,760	135,249
Media & EC		
Media[2]	937,606	937,556
ASKUL	35,181	35,513
ZOZO	194,459	194,459
Ikyu (Restaurant)	500	500
Ikyu (Accommodation)	8,762	8,762
Other	58,585	58,584
Subtotal	1,235,093	1,235,374
Financial	535,667	541,000
Other	3,809	1,747
Total	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, 2024	As of March 31, 2025
Consumer	293,956	293,956
Enterprise	51,954	51,954
Distribution	4,093	4,093
Media & EC		
Yahoo[1]	169,575	169,575
Media	160,116	160,116
ASKUL	19,770	19,770
ZOZO	178,720	178,720
Ikyu (Accommodation)	5,088	5,088
Subtotal	533,269	533,269
Total	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."

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 (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 (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 (4.9% 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 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, 2024	As of March 31, 2025
Contract acquisition costs	310,516	374,587
Contract fulfillment costs	8,624	9,913
Total	319,140	384,500

The components of amortization of contract costs are as follows:

		(Millions of yen)
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Amortization		
Contract acquisition costs	242,084	241,467
Contract fulfillment costs	13,062	15,246
Total	255,146	256,713

17. Investment securities

The components of investment securities are as follows:

		(Millions of yen)
	As of March 31, 2024	As of March 31, 2025
Stocks	148,231	119,958
Bonds[1]	16,335	31,371
Other	108,222	103,739
Total	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 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, 2024	As of March 31, 2025
Debt securities	407,259	612,999
Trust beneficiary rights	99,503	132,271
Other	15,470	1,786
Total	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, 2024 and 2025 are ¥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) 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 mainly 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, 2024	As of March 31, 2025
Carrying amount of right-of-use assets		
Network equipment	172,889	174,925
Properties for base stations and space for structures	158,857	154,654
Properties for communications network	89,600	85,569
Offices and warehouses	240,717	332,811
Other	120	1,198
Total	662,183	749,157

Note:

1. The increases in right-of-use assets for the fiscal years ended March 31, 2024 and 2025 are ¥194,966 million and ¥280,763 million, respectively.

The components of depreciation expense of right-of-use assets are as follows:

	Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025
Depreciation expense of right-of-use assets		
Network equipment	56,380	47,075
Properties for base stations and space for structures	37,718	35,716
Properties for communications network	16,405	13,744
Offices and warehouses	53,223	70,571
Other	204	409
Total	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 statement 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 statement of income are as follows:

	Fiscal year ended March 31, 2024	(Millions of yen) Fiscal year ended March 31, 2025
Sales income / loss (net)	(1,256)	(1,133)
Financial income on uncollected amount of net lease investments	67	52
Total	(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).

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, 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, 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, 2024	Ownership percentage of voting rights (%) As of March 31, 2025
Wireless City Planning Inc.[1]	Consumer / Enterprise	Tokyo	31.8	31.8
SB Power Corp.	Consumer	Tokyo	100	100
Cubic Telecom Ltd.	Enterprise	Ireland	54.3	54.3
SB C&S Corp.	Distribution	Tokyo	100	100
A Holdings Corporation[2]	Media & EC	Tokyo	50.0	50.0
LY Corporation	Media & EC	Tokyo	64.4	62.5
ASKUL Corporation[3]	Media & EC	Tokyo	45.0	46.5
ZOZO, Inc.	Media & EC	Chiba	51.5	51.5
Ikyu Corporation	Media & EC	Tokyo	100	100
PayPay Bank Corporation[4]	Media & EC	Tokyo	46.6	46.6
Z Intermediate Global Corporation	Media & EC	Tokyo	100	100
LINE SOUTHEAST ASIA CORP.PTE.LTD.	Media & EC	Singapore	100	100
LINE Financial Corporation	Media & EC	Korea	100	100
LINE Pay Corporation	Media & EC	Tokyo	100	100
LINE Plus Corporation	Media & EC	Korea	100	100
PayPay Corporation	Financial	Tokyo	69.8	69.8
PayPay Card Corporation	Financial	Tokyo	100	100
SB Payment Service Corp.	Financial	Tokyo	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. 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.
4. 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.

(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, 2024	As of March 31, 2025
Ownership ratio of the non-controlling interests (%)	50.0	50.0
Accumulated amount attributable to the non-controlling interests of the subsidiary group (Millions of yen)	1,521,412	1,499,198

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income allocated to the non-controlling interests of the subsidiary group	99,723	132,971

(b) Condensed consolidated financial information

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total assets	8,936,970	9,019,805
Total liabilities	5,655,078	5,791,172
Total equity	3,281,892	3,228,633

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	1,814,663	1,917,478
Net income	125,015	186,480
Total comprehensive income	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).

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).

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities (net)	316,309	523,421
Cash flows from investing activities (net)	(444,071)	(505,640)
Cash flows from financing activities (net)	(81,241)	(420,469)
Effect of exchange rate changes on cash and cash equivalents	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	(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, 2024	As of March 31, 2025
Carrying amounts	251,488	273,148

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net loss	(22,198)	(9,650)
Other comprehensive income (loss), net of tax	10,233	(14,066)
Total comprehensive loss	(11,965)	(23,716)

Note:

1. For the fiscal year ended March 31, 2024, an impairment loss of ¥22,345 million was 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%. The impairment loss is included in "Impairment loss on equity method investments" in the consolidated statement 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, 2024	As of March 31, 2025
Total assets of unconsolidated structured entities	758,143	734,656
The Group's maximum exposure to loss		
The carrying amounts of the investments recognized by the Group	91,546	97,483
Commitment contract of additional investments	10,033	6,800
Total	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 statement 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, 2024	Fiscal year ended March 31, 2025
Current tax expenses	(252,296)	(235,206)
Deferred tax expenses	36,649	10,435
Total	(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, 2024	Fiscal year ended March 31, 2025
Statutory effective tax rate	31.5	31.5
Effect of permanent differences	(0.2)	0.3
Effect of evaluating recoverability of deferred tax assets	(7.1)	(5.6)
Effect of investments accounted for using the equity method	1.9	0.6
Other	0.7	(1.3)
Actual tax rate	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, 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, 2024 and 2025 are ¥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, 2024	As of March 31, 2025
Deductible temporary differences	92,998	75,816
Net operating loss carryforwards	117,780	126,209
Total	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, 2024	As of March 31, 2025
1st year	556	903
2nd year	890	1,475
3rd year	1,614	66
4th year	69	3,750
5th year and thereafter	114,651	120,015
Total	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).

(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).

(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, 2024	As of March 31, 2025	Average interest rate (%)[1]	Maturity[2]
Current				
Short-term borrowings	767,265	353,233	0.88	-
Commercial paper	187,001	108,000	0.61	-
Current portion of long-term borrowings	1,202,649	811,447	1.26	-
Current portion of lease liabilities	139,657	153,782	2.05	-
Current portion of corporate bonds[3]	84,991	219,992	0.43	-
Current portion of installment payables	69	70	4.96	-
Total	2,381,632	1,646,524		
Non-current				
Long-term borrowings	2,167,081	2,429,362	1.37	April 2026-April 2047
Lease liabilities	560,046	638,581	2.90	April 2026-April 2055
Corporate bonds[3]	1,212,060	1,247,664	0.84	June 2026-July 2033
Installment payables	68	21	4.96	April 2026-December 2027
Total	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, 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)	-	0.33	Mar. 18, 2025
3rd Unsecured Straight Bond	Mar. 18, 2020	10,000	10,000	0.45	Mar. 18, 2027
4th Unsecured Straight Bond	Mar. 18, 2020	10,000	10,000	0.50	Mar. 18, 2030
6th Unsecured Straight Bond			70,000		
	Jul. 29, 2020	70,000	(70,000)	0.36	Jul. 29, 2025
7th Unsecured Straight Bond	Jul. 29, 2020	20,000	20,000	0.58	Jul. 29, 2030
8th Unsecured Straight Bond			80,000		
	Dec. 3, 2020	80,000	(80,000)	0.35	Dec. 3, 2025
9th Unsecured Straight Bond	Dec. 3, 2020	25,000	25,000	0.48	Dec. 3, 2027
10th Unsecured Straight Bond	Dec. 3, 2020	15,000	15,000	0.57	Dec. 3, 2030
11th Unsecured Straight Bond	Jun. 3, 2021	34,944	34,970	0.30	Jun. 3, 2026
12th Unsecured Straight Bond	Jun. 3, 2021	29,934	29,950	0.42	Jun. 2, 2028
13th Unsecured Straight Bond	Jun. 3, 2021	34,896	34,910	0.52	Jun. 3, 2031
14th Unsecured Straight Bond	Oct. 12, 2021	34,936	34,961	0.24	Oct. 9, 2026
15th Unsecured Straight Bond	Oct. 12, 2021	24,940	24,953	0.41	Oct. 12, 2028
16th Unsecured Straight Bond	Oct. 12, 2021	19,934	19,943	0.52	Oct. 10, 2031
17th Unsecured Straight Bond	Jan. 27, 2022	14,959	14,967	0.51	Jan. 26, 2029
18th Unsecured Straight Bond	Jan. 27, 2022	14,949	14,955	0.62	Jan. 27, 2032
19th Unsecured Straight Bond	Mar. 10, 2023	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		827,781 (10,000)	1,023,292 (150,000)		

(Millions of yen)

Company name / Name of bond	Date of issuance	As of March 31, 2024[1]	As of March 31, 2025[1]	Interest rate (%)	Date of maturity
LY Corporation 6th Unsecured Straight Bond		25,000			
	Dec. 7, 2017	(25,000)	-	0.35	Dec. 6, 2024
7th Unsecured Straight Bond	Dec. 7, 2017	10,000	10,000	0.40	Dec. 7, 2027
9th Unsecured Straight Bond	Dec. 6, 2018	10,000	10,000	0.50	Dec. 6, 2028
		49,991			
11th Unsecured Straight Bond	Jul. 31, 2019	(49,991)	-	0.18	Jul. 31, 2024
12th Unsecured Straight Bond	Jul. 31, 2019	69,924	69,958	0.37	Jul. 31, 2026
13th Unsecured Straight Bond	Jul. 31, 2019	49,896	49,916	0.46	Jul. 31, 2029
16th Unsecured Straight Bond			69,992		
	Jun. 11, 2020	69,945	(69,992)	0.60	Jun. 11, 2025
17th Unsecured Straight Bond	Jun. 11, 2020	14,975	14,983	0.79	Jun. 11, 2027
18th Unsecured Straight Bond	Jun. 11, 2020	9,974	9,978	0.90	Jun. 11, 2030
19th Unsecured Straight Bond	Jul. 28, 2021	49,922	49,957	0.35	Jul. 28, 2026
20th Unsecured Straight Bond	Jul. 28, 2021	19,954	19,965	0.46	Jul. 28, 2028
21st Unsecured Straight Bond	Jul. 28, 2021	29,911	29,923	0.63	Jul. 28, 2031
22nd Unsecured Straight Bond	Sep. 15, 2022	9,974	9,982	0.76	Sep. 15, 2027
23rd Unsecured Straight Bond	Sep. 28, 2022	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		469,270 (74,991)	444,374 (69,992)		
Total		1,297,051 (84,991)	1,467,666 (219,992)	-	-

Note: Figures in parentheses as of March 31, 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, 2024	As of March 31, 2025
Property, plant and equipment	815,955	743,783

Liabilities related to the assets with limited property rights above are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Interest-bearing debt		
Current portion of long-term borrowings	226,992	214,420
Long-term borrowings	398,696	380,051
Total	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, 2024	As of March 31, 2025
Intangible assets	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, 2024	As of March 31, 2025
Interest-bearing debt		
Current portion of long-term borrowings	108,110	94,774
Long-term borrowings	176,537	138,518
Total	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, 2023	599,352	122,001	3,521,445	1,157,671	734,032	-	6,134,501
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). 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: ¥380,891 million).
2. For the fiscal years ended March 31, 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, 2024	As of March 31, 2025
Operating payables	652,153	672,960
Deposits[1]	620,444	722,639
Accounts payable in payment business	634,788	739,930
Trade payable	346,059	427,320
Fixed asset payable	214,058	197,310
Other	67,570	68,481
Total	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, 2024	As of March 31, 2025
Ordinary deposits	1,542,742	1,658,539
Time deposits	100,413	137,426
Total	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) 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, 2024	As of March 31, 2025
Current		
Short-term accrued employee benefits	112,175	118,813
Consumption and other taxes payable	66,784	65,172
Withholding tax	3,956	5,402
Other	43,681	58,949
Total	226,596	248,336
Non-current		
Long-term accrued employee benefits	8,899	8,777
Defined benefit liabilities	39,777	38,026
Contract liabilities	62,265	65,731
Other	4,122	4,091
Total	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, 2024	As of March 31, 2025
Equity capital (Millions of yen)	2,377,074	2,743,630
Equity capital ratio (%)	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, 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, 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, 2024

(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	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)

		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	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, 2024

(Millions of yen)

		Past due					
Financial assets other than trade receivables and contract assets	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
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)

		Past due					
Financial assets other than trade receivables and contract assets	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
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, 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 statement of income.

For the fiscal years ended March 31, 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, 2024	Fiscal year ended March 31, 2025
Net exposure affecting profit before income taxes	56,689	34,224
Net exposure affecting other comprehensive income (before tax effect)	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, 2024	Fiscal year ended March 31, 2025
Decrease in profit before income taxes	(567)	(342)
Decrease in other comprehensive income (before tax effect)	(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, 2024	Fiscal year ended March 31, 2025
Decrease in other comprehensive income (before tax effect)	(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 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.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Decrease in profit before income taxes	(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, 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, 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

(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	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, 2024

	(Millions of yen)
Interest risk	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

	(Millions of yen)
Interest risk	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 statement 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). 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, 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).
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 statement 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 statement 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, 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, 2024	As of March 31, 2025
Industry sector	Fair value	Fair value
Information and communications	34,755	31,929
Services	27,436	18,513
Retail	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, 2024	Fiscal year ended March 31, 2025
Fair value at the date of derecognition	21,975	10,348
Accumulated gain or (loss) on disposal	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).

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, 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, 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, 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 statement 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 statement 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 statement 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 statement 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, 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, 2024	As of March 31, 2025
Carrying amount of transferred assets	891,223	917,099
Carrying amount of related liabilities	(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, 2024	As of March 31, 2025
Fair value of transferred assets	891,223	917,099
Fair value of related liabilities	(866,169)	(847,599)
Net position	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). 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 statement 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 statement of financial position as they meet the criteria for offsetting.

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, 2024	As of March 31, 2025
Common stock	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, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	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	4,756,201	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, 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, 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, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	55,596	47,805
Increase during the year[1]	56,179	279,317
Decrease during the year[2,3]	(63,970)	(142,888)
Balance at the end of the year	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, 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, 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, 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, 2024	Fiscal year ended March 31, 2025
Equity-settled	21,199	16,196
Cash-settled	1,820	3,073
Total	23,019	19,269

Liabilities arising from share-based payments

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-settled	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, 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
2020 LINE 22nd[1, 2]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 24th[1, 3]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 25th[1,3]	March 1, 2021	From July 29, 2022 to July 8, 2029
2020 LINE 26th[1, 4]	March 1, 2021	From November 5, 2023 to November 5, 2030
2020 LINE 28th[5]	March 30, 2021	From November 5, 2023 to November 5, 2030
2021 LINE 29th[6]	November 10, 2021	From November 11, 2024 to October 24, 2031
2022 Z Holdings 1st[7]	August 18, 2022	From August 19, 2025 to August 3, 2032

Notes:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

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.

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.

7. 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.

(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, 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, 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%)

Year issued / Name	Fiscal year ended March 31, 2025 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

No stock options were granted during the period.

(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, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	1,583,876,000	114	1,247,713,000	119
Granted	4,920,000	1	1,313,209,000	210
Forfeited	(21,995,000)	126	(31,824,000)	173
Exercised	(319,088,000)	94	(461,607,000)	93
Matured	-	-	(28,054,000)	63
Ending balance - Unexercised	1,247,713,000	119	2,039,437,000	184
Ending balance - Exercisable	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, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	2,662,800	4,490	116,200	1
Granted	-	-	-	-
Forfeited	(622,400)	4,777	(600)	1
Exercised	(1,615,800)	4,669	(72,000)	1
Increase due to secondment and other reasons	-	-	1,800	1
Decrease due to secondment and other reasons	(308,400)	4,661	(1,400)	1
Ending balance - Unexercised	116,200	1	44,000	1
Ending balance - Exercisable	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, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Beginning balance - Unexercised	224,138,375	452	183,498,425	424
Granted	-	-	-	-
Forfeited	(37,072,650)	605	(5,940,900)	438
Exercised	(3,567,300)	299	(6,711,600)	300
Matured	-	-	-	-
Ending balance - Unexercised	183,498,425	424	170,845,925	428
Ending balance - Exercisable	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, 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)
2018 March stock acquisition rights	175,281,000	169	2018 March stock acquisition rights	266,261,000	200
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, 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)
2016 July stock acquisition rights	1,574,600	6,517	2016 July stock acquisition rights	-	-
2017 July stock acquisition rights	41,200	7,195	2017 July stock acquisition rights	-	-
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, 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)
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, 2024 and 2025 are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Eligible director(s)	Five directors Four corporate executive officers	Four directors Seven corporate executive officers
Number of shares granted	11,171,000	21,695,000
Weighted-average fair value of shares granted	¥154	¥195

36. Revenue

(1) Components of revenue

The components of revenue are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Consumer[4]		
Service revenues		
Mobile	1,508,264	1,555,584
Broadband	400,261	408,247
Electricity	261,666	255,694
Revenues from sales of goods and others	635,437	713,862
Subtotal	2,805,628	2,933,387
Enterprise[5]		
Mobile[3]	305,528	299,314
Fixed-line	162,578	162,715
Business solution and others[3]	334,697	426,131
Subtotal	802,803	888,160
Distribution	569,076	705,700
Media & EC		
Media[6]	674,042	703,881
Commerce[6]	822,124	844,232
Strategy	84,395	97,785
Other	5,511	4,048
Subtotal	1,586,072	1,649,946
Financial	215,987	255,887
Other[4,5]	104,436	111,269
Total	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, 2024 and 2025 were ¥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, 2024 and 2025 were ¥493,959 million and ¥559,582 million, respectively. Revenues from sales of goods and others for the fiscal years ended March 31, 2024 and 2025 were ¥146,266 million and ¥165,864 million, respectively.
4. 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 year ended March 31, 2024, have been retrospectively adjusted.
5. 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 year ended March 31, 2024, have been retrospectively adjusted.
6. 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 year ended March 31, 2024, have been retrospectively adjusted.

(2) Contract balances

The components of contract balances are as follows:

(Millions of yen)

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers	920,170	962,577	993,360
Contract assets	11,020	22,000	18,185
Total	931,190	984,577	1,011,545
Contract liabilities	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, 2024 and 2025, the amounts included in the balance of contract liabilities at the beginning of the year are ¥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, 2024 and 2025 are ¥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). 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, 2024	Fiscal year ended March 31, 2025
Cost of goods sold	(1,700,679)	(1,892,284)
Sales commissions and sales promotion expenses	(446,172)	(516,815)
Depreciation and amortization[1]	(743,808)	(748,014)
Amortization of contract costs	(255,146)	(256,713)
Telecommunications equipment usage fees	(249,243)	(263,126)
Employees and directors benefit costs	(540,092)	(549,011)
Outsourced service fees	(319,243)	(343,518)
Other[2]	(978,035)	(1,015,225)
Total	(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 statement 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 year ended March 31, 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 year ended March 31, 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, 2024	Fiscal year ended March 31, 2025
Other operating income		
Gain on loss of control over subsidiaries	10,284	43,195
Gain on sale of businesses	10,462	-
Compensation for damage income	9,426	-
Total	30,172	43,195
Other operating expenses		
Impairment loss	(14,672)	(13,822)
Provision for loss on litigation[1]	8,984	-
Total	(5,688)	(13,822)

Note:
1. 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, 2024	Fiscal year ended March 31, 2025
Dividends received	788	706
Interest received	3,497	5,249
Foreign exchange gains	-	4,314
Realized gain from financial instruments at FVTPL	2,444	-
Other	6,192	1,407
Total	12,921	11,676

(2) Financing costs

The components of financing costs are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expenses[1]	(63,733)	(81,478)
Foreign exchange losses	(1,355)	-
Realized loss from financial instruments at FVTPL	-	(15,412)
Provision for loss on litigation[2]	10,192	-
Other	(6,519)	(20,462)
Total	(61,415)	(117,352)

Notes:
1. Interest expenses are primarily from financial liabilities measured at amortized cost and include interest expenses from lease liabilities of ¥9,659 million and ¥22,761 million for the fiscal years ended March 31, 2024 and 2025, respectively.
2. 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 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, 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, 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	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	487,828	519,977
Weighted-average number of shares of common stock outstanding (Thousands of shares)[1]	47,283,987	47,312,472
Basic earnings per share (Yen)	10.32	10.99

(2) Diluted earnings per share

	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	487,828	519,977
Effect of dilutive securities issued by subsidiaries and associates	(5,057)	(3,724)
Total	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	47,283,987	47,312,472
Increase in the number of shares of common stock due to stock acquisition rights	438,020	332,966
Total	47,722,007	47,645,438
Diluted earnings per share (Yen)	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 previous fiscal year.
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 statement 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 statement 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).

(3) Significant non-cash transactions

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

a. 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, 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."

b. 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, 2024 and 2025, were ¥194,673 million and ¥181,812 million, respectively, and are non-cash transactions.

c. 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, 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] Receipt of deposits[2] Offsetting of deposits[2]	207 200 200	-
		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, 2024	Fiscal year ended March 31, 2025
Short-term benefits	1,511	465
Share-based payments	1,638	3,113
Total	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, 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, 2024	As of March 31, 2025
Total lending commitments	13,426,606	11,242,877
Funded	1,031,056	1,271,749
Unfunded	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, 2024	As of March 31, 2025
Total credit guarantees	7,277	5,983
Guarantee balance	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, 2024	As of March 31, 2025
Inventories	194,548	334,876
Property, plant and equipment and intangible assets	289,855	191,606
Other[1]	337,662	369,998
Total	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.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of SoftBank Corp.:

Accountant's Conclusion

We have reviewed the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries (the "Group"), which comprise the condensed interim consolidated statement of financial position as of December 31, 2025, and the condensed interim consolidated statement of income, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

Basis for Accountant's Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibility under those standards is further described in the Accountant's Responsibility for the Review of the Condensed Interim 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as accountants. We believe that we have obtained the evidence to provide a basis for our review conclusion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim 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 the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, 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.

Accountant's Responsibility for the Review of the Condensed Interim Consolidated Financial Statements

Our objective is to issue an accountant's report that includes our conclusion.

As part of a review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, if we conclude that 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 accountant's report to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the condensed interim consolidated financial statements are not prepared in accordance with the Article 5-2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

- Obtain evidence regarding the financial information of the entities or business units within the Group as a basis for forming a conclusion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and review of the interim review of the condensed interim consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the review and significant findings that we identify during our review.

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.

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
February 26, 2026

Condensed Interim Consolidated Financial Statements and Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	1,435,525	1,577,481
Trade and other receivables	2,805,640	3,099,845
Other financial assets	260,236	434,534
Inventories	191,451	226,206
Other current assets	165,803	203,759
Total current assets	4,858,655	5,541,825
Non-current assets		
Property, plant and equipment	1,966,995	1,965,444
Right-of-use assets	749,157	756,408
Goodwill	2,068,492	2,186,847
Intangible assets	2,531,480	2,592,330
Contract costs	384,500	426,513
Investments accounted for using the equity method	273,148	223,718
Investment securities	255,068	331,746
Investment securities in banking business	747,056	1,158,888
Other financial assets	2,099,465	2,815,824
Deferred tax assets	65,128	130,506
Other non-current assets	103,051	113,607
Total non-current assets	11,243,540	12,701,831
Total assets	16,102,195	18,243,656

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	1,646,524	1,917,130
Trade and other payables	2,828,640	3,211,782
Contract liabilities	137,223	167,842
Deposits for banking business	1,795,965	2,551,328
Other financial liabilities	2,742	4,663
Income taxes payable	122,844	95,059
Provisions	52,932	57,598
Other current liabilities	248,336	258,236
Total current liabilities	6,835,206	8,263,638
Non-current liabilities		
Interest-bearing debt	4,315,628	4,700,469
Other financial liabilities	104,741	161,624
Provisions	142,392	149,741
Deferred tax liabilities	322,232	356,565
Other non-current liabilities	116,625	121,244
Total non-current liabilities	5,001,618	5,489,643
Total liabilities	11,836,824	13,753,281
Equity		
Equity attributable to owners of the Company		
Common stock	228,162	241,631
Capital surplus	927,067	927,648
Retained earnings	1,594,862	1,661,187
Treasury stock	(29,221)	(27,116)
Accumulated other comprehensive income (loss)	22,760	53,497
Total equity attributable to owners of the Company	2,743,630	2,856,847
Non-controlling interests	1,521,741	1,633,528
Total equity	4,265,371	4,490,375
Total liabilities and equity	16,102,195	18,243,656

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

For the nine months ended December 31, 2024 and 2025

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Revenue	4,811,463	5,195,399
Cost of sales	(2,440,200)	(2,647,873)
Gross profit	2,371,263	2,547,526
Selling, general and administrative expenses	(1,585,442)	(1,715,865)
Other operating income	43,195	58,879
Other operating expenses	(7,155)	(6,396)
Operating income	821,861	884,144
Gain on changes in equity interest	3,277	-
Share of losses of associates accounted for using the equity method	(6,084)	(6,342)
Financing income	9,930	14,383
Financing costs	(89,540)	(75,968)
Gain on sales of equity method investments	4,307	10,816
Impairment loss on equity method investments	-	(7,169)
Profit before income taxes	743,751	819,864
Income taxes	(199,074)	(170,815)
Net income[1]	544,677	649,049
Net income attributable to		
Owners of the Company	436,610	485,523
Non-controlling interests	108,067	163,526
	544,677	649,049
Earnings per share attributable to owners of the Company[2]		
Basic earnings per share (Yen)	9.16	10.04
Diluted earnings per share (Yen)	9.02	9.97

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the nine months ended December 31, 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 previous fiscal year.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net income	544,677	649,049
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	21	(1,437)
Changes in the fair value of equity instruments at FVTOCI	(902)	4,066
Share of other comprehensive income (loss) of associates accounted for using the equity method	(79)	216
Total items that will not be reclassified to profit or loss	(960)	2,845
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(2,148)	(1,609)
Cash flow hedges	3,930	7,885
Exchange differences on translation of foreign operations	1,174	47,740
Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,817)	1,065
Total items that may be reclassified subsequently to profit or loss	1,139	55,081
Total other comprehensive income (loss), net of tax	179	57,926
Total comprehensive income	544,856	706,975
Total comprehensive income attributable to		
Owners of the Company	440,941	516,104
Non-controlling interests	103,915	190,871
	544,856	706,975

(3) Condensed Interim Consolidated Statement of Changes in Equity
For the nine months ended December 31, 2024

(Millions of yen)

	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	-	-	436,610	-	-	436,610	108,067	544,677
Other comprehensive income (loss)	-	-	-	-	4,331	4,331	(4,152)	179
Total comprehensive income	-	-	436,610	-	4,331	440,941	103,915	544,856
Transactions with owners and other transactions								
Cash dividends	-	-	(408,894)	-	-	(408,894)	(124,604)	(533,498)
Issuance of new shares	110,188	106,404	-	-	-	216,592	-	216,592
Transfer from common stock to capital surplus	(100,000)	100,000	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	-	(14,244)	-	31,433	-	17,189	-	17,189
Changes from business combinations	-	-	-	-	-	-	-	-
Changes from loss of control	-	4,831	-	-	-	4,831	(12,034)	(7,203)
Changes in interests in existing subsidiaries	-	(1,338)	-	-	-	(1,338)	(7,058)	(8,396)
Share-based payment transactions	-	(894)	-	-	-	(894)	-	(894)
Put options written on non-controlling interests	-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	417	-	(417)	-	-	-
Other	-	(142)	(105)	-	-	(247)	(86)	(333)
Total transactions with owners and other transactions	10,188	194,617	(408,582)	31,433	(417)	(172,761)	(143,782)	(316,543)
As of December 31, 2024	224,582	930,669	1,503,803	(44,389)	30,589	2,645,254	1,518,706	4,163,960

For the nine months ended December 31, 2025

(Millions of yen)

	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, 2025	228,162	927,067	1,594,862	(29,221)	22,760	2,743,630	1,521,741	4,265,371
Comprehensive income								
Net income	-	-	485,523	-	-	485,523	163,526	649,049
Other comprehensive income (loss)	-	-	-	-	30,581	30,581	27,345	57,926
Total comprehensive income	-	-	485,523	-	30,581	516,104	190,871	706,975
Transactions with owners and other transactions								
Cash dividends	-	-	(419,164)	-	-	(419,164)	(99,870)	(519,034)
Issuance of new shares	13,469	13,469	-	-	-	26,938	-	26,938
Transfer from common stock to capital surplus	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	-	439	-	2,105	-	2,544	-	2,544
Changes from business combinations	-	-	-	-	-	-	72,389	72,389
Changes from loss of control	-	-	-	-	-	-	(1,278)	(1,278)
Changes in interests in existing subsidiaries	-	(442)	-	-	-	(442)	(20,248)	(20,690)
Share-based payment transactions	-	857	-	-	-	857	-	857
Put options written on non-controlling interests	-	(13,875)	-	-	-	(13,875)	(30,412)	(44,287)
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	(156)	-	156	-	-	-
Other	-	133	122	-	-	255	335	590
Total transactions with owners and other transactions	13,469	581	(419,198)	2,105	156	(402,887)	(79,084)	(481,971)
As of December 31, 2025	241,631	927,648	1,661,187	(27,116)	53,497	2,856,847	1,633,528	4,490,375

(4) Condensed Interim Consolidated Statement of Cash Flows

	Nine months ended December 31, 2024	(Millions of yen) Nine months ended December 31, 2025
Cash flows from operating activities		
Net income	544,677	649,049
Depreciation and amortization	553,519	578,011
Loss on disposal of property, plant and equipment and intangible assets	12,634	9,740
Remeasurement gain on step acquisition	-	(58,879)
Gain relating to loss of control over subsidiaries	(43,195)	-
Financing income	(9,930)	(14,383)
Financing costs	89,540	75,968
Share of losses of associates accounted for using the equity method	6,084	6,342
Gain on sales of equity method investments	(4,307)	(10,816)
Impairment loss on equity method investments	-	7,169
Gain on changes in equity interest	(3,277)	-
Income taxes	199,074	170,815
(Increase) decrease in trade and other receivables	(370,894)	(363,009)
(Increase) decrease in inventories	(49,280)	(34,276)
Purchases of mobile devices leased to enterprise customers	(34,288)	(50,270)
Increase (decrease) in trade and other payables	417,031	401,951
Increase (decrease) in consumption taxes payable	13,168	36,467
Increase (decrease) in deposits for banking business	214,048	382,812
(Increase) decrease in loans in banking business	(129,105)	(200,908)
(Increase) decrease in investment securities in the securities business	(42,900)	(79,354)
Other	79,082	(110,187)
Subtotal	1,441,681	1,396,242
Interest and dividends received	8,220	6,476
Interest paid	(57,824)	(64,646)
Income taxes paid	(234,694)	(253,647)
Income taxes refunded	55,169	9,138
Net cash inflow from operating activities	1,212,552	1,093,563
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(478,323)	(442,079)
Proceeds from sales of property, plant and equipment and intangible assets	2,606	575
Payments for acquisition of investments	(72,243)	(110,593)
Proceeds from sales/redemption of investments	33,020	47,912
Purchase of investment securities in banking business	(247,902)	(526,552)
Proceeds from sales/redemption of investment securities in banking business	83,835	110,485
Proceeds from (payments for) obtaining control of subsidiaries	(350)	(39,200)
Proceeds from (payments for) loss of control over subsidiaries	(22,078)	65
Other	(5,045)	(10,395)
Net cash outflow from investing activities	(706,480)	(969,782)

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	(100,894)	177,652
Proceeds from interest-bearing debt	1,268,872	1,991,173
Repayment of interest-bearing debt	(1,490,242)	(1,661,753)
Proceeds from issuance of shares	215,573	26,593
Proceeds from stock issuance to non-controlling interests	22,207	54,349
Payments for purchase of treasury stock of subsidiaries	(6,267)	(69,794)
Cash dividends paid	(407,788)	(414,048)
Cash dividends paid to non-controlling interests	(123,784)	(99,799)
Other	(20,688)	(3,657)
Net cash inflow (outflow) from financing activities	(643,011)	716
Effect of exchange rate changes on cash and cash equivalents	1,879	17,459
Increase (decrease) in cash and cash equivalents relating to transfer of assets classified as held for sale	33,011	-
Increase (decrease) in cash and cash equivalents	(102,049)	141,956
Cash and cash equivalents at the beginning of the period	1,992,873	1,435,525
Cash and cash equivalents at the end of the period	1,890,824	1,577,481

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

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

The Group is engaged in a variety of businesses in the information and technology fields centering on its Consumer, Enterprise, Distribution, Media & EC and Financial businesses. For details, refer to "(1) Summary of reportable segments" under "Note 6. Segment information."

2. Basis of preparation of condensed interim consolidated financial statements

(1) Compliance with standards

The condensed interim consolidated financial statements of the Group have been prepared in accordance with Article 5, Paragraph 2 of the standards for preparation of quarterly financial statements, etc. of Tokyo Stock Exchange, Inc. A part of the disclosures required under International Accounting Standard 34, "Interim Financial Reporting" of IFRS Accounting Standards ("IFRS") is omitted under Article 5, Paragraph 5 of the said preparation standards.

(2) Changes in Presentation

(Condensed Interim Consolidated Statement of Cash Flows)

a. "(Increase) decrease in investment securities in the securities business," which was included in "Other" under cash flows from operating activities for the nine months ended December 31, 2024, has been presented as a separate item for the nine months ended December 31, 2025 as the amount became material. In order to reflect this change, reclassification has been made in the condensed interim consolidated financial statements for the nine months ended December 31, 2024.

As a result, in the condensed interim consolidated statement of cash flows for the nine months ended December 31, 2024, "Other" of ¥36,182 million under cash flows from operating activities has been reclassified as "(Increase) decrease in investment securities in the securities business" of ¥(42,900) million and "Other" of ¥79,082 million under cash flows from operating activities.

b. "Payments for purchase of treasury stock of subsidiaries," which was included in "Other" under cash flows from financing activities for the nine months ended December 31, 2024, has been presented as a separate item for the nine months ended December 31, 2025 as the amount became material. In order to reflect this change, reclassification has been made in the condensed interim consolidated financial statements for the nine months ended December 31, 2024.

As a result, in the condensed interim consolidated statement of cash flows for the nine months ended December 31, 2024, "Other" of ¥(26,955) million under cash flows from financing activities has been reclassified as "Payments for purchase of treasury stock of subsidiaries" of ¥(6,267) million and "Other" of ¥(20,688) million under cash flows from financing activities.

c. "Payments for purchase of treasury stock," which was presented as a separate item under cash flows from financing activities for the nine months ended December 31, 2024, has been included in "Other" under cash flows from financing activities for the nine months ended December 31, 2025 as the amount became immaterial. In order to reflect this change, reclassification has been made in the condensed interim consolidated financial statements for the nine months ended December 31, 2024.

As a result, in the condensed interim consolidated statement of cash flows for the nine months ended December 31, 2024, "Payments for purchase of treasury stock" of ¥(0) million under cash flows from financing activities has been reclassified as "Other" of ¥(0) million under cash flows from financing activities.

3. Material accounting policies

The material accounting policies applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements as of and for the fiscal year ended March 31, 2025. “Income tax expenses” for the nine months ended December 31, 2025 are calculated based on the estimated annual effective income tax rate.

4. Significant judgments and estimates

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

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

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

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

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements of the Group are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2025.

5. Business combinations

Nine months ended December 31, 2024

Acquisition of Cubic Telecom Ltd.

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

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

Nine months ended December 31, 2025

(1) Acquisition of BEENOS Inc.

a. Summary of the Transactions

LY Corporation, a subsidiary of the Company, commenced a tender offer for the common shares and stock acquisition rights of BEENOS Inc. (hereinafter “BEENOS”) as resolved at its Board of Directors meeting held on March 21, 2025, with the aim of enhancing corporate value through the creation of business synergies, particularly in the cross-border e-commerce business.

The tender offer was completed on May 7, 2025, and LY Corporation acquired 10,918,182 common shares and stock acquisition rights (the number of shares to be issued upon exercise: 417,540) of BEENOS on the settlement completion date of May 14, 2025, for a total cash consideration of ¥44,675 million. As a result, LY Corporation’s voting rights ratio in BEENOS increased to 84.08% (calculated based on the number of voting rights of issued common shares), and BEENOS has become a subsidiary of the Company.

b. Summary of the acquiree

Name BEENOS Inc.

Business Various e-commerce businesses domestically and internationally

c. Acquisition date

May 14, 2025

d. Consideration and its breakdown

		(Millions of yen) Acquisition date (May 14, 2025)
Cash paid		44,675
Total consideration	A	44,675

e. 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 (May 14, 2025)
Cash and cash equivalents		16,909
Trade and other receivables		2,377
Other financial assets (current)		5,225
Other current assets		2,849
Intangible assets[2]		11,189
Other non-current assets		3,827
Total assets		42,376
Interest-bearing debt (current)		3,229
Trade and other payables		9,249
Other current liabilities		1,703
Deferred tax liabilities		3,632
Other non-current liabilities		1,155
Total liabilities		18,968
Net assets	B	23,408
Non-controlling interests[3]	C	3,786
Goodwill[4]	A-(B-C)	25,053

Notes:

1. Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value as of the acquisition date.
2. The amount of intangible assets includes ¥10,829 million of trademarks as identifiable assets with indefinite useful lives. 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 the trademarks, 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.

f. The table below shows payments for obtaining control of the subsidiary:

	(Millions of yen) Acquisition date (May 14, 2025)
Consideration paid in cash	(44,675)
Cash and cash equivalents held by the acquiree at the time of obtaining control	16,909
Cash paid for obtaining control of the subsidiary	(27,766)

g. Revenue and net income of the acquiree

The revenue and net income (before elimination of intercompany transactions) of the acquiree recorded in the condensed interim consolidated statement of income on and after the acquisition date are ¥11,028 million and ¥797 million, respectively.

h. 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, 2025, the Company's consolidated pro forma financial information (unaudited) for the nine months ended December 31, 2025 is as follows:

	(Millions of yen) Nine months ended December 31, 2025
Revenue (Pro forma financial information)	5,198,477
Net income (Pro forma financial information)	649,203

(2) Conversion of LINE Bank Taiwan Limited into a subsidiary through capital increase

a. Summary of the Transactions

LY Corporation, 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 (hereinafter "LBT"), an associate of LY Corporation, through its subsidiary LINE Financial Taiwan Limited (hereinafter "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 on June 17, 2025.

Upon completion of the capital increase, the number of LBT common shares held by LFT amounted to 1,023,000 thousand shares and the voting rights of LFT in LBT reached 51.2%, thereby exceeding a majority. As a result, LY Corporation has acquired control over LBT, and LBT has become the Group's subsidiary.

b. Summary of the acquiree

Name LINE Bank Taiwan Limited

Business Internet-only bank

c. Acquisition date

June 17, 2025

d. Consideration and its breakdown

		(Millions of yen) Acquisition date (June 17, 2025)
Fair value of LBT common shares held as of the acquisition date		36,751
Cash paid		13,478
Total consideration	A	50,229

As a result of remeasurement of the Group's previously held interests in LBT to the fair value as of the acquisition date, a gain on step acquisition of ¥14,502 million was recognized. This amount is included in "Other operating income" in the condensed interim consolidated statement of income.

e. 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 (June 17, 2025)
Cash and cash equivalents		10,544
Trade and other receivables		37,941
Other financial assets (current)		43,809
Other current assets		3,540
Intangible assets		9,316
Investment securities in banking business		32,442
Other financial assets (non-current)		313,395
Other non-current assets		9,094
Total assets		460,081
Trade and other payables		2,514
Deposits for banking business		365,556
Other current liabilities		3,270
Other non-current liabilities		10,090
Total liabilities		381,430
Net assets	B	78,651
Non-controlling interests[2]	C	38,406
Goodwill[3]	A-(B-C)	9,984

Notes:

1. Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value as of the acquisition date.
2. 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.
3. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

f. The table below shows payments for obtaining control of the subsidiary:

	(Millions of yen) Acquisition date (June 17, 2025)
Consideration paid in cash	(13,478)
Cash and cash equivalents held by the acquiree at the time of obtaining control	10,544
Cash paid for obtaining control of the subsidiary	(2,934)

g. Revenue and net loss of the acquiree

The revenue and net loss (before elimination of intercompany transactions) of the acquiree recorded in the condensed interim consolidated statement of income on and after the acquisition date are ¥10,127 million and ¥405 million, respectively.

h. 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, 2025, the Company's consolidated pro forma financial information (unaudited) for the nine months ended December 31, 2025 is as follows:

The gain on step acquisition is included in the pro forma financial information.

	(Millions of yen) Nine months ended December 31, 2025
Revenue (Pro forma financial information)	5,198,702
Net income (Pro forma financial information)	648,317

(3) Conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary

a. Summary of the Transactions

To further strengthen collaboration with LINE MAN CORPORATION PTE. LTD. (hereinafter "LMWN"), an equity-method associate of LY Corporation, that operates businesses such as on-demand services (primarily in food delivery) and digital solutions business for merchants in Thailand, LY Corporation, a subsidiary of the Company, resolved at the meeting of its Board of Directors held on September 11, 2025, that LY Corporation acquires a portion of LMWN shares held by Apfarm Investment Pte Ltd and Gamnat Pte. Ltd. through its subsidiary LINE SOUTHEAST ASIA CORP. PTE. LTD. (hereinafter "LSEA"), that an amendment to the shareholders' agreement will be agreed with among LMWN's shareholders regarding changes to each shareholder's rights as stipulated in the shareholders' agreement, and that LSEA will receive a comprehensive proxy from MIRAI Fund for the future exercise of voting rights associated with LMWN shares held by MIRAI Fund, and LSEA will be authorized to exercise said voting rights. The acquisition of shares and the amendment to the shareholders' agreement were completed on September 30, 2025.

As of the completion date, LY Corporation acquired control over LMWN, and LMWN has become a subsidiary of the Group.

b. Summary of the acquiree

Name	LINE MAN CORPORATION PTE. LTD.
Business	Operation of on-demand services (primarily in food delivery) and digital solutions business for merchants in Thailand, and management of group companies

c. Acquisition date

September 30, 2025

d. Consideration and its breakdown

		(Millions of yen) Acquisition date (September 30, 2025)
Fair value of LMWN common shares held as of the acquisition date		63,239
Cash paid		15,327
Total consideration	A	78,566

As a result of remeasurement of the Group's previously held interests in LMWN to the fair value as of the acquisition date, a gain on step acquisition of ¥44,377 million was recognized. This amount is included in "Other operating income" in the condensed interim consolidated statement of income.

e. 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 (September 30, 2025)
Cash and cash equivalents		12,542
Trade and other receivables		4,847
Other current assets		3,214
Intangible assets[2]		71,891
Other non-current assets		3,483
Total assets		95,977
Interest-bearing debt (current)		6,703
Trade and other payables		8,207
Other current liabilities		2,731
Deferred tax liabilities		13,736
Other non-current liabilities		3,460
Total liabilities		34,837
Net assets	B	61,140
Non-controlling interests[3]	C	30,254
Goodwill[4]	A-(B-C)	47,680

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 December 31, 2025. Reflecting the adjustments to these provisional amounts, the initial allocation of the consideration transferred has been revised. The major impacts of these adjustments on the assets acquired and liabilities assumed in the condensed interim consolidated statement of financial position as of December 31, 2025, comprise an increase in intangible assets of ¥67,623 million, an increase in deferred tax liabilities of ¥13,525 million, an increase in non-controlling interests of ¥27,494 million, and a decrease in goodwill of ¥26,604 million.
2. The amount of intangible assets includes ¥67,623 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The trademarks are classified as intangible assets with indefinite useful lives. The estimated useful lives of customer relationships are from 13 to 19 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 trademarks, and royalty rate.

	(Millions of yen) Acquisition date (September 30, 2025)
Intangible assets with indefinite useful lives	
Trademarks	41,645
Intangible assets with finite useful lives	
Customer relationships	22,984
Other	2,994
Total	67,623

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.

f. The table below shows payments for obtaining control of the subsidiary:

	(Millions of yen) Acquisition date (September 30, 2025)
Consideration paid in cash	(15,327)
Cash and cash equivalents held by the acquiree at the time of obtaining control	12,542
Cash paid for obtaining control of the subsidiary	(2,785)

g. Revenue and net loss of the acquiree

The revenue and net loss (before elimination of intercompany transactions) of the acquiree recorded in the condensed interim consolidated statement of income on and after the acquisition date are ¥21,079 million and ¥1,655 million, respectively.

h. 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, 2025, the Company's consolidated pro forma financial information (unaudited) for the nine months ended December 31, 2025 is as follows:

The increase in amortization of identifiable intangible assets recognized at the actual acquisition date and the gain on step acquisition are included in the pro forma financial information.

	(Millions of yen) Nine months ended December 31, 2025
Revenue (Pro forma financial information)	5,234,279
Net income (Pro forma financial information)	647,227

6. Segment information

(1) Summary of reportable segments

The reportable segments of the Group are based on operating segments for which separate financial information is available, and which the Board of Directors (the Group's chief operating decision maker) regularly reviews to determine the allocation of management resources and evaluate their performance. The Group has "Consumer," "Enterprise," "Distribution," "Media & EC" and "Financial" as its reportable segments. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the "Consumer" segment, the Group provides services, such as mobile services, broadband services and electricity services, including the *Ouchi Denki* service, mainly to individual customers in Japan. The Company procures mobile devices from mobile device manufacturers and sells the mobile devices to distributors operating SoftBank shops, etc. and individual customers.

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

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

In the "Media & EC" segment, the Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the "media" field, the Group provides advertising-related services on its comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the "commerce" field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. In the "strategy" field, the Group provides services centered on FinTech, which the Group is working to develop into new drivers of earnings alongside media and commerce.

In the “Financial” segment, the Group provides cashless payment services such as QR code payment and credit card services, development and provision of marketing solutions for merchants, financial services such as banking and asset management, as well as payment agency services that provide a comprehensive range of diversified payments such as credit cards, electronic money and QR codes. Following the intra-group reorganization effective April 11, 2025, the management business categories have been reevaluated, and PayPay Bank Corporation has been transferred from the “Media & EC” segment to the “Financial” segment. As a result, the figures for the nine months ended December 31, 2024, have been retrospectively adjusted.

Information not included in the preceding reportable segments is summarized in “Other.” “Adjustments” includes eliminations of intersegment transactions and expenses not allocated to any reportable segment.

(2) Segment revenue, income, and other information of reportable segments

Income of reportable segments is defined as “Operating income.” Intersegment transaction prices are determined by taking into consideration the equivalent prices for an arm’s length transaction or gross costs after price negotiation.

Income and loss which are not attributable to operating income and loss, such as “financing income”, “financing costs”, and “income and loss on equity method investments”, are not managed by each reportable segment and therefore these income and losses are excluded from segment income. Assets and liabilities are not allocated to reportable segments and are not monitored by the Board of Directors.

Nine months ended December 31, 2024

(Millions of yen)

	Reportable segments								
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	2,167,006	648,673	503,160	1,196,972	221,631	4,737,442	74,021	-	4,811,463
Intersegment revenue or transferred revenue	14,000	24,952	112,884	19,730	16,795	188,361	8,974	(197,335)	-
Total	2,181,006	673,625	616,044	1,216,702	238,426	4,925,803	82,995	(197,335)	4,811,463
Segment income	440,539	140,438	23,848	211,487	32,557	848,869	(22,299)	(4,709)	821,861
Depreciation and amortization[1]	279,673	123,495	3,277	118,603	20,646	545,694	9,976	(2,151)	553,519

Nine months ended December 31, 2025

(Millions of yen)

	Reportable segments								
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	2,239,892	708,277	676,558	1,206,489	276,448	5,107,664	87,735	-	5,195,399
Intersegment revenue or transferred revenue	13,348	24,909	97,091	19,654	18,913	173,915	9,542	(183,457)	-
Total	2,253,240	733,186	773,649	1,226,143	295,361	5,281,579	97,277	(183,457)	5,195,399
Segment income	468,333	158,088	30,804	206,279	66,010	929,514	(44,375)	(995)	884,144
Depreciation and amortization[1]	276,594	130,681	3,023	124,791	23,821	558,910	20,891	(1,790)	578,011

Notes:

1. “Depreciation and amortization” includes amortization of long-term prepaid expenses which are presented as “Other non-current assets” in the condensed interim consolidated statement of financial position.
2. The “Segment income” for “Media & EC” includes a gain on step acquisition of ¥44,377 million associated with the conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary. For details, refer to “(3) Conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary” under “Note 5. Business combinations.”

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Segment income	821,861	884,144
Gain on changes in equity interest	3,277	-
Share of losses of associates accounted for using the equity method	(6,084)	(6,342)
Financing income	9,930	14,383
Financing costs	(89,540)	(75,968)
Gain on sales of equity method investments	4,307	10,816
Impairment loss on equity method investments	-	(7,169)
Profit before income taxes	743,751	819,864

7. Income taxes

For the nine months ended December 31, 2025, the recoverability of deferred tax assets at PayPay Corporation, a subsidiary of the Company, was reviewed, resulting in a decrease in income taxes of ¥57,535 million.

8. Interest-bearing debt

The components of “interest-bearing debt” are as follows:

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Current		
Short-term borrowings	353,233	595,375
Commercial paper	108,000	115,000
Current portion of long-term borrowings	811,447	825,932
Current portion of lease liabilities	153,782	160,868
Current portion of corporate bonds	219,992	219,920
Current portion of installment payables	70	35
Total	1,646,524	1,917,130
Non-current		
Long-term borrowings	2,429,362	2,652,079
Lease liabilities	638,581	637,636
Corporate bonds	1,247,664	1,410,734
Installment payables	21	20
Total	4,315,628	4,700,469

9. Equity

(1) Common stock and capital surplus

a. Common shares

Nine months ended December 31, 2024

For the six months ended September 30, 2024, due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 11,737 thousand shares.

In addition, 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.

Furthermore, after the stock split, due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 22,820 thousand shares for the three months ended December 31, 2024.

As a result of these issuances of the shares, “Common stock” and “Capital surplus” increased by ¥10,188 million each under the Companies Act of Japan.

Nine months ended December 31, 2025

Due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 182,939 thousand shares. As a result of the issuance of the shares, "Common stock" and "Capital surplus" increased by ¥13,469 million each under the Companies Act of Japan.

b. Class shares

The Company issued Series 1 Bond-Type Class Shares with the payment date of November 1, 2023. In addition, the Company issued Series 2 Bond-Type Class Shares with the payment date of October 3, 2024.

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.

(2) Treasury stock

Changes in "treasury stock" are as follows:

(Thousands of shares)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Balance at the beginning of the period	47,805	184,234
Increase during the period[1]	279,316	0
Decrease during the period[2]	(47,252)	(13,272)
Balance at the end of the period	279,869	170,962

Notes:

1. For the nine months ended December 31, 2024, 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 279,316 thousand shares.
2. For the nine months ended December 31, 2024, due to the exercise of stock acquisition rights and others, the number of treasury stock decreased by 47,252 thousand shares. As a result, "Treasury stock" decreased by ¥31,433 million and a loss on disposal of treasury stock of ¥14,244 million was recognized as a decrease in "Capital surplus."

For the nine months ended December 31, 2025, due to the exercise of stock acquisition rights and others, the number of treasury stock decreased by 13,272 thousand shares. As a result, "Treasury stock" decreased by ¥2,105 million and a gain on disposal of treasury stock of ¥439 million was recognized as an increase in "Capital surplus."

10. Dividends

Dividends paid are as follows:

Nine months ended December 31, 2024

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on May 17, 2024	Common stock	43.00	202,461	March 31, 2024	June 6, 2024
Board of Directors meeting held on May 17, 2024	Series 1 Bond-Type Class Shares	41.53	1,246	March 31, 2024	June 6, 2024
Board of Directors meeting held on October 21, 2024	Common stock	43.00	203,687	September 30, 2024	December 6, 2024
Board of Directors meeting held on October 21, 2024	Series 1 Bond-Type Class Shares	50.00	1,500	September 30, 2024	December 6, 2024

Notes:

1. The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. Dividends per share reflects the 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.

Nine months ended December 31, 2025

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	Common stock	4.30	204,539	March 31, 2025	June 12, 2025
Board of Directors meeting held on May 20, 2025	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	Series 2 Bond-Type Class Shares	126.24	3,156	March 31, 2025	June 12, 2025
Board of Directors meeting held on October 23, 2025	Common stock	4.30	205,270	September 30, 2025	December 5, 2025
Board of Directors meeting held on October 23, 2025	Series 1 Bond-Type Class Shares	50.00	1,500	September 30, 2025	December 5, 2025
Board of Directors meeting held on October 23, 2025	Series 2 Bond-Type Class Shares	128.00	3,200	September 30, 2025	December 5, 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 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%.

11. Revenue

The components of revenue are as follows:

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Consumer		
Service revenues		
Mobile	1,163,437	1,197,946
Broadband	304,957	304,540
Electricity	184,106	149,663
Revenues from sales of goods and others	514,506	587,743
Subtotal	2,167,006	2,239,892
Enterprise		
Mobile[3]	223,096	244,419
Fixed-line	121,935	121,746
Business solution and others[3]	303,642	342,112
Subtotal	648,673	708,277
Distribution	503,160	676,558
Media & EC[4,5]		
Media	522,760	524,503
Commerce	633,630	624,705
Strategy	37,905	52,172
Other	2,677	5,109
Subtotal	1,196,972	1,206,489
Financial[4]	221,631	276,448
Other	74,021	87,735
Total	4,811,463	5,195,399

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 nine months ended December 31, 2024 and 2025 were ¥148,692 million and ¥179,040 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 nine months ended December 31, 2024 and 2025 were ¥408,283 million and ¥434,421 million, respectively. Revenues from sales of goods and others for the nine months ended December 31, 2024 and 2025 were ¥118,455 million and ¥152,110 million, respectively.
4. Effective for the three months ended June 30, 2025, following the intra-group reorganization effective April 11, 2025, the management business categories have been reevaluated, and PayPay Bank Corporation has been transferred from "Media & EC" to "Financial." As a result, revenue under "Media & EC" and "Financial" for the nine months ended December 31, 2024, have been retrospectively adjusted.
5. Effective for the three months ended June 30, 2025, the business categories of "Media & EC" have been reevaluated and some services included in "Media & EC" were transferred between the business categories. As a result, all components of revenue under "Media & EC" for the nine months ended December 31, 2024, have been retrospectively adjusted.

12. Earnings per share

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

(1) Basic earnings per share

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net income attributable to common shareholders of the Company (Millions of yen)		
Net income attributable to owners of the Company	436,610	485,523
Net income not-attributable to common shareholders of the Company[2]	(3,827)	(7,050)
Net income used in the calculation of basic earnings per share	432,783	478,473
Weighted-average number of shares of common stock outstanding (Thousands of shares)[1]	47,263,966	47,667,331
Basic earnings per share (Yen)	9.16	10.04

(2) Diluted earnings per share

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Diluted net income attributable to common shareholders (Millions of yen)		
Net income used in the calculation of basic earnings per share	432,783	478,473
Effect of dilutive securities issued by subsidiaries and associates	(3,446)	(290)
Total	429,337	478,183
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)[1]		
Weighted-average number of shares of common stock outstanding	47,263,966	47,667,331
Increase in the number of shares of common stock due to stock acquisition rights	360,022	270,929
Total	47,623,988	47,938,260
Diluted earnings per share (Yen)	9.02	9.97

Notes:
1. The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.
2. The amount represents dividends to be paid to class shareholders in connection with the Bond-Type Class Shares.

13. Other operating income and other operating expenses

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Other operating income		
Remeasurement gain on step acquisition[1]	-	58,879
Gain relating to loss of control over subsidiaries	43,195	-
Total	43,195	58,879
Other operating expenses		
Impairment loss	(7,155)	(1,134)
Other	-	(5,262)
Total	(7,155)	(6,396)

Note:
1. Remeasurement gain on step acquisition for the nine months ended December 31, 2025, includes a gain on step acquisition of ¥44,377 million associated with the conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary. For details, refer to "(3) Conversion of LINE MAN CORPORATION PTE. LTD. into a subsidiary" under "Note 5. Business combinations."

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

Significant non-cash transactions

Significant non-cash transactions (investing and financing activities that do not require the use of "Cash and cash equivalents") are as follows:

(1) 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 nine months ended December 31, 2024 and 2025, were ¥132,150 million and ¥151,198 million, respectively, and are non-cash transactions.

(2) 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 nine months ended December 31, 2024 was ¥66,481 million and is a non-cash transaction.

15. Related party transactions

Nine months ended December 31, 2024

Related party transactions of the Group are as follows:

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Nine months ended December 31, 2024 Amount of transaction	As of December 31, 2024 Balance at period-end
Yasuyuki Imai	Director of the Company	Lending of loans[1,2,3]	-	860
		Receipt of interest on loans receivable	7	2
Junichi Miyakawa	Director of the Company	Lending of loans[1,2,3,4]	-	19,930
		Receipt of interest on loans receivable	165	55
Kazuhiko Fujihara	Director of the Company	Lending of loans[1,2,3]	-	640
		Receipt of interest on loans receivable	5	2
		Receipt of deposits	200	
		Refund of deposits	207	200
		Payment of interest on deposits	0	0

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

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

Nine months ended December 31, 2025

Related party transactions of the Group are as follows:

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Nine months ended December 31, 2025 Amount of transaction	As of December 31, 2025 Balance at period-end
Yasuyuki Imai	Director of the Company	Lending of loans[1,2,3]	-	430
		Receipt of interest on loans receivable	3	1
		Receipt of deposits	400	400
		Payment of interest on deposits	0	0
Junichi Miyakawa	Director of the Company	Lending of loans[1,2,3,4]	-	19,930
		Receipt of interest on loans receivable	165	55
Kazuhiko Fujihara	Director of the Company	Collection of loans receivable[1,2,3]	320	-
		Receipt of interest on loans receivable	1	-

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

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

16. Contingencies

The Group is a party to several pending legal and administrative proceedings. When it is difficult to reasonably estimate the outcomes of such matters, provisions have not been recorded. 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.

Regarding the following lawsuit that has been disclosed from the outset, on July 17, 2025, the Supreme Court rendered a decision to dismiss and not accept the respective final appeals and petitions for acceptance of final appeal filed by the Company and Japan Post Information Technology Co., Ltd. ("JPiT"), thereby concluding the litigation. The details of the lawsuit are as follows.

a. On April 30, 2015, the Company filed a lawsuit with the Tokyo District Court against 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 alleged that the Company and NRI had delayed performance of the ordered services related to the project for migration to the 5th PNET mentioned in a. above and alleged that such delay had 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. However, as described above, on July 17, 2025, the Supreme Court issued a decision to dismiss each of the Company's and JPiT's appeals and not to accept their respective petitions for acceptance of appeal, thereby finalizing the appellate judgment rendered on March 21, 2024, and concluding the litigation.

As a result, the payment of additional service fees of ¥65 million and delay damages from JPiT to the Company was finalized, and all claims for damages filed by JPiT against the Company and NRI were dismissed.

17. Subsequent events

There are no significant subsequent events to be disclosed.

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