

Consolidated Financial Report For the Three Months Ended June 30, 2020 (IFRS)

August 4, 2020

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020

(1) Consolidated operating results

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Profit before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	1,172,644	0.7	279,947	4.1	257,362	(0.8)	168,129	(2.6)	152,139	(7.7)	171,692	(0.2)
Three months ended June 30, 2019	1,164,856	5.8	268,858	3.7	259,538	6.5	172,616	(1.2)	164,797	2.1	171,991	(1.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	32.06	31.66
Three months ended June 30, 2019	34.42	34.00

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2020	10,078,524	1,657,131	957,442	9.5
As of March 31, 2020	9,792,258	1,707,564	1,000,546	10.2

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	42.50	-	42.50	85.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		43.00	-	43.00	86.00

Note: Revision to the forecast on dividends: No

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2021

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	4,900,000	0.8	920,000	0.9	485,000	2.5	101.76

Notes

- (1) Revision to the forecast on financial results: No
- (2) The financial impact of the business integration of Z Holdings Corporation and LINE Corporation is not reflected in the consolidated financial result forecasts.
- (3) The financial impact of the outbreak of coronavirus disease 2019 (COVID-19) is incorporated into the consolidated financial result forecasts the Company could estimate as of July 2020, but the forecasts may be revised depending on the situation.

* Notes

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

Newly consolidated: None

Excluded from consolidation: None

- (2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

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

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

As of June 30, 2020 4,787,145,170 shares

As of March 31, 2020 4,787,145,170 shares

[2] Number of shares of treasury stock

As of June 30, 2020 37,831,100 shares

As of March 31, 2020 46,000,000 shares

[3] Average number of shares outstanding during the period

Three months ended June 30, 2020 4,745,273,794 shares

Three months ended June 30, 2019 4,787,145,170 shares

*** This consolidated financial report is not subject to audit by certified public accountants or an audit firm.**

* Explanation on the proper use of the forecast on financial results and other notes

This document is based on the information available to SoftBank Corp. as of the time hereof and assumptions which it believes are reasonable. Statements contained herein that are not historical facts, including, without limitation, our plans, forecasts, strategies and beliefs about our business and financial prospects, are forward-looking statements. Forward-looking statements often include words such as “targets,” “plans,” “believes,” “hopes,” “continues,” “expects,” “aims,” “intends,” “will,” “may,” “should,” “would,” “could,” “anticipates,” “estimates,” “projects” or words or terms of similar substance or the negative thereof. These forward-looking statements do not represent any guarantee by us or our management of future performance or of any specific outcome and are subject to various risks and uncertainties, including, without limitation, general economic conditions, conditions in the Japanese telecommunications market, our ability to adopt new technologies and business models, competition with other mobile telecommunications providers, our ability to improve and maintain our telecommunications network, our reliance on third parties in conducting our business, including SoftBank Group Corp. and its other subsidiaries and associates, our major vendors and suppliers, and other third parties, risks relating to M&A and other strategic transactions, risks relating to information security and handling of personally identifiable information, changes in the substance and interpretation of other laws and regulations and other important factors, which may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

SoftBank Corp. expressly disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement in any document or generally to the extent allowed by law or stock exchange rules. Use of or reliance on the information in this material is at your own risk.

For assumptions underlying forecasts, notes on the use of forecasts and related matters, please see “(4) Forecasts” under “1. Results of Operations” on page 14 of the appendix to this consolidated financial report

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

On Tuesday, August 4, 2020 (JST), the Company will hold an earnings results briefing online for the media, institutional investors, and financial institutions. This earnings results briefing is scheduled to be broadcast on the Company’s website in both Japanese and English at <https://www.softbank.jp/en/corp/ir/documents/presentations/fy2020/>. The Data Sheet is also scheduled to be posted on the Company’s website concurrently with the earnings report, and the materials and videos to be used at the earnings results briefing, along with a summary of the main questions and answers, are scheduled to be posted on the Company’s website promptly after the earnings results briefing.

(Appendix)

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Definition of Company Names and Abbreviations Used in this Appendix

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

Company names / Abbreviations	Definition
The Company	SoftBank Corp. (standalone basis)
The Group	SoftBank Corp. and its subsidiaries
SoftBank Group Corp.	SoftBank Group Corp. (standalone basis)
SoftBank Group	SoftBank Group Corp. and its subsidiaries
Z Holdings ¹	Z Holdings Corporation (standalone basis)
Z Holdings Group	Z Holdings Corporation and its subsidiaries
Yahoo Japan ²	Yahoo Japan Corporation (standalone basis)

Notes:

1. On October 1, 2019, Z Holdings Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name from Yahoo Japan Corporation to Z Holdings Corporation. In this document, Z Holdings Corporation is referred to as “Z Holdings,” including transactions that were entered into prior to the name change.
2. Refers to Yahoo Japan Corporation, which succeeded the Yahoo! JAPAN business from Z Holdings as a result of the company split (absorption-type company split) conducted on October 1, 2019.

Reportable Segments

The Group has four reportable segments: Consumer segment, Enterprise segment, Distribution segment, and Yahoo segment.

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

Segments	Main business	Core companies
Reportable segments		
Consumer segment	<ul style="list-style-type: none"> • Provision of mobile communications services to individual customers • Provision of broadband services • Sale of mobile devices • Trading and supply of electric power and provision of electric power trading agency services 	The Company Wireless City Planning Inc. SB Mobile Service Corp. WILLCOM OKINAWA, Inc. LINE MOBILE Corporation SB Power Corp.
Enterprise segment	<ul style="list-style-type: none"> • Provision of mobile communications services to enterprise customers • Provision of fixed-line communications services, such as data communications and fixed-line telephone services • Provision of cloud, global, AI/IoT and other solution services 	The Company Wireless City Planning Inc. SB Engineering Corp. IDC Frontier Inc.
Distribution segment	<ul style="list-style-type: none"> • Provision of products and services addressing ICT, cloud services, IoT solutions and other areas for enterprise customers • Provision of mobile and PC peripherals, including accessories, as well as software, IoT products and other items for individual customers 	SB C&S Corp.
Yahoo segment	<ul style="list-style-type: none"> • Provision of commerce-related services such as <i>YAHUOKU!</i>, <i>Yahoo! Shopping</i>, <i>ZOZOTOWN</i> and others • Provision of membership services such as <i>Yahoo! Premium</i> • Provision of financial and payment-related services such as credit cards • Provision of advertising-related services such as paid search services and display advertising 	Z Holdings Yahoo Japan eBook Initiative Japan Co., Ltd. Ikyu Corporation ASKUL Corporation ZOZO, Inc. YJ Card Corporation YJFX, Inc. The Japan Net Bank, Limited ValueCommerce Co., Ltd.
Other	<ul style="list-style-type: none"> • Provision of settlement services • Online security trading service for smartphones • Provision of online business solutions and services • Planning and production of digital media and digital content • Sales of download licenses for PC software and advertising sales • R&D and manufacturing of network equipment, business planning, and activities for usage of frequency band, related to the HAPS business² • Others 	The Company SB Payment Service Corp. One Tap BUY Co., Ltd. SB Technology Corp. ITmedia Inc. Vector Inc. HAPSMobile Inc.

Notes:

1. Segment income for reportable segments is calculated as follows:

Segment income = (revenue – operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss) in each segment

2. HAPS (High Altitude Platform Station) refers to systems where unmanned objects such as aircraft flying in the stratosphere can be operated like telecommunications base stations to deliver connectivity across wide areas.

1. Results of Operations

(1) Overview of Consolidated Results of Operations

a. Management Environment and the Group's Initiatives

The environment surrounding the world is undergoing a major transformation due to advances in digital technology. With the rapid penetration of AI¹, IoT² and utilization of big data and the digitalization of all aspects of people's lives and businesses, digital transformation³ that changes the structure of the industry itself is occurring. In addition, the commercialization of the next-generation telecommunications standard 5G (fifth-generation mobile communications system), which has the advantages of ultra-high speed, large capacity, low latency, and massive machine connections, is expected to accelerate this change.

In the Japanese telecommunications market, the business environment continues to undergo changes, including the strengthening of government policies to promote competition, the penetration of low-priced smartphone services by Mobile Virtual Network Operators (MVNOs), and the entry of new players from other industries. In the internet market, overseas companies continue to dominate the market, and competition is intensifying, particularly in the fields of e-commerce, finance (FinTech) and payments.

In the three months ended June 30, 2020, business sentiment among Japanese companies is experiencing a severe deterioration, due partly to the impact from the outbreak of COVID-19. Meanwhile, the demand for using digital technologies to support such society has been growing rapidly, with significant attention paid to the transition to a new normal in daily life—one that makes use of digital technologies such as teleworking, online shopping and contactless payment methods.

Guided by its corporate philosophy of “Information Revolution—Happiness for everyone,” the Group aims to be a corporate group that maximizes enterprise value while providing essential technologies and services to people around the world, through enhancing its telecommunications business and developing various new businesses in the information and technology fields. In April 2020, the Group identified 6 priority issues (materiality) to be addressed in order to achieve the SDGs (Sustainable Development Goals) set by the United Nations under the concept of “a world where all things, information and minds are connected.”

For details on SDGs and the priority issues (materiality), please see the Company's website:

<https://www.softbank.jp/en/corp/sustainability/materiality/>

To solve the important social issues described above and achieve sustained growth, the Group is implementing the *Beyond Carrier* strategy. With the *Beyond Carrier* strategy, going beyond the confines of a conventional telecommunications carrier, the Group will strengthen its earnings base by expanding its businesses in three fields - the customer base growth in the telecommunications business, Yahoo business and new businesses. Moreover, the Group aims to achieve operating income of ¥1 trillion in FY2022, the fiscal year ending March 31, 2023, through driving growth under the *Beyond Carrier* strategy and executing structural reform diligently.

Initiatives to expand the customer base

To expand the customer base, following efforts in the previous fiscal year, the Company is providing services aligned to customers' needs through three brands: the *SoftBank* brand, a high-value-added brand for customers who require cutting-edge smartphones and mobile devices as well as high-volume flat-rate data plans; the *Y!mobile* brand, a brand that provides services for smartphones to customers who prefer low monthly communication charges; and the *LINE MOBILE* brand, which caters to the low price band by providing mainly online services targeting users in their teens and 20s. In addition, the Company will provide even more appealing services to its customers through *PayPay*, a mobile payment service offered by our group company PayPay Corporation, and the collaboration with Z Holdings, which has Yahoo Japan under its wing.

In the three months ended June 30, 2020, under the *SoftBank* brand, following the trend from the previous fiscal year, the *Smartphone Debut Plan* continued to perform favorably. Also, in June 2020, the Company revised the *Smartphone Basic Plan M/R* under the *Y!mobile* brand. With this revision, if users exceed their monthly high-speed data allowance, they will still have a transmission speed of up to 1 Mbps, compared with a maximum of 128 kbps previously. As a result, the number of smartphone subscribers as of June 30, 2020 had increased by 363 thousand from March 31, 2020. In broadband services, the Company has seen steady growth in the number of subscribers to *SoftBank Hikari*, a high-speed internet connection service for households, with an increase of 216 thousand from March 31, 2020.

Moreover, due to the impact from the outbreak of COVID-19, the demand from enterprises for smartphones and telework has increased. From before the COVID-19 crisis, the Company has been supplying and selling a variety of solutions supporting telework, including not only providing communications devices and networks, but also offering the network solutions needed to work securely in a telework environment and cloud applications to facilitate web conferencing. Going forward, the Company will continue to actively support workstyle transformation and higher operating efficiency by allaying customers' concerns and solving their problems regarding the introduction and implementation of telework.

In March 2020, the Company launched 5G commercial services. The Company offers VR/AR⁴ and cloud gaming services harnessing 5G. In April 2020, the Company and KDDI Corporation established a joint venture, 5G JAPAN Corporation (“5G JAPAN”), to promote the rapid build-out of 5G networks in Japan's rural areas. 5G JAPAN will promote infrastructure sharing based on the efficient mutual use of base station assets held by the Company and KDDI to accelerate the rollout of 5G networks in rural Japan.

Growth of Yahoo Japan

While driving further growth in the telecommunications business through its multi-brand strategy, the provision of large-capacity data plans, and initiatives related to 5G, the new infrastructure, the Group will promote business enhancement to OTT⁵ field by utilizing its customers base and other assets as a telecommunication carrier. Z Holdings Group, which became a subsidiary last fiscal

year, provides OTT services such as commerce and advertising services on the internet, contributing to the diversification of the Group's revenue sources. The Company will continue to deepen the collaboration with Z Holdings to maximize synergies. Furthermore, Z Holdings has announced a business integration with LINE Corporation⁶. The Group positions this transaction to be instrumental in increasing the corporate value of the Group by creating new business opportunities in the 5G era, through accelerating the growth of Z Holdings, a crucial component to the *Beyond Carrier* strategy.

In the three months ended June 30, 2020, from April 2020, *PayPay Mall*, a premium online shopping mall operated by Yahoo Japan, and *PayPay Flea Market*, which enables a smooth flea market experience, have been made easily accessible as mini-apps from the home screen of the *PayPay* app.

Initiatives to expand new businesses

Looking at initiatives to expand new businesses, the Group is working to foster collaboration with companies that possess cutting-edge technologies and companies that provide solutions, including investees of the SoftBank Group. Specifically, the Group is working to establish joint ventures with each partner company and expand new businesses. Since many of these joint ventures are equity method associates, they contribute to the Company's business results through the share of profit or loss of associates accounted for using the equity method.

PayPay Corporation

In May 2020, PayPay Corporation ("PayPay") began accepting applications for *PayPay Pickup*⁷, a pre-order service that allows consumers to place orders for products in advance within the *PayPay* app and pick up those products at stores without having to wait in line. PayPay is working to enable the *PayPay* service to be used in various situations in daily life, such as supporting online payments for delivery services such as Uber Eats and Demae-can from May 2020, as well as offering *PayPay Invoice Payments* to support payments of NHK's TV receiving fees from May and invoice payments for Tokyo Metropolitan Taxes from June. In progressing the collaboration with Z Holdings Group, the Group aim to expand *PayPay*'s scope to a wide range of services, including offline payments, online payments, financial services, payments of utility bills, and peer-to-peer transactions among individuals, and evolve *PayPay* into a "super app" that makes various aspects of users' daily lives more fulfilling and convenient "with *PayPay* anytime and anywhere."

AI thermography solution

In May 2020, as a measure to prevent the outbreak of COVID-19, the Group introduced *SenseThunder*⁸, an AI thermography solution developed and supplied by its subsidiary Japan Computer Vision Corp. at SoftBank shops and Y!mobile shops throughout Japan. *SenseThunder* was also deployed on a trial basis at the Company's headquarter office (Shiodome, Tokyo) in March 2020. Since late April, the solution has been used to control employee building access (unlocking of gates) through temperature screening and face authentication. *SenseThunder* was delivered to AEON MALL facilities in May and TOHO Cinemas, a movie theater chain operated by TOHO Cinemas Ltd., in June, as well as Tokyo Dome, Fukuoka PayPay Dome and other locations. The *SenseThunder* solution is being used for the health management of employees and temperature screening of customers, and the business is expected to grow in the future.

Strategic alliance with Mizuho Financial Group for next-generation of financial services

In June 2020, the Company and Mizuho Financial Group, Inc. ("Mizuho FG") agreed to form a strategic alliance to develop the next generation of financial services tailored to new lifestyles in Japan. Through this alliance, the Company and Mizuho FG will discuss and aim to implement initiatives for strengthening collaboration in lending, mobile trading, and settlement services. The two companies will also consider partnerships in a wide range of fields other than those aforementioned where both companies can contribute their strengths and expertise. Until now, the Company and Mizuho FG have already collaborated and formed joint ventures for a number of financial businesses. For example, Mizuho Bank, Ltd. and the Company jointly established J.Score Co., Ltd. ("J.Score"), the first AI score-based lending company in Japan, and Mizuho Securities Co., Ltd. ("Mizuho Securities") and the Company are both shareholders of One Tap BUY Co., Ltd. ("One Tap BUY"), a leading smartphone-based securities brokerage company. Going forward, J.Score is planning to offer even more convenient lending services to *PayPay*'s diverse customer base. In addition, One Tap BUY will transition to a management structure headed jointly by the Company and Mizuho Securities, and leverage the Group's and Mizuho group's resources, expertise and customer base to enhance its functions and expand its base. At the same time, One Tap BUY will explore possibilities for enhancing its cooperation with *PayPay*, such as possibilities for utilizing *PayPay Bonus* or other benefits. By providing asset management services more closely tailored to customers' lifestyles, One Tap BUY will facilitate the availability of accessible, easy-to-understand, and highly convenient services for a greater number of customers and accelerate the shift from savings deposits to asset formation.

Mapbox Japan

In March 2020, Mapbox, Inc. ("Mapbox") and the Company established a joint venture, Mapbox Japan. Mapbox is an industry leader in premier location data platform and global mapping services for developers. Mapbox entered the Japanese market in July 2019, setting up Mapbox Japan in order to expand its business in earnest. With its establishment, Mapbox Japan has strengthened its support framework in Japan. Since June 2020, Mapbox Japan has implemented special support of up to three months of free use for companies that use Mapbox's services to provide COVID-19 monitoring and related services.

MONET Technologies Inc.

In April 2020, MONET Technologies began full-scale operation of the *MONET Platform*, which offers data infrastructure, APIs and other features to facilitate MaaS⁹ for companies and municipalities. In addition, the *MONET Marketplace*, which provides a wide range of data and system APIs that can be used for MaaS, was pre-launched for the MONET Consortium member companies¹⁰ who are engaged in system development and related activities.

Notes:

1. AI stands for artificial intelligence.
2. IoT stands for internet of things, a technology that will enable communications between all manner of things via the internet.
3. Digital transformation refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
4. VR stands for virtual reality. AR stands for augmented reality.
5. OTT stands for over the top and refers to services and companies other than telecommunication carriers that provide audio and video content on the internet.
6. The business integration is subject to receipt of required competition law and foreign exchange law and other clearances and permits required by applicable laws and regulations in each country as well as the satisfaction of other preconditions specified in the Definitive Integration Agreement.
7. More than 3,000 applications as of June 30, 2020. The service is available to merchants that have completed screening and other relevant procedures.
8. *SenseThunder* is a solution that employs AI face recognition technology and infrared cameras to detect a target person's body surface temperature in 0.5 second, even while the person is wearing a face mask, and so it can help to prevent the spread of infectious diseases.
9. MaaS: Mobility as a Service, referring to services that aim to resolve social issues related to mobility by optimizing demand and supply using data related to movement of vehicles and people.
10. Members also include organizations other than companies.

b. Consolidated Results of Operations

(Millions of yen)

	Three Months Ended June 30		Change	Change %
	2019	2020		
Revenue	1,164,856	1,172,644	7,788	0.7%
Operating income	268,858	279,947	11,089	4.1%
Profit before income taxes	259,538	257,362	(2,176)	(0.8)%
Income taxes	(86,922)	(89,233)	(2,311)	2.7%
Net income	172,616	168,129	(4,487)	(2.6)%
Net income attributable to:				
Owners of the Company	164,797	152,139	(12,658)	(7.7)%
Non-controlling interests	7,819	15,990	8,171	104.5%
Adjusted EBITDA ¹	434,266	453,201	18,935	4.4%

Note:

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

An overview of the consolidated results of operations for the three months ended June 30, 2020 is as follows:

(a) Revenue

For the three months ended June 30, 2020, revenue increased by ¥7,788 million (0.7%) year on year to ¥1,172,644 million. Revenue decreased by ¥32,641 million in the Consumer segment due mainly to a decrease in revenues from sales of goods and others. Revenue increased by ¥8,073 million in the Enterprise segment, decreased by ¥6,561 million in the Distribution segment, and increased by ¥35,246 million in the Yahoo segment.

(b) Operating income

For the three months ended June 30, 2020, operating income increased by ¥11,089 million (4.1%) year on year to ¥279,947 million. Operating income decreased by ¥16,363 million in the Consumer segment, but segments other than Consumer operating income growth was secured mainly in the Yahoo segment and the Enterprise business which had a double-digit growth. This resulted in increases of ¥3,130 million in the Enterprise segment, ¥225 million in the Distribution segment, and ¥14,469 million in the Yahoo segment. Operating income under Others increased by ¥10,906 million. This increase was mainly due to the recording of an operating loss in the same period of previous year related to PayPay Corporation, which was accounted for as a subsidiary until May 14, 2019 in previous fiscal year.

(c) Net income

Net income for the three months ended June 30, 2020 decreased by ¥4,487 million (2.6%) year on year to ¥168,129 million. This was mainly due to a decrease in gain on sales of equity method investments of ¥5,456 million, and an increase of ¥3,616 million in share of losses of associates accounted for using the equity method, while there was an increase in operating income.

(d) Net income attributable to owners of the Company

For the three months ended June 30, 2020, net income attributable to owners of the Company decreased by ¥12,658 million (7.7%) year on year to ¥152,139 million. For the three months ended June 30, 2020, net income attributable to non-controlling interests increased by ¥8,171 million (104.5%) year on year to ¥15,990 million, mainly due to an increase in earnings at Z Holdings Group.

(e) Adjusted EBITDA

For the three months ended June 30, 2020, adjusted EBITDA increased by ¥18,935 million (4.4%) year on year to ¥453,201 million. The increase mainly reflects the increase in operating income. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for evaluation of its business performance.

c. Principal Operational Data

Mobile Communications Services

Figures represent the total number of mobile communications subscribers served by the Consumer segment and Enterprise segment. All operational data for mobile communications services includes the *SoftBank*, *Y!mobile* and *LINE MOBILE* brands.

Cumulative Subscribers	March 31, 2020	June 30, 2020	(Thousands)
			Change
Total	45,778	46,131	353
Main subscribers*	36,499	36,867	368
Smartphones	24,134	24,497	363
Communication modules and others	7,663	7,805	142
PHS	1,616	1,459	(157)

Net Additions	Three Months Ended June 30		Change
	2019	2020	
Main subscribers*	269	368	99
Smartphones	372	363	(8)

Churn Rate and Total ARPU		Three Months Ended June 30		Change
		2019	2020	
Main subscribers*	Churn rate	1.03%	0.73%	-0.29pp
	Total ARPU (yen)	4,450	4,300	(140)
	ARPU before discount (yen)	5,250	4,810	(440)
	Discount on ARPU (yen)	(800)	(510)	300
Smartphones	Churn rate	0.81%	0.53%	-0.28pp

Note: The number of main subscribers includes subscribers to the *Wireless Home Phone* service, which was launched in July 2017. ARPU and churn rate are calculated and presented excluding this service.

Broadband Services

Data for high-speed internet connection services for households provided in the Consumer segment.

Cumulative Subscribers	March 31, 2020	June 30, 2020	(Thousands)
			Change
Total	7,846	7,988	143
<i>SoftBank Hikari</i>	6,387	6,603	216
<i>Yahoo! BB Hikari with FLET's</i>	786	761	(25)
<i>Yahoo! BB ADSL</i>	673	624	(49)

<Definitions and Calculation Methods of Principal Operational Data>

Mobile Communications Services

Main subscribers: smartphones, feature phones, tablets, mobile data communication devices, *Wireless Home Phone*, and others

* Smartphones covered by the *Smartphone Family Discount* and mobile data communication devices covered by the *Data Card 2-Year Special Discount* are included in communication modules and others.

Communication modules and others: communication modules, *Mimamori Phone*, prepaid mobile phones, and others

* Communication modules that use PHS networks are included under PHS.

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

(Calculation method)

Churn rate = number of churn / number of active subscribers

* Number of churn: the total number of subscribers who canceled the service during the relevant period. The number of churn excludes the number of subscribers who switch between *SoftBank*, *Y!mobile* and *LINE MOBILE* using Mobile Number Portability (MNP).

* Churn rate (smartphones): Churn rate for smartphone subscribers within main subscribers

ARPU: Average Revenue Per User per month (rounded to the nearest ¥10)

(Calculation method)

Total ARPU = (data-related revenue + basic monthly charges and voice-related revenue + device warranty service revenue + content-related revenue + advertising revenue, etc.) / number of active subscribers

* Data-related revenue: packet communication and flat-rate charges, basic monthly internet connection charges, etc.

* Basic monthly charges and voice-related revenue: basic monthly charges, voice call charges, revenues from incoming calls, etc.

* Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((cumulative subscribers at the beginning of the month + cumulative subscribers at the end of the month) / 2)

Discount on ARPU = monthly discount + broadband service bundle discount (including *Home Bundle Discount Hikari Set* and *Fiber-optic Discount*)

* The calculation of ARPU excludes discount on telecom service revenues relating to points awarded and *Half Price Support*.

* *Half Price Support* enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining monthly payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments. From September 12, 2019, the Company has stopped accepting new applications for *Half Price Support*.

Broadband Services

SoftBank Hikari: integrated service that combines fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (hereinafter, “NTT East”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereinafter, “NTT West”) with an internet service provider (ISP) service

Cumulative subscribers: the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete (includes the number of subscribers to *SoftBank Air*)

Yahoo! BB Hikari with FLET’S: ISP service offered as a package with NTT East and NTT West’s *FLET’S Hikari Series* fiber-optic connection

Cumulative subscribers: the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and who are provided with services

Yahoo! BB ADSL: service combining an ADSL connection service and an ISP service

Cumulative subscribers: the number of users of *Yahoo! BB ADSL* for which the physical connection of an ADSL line at the central office of NTT East or NTT West is complete

Figures for “Change” in “c. Principal Operational Data” are calculated based on numbers before rounding. Accordingly, the figures for “Change” may not match the changes in figures calculated based on rounded numbers presented in “c. Principal Operational Data.”

d. Results by Segment

(a) Consumer Segment

OVERVIEW

In the Consumer segment, the Company provides services, such as mobile communications services, including sales of mobile devices and broadband services and electricity services to individual customers in Japan. For mobile device sales, the Company procures mobile devices from mobile device manufacturers and sells the mobile devices through distributors operating SoftBank shops, etc. The Company also sells mobile devices to individual customers.

FINANCIAL RESULTS

	(Millions of yen)			
	Three Months Ended June 30			
	2019	2020	Change	Change %
Revenue	658,070	625,429	(32,641)	(5.0)%
Segment income	205,737	189,374	(16,363)	(8.0)%
Depreciation and amortization	102,237	104,374	2,137	2.1%

Breakdown of Revenue

	(Millions of yen)			
	Three Months Ended June 30			
	2019	2020	Change	Change %
Service revenues	529,644	528,057	(1,587)	(0.3)%
Mobile communications	423,330	411,955	(11,375)	(2.7)%
Broadband	95,045	97,231	2,186	2.3%
Electricity	11,269	18,871	7,602	67.5%
Revenues from sales of goods and others	128,426	97,372	(31,054)	(24.2)%
Total revenue	658,070	625,429	(32,641)	(5.0)%

Note: In the three months ended June 30, 2020, Electricity, which was previously included in Revenues from sales of goods and others is presented separately due to its increase in materiality, and thus the breakdown for the three months ended June 30, 2019 has been restated accordingly. In accordance with this change, the revenue is presented as mobile communications, broadband and electricity for breakdown, and as service revenues collectively.

Consumer segment revenue decreased by ¥32,641 million (5.0%) year on year to ¥625,429 million. Within the Consumer segment revenue, service revenues decreased by ¥1,587 million (0.3%) year on year to ¥528,057 million, and revenues from sales of goods and others declined by ¥31,054 million (24.2%) year on year to ¥97,372 million.

Within service revenues, mobile communications revenue decreased by ¥11,375 million (2.7%) year on year. This decrease was mainly due to a decline in average unit price due to discount programs for price plans of the *SoftBank* brand, and increases in the number of Y!mobile and LINE MOBILE subscribers, despite an increase in smartphone subscribers mainly in the *Y!mobile* brand.

Broadband revenue increased by ¥2,186 million (2.3%) year on year. This increase was mainly due to an increase in subscribers to the *SoftBank Hikari* fiber-optic service. Electricity revenue increased by ¥7,602 million (67.5%) year on year. This increase was mainly due to an increase in subscribers to the *Ouchi Denki (Home Electricity)* service.

The decrease in revenues from sales of goods and others was mainly due to a decrease in mobile device sales reflecting decreases in sales volume of mobile devices and the unit prices.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥436,055 million, a decrease of ¥16,278 million (3.6%) year on year. This decrease was mainly due to a decrease in cost of products in connection with a decline in the sales volume of mobile devices, and a decline in sales commissions due to the impact of amendments to the Telecommunications Business Act, while there was an increase in cost of products for the *Ouchi Denki (Home Electricity)* service and an increase in reserve expenses related to mobile devices.

As a result, the segment income decreased by ¥16,363 million (8.0%) year on year to ¥189,374 million.

(b) Enterprise Segment

OVERVIEW

In the Enterprise segment, the Group provides a wide range of solutions for enterprise customers. These include mobile communications services, the *OTOKU Line* fixed-line telephone service, as well as various solutions for enterprises such as the *SmartVPN* VPN service and network services such as internet, data center services, cloud services, AI, IoT, robotics, security, and digital marketing.

FINANCIAL RESULTS

	(Millions of yen)			
	Three Months Ended June 30			
	2019	2020	Change	Change %
Revenue	154,450	162,523	8,073	5.2%
Segment income	28,141	31,271	3,130	11.1%
Depreciation and amortization	39,842	39,333	(509)	(1.3)%

Breakdown of Revenue

	(Millions of yen)			
	Three Months Ended June 30			
	2019	2020	Change	Change %
Mobile	67,827	71,867	4,040	6.0%
Fixed-line	49,095	47,289	(1,806)	(3.7)%
Business solution and others	37,528	43,367	5,839	15.6%
Total revenue	154,450	162,523	8,073	5.2%

Enterprise segment revenue increased by ¥8,073 million (5.2%) year on year to ¥162,523 million. Mobile revenue increased by ¥4,040 million (6.0%) to ¥71,867 million, fixed-line revenue decreased by ¥1,806 million (3.7%) to ¥47,289 million, and business solution and others revenue increased by ¥5,839 million (15.6%) to ¥43,367 million.

The increase in mobile revenue was mainly due to an increase in smartphone subscribers.

The decrease in fixed-line revenue was mainly due to a decrease in the number of subscribers to telephone services.

The increase in business solution and others revenue was mainly from increased revenue from cloud services and security solutions atop growing demand for telework-related products due to the impact of the COVID-19 outbreak, along with increased revenue related to IoT products and others.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥131,252 million, an increase of ¥4,943 million (3.9%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in business solution and others revenue.

As a result, segment income increased by ¥3,130 million (11.1%) year on year to ¥31,271 million.

(c) Distribution Segment

OVERVIEW

In the Distribution segment, the Group provides cutting-edge products and services that accurately reflect the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing ICT, cloud services and IoT solutions. For individual customers, the Group undertakes the planning and supply of products and services across a wide range of areas such as mobile and PC peripherals, including accessories, as well as software and IoT products, as a manufacturer and distributor.

FINANCIAL RESULTS

	(Millions of yen)			
	Three Months Ended June 30			
	2019	2020	Change	Change %
Revenue	116,418	109,857	(6,561)	(5.6)%
Segment income	5,279	5,504	225	4.3%
Depreciation and amortization	686	881	195	28.4%

Distribution segment revenue decreased by ¥6,561 million (5.6%) year on year to ¥109,857 million. This was mainly due to an increase in revenue from a special high demand of PCs and servers for enterprise customers in the same period of previous fiscal year.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥104,353 million, a decrease of ¥6,786 million (6.1%) year on year. This decrease was mainly due to solid growth in our focused subscription services such as cloud and SaaS.

As a result, segment income increased by ¥225 million (4.3%) year on year to ¥5,504 million.

(d) Yahoo Segment

OVERVIEW

In the Yahoo segment, the Group offers over 100 services that center on e-commerce, financial and payment-related businesses, and media covering online to offline services in a comprehensive manner. In the commerce field, the Group provides e-commerce services such as *YAHUOKU!*, *Yahoo! Shopping* and *ZOZOTOWN*, as well as membership services such as *Yahoo! Premium* and financial and payment-related services such as credit cards, while in the media services field it provides internet advertising-related services.

FINANCIAL RESULTS

	(Millions of yen)			
	Three Months Ended June 30		Change	Change %
	2019	2020		
Revenue	238,634	273,880	35,246	14.8%
Segment income	36,164	50,633	14,469	40.0%
Depreciation and amortization	17,825	24,734	6,909	38.8%

Breakdown of Revenue

	(Millions of yen)			
	Three Months Ended June 30		Change	Change %
	2019	2020		
Commerce	164,654	205,868	41,214	25.0%
Media	72,595	67,502	(5,093)	(7.0)%
Other	1,385	510	(875)	(63.2)%
Total	238,634	273,880	35,246	14.8%

Note: In the three months ended June 30, 2020, the Z Holdings Group transferred certain service and subsidiary from the commerce business to the media business. In accordance with this change, the breakdown of commerce and media in revenue for the Yahoo segment for the three months ended June 30, 2019 has been restated.

Yahoo segment revenue increased by ¥35,246 million (14.8%) year on year to ¥273,880 million. Commerce revenue increased by ¥41,214 million (25.0%) to ¥205,868 million, media revenue decreased by ¥5,093 million (7.0%) to ¥67,502 million, and other revenue decreased by ¥875 million (63.2%) to ¥510 million.

The increase in commerce revenue was mainly due to consolidation of ZOZO, Inc., an increase in shopping-related advertising revenue and an increase in revenue associated with an increase in transaction value in existing commerce services.

The decrease in media revenue reflected a decrease in advertising revenue mainly due to a decline in ad placements centered on search advertising under the background of business sentiment deterioration, while there was an increase in display advertising revenue in connection with increased media service traffic and other factors due to the impact of COVID-19.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥223,247 million, an increase of ¥20,777 million (10.3%) year on year. This increase mainly reflected increases in selling, general and administrative expenses accompanying the consolidation of ZOZO, Inc., and cost of sales associated with an increase in sales of commerce services.

As a result, segment income increased by ¥14,469 million (40.0%) year on year to ¥50,633 million.

(2) Overview of Consolidated Financial Position

(Millions of yen)

	March 31, 2020	June 30, 2020	Change	Change %
Current assets	3,364,303	3,674,215	309,912	9.2%
Non-current assets	6,427,955	6,404,309	(23,646)	(0.4)%
Total assets	9,792,258	10,078,524	286,266	2.9%
Current liabilities	4,496,609	4,631,181	134,572	3.0%
Non-current liabilities	3,588,085	3,790,212	202,127	5.6%
Total liabilities	8,084,694	8,421,393	336,699	4.2%
Total equity	1,707,564	1,657,131	(50,433)	(3.0)%

ASSETS

Total assets amounted to ¥10,078,524 million as of June 30, 2020, an increase of ¥286,266 million (2.9%) from the previous fiscal year-end. This mainly reflected an increase of ¥325,608 million in cash and cash equivalents associated with fund procurement through securitization of receivables.

LIABILITIES

Total liabilities amounted to ¥8,421,393 million as of June 30, 2020, an increase of ¥336,699 million (4.2%) from the previous fiscal year-end. This was mainly due to an increase in interest-bearing debt due to securitization of receivables and ¥200,000 million in unsecured bonds issued by Z Holdings.

EQUITY

Total equity amounted to ¥1,657,131 million as of June 30, 2020, a decrease of ¥50,433 million (3.0%) from the previous fiscal year-end. The change was mainly from an increase of ¥168,129 million due to the recording of net income for the three months ended June 30, 2020 and a decrease of ¥228,099 million due to cash dividends.

(3) Overview of Consolidated Cash Flows

(Millions of yen)

	Three Months Ended June 30		Change
	2019	2020	
Net cash inflow from operating activities	205,199	246,398	41,199
Net cash outflow from investing activities	(107,718)	(154,169)	(46,451)
Net cash (outflow) inflow from financing activities	(163,908)	233,344	397,252
Cash and cash equivalents at the end of the period	871,529	1,469,416	597,887
Free cash flow	97,481	92,229	(5,252)
Effect of securitization of installment sales receivables	29,010	86,956	57,946
Adjusted free cash flow ¹	126,491	179,185	52,694
Capital expenditures (acceptance basis, including the Z Holdings Group)	105,927	93,615	(12,312)
Capital expenditures (acceptance basis, excluding the Z Holdings Group) ²	50,480	58,306	7,826

Notes:

1. Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)
2. Capital expenditures (acceptance basis, excluding the Z Holdings Group) exclude capital expenditures of the Z Holdings Group, investments in devices for rental services, and the impact of adopting IFRS 16.

a. Cash flows from operating activities

In the three months ended June 30, 2020, the net cash inflow from operating activities was ¥246,398 million, an increase of ¥41,199 million year on year. This mainly reflected an increase in deposits in the banking business, while there was an increase in income taxes paid associated with payment of withholding tax on inter-group company dividends occurred with Z Holdings Group.

b. Cash flows from investing activities

In the three months ended June 30, 2020, the net cash outflow from investing activities was ¥154,169 million, an increase of ¥46,451 million year on year. This mainly reflected a decrease in proceeds from sales/redemption of investments.

c. Cash flows from financing activities

In the three months ended June 30, 2020, the net cash inflow from financing activities was ¥233,344 million. When compared year on year, the purchase of treasury stock by subsidiaries was ¥526,826 million in the same period of the previous fiscal year, but there was no such purchase in the three months ended June 30, 2020. As a result, the net cash from financing activities increased by ¥397,252 million year on year.

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

As a result of (a) through (c) above, cash and cash equivalents at June 30, 2020 were ¥1,469,416 million, an increase of ¥597,887 million year on year.

e. Adjusted free cash flow

In the three months ended June 30, 2020, adjusted free cash flow was positive ¥179,185 million, an increase of ¥52,694 million year on year. This mainly reflects an increase in the amount of funds procured through the securitization of installment sales receivables.

f. Capital expenditures

In the three months ended June 30, 2020, capital expenditures (acceptance basis, including the Z Holdings Group) were ¥93,615 million, a decrease of ¥12,312 million year on year. This decrease was mainly due to a decrease in right-of-use assets for new lease contracts, while there was an increase in capital investments in 5G equipment.

(4) Forecasts

The full-year consolidated results forecast is for revenue of ¥4,900,000 million, operating income of ¥920,000 million, and net income attributable to owners of the Company of ¥485,000 million. The forecast remains unchanged from the consolidated results forecast announced on May 11, 2020 in the Consolidated Financial Report for the Fiscal Year Ended March 31, 2020.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three Months Ended June 30, 2020

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

(2) Changes in Accounting Policies and Accounting Estimates

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

3. Condensed Interim Consolidated Financial Statements and Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	1,143,808	1,469,416
Trade and other receivables	1,800,301	1,759,660
Other financial assets	94,906	86,018
Inventories	96,896	117,100
Other current assets	228,392	242,021
Total current assets	3,364,303	3,674,215
Non-current assets		
Property, plant and equipment	986,095	1,037,003
Right-of-use assets	1,234,457	1,137,858
Goodwill	618,636	624,840
Intangible assets	1,709,511	1,694,680
Contract costs	212,638	216,614
Investments accounted for using the equity method	80,149	88,499
Investment securities	175,152	182,310
Investment securities in banking business	342,975	357,741
Other financial assets	905,562	904,210
Deferred tax assets	55,904	52,569
Other non-current assets	106,876	107,985
Total non-current assets	6,427,955	6,404,309
Total assets	9,792,258	10,078,524

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	1,811,281	2,119,849
Trade and other payables	1,253,766	1,165,934
Contract liabilities	127,652	126,809
Deposits for banking business	880,847	987,515
Other financial liabilities	3,779	2,800
Income taxes payable	153,371	60,931
Provisions	6,794	12,422
Other current liabilities	259,119	154,921
Total current liabilities	<u>4,496,609</u>	<u>4,631,181</u>
Non-current liabilities		
Interest-bearing debt	3,270,971	3,455,516
Other financial liabilities	36,765	35,859
Defined benefit liabilities	16,337	16,410
Provisions	83,871	81,849
Deferred tax liabilities	168,248	188,707
Other non-current liabilities	11,893	11,871
Total non-current liabilities	<u>3,588,085</u>	<u>3,790,212</u>
Total liabilities	<u>8,084,694</u>	<u>8,421,393</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	(133,915)	(141,372)
Retained earnings	1,003,554	954,196
Treasury stock	(68,709)	(56,507)
Accumulated other comprehensive income	(4,693)	(3,184)
Total equity attributable to owners of the Company	<u>1,000,546</u>	<u>957,442</u>
Non-controlling interests	707,018	699,689
Total equity	<u>1,707,564</u>	<u>1,657,131</u>
Total liabilities and equity	<u><u>9,792,258</u></u>	<u><u>10,078,524</u></u>

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

Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three months ended June 30, 2019 ²	Three months ended June 30, 2020
Revenue	1,164,856	1,172,644
Cost of sales	(579,778)	(569,559)
Gross profit	585,078	603,085
Selling, general and administrative expenses	(316,220)	(323,138)
Operating income	268,858	279,947
Share of losses of associates accounted for using the equity method	(5,714)	(9,330)
Financing income	5,286	3,437
Financing costs	(14,348)	(16,692)
Gain on sales of equity method investments	5,456	-
Profit before income taxes	259,538	257,362
Income taxes	(86,922)	(89,233)
Net income ¹	172,616	168,129
Net income attributable to		
Owners of the Company	164,797	152,139
Non-controlling interests	7,819	15,990
	172,616	168,129
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	34.42	32.06
Diluted earnings per share (Yen)	34.00	31.66

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended June 30, 2019 and 2020 was generated from continuing operations.
2. As described in “Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

Condensed Interim Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2019 ¹	(Millions of yen) Three months ended June 30, 2020
Net income	172,616	168,129
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at FVTOCI	(489)	3,128
Total items that will not be reclassified to profit or loss	(489)	3,128
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	764	526
Cash flow hedges	(688)	189
Exchange differences on translation of foreign operations	(786)	(281)
Share of other comprehensive income of associates accounted for using the equity method	574	1
Total items that may be reclassified subsequently to profit or loss	(136)	435
Total other comprehensive income (loss), net of tax	(625)	3,563
Total comprehensive income	171,991	171,692
Total comprehensive income attributable to		
Owners of the Company	164,290	153,812
Non-controlling interests	7,701	17,880
	171,991	171,692

Note:

- As described in “Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three months ended June 30, 2019

(Millions of yen)

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total		
As of April 1, 2019	204,309	111,826	1,178,282	-	3,740	1,498,157	524,410	2,022,567
Cumulative effect of adopting a new accounting standard ¹	-	-	(618)	-	-	(618)	(4,362)	(4,980)
As of April 1, 2019, restated	204,309	111,826	1,177,664	-	3,740	1,497,539	520,048	2,017,587
Comprehensive income								
Net income	-	-	164,797	-	-	164,797	7,819	172,616
Other comprehensive income (loss)	-	-	-	-	(507)	(507)	(118)	(625)
Total comprehensive income	-	-	164,797	-	(507)	164,290	7,701	171,991
Transactions with owners and other transactions								
Cash dividends ⁴	-	-	(195,771)	-	-	(195,771)	(26,482)	(222,253)
Disposition of treasury stock	-	-	-	-	-	-	-	-
Changes from transactions under common control ^{2, 3}	-	(246,305)	(252,835)	-	(2,477)	(501,617)	811	(500,806)
Changes from business combinations	-	-	-	-	-	-	-	-
Changes in interests in existing subsidiaries	-	(2,157)	-	-	-	(2,157)	5,767	3,610
Share-based payment transactions	-	2,061	-	-	-	2,061	-	2,061
Transfer from accumulated other comprehensive income to retained earnings	-	-	1,710	-	(1,710)	-	-	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	(246,401)	(446,896)	-	(4,187)	(697,484)	(19,904)	(717,388)
As of June 30, 2019	204,309	(134,575)	895,565	-	(954)	964,345	507,845	1,472,190

For the three months ended June 30, 2020

(Millions of yen)

	Equity attributable to owners of the Company							Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	
As of April 1, 2020	204,309	(133,915)	1,003,554	(68,709)	(4,693)	1,000,546	707,018	1,707,564
Comprehensive income								
Net income	-	-	152,139	-	-	152,139	15,990	168,129
Other comprehensive income (loss)	-	-	-	-	1,673	1,673	1,890	3,563
Total comprehensive income	-	-	152,139	-	1,673	153,812	17,880	171,692
Transactions with owners and other transactions								
Cash dividends	-	-	(201,499)	-	-	(201,499)	(26,600)	(228,099)
Disposition of treasury stock	-	(6,492)	-	12,202	-	5,710	-	5,710
Changes from transactions under common control	-	-	-	-	-	-	-	-
Changes from business combinations	-	-	-	-	-	-	319	319
Changes in interests in existing subsidiaries	-	(354)	-	-	-	(354)	409	55
Share-based payment transactions	-	(194)	-	-	-	(194)	-	(194)
Transfer from accumulated other comprehensive income to retained earnings	-	-	164	-	(164)	-	-	-
Other	-	(417)	(162)	-	-	(579)	663	84
Total transactions with owners and other transactions	-	(7,457)	(201,497)	12,202	(164)	(196,916)	(25,209)	(222,125)
As of June 30, 2020	204,309	(141,372)	954,196	(56,507)	(3,184)	957,442	699,689	1,657,131

Notes:

1. Upon adoption of IFRS 16 “Leases,” the cumulative effect of initially applying this standard retrospectively on periods before the three months ended June 30, 2019 was recognized as an adjustment to the opening balance of retained earnings as of April 1, 2019.
2. As described in “Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.
3. The changes in “Capital surplus” and “Retained earnings” represent the differences between the amount paid by SoftBank Corp. for subsidiaries that were acquired under common control and SoftBank Group Corp.’s book value of the subsidiaries at the time of acquisition.
4. In relation to transactions under common control, any equity transactions undertaken by subsidiaries under common control with entities outside of SoftBank Corp. and its subsidiaries before the date of the actual transaction by SoftBank Corp. are included within “Cash dividends.”

(4) Condensed Interim Consolidated Statement of Cash Flows

	Three months ended June 30, 2019 ¹	(Millions of yen) Three months ended June 30, 2020
Cash flows from operating activities		
Net income	172,616	168,129
Depreciation and amortization	164,043	170,839
Loss on disposal of property, plant and equipment and intangible assets	1,365	2,415
Financing income	(5,286)	(3,437)
Financing costs	14,348	16,692
Share of losses of associates accounted for using the equity method	5,714	9,330
Gain on sales of equity method investments	(5,456)	-
Income taxes	86,922	89,233
(Increase) decrease in trade and other receivables	34,407	58,292
(Increase) decrease in inventories	14,363	(20,012)
Purchases of mobile devices leased to enterprise customers	(8,728)	(8,063)
Increase (decrease) in trade and other payables	(84,762)	(55,349)
Increase (decrease) in consumption taxes payable	(1,933)	(1,104)
Increase (decrease) in deposits in banking business	32,997	106,668
Other	(75,180)	(5,065)
Subtotal	345,430	528,568
Interest and dividends received	1,267	2,860
Interest paid	(12,948)	(14,823)
Income taxes paid	(129,074)	(270,308)
Income taxes refunded	524	101
Net cash inflow from operating activities	205,199	246,398
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(107,856)	(109,058)
Proceeds from sales of property, plant and equipment and intangible assets	63	368
Payments for acquisition of investments	(20,304)	(21,896)
Proceeds from sales/redemption of investments	23,593	250
Purchase of investment securities in banking business	(59,459)	(68,951)
Proceeds from sales/redemption of investment securities in banking business	58,927	59,284
Proceeds (payments) from (for) obtaining control of subsidiaries	-	(9,126)
Other	(2,682)	(5,040)
Net cash outflow from investing activities	(107,718)	(154,169)

	(Millions of yen)	
	Three months ended June 30, 2019 ¹	Three months ended June 30, 2020
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	320,320	321,426
Proceeds from interest-bearing debt	589,366	612,211
Repayment of interest-bearing debt	(298,107)	(468,531)
Proceeds from stock issuance to non-controlling interests	3,614	27
Cash dividends paid	(191,437)	(198,656)
Cash dividends paid to non-controlling interests	(23,857)	(26,552)
Purchase of treasury stock by subsidiaries	(526,826)	-
Decrease from loss of control over subsidiaries	(30,717)	-
Other	(6,264)	(6,581)
Net cash inflow (outflow) from financing activities	<u>(163,908)</u>	<u>233,344</u>
Effect of exchange rate changes on cash and cash equivalents	(432)	35
Increase (decrease) in cash and cash equivalents	(66,859)	325,608
Cash and cash equivalents at the beginning of the period	938,388	1,143,808
Cash and cash equivalents at the end of the period	<u><u>871,529</u></u>	<u><u>1,469,416</u></u>

Note:

- As described in “Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

(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 9-1 Higashi-shimbashi 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 (“SBGJ”). The ultimate parent company of the Company is SoftBank Group Corp. (“SBG”).

Effective October 1, 2019, Yahoo Japan Corporation, a subsidiary of the Company, changed its name to Z Holdings Corporation as it transitioned to a holding company structure through a company split (absorption-type company split). All the transactions and events pertaining to Z Holdings Corporation including those which occurred prior to the name change are referred to as those of Z Holdings Corporation in the following notes. Yahoo Japan Corporation hereinafter denotes the entity which absorbed the Yahoo Japan business through the company split.

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

2. Significant accounting policies

The significant 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, 2020. Income tax expenses for the three months ended June 30, 2020 are calculated based on the estimated annual effective income tax rate. In addition, defined benefit liabilities as of June 30, 2020 are calculated using reasonable estimates based on the results of actuarial calculations as of March 31, 2020.

3. Significant judgments and estimates

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

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

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

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

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2020.

In addition, there have been no significant changes in the assumptions regarding the coronavirus disease 2019 (COVID-19), such as how COVID-19 will spread and when the spread of COVID-19 will subside.

4. Business combinations

Three months ended June 30, 2019

Acquisition of investments in Z Holdings Corporation

a. Summary of acquisition

The Company underwrote a capital increase by third-party allotment conducted by Z Holdings Corporation. The purpose of the underwriting is to further enhance growth, development, and corporate value of the Group by jointly and actively developing non-telecommunications business including FinTech as well as making optimal deployment of management resources between the Company and Z Holdings Corporation based on an integrated strategy so as to maximize synergy effects. On June 27, 2019, the Company acquired 1,511,478 thousand new shares issued by Z Holdings Corporation for ¥456,466 million.

As a result of this transaction, together with 613,889 thousand shares the Company acquired for ¥221,000 million excluding transaction costs in August 2018, the ratio of voting rights held by the Group in Z Holdings Corporation became 44.6%. In addition, officers from the Company were appointed as members of Z Holdings Corporation's Board of Directors. As a result, Z Holdings Corporation is considered substantially controlled by the Company and became a subsidiary of the Company.

Z Holdings Corporation is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement - and finance-related services, all of which are provided via the internet for small to medium-sized businesses and individual customers. The "Media business" mainly comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services.

b. Summary of accounting treatment

The abovementioned transaction was accounted for as a transaction under common control. For transactions under common control, the Company accounts for this transaction based on the book value of SBG, and regardless of the actual transaction date, retrospectively combines the financial statements of the transferred companies as if such transaction was executed by the Group on April 1, 2019, the opening balance sheet date of the comparative period, as part of the condensed interim consolidated financial statements of the Group.

Three months ended June 30, 2020

There are no significant business combinations to be disclosed.

5. Segment information

(1) Summary of reportable segments

The reportable segments of the Group are based on operating segments for which separate financial information is available, and which the Board of Directors (the Group's chief operating decision maker) regularly reviews to determine the allocation of management resources and evaluate their performance. The Group has "Consumer," "Enterprise," "Distribution," and "Yahoo" 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 mobile communications, broadband and electricity services to individual customers. In mobile communications services, the Group provides mobile communications services under the *SoftBank*, *Y!mobile*, and *LINE MOBILE* brands, and sells mobile devices such as phones and tablets. In broadband services, the Group provides internet services, including *SoftBank Hikari*, and sells and rents related customer-premises equipment for broadband services. In electricity services, the Group provides purchase and sale, supply and intermediation of electricity services, including *Ouchidenki*.

In the "Enterprise" segment, the Group provides a wide range of services to enterprise customers, including mobile communications services, voice call services and fixed-line communications services, data transmission and dedicated services, telecommunications consulting and construction for telecommunications carriers and general service providers, rental and maintenance of telecommunications facilities, housing, data center services, and sales and rental of telecommunications equipment.

In the "Distribution" segment, the Group provides hardware, software, and services in relation to ICT, cloud, and IoT solutions to enterprise customers. The Group also provides PC software, IoT products, and mobile device accessories to individual customers.

In the "Yahoo" segment, the Group is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement- and finance-related services, all of which are provided via the internet for small to medium-sized businesses and individual customers. The "Media business" comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services.

Information not included in the preceding reportable segments is summarized in "Other." "Other" mainly includes operating results of subsidiaries, such as SB Payment Service Corp., One Tap BUY Co., Ltd., and others.

"Adjustments" includes eliminations of intersegment transactions and expenses not allocated to each reportable segment.

The following segment information includes the financial information of subsidiaries acquired through common control transactions by June 30, 2020 because the Group retrospectively consolidates these subsidiaries as if they are acquired on the date of the opening balance sheet date of the comparative period, that is April 1, 2019, based on the accounting policy of the Group.

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

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

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

Three months ended June 30, 2019

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	654,079	152,439	107,679	233,458	1,147,655	17,201	-	1,164,856
Intersegment revenue or transferred revenue	3,991	2,011	8,739	5,176	19,917	6,099	(26,016)	-
Total	658,070	154,450	116,418	238,634	1,167,572	23,300	(26,016)	1,164,856
Segment income	205,737	28,141	5,279	36,164	275,321	(7,096)	633	268,858
Depreciation and amortization ¹	102,237	39,842	686	17,825	160,590	3,453	-	164,043

Three months ended June 30, 2020

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	622,921	161,279	99,607	268,232	1,152,039	20,605	-	1,172,644
Intersegment revenue or transferred revenue	2,508	1,244	10,250	5,648	19,650	8,903	(28,553)	-
Total	625,429	162,523	109,857	273,880	1,171,689	29,508	(28,553)	1,172,644
Segment income	189,374	31,271	5,504	50,633	276,782	3,810	(645)	279,947
Depreciation and amortization ¹	104,374	39,333	881	24,734	169,322	1,517	-	170,839

Note:

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

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

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Segment income	268,858	279,947
Share of losses of associates accounted for using the equity method	(5,714)	(9,330)
Financing income	5,286	3,437
Financing costs	(14,348)	(16,692)
Gains on sales of equity method investments	5,456	-
Profit before income taxes	259,538	257,362

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
Current		
Short-term borrowings	577,371	832,240
Commercial papers	100,000	129,100
Current portion of long-term borrowings	758,522	805,858
Current portion of lease liabilities	365,202	342,476
Current portion of corporate bonds	10,000	10,000
Current portion of installment payables	186	175
Total	1,811,281	2,119,849
Non-current		
Long-term borrowings	2,212,677	2,255,082
Lease liabilities	673,694	616,454
Corporate bonds	384,327	583,747
Installment payables	273	233
Total	3,270,971	3,455,516

7. Equity

Changes in treasury stock are as follows:

	Three months ended June 30, 2019	(Thousands of shares) Three months ended June 30, 2020
Balance at the beginning of the period	-	46,000
Increase during the period	-	-
Decrease during the period ¹	-	(8,169)
Balance at the end of the period	-	37,831

Note:

- For the three months ended June 30, 2020, due to the exercise of stock options, the number of treasury stock decreased by 8,169 thousand shares. As a result, “Capital surplus” and “Treasury stock” decreased by ¥6,492 million and ¥12,202 million, respectively.

8. Dividends

Dividends paid are as follows:

The Company

Three months ended June 30, 2019

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2019	Common stock	37.50	179,518	March 31, 2019	June 10, 2019

Three months ended June 30, 2020

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2020	Common stock	42.50	201,499	March 31, 2020	June 10, 2020

Transactions under common control result in the Group retrospectively combining the financial statements of the acquired companies as if such transactions were executed by the Group on the later of the date when the parent, SBG, obtained control of the transferred companies prior to the transfer or the opening balance sheet date of the earliest comparative period as part of the condensed interim consolidated financial statements of the Group. As a result, the following dividends paid by Z Holdings Corporation before the date of the transaction under common control are included in “Cash dividends” in the condensed interim consolidated statement of changes in equity.

Z Holdings Corporation

Three months ended June 30, 2019

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)¹</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 16, 2019	Common stock	8.86	45,042	March 31, 2019	June 4, 2019

Note:

1. The amount of dividends paid to owners of the Company was ¥16,253 million.

Three months ended June 30, 2020

There are no significant dividends paid to be disclosed.

9. Revenue

The components of revenue are as follows:

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Consumer business		
Service revenues ⁴		
Mobile communications	419,355	409,463
Broadband	95,029	97,215
Electricity ⁵	11,269	18,871
Revenues from sales of goods and others ⁵	128,426	97,372
Subtotal	654,079	622,921
Enterprise business		
Mobile communications ³	66,132	71,231
Fixed-line	48,813	46,706
Business solution services and others ³	37,494	43,342
Subtotal	152,439	161,279
Distribution business	107,679	99,607
Yahoo business		
Commerce ⁶	160,347	200,795
Media ⁶	72,453	67,360
Other	658	77
Subtotal	233,458	268,232
Other	17,201	20,605
Total	1,164,856	1,172,644

Notes:

- The components of revenue represent sales to external customers.
- The components of revenue include revenue from leases and others. Revenue from leases and others for the three months ended June 30, 2019 and 2020 were ¥26,008 million and ¥29,351 million, respectively.
- Mobile communications and business solution services and others within the Enterprise business include service revenues and revenues from sales of goods and others. Service revenues for the three months ended June 30, 2019 and 2020 were ¥82,775 million and ¥90,618 million, respectively. Revenues from sales of goods and others for the three months ended June 30, 2019 and 2020 were ¥20,851 million and ¥23,955 million, respectively.
- “Telecommunications service revenues” under “Consumer business” changed its name to “Service Revenues.”
- “Electricity”, which was included in “Revenues from sales of goods and others” under “Consumer business” for the three months ended June 30, 2019, is presented as a separate item from the three months ended June 30, 2020 due to an increase in materiality. In order to reflect this change, reclassification has been made in the components of revenue for the three months ended June 30, 2019. As a result, for the three months ended June 30, 2019, “Revenues from sales of goods and others” under “Consumer business” has been reclassified as “Electricity” of ¥11,269 million and “Revenues from sales of goods and others” of ¥128,426 million.
- In the “Yahoo business”, some services and subsidiaries are transferred from “Commerce business” to “Media business” to focus on providing efficient services and respond to rapid change in market. As a result, the components of revenue are restated for the three months ended June 30, 2019.

10. Earnings per share

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

(1) Basic earnings per share

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	164,797	152,139
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,787,145	4,745,274
Basic earnings per share (Yen)	34.42	32.06

(2) Diluted earnings per share

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	164,797	152,139
Effect of dilutive securities issued by subsidiaries and associates	(3)	(1)
Total	164,794	152,138
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of shares of common stock outstanding	4,787,145	4,745,274
Increase in the number of shares of common stock due to stock acquisition rights	60,409	59,372
Total	4,847,554	4,804,646
Diluted earnings per share (Yen)	34.00	31.66

11. Subsequent events

There are no significant subsequent events to be disclosed.