



Section



## What Value We Create

We use our strong telecommunications infrastructure as a foundation to provide top class ICT services in Japan, and we are involved in the digitalization of all kinds of industries. It is therefore no exaggeration to say that, without us, it is no longer possible to even think about the digitalization of Japan. Based on this awareness and pride, we create services that increase the convenience of and enrich people's lives while also utilizing the power of technology to contribute to the problem-solving of society as a whole.

## Message from the CEO

# *SoftBank will seek to trigger Japan's digitalization*

Founded an Internet service provider (ISP) in 1991, serving as president for about 10 years. Joined what is now SoftBank Corp. in 2001 and was appointed Director & Executive Vice President (CTO) in April 2006. Contributed to the growth of the Company primarily as head of the Technology Unit. Appointed Representative Director & CTO of SoftBank in April 2018. More recently, served as president of multiple Group companies and spearheaded the Institute for AI and Beyond in partnership with the University of Tokyo. Has served as President & CEO of SoftBank since April 2021.

**Junichi  
Miyakawa**  
President & CEO



# Message from the CEO

## SoftBank's Vision

### Triggering Japan's digitalization

The Japanese economy is currently on the verge of a major turning point. The global economy in recent years has been driven by foreign IT companies, which have grown drastically over the past 30 years. Meanwhile, Japan's adoption of digital technology has markedly lagged that of other developed countries, a trend that is undermining its competitive advantage in the international marketplace. There are still many challenges for Japan to overcome, such as the lack of awareness of the usefulness of digital technology and a low smartphone penetration rate, which indicates that not all people are enjoying the benefits of digitalization.



"Information Revolution—Happiness for everyone" is SoftBank's corporate philosophy. Making people's lives better with the power of technology has been our plan of action ever since the Company was founded. Fortunately, our group has not only the digital foundation developed in the telecommunications business, but also top-class services in every digital field in Japan, from e-commerce, portal sites, and messaging apps to cashless payments. In fact, we are in the best possible position, as a corporation, to harness the power

of technology to propel Japan's hitherto sluggish digital transformation. So that Japan can make its presence felt in the international community over the next 20 to 30 years, I believe we must first act as a detonating agent to trigger a wave of digitalization across the entire nation.

## Beyond Carrier Growth Strategy

### Tapping the enormous market that lies beyond digitalization

If we are asked why we are so focused on digitalization, it is, of course, because we see greater business growth opportunities in the future beyond digitalization.

The digitalization of every aspect of people's lives means information that has been scattered around the analog world should be transformed into data all at once. And by combining such a large amount of data, new added value and new markets will be created. For example, if traffic and human flow data can be used to create highly accurate digital maps, self-driving vehicles will spread rapidly, and if digital space-based remote medical care systems can be established, the concept of community healthcare will be revolutionized. The next 10 to 20 years should be a time when digitalization will fundamentally change the way every industry takes its place.

In this era of change, I have no intentions whatsoever of letting SoftBank remain just a telecommunications company. We have our sights set on a much bigger market in which all people and things are digitally connected. We will combine our strengths including e-commerce, messaging, and payments with the foundations of telecommunications infrastructure to drive the digitalization of various industries. This is the *Beyond Carrier* worldview that we at SoftBank are aiming for.

## Importance of Telecommunications

### Smartphones are key to connecting people with digital technology

Telecommunications are essential to the future of digitalization that we envision. No matter how much a company or local government digitalizes its services, the benefits of that digitalization cannot be enjoyed if the environment on the receiving end is still in an analogue state. Telecommunications fulfil the key role of connecting people with digital technology and smartphones as that point of contact will likely grow increasingly important going forward. Given that SoftBank aims to facilitate the digitalization of society, it is inevitable, in a way, that we must endeavor to expand the number of smartphone subscribers.

The role of mobile phone stores is also crucial to the increased uptake of digital technology in society. In the telecommunications industry in recent years, we have seen the closure of many stores nationwide and customer services have also been migrated to online channels. However, stores at which customers can obtain face-to-face assistance from professional staff members are an important entry point to digitalization and a source of support for many people. At SoftBank we want to ensure that no one is left behind in the shift to digitalization. If we deprive people of the opportunity to go digital by prioritizing cost reductions, we would be missing the point.

As CEO, I must always examine what needs to be done now for the benefit of society the next 20 to 30 years down the track and which choices will be more advantageous for the Company's business growth from a long-term point of view. Given that we are going to get involved in the digitalization of all industries in the future, the telecommunications customer base is still important, and if we consider the store as an important customer contact point rather than just a cost center, the business opportunities will still be wide open. In fact, we have assigned enterprise sales personnel to some of our mobile phone stores to start offering digital products

# Message from the CEO

and services to sole proprietors and small or medium-sized enterprises (SMEs) in each area.

## Technology Strategies

### Digitalization of industries underpinned by 5G

One elemental technology of digitalization is 5G. 5G's ultra-high speed, large capacity, ultra-low latency, and multiple simultaneous connections are indispensable to industrial digitalization. As Japan tries to catch up with the rest of the world in digitalization, it simply cannot fall behind other countries in 5G, a fundamental element of digitalization. At the end of March 2022, our 5G population coverage exceeded the target of 90%. Once the stand-alone communication network is in place, 5G will finally come into its full strength. We have set

the fiscal year ending March 31, 2023 as the year of intensive investment in 5G, and we are thoroughly working toward the further advancement of 5G networks.

## Growth Potential of Enterprise Segment

### Digitalization of Japanese companies yet to hit full stride

One reason behind Japan's poor progress on digitalization is the slow uptake of digital technology by Japanese companies. Even though the COVID-19 pandemic has brought companies online, digitalization of SMEs in Japan has only just begun. Only the major corporations in Japan have finally taken steps to incorporate digital technology into their existing operations, but this does not mean they have built a whole new industry powered by digital technology. In other words, the adoption of digitalization in Japanese corporations has yet to go full tilt and the time to transform existing businesses into new digital tools is just around the corner.

In fact, in the first fiscal year after I was appointed President and CEO, I devoted a lot of my time to the Enterprise segment. I was involved deeply in a variety of projects, I engaged in sales activities myself, and I participated in discussions with corporate managers from many different industries. Although Soft-Bank entered the Enterprise segment after initially selling fixed-line communications and business mobile phones to enterprise customers, we are now taking on more and more large-scale digital transformation (DX) projects to digitalize entire factories with the use of 5G. This largely owes to our ability to offer a one-stop service, from consulting through to systems integration, because we took steps to bolster our ranks of digital professionals and I personally feel that the response from the market has been very telling.

### Harnessing Group synergies to promote digitalization at mid-tier firms and SMEs

In the fiscal year ending March 31, 2023, we are also focusing our efforts on the market for mid-tier firms and SMEs. It is said that the total amount of IT spending at Japanese mid-tier firms and SMEs is comparable to that of the major companies. At long last, the time for the full-fledged adoption of digital technology among SMEs is drawing near, helped along by heightened demand for digitalization during the COVID-19 pandemic, the commercialization of 5G, and official support from the Japanese government, including the establishment of its Digital Agency. Up until now, we had chiefly focused on digitalization for large corporations, but within the Group there are many companies that specialize in the SME market, such as Askul Corporation and PayPay. We hope to leverage the customer bases of each Group company to keep costs to a minimum and efficiently open up a market for mid-tier firms and SMEs.

## High Potential of Group Companies

### LINE and PayPay are the "treasures" vital to Japan's digitalization

Z Holdings and PayPay are subsidiaries indispensable to our plan to carry out the *Beyond Carrier* strategy. Z Holdings owns the smartphone messaging application *LINE*, which boasts approximately 92 million users. You could say it is the national messaging app because it is used by almost all smartphone users in Japan. Meanwhile, the number of users of the cashless payment service *PayPay* now stands at around 50 million; *PayPay* commands a nearly 70% share of Japan's QR code payment market.

Given that we have come this far, the digitalization of Japan without *LINE* and *PayPay* is no longer conceivable. For instance, any company or local government entity in Japan would probably turn straight to *LINE* as the platform of choice



# Message from the CEO

when it needed to communicate directly with every individual. And with some 86 million users, we cannot forget *Yahoo! JAPAN*, the country's largest Internet portal site, together with *ZOZOTOWN*, a fashion e-commerce site that has gained a strong following. These dominant services are essential to Japan's digital transformation—they could even be seen as items of treasure in the digital world. The services like *LINE* and *PayPay* should never settle down small. We would like to maximize business value by consistently refining the strengths of our existing services.

## HR Initiatives

### The role of a leader is to clearly show the way forward

The driving force behind a company's growth will always be its human resources. In the past 12 months I have carried out my management responsibilities with an emphasis on engaging in dialogue with employees. The Company has long conducted employee satisfaction surveys and "pulse" surveys in order to gain an understanding of every person's situation and boost their motivation, but in addition to those measures, immediately after I was appointed President & CEO last year I launched a monthly online morning meeting to be attended by all employees. This is not just with a few quick words, but for a good 30 minutes. I put together a presentation and directly communicate in my own words about the circumstances the Company is currently in and my own thoughts on it.

In my mind, the role of a leader should be to clearly show the way forward. People should naturally act, once they clearly understand what direction they are heading in and what is required of them. People work way more effectively on tasks they choose to undertake themselves than the jobs simply assigned to them. Even though the subject of my morning meeting changes every month, I have consistently communicated the message that if you lose your way or encounter difficulties, you should take a step back and look at the bigger picture. And especially because of the chaotic times we are experiencing right now, I want our employees to first imagine

the next 20 to 30 years from now and then count backwards from there. Creating a presentation every month can be hard work sometimes, but I consider it to be one of my roles. It has been very well received by our employees, and it soon became the number one viewed content at our company.

## Diversity, Equity and Inclusion

### Becoming a dynamic company with diverse talents

When looking at talents, another key element is our commitment to diversity. At SoftBank we promote Diversity, Equity and Inclusion with the aim of building an organization conducive to spontaneous innovation in which all employees understand each other's differences, leverage the strengths of one another, and express opinions with an open-mindedness.



One theme we are particularly focused on is the empowerment of women. Last year we announced that we would aim to have women account for 20% of all management positions by the fiscal year ending March 31, 2036, which equates to a three-fold increase from the fiscal year ending March 31, 2022. To help us achieve this target, we first set up the Committee for the Promotion of Women in the Workforce. I myself assumed the role of chairperson on this committee. We have

so far invited external experts to committee meetings to facilitate in-depth discussions about how to best reform our existing business model and working environment from the ground up. Also last year, we added two female external directors to the Board as part of our efforts to strengthen corporate governance. Not only have they brought their own specialized knowledge to the Board, but I really feel that their presence is contributing to multilateral and lively management discussions. We would like to continue to make SoftBank a dynamic company by actively promoting Diversity, Equity and Inclusion and realizing a corporate culture in which diverse talents can play an active role.

## Sustainability Initiatives

### Seeking to solve social issues through business

To help bring about a sustainable society, we are actively undertaking initiatives geared towards the achievement of the Sustainable Development Goals (SDGs). SoftBank's sustainability initiatives aim to solve social issues through business. We believe that working to solve issues in society will ultimately lead to business growth for the Company, which is why we are seeking to make various contributions to society through our business activities. We hope to close the digital divide by expanding the use of smartphones, transform industries through digitalization in companies and local governments and solve issues concerning community healthcare and regional transportation, and contribute to the increased uptake of cashless payments through *PayPay*. All these initiatives seek to solve the social issues Japan currently faces with the power of technology, yet at the same time, they are also our mainstay businesses that drive profit growth.

Our high-altitude platform station (HAPS) business is but just one initiative with which we seek to contribute to society through business. My involvement in the HAPS business goes back 11 years from now to the time of the Great East Japan Earthquake in 2011. At the time, I headed up the on-site disaster recovery team in my capacity as CTO for a period of

## Message from the CEO

two months. Together with our engineers, we went around to inspect, one by one, all the base stations that had been damaged by the earthquake, but the scenes of destruction we saw with our own eyes were just indescribable. Telecommunications are a lifeline connecting one person to another. Even during times of disaster, they must be maintained no matter what, so that all people, wherever they may be, can equally benefit from telecommunication services. The strong desire to make that happen was the starting point of today's HAPS business. The fact that telecommunications is our core business is the very reason why I think there are still many things we can achieve for the benefit of society.

Natural disasters and other problems caused by climate change are also growing increasingly severe year after year. To help realize a decarbonized society as soon as possible, in May 2021 we released our Carbon Neutral 2030 Declaration and committed to reducing our greenhouse gas emissions to net zero by the year 2030. While switching to virtually 100% renewable energy for our own power use, we are also making maximum use of cutting-edge technologies such as AI and IoT to reduce power consumption in its data centers and telecommunication facilities.

### Shareholder Returns

#### Strongly generating cash as the source of shareholder returns

Shareholder returns has been a key management issue for SoftBank since our public listing in 2018. Actively deploying measures to drive business growth whilst also maintaining healthy shareholder returns is never easy, but personally I will do whatever it takes to uphold the promise I once made to stock market participants.

To that end, we are focused on the stable generation of cash flow—the source of shareholder returns every year. Even though we face some headwinds in the business environment from the impact of mobile service price reduction, we expect

to be able to stably generate adjusted free cash flow of around ¥600 billion annually going forward from growth in other businesses and the various endeavors of management, including financial action measures. Given that our dividend payments presently total around ¥400 billion, I believe we have sufficient capacity to maintain the current level of shareholder returns.

On a daily basis I hear and read various opinions from investors regarding our policy on shareholder returns. Even now the management team is discussing our policy for the fiscal year ending March 31, 2024 onward, but my basic view is that we should continue with the high level of returns next fiscal year as well. Even if a time comes in the future when we drastically change our approach to shareholder returns, it will probably be accompanied by a major game-changing moment for the Company. For now, I remain firmly committed to paying all shareholders the healthy returns we promised to them as the management team of the Company.

### In Conclusion

#### Turning adversity into the driving force behind new challenges

The Enterprise segment, the Yahoo/LINE segment, and services such as *PayPay* are certainly benefiting from rapid growth right now. On the other hand, it is also true that this is a difficult time for the Company's overall profits due to the impact of mobile service price reductions in 2021. I believe my true value as CEO is being tested as to how we can overcome this challenging period and whether I can firmly prepare for the future without losing sight of the course we should take. I also made the decision to step up our 5G investments this fiscal year after backcasting from the future and concluding that it must be done now.

We expect the negative impact on profits from mobile service price reduction impact to peak in the fiscal year ending March 31, 2023 before declining sharply thereafter. If

we can get through this difficult time, then all we need to do is go on the offensive again, so in a sense, it was probably my destiny to be appointed President and CEO at this time. This adversity is motivating SoftBank to take up new challenges and all employees are working together to maximize corporate value. SoftBank is currently on the cusp of a transformational period, and we will do our utmost to live up to the expectations of all stakeholders.



## Message from the CFO

*Face change with a future-oriented mindset  
and become a compass that illuminates the  
destination in difficult times*



**Kazuhiko  
Fujihara**

Board Director  
Executive Vice President & CFO

### Financial Forecasts

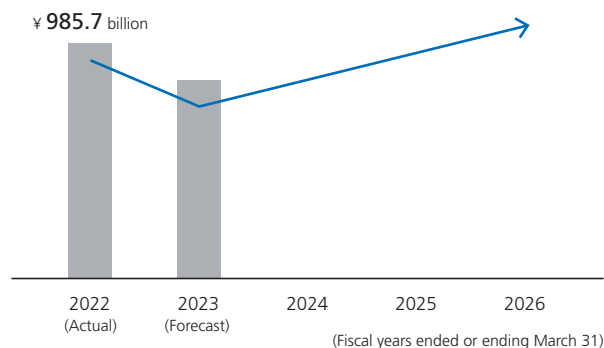
#### Financial forecasts and direction for the fiscal year ending March 31, 2023

In the fiscal year ending March 31, 2023, we are committed to achieving our long-promised goal of ¥1 trillion in operating income (announced in August 2020). For the fiscal year ending March 31, 2023, the Consumer segment is expected to see a ¥159.5 billion (25%) year-on-year decrease in profit due to the impact of the mobile service price reduction. The Enterprise segment, in contrast, is expected to increase its profit by ¥21.5 billion (17%) from the previous fiscal year as its solutions and other businesses grow against the backdrop of the advancement of digitalization. We expect year-on-year growth for revenue and profits on a consolidated basis, taking into account the remeasurement gain from the consolidation of PayPay, which has grown significantly due to a Group-wide effort. Recording a remeasurement gain from making PayPay a subsidiary was fortunate in terms of timing, but we do not intend to use this to gloss over our business performance; rather, we aim to increase corporate value on a consolidated basis by generating cash flow that exceeds the previous year, not paper results. I see this situation as an important period preliminary to demonstrating our next stage of growth. I take the positive view that this will be a step toward our next growth, as we can win the confidence of the stakeholders in our management's commitment by maintaining revenue and profit growth by making PayPay a subsidiary even in the difficult time of the mobile service price reduction.

## Message from the CFO

Starting from the fiscal year ending March 31, 2024, the impact of the mobile service price reduction will have run its course, and we will begin to see the impact of cost reduction efforts and decreasing depreciation costs, along with business growth in the Enterprise and the Yahoo! JAPAN/LINE segments. Therefore, operating income on a consolidated basis excluding the impact of PayPay becoming a subsidiary will bottom out in the fiscal year ending March 31, 2023, and then recover from the fiscal year ending March 31, 2024 onwards. In addition, we expect to be able to generate stable cash flow on an ongoing basis as the rollout of our 5G area investment runs its course and capital expenditures decline significantly.

### Operating income (excluding PayPay consolidation impact)



### Reason for disclosing our plan about the fiscal year ending March 31, 2024 and beyond

The fiscal year ending March 31, 2023 is the year in which the impact of the mobile service price reduction will peak. Profit would be lower year-on-year if there were not remeasurement gain from making PayPay a subsidiary. Even though SoftBank has increased revenues and profits continuously since its listing, we are fully aware that our shareholders and investors are anxious about the decline in earnings from our Consumer segment, which is the backbone of our business.

At this juncture, I am reminded of the time when we once posted a loss of nearly ¥100 billion due to our upfront investment in the ADSL service *Yahoo! BB*. At that time, our President Masayoshi Son (currently Representative Director, Chairman, and CEO of SoftBank Group Corp.) related the following story: "In a dark sea, you can't tell the size of the waves, the depth of the water, or where the shore is. Investing in a loss-making company is like swimming in such a sea, and nothing is more unsettling. At such times, you need a light to illuminate the sea."

To me, the fiscal year ending March 31, 2023 resembles that "dark sea." Therefore, the reason we have decided to

openly disclose our plan for the fiscal year ending March 31, 2024 and beyond is precisely to "illuminate the sea;" in other words, to enable shareholders and investors to understand the future outlook by explaining everything, including the time frame in which the impact of the mobile service price reduction will run its course, our cost reduction measures, and the growth of businesses that drive the *Beyond Carrier* strategy, such as the Enterprise and the Yahoo! JAPAN/LINE segments.

### Factors for decrease in profits in the Consumer segment in the fiscal year ending March 31, 2023

First, the negative impact of the mobile service price reduction is expected to be ¥90 billion (¥77 billion in the previous fiscal year). This is because many customers rethink their price plan when they get a new phone, so we expect the impact to peak as this cycle plays out. In addition, sales-related expenses, etc. are expected to increase by ¥60 billion, of which ¥40 billion is due to the deferral of customer acquisition costs (non-cash). Customer acquisition costs are capitalized at the time of their expenditure and are amortized (recorded as expenses) over the period that the device is used. The customer acquisition costs incurred in the fiscal years ended March 31, 2020 and 2021,

### Forecasts for the fiscal year ending March 31, 2023 (YoY)

(Billions of yen)	Fiscal year ended March 31, 2022 (Actual)	Fiscal year ending March 31, 2023 (Forecast)	Change	Change (%)
Revenue	5,690.6	5,900	+209.4	+4%
Operating income	985.7	1,000 or more	+14.3 or more	+1% or more
Net income* <sup>1</sup>	517.5	530 or more	+12.5 or more	+2% or more
Adjusted Free Cash Flow* <sup>2</sup>	579.7	600	+20.3	+3%
CAPEX* <sup>3</sup> (Consumer and Enterprise)	399.0	430	+31.0	+8%

\*<sup>1</sup> Net income attributable to owners of the Company

\*<sup>2</sup> Adjusted FCF = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof), excludes FCF of A Holdings Corporation and Z Holdings Corporation and its subsidiaries, loans to Board Directors, and impact of PayPay Corporation consolidation in fiscal year ending March 31, 2023. Includes dividend payments from A Holdings Corporation.

\*<sup>3</sup> Acceptance basis, excluding rental mobile phones for enterprise customers, shared equipment (contributions by other operators), and IFRS 16 "Leases."

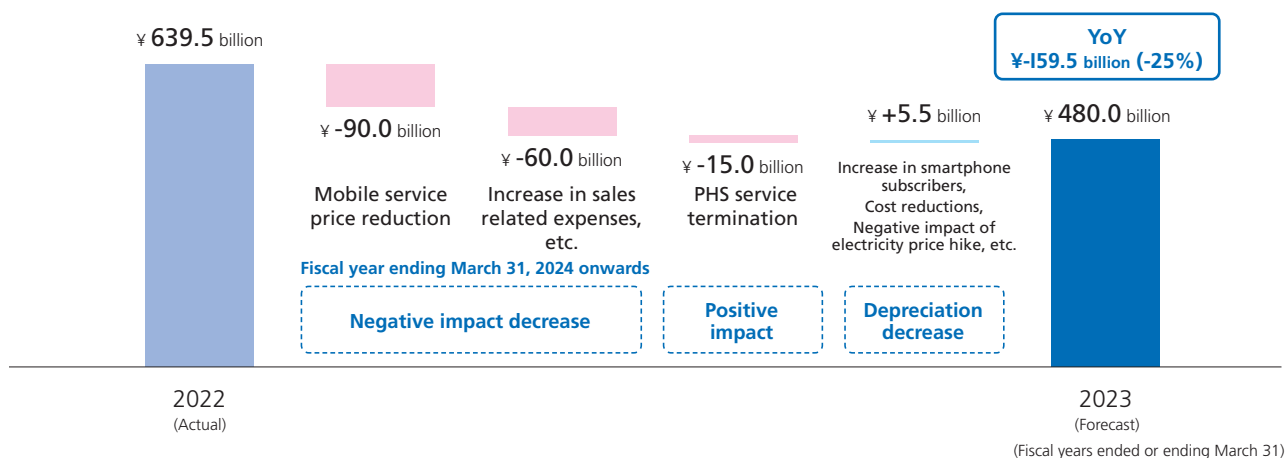
### Earnings forecast summary

	Fiscal year ending March 31, 2023 (Forecast)	Plan for the fiscal year ending March 31, 2024 and Beyond
Operating Income	Achieve medium term target of ¥1 trillion operating income	Price reduction impact to run its course Income to increase with business growth (Excluding PayPay consolidation impact)
CAPEX	Accelerate investment on further 5G deployment	Investment on 5G to run its course, reducing CAPEX significantly
Fixed Costs	Seek continuous cost efficiency	Depreciation decrease Network OPEX decrease etc.
Adjusted Free Cash Flow* <sup>2</sup>	Forecast of ¥600 billion	Stable at ¥600 billion level
Shareholder Returns	Dividends per share: ¥86	High shareholder returns



# Message from the CFO

## Consumer segment income



which were kept low due to the amendments to the Telecommunications Business Act and the COVID-19 pandemic, were deferred to the fiscal year ended March 31, 2022. In contrast, the increased customer acquisition costs associated with increased sales activity in the fiscal year ended March 31, 2022 will be deferred primarily to the fiscal year ending March 31, 2023 and thereafter. We therefore anticipate an increase in sales-related expenses in the fiscal year ending March 31, 2023 compared to the previous fiscal year.

We are also factoring in a decline in gross profit on handset sales due to a decrease in the number of handsets shipped



compared to the fiscal year ended March 31, 2022; a downturn in *Electricity* following its strong performance in fiscal year ended March 31, 2022; and a cost increase of ¥15 billion due to the termination of PHS service. The Consumer segment is facing a combination of these negative factors in the fiscal year ending March 31, 2023. However, the negative impact of the mobile service price reduction is expected to peak in the fiscal year ending March 31, 2023, shrink to ¥50 billion in the following fiscal year, and then flatten out in the subsequent fiscal years.

On the other hand, the cumulative number of smartphone subscribers is on the rise, with our smartphone users accounting for 47% of *Yahoo! JAPAN Shopping* transaction value\*1 and 43% of *PayPay* GMV (gross merchandise value). I want to emphasize the point that our smartphone users are an important foundation for the growth of the Group's various businesses, not limited to the telecommunications business.

\*1 Total transaction value of *Yahoo! JAPAN Shopping* and *PayPay Mall*

## Forecast for ARPU

For the fiscal year ending March 31, 2023, the average total ARPU (average revenue per user per month) is expected to decrease by ¥270 from the previous fiscal year. ARPU declined by ¥280 in the fourth quarter of the fiscal year ended March

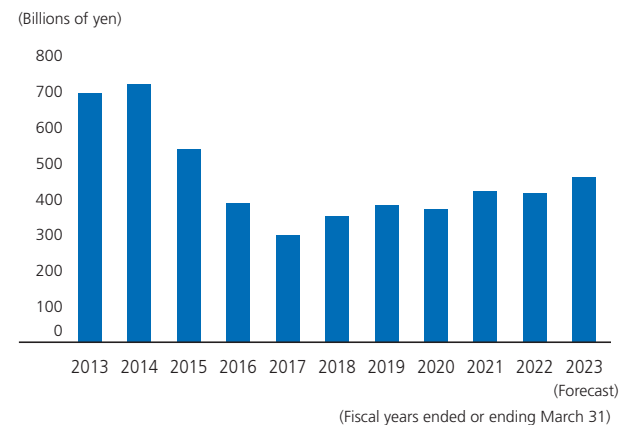
31, 2022 compared to the same period of the previous year, which means the decline in ARPU is expected to narrow down in the fiscal year ending March 31, 2023. Going forward, revitalizing the *SoftBank* brand will be a major theme. To make people feel the value unique to the *SoftBank* brand, we need to link the various services within the Group and increase the number of attractive services that 5G offers. I believe that this will increase the number of unlimited data plan users of *SoftBank* brand, and increase the number of users switching brands from *Y!mobile* to *SoftBank*, which will boost our ARPU.

## Cost Strategy

### Efforts to reduce costs

We expect the cost reduction to become more pronounced from the fiscal year ending March 31, 2024 onwards. First, with regard to fixed costs, the depreciation of large capital expenditures at the ¥700 billion level that were made after 2012, when the company acquired the wide-coverage frequency band (what we call the "Platinum Band"), has come to an end, which means depreciation and amortization expenses are entering a contraction phase. Furthermore, PHS, 3G, and ADSL services will be phased out one by one, and the

## CAPEX

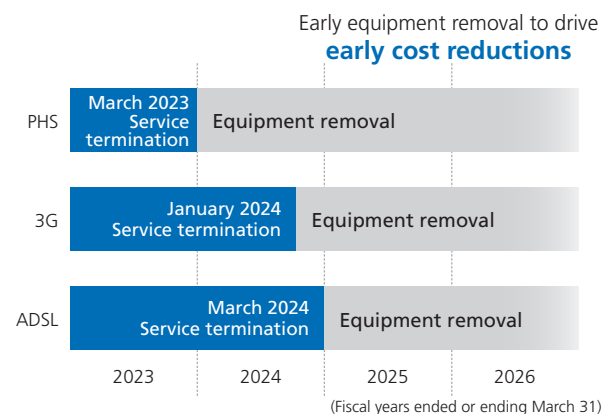


## Message from the CFO

associated equipment will be decommissioned promptly. By consolidating our networks into 4G/5G and optical lines in this way, we expect to reduce their operating costs by approximately ¥20 billion in total. The negative impact of the mobile service price reduction in the fiscal year ending March 31, 2024 will be largely offset by the decrease of depreciation and operational costs, and we intend to return to an earnings growth trend with business growth in the Enterprise and the Yahoo! JAPAN/LINE segments.

I also serve as head of the Purchasing Department, where we are also promoting cost reduction through our purchasing strategies. I always tell my team to think of themselves not as a purchasing department but as "Purchasing Inc." I constantly guide the team so that they always aim to expand "Purchasing Inc.'s revenue, which means transaction volume, and its profit, which means cost reduction amount," by thoroughly involving themselves in every aspect of the Group's businesses and increasing the transaction volume of the Purchasing Department. We have accumulated a wide range of purchasing know-how through various purchasing initiatives, such as using a reverse auction system in which SoftBank, the buyer, presents the starting price and terms and condition and then selects a supplier, as well as through joint Group purchasing and by having our Purchasing Department employees undertaking the tasks for the Group companies or work on loan for them.

### Network OPEX decrease due to 3G/PHS/ADSL sunset



Based on this know-how, we have been actively working to reduce costs across the entire Group since 2019, when Yahoo Japan became a subsidiary. In the fiscal year ended March 31, 2020 the results of such cost reduction measures amounted to about ¥7 billion, mainly for Yahoo Japan, but each year we covered more Group companies, and by the fiscal year ended March 31, 2022, the annual savings reached ¥16 billion. Our aim is not to meddle in the cost reductions of Group companies as the parent company, but rather to encourage each Group company to take the initiative to be more effective, realizing that the pursuit of smarter purchasing activities can generate a considerable amount of money and lead to business improvement, and in fact this is exactly what has been happening recently.

### Cash Allocation

#### Capital expenditure plan and growth investment policy

Capital expenditures (in the Consumer and Enterprise segments) are set to increase by 8% year-on-year to ¥430 billion in the fiscal year ending March 31, 2023. As of the fiscal year ended March 31, 2022, our 5G network achieved population

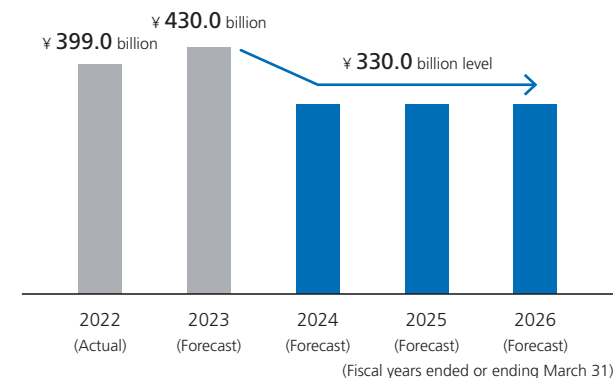
coverage of over 90%, and in the fiscal year ending March 31, 2023, we will make concentrated investments to further expand our 5G rollout, in terms of both area and demand-driven spot enhancement, to complete our 5G network ahead of our competitors. Once that milestone is reached, I expect capital expenditures in the fiscal year ending March 31, 2024 and beyond to drop sharply by ¥100 billion to around ¥330 billion and then remain flat.

Smartphone users are still not very aware of the difference between 4G and 5G, but this final intensive investment will complete the 5G core network and usher in a phase in which services that take full advantage of the benefits of 5G will become widely available.

Meanwhile, funds for growth investments, which are kept separate from capital expenditures, reached ¥88 billion in the fiscal year ended March 31, 2022, an increase from the previous fiscal years, due to additional investment in PayPay as well as investments in Treasure Data, Inc., which has a dominant market share in customer data platform (CDP) services in Japan, and Axiata Digital Advertising Sdn. Bhd., which operates digital marketing businesses in ten Asian countries and is a Group company of Axiata Group Berhad, one of the largest telecommunications carriers in Asia. Even in normal times, about half this amount is budgeted, and we are always on the lookout for new business opportunities.



### CAPEX (Consumer/Enterprise)



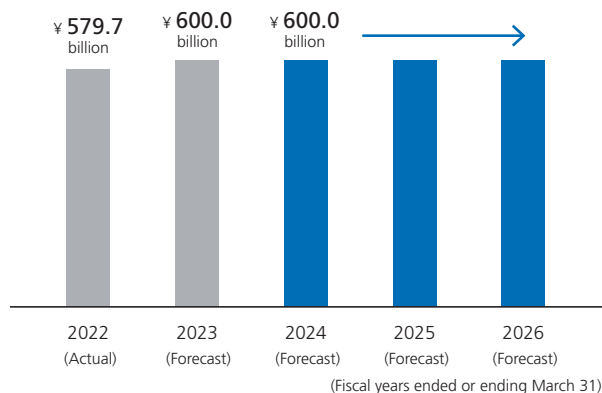
# Message from the CFO

## Approach to future adjusted FCF levels

As the starting point for all financial targets in our planning, we use adjusted free cash flow (FCF), which is calculated by operating cash flow, less capital expenditures and investments for growth. Of course, all business activities involve cash, and cash flow conditions also affect our management options to achieve growth, which is why I believe that the idea of focusing on adjusted FCF is very important.

For the fiscal year ending March 31, 2023, while capital expenditures will increase to ¥430 billion, we aim to control growth investments to reach a target of ¥600 billion in adjusted FCF, a 3% increase from the previous fiscal year. I want to make sure we can accomplish this while also making continuous improvements to our working capital and other indicators. Our policy is to steadily generate adjusted FCF at this level from the fiscal year ending March 31, 2024 onwards.

### Free cash flow



### Financial Strategy

## View on the status of the balance sheet

We currently have long-term issuer ratings of A+ and AA- with Rating and Investment Information, Inc. (R&I) and Japan

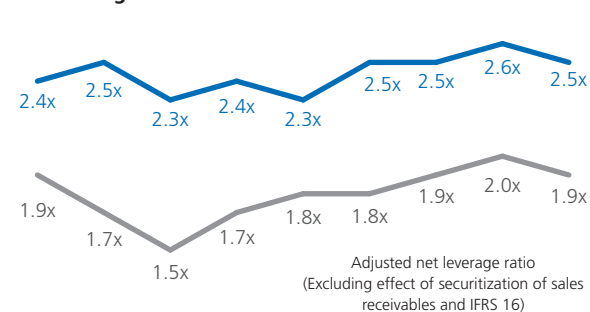
Credit Rating Agency, Ltd. (JCR), respectively. We will continue to maintain this high rating while preserving both our earnings capacity and financial soundness. In monitoring financial soundness, we emphasize net leverage ratio as an important indicator. This is the ratio of net interest-bearing debt to adjusted EBITDA.

As of March 31, 2022, the Group's net interest-bearing debt increased by approximately ¥360 billion from the end of the previous fiscal year to approximately ¥4,380 billion. Although the mobile service price reduction has a negative impact on adjusted EBITDA, we are committed to controlling the net leverage ratio within the 2x range.

With regard to earnings capacity, although ROE is well over 30%, I am well aware of the issue of our low shareholders' equity. However, because we have committed to a high level of dividends, it would be difficult to raise shareholders' equity at one bound. On the other hand, our shareholder's equity ratio as of March 31, 2022 was 13.2%, an improvement of 0.6 percentage points from the end of the previous fiscal year, and we intend to steadily improve this ratio going forward. I also believe that making PayPay a subsidiary will have a positive impact on improving our shareholder's equity ratio on a consolidated basis.

At the beginning of the COVID-19 pandemic, from a crisis

### Net leverage ratio\*1



Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
		Fiscal year ended March 31, 2021					Fiscal year ended March 31, 2022			

\*1 Net leverage ratio = Net interest-bearing debt / Adjusted EBITDA (LTM)

management perspective we focused on expanding securitization of receivables to increase cash on hand. Now, however, we are able to steer our cash position to a stable and optimal state. About fund-raising methods, we are working to lengthen the average remaining maturity of interest-bearing debt and improve financing costs by increasing the ratio of direct financing, especially bond issuances. Although the impact of the mobile service price reduction is significant, I believe that our financial position is secure.

## Approach to capital costs and initiatives to enhance corporate value of portfolio companies

As a basic policy, when we execute investments, we use the internal rate of return (IRR) as the hurdle rate. Because the Company makes maximum use of its liabilities, our weighted average cost of capital (WACC) is roughly 5%, but when making investment decisions, we look for investment returns that are commensurate with business risks well above that level. In calculating the IRR, the Corporate Planning Division, which I head, carefully examines the business plan from the business unit, takes into consideration multiple risk scenarios, and calculates the IRR based on approximately five years of cash flow and terminal value. After the investment is executed, Board Directors and Audit & Supervisory Board Members are dispatched as necessary and quarterly monitoring is conducted to check the progress against the approved business plan and take necessary measures.

### Shareholder Returns

## Future shareholder return policy

Regarding dividends, in the fiscal year ending March 31, 2023 we are committed to a total annual dividend of ¥86 per share, maintaining a total shareholder return ratio of approximately 85%. \*2 Our target for adjusted FCF is also based on this

## Message from the CFO

assumption. From a cash management point of view, there is a trade-off between growth investments and shareholder returns, but we want to be a company that pursues both. We have been consistent in this approach since our listing as a publicly traded company. While our policy of high levels of shareholder returns will remain unchanged in the fiscal year ending March 31, 2024 and beyond, we will be setting and disclosing new medium-term targets amidst the current abundance of business opportunities, and we will continue to consider where to strike the balance between growth and returns, taking into account the dialogue with the capital markets.

\*2 Total amount of dividends paid and treasury stock retired during the three years from the fiscal year ended March 31, 2021 through the fiscal year ending March 31, 2023/total amount of net income attributable to owners of the Company during the same three years

### The Significance of the CFO

#### The role of the CFO at SoftBank

An ancient Japanese proverb cautions us to “cut your coat according to your cloth,” or in modern terms, “consider your income before spending.” In other words, you must reliably anticipate revenues and keep costs in line with your budgets. I believe that the basic principle of any business is to first generate proper cash flow through solid operations. On the other hand, when a great opportunity presents itself, you must seize it, even if you have to leverage it with borrowing. In other words, I believe that the most important role for a CFO is to set a firm target and then serve as a compass to guide the company on a growth trajectory by controlling cash while judging when to use the gas pedal and the brake.

The fact is that Yahoo Japan and LINE are indispensable for advancing the *Beyond Carrier* strategy, and the Finance Division played a central role in making them subsidiaries of SoftBank. The same is true of our investment in PayPay. In the future, if there is an opportunity to acquire a major growth engine, we want to be able to allocate funds and invest them

without hesitation, and for this reason, we thoroughly manage our cash flow on a daily basis.

SoftBank is a unique company that has grown by spotting trends early and changing its business domain accordingly. This is why our DNA is rooted in a spirit of freedom and challenge, with no barriers between the possible and the impossible, and this dynamism is our strength. While I am committed to building a sound and stable financial foundation, I also place great importance on the DNA that compels us to rise to these challenges.

#### Ideas I value as a personal philosophy

I believe it is very important to face change with a future-oriented mindset. Thinking about this from the standpoint of the Finance Division, I think there are three components of this mindset: (1) Analyze change as the accumulation of differences; (2) Shorten the clock cycle; and (3) When in doubt, look further ahead.

To navigate as a compass, you must be clear about where you are going, measure the path from your current location to the goal, and consider what it will take to reach it. However, the business environment changes from moment to moment. I define this change as the accumulation of differences. It is important to “Analyze change as the accumulation of differences” to consider what actions are necessary, that is, to compare your situation to the initial budget, the previous month, and the previous year, carefully analyze the extent of the difference, why it occurred, why it has grown, what will happen if we ignore it, and discuss what actions we should take to achieve the goals. That is the first component.

The second, “Shorten the clock cycle,” means shortening the cycle in which the forecast is revised. Rather than being forcibly tied to a budget decided at the beginning of the period, I believe it is more important to respond to changing conditions and frequently revise our forecasts based on our analysis.

Finally, “When in doubt, look further ahead,” is really more

like SoftBank’s slogan than my personal philosophy. For example, by discussing what is coming 10 years from now, we can have a common understanding of what we should aim for in the long term and what we should be working on to achieve that, rather than just facing the issues that are currently piling up in front of us. Having a long-term perspective for the future is extremely important for a group like ours to move forward. With this future-oriented mindset as my personal philosophy, I would like to fulfill my role as a compass guiding SoftBank’s sustainable growth.



## Coordination between Management and the IR Office

We communicate our management plans as well as our management's intentions to shareholders and investors through proactive dialogue. We also have a system so that valuable insights and evaluations of shareholders and investors are fed back to management. Through such interactive communications, we strive for sustainable growth and medium- to long-term enhancement of our corporate value.

### Feedback to management

	Frequency	Means of reporting	Process
<b>Summaries of analyst reports</b>	On the earnings announcement date and as occasion arises	Email	Report summaries of analyst reports issued by securities firms to management via email
<b>Comments from investors and analysts</b>	Several weeks after the earnings announcement	Board of Directors meetings and others	Elicit comments from investors and analysts by interviewing them following the earnings announcement and reporting them at Board of Directors meetings and other occasions
<b>IR-related reports</b>	End of every month	Email	Reporting to management via email on target share prices set by analysts and other stock price-related indicators as well as on major IR activities, etc.
<b>Stock price-related indicators and shareholder information</b>	Available at any time	Data analysis tools	Provide data such as target share prices set by analysts, other stock price-related indicators, and shareholder information, available anytime

### Outcomes of Dialogue with Our Shareholders and Investors

**Request** We would like an opportunity to discuss with external directors.

**Response** In April 2022, we organized a small meeting between our external directors and institutional investors. The agenda included the effectiveness of the Board of Directors as well as group governance ([see page 45](#)).

**Request** We would like an enhancement of information disclosure to support deeper corporate analysis.

**Response** For the fiscal year ended March 31, 2022, we disclosed three new items: operating income forecasts by segment, a breakdown of the recurring and non-recurring revenue from the Enterprise segment's solution business and others, and KPIs for prominent affiliates such as PayPay. Going forward, we will remain committed to enhancing information disclosure.

### Major IR activities

Number of IR activities during the fiscal year ended March 31, 2022: **275** (Of which 40 with our management)

Total number of firms: **546**

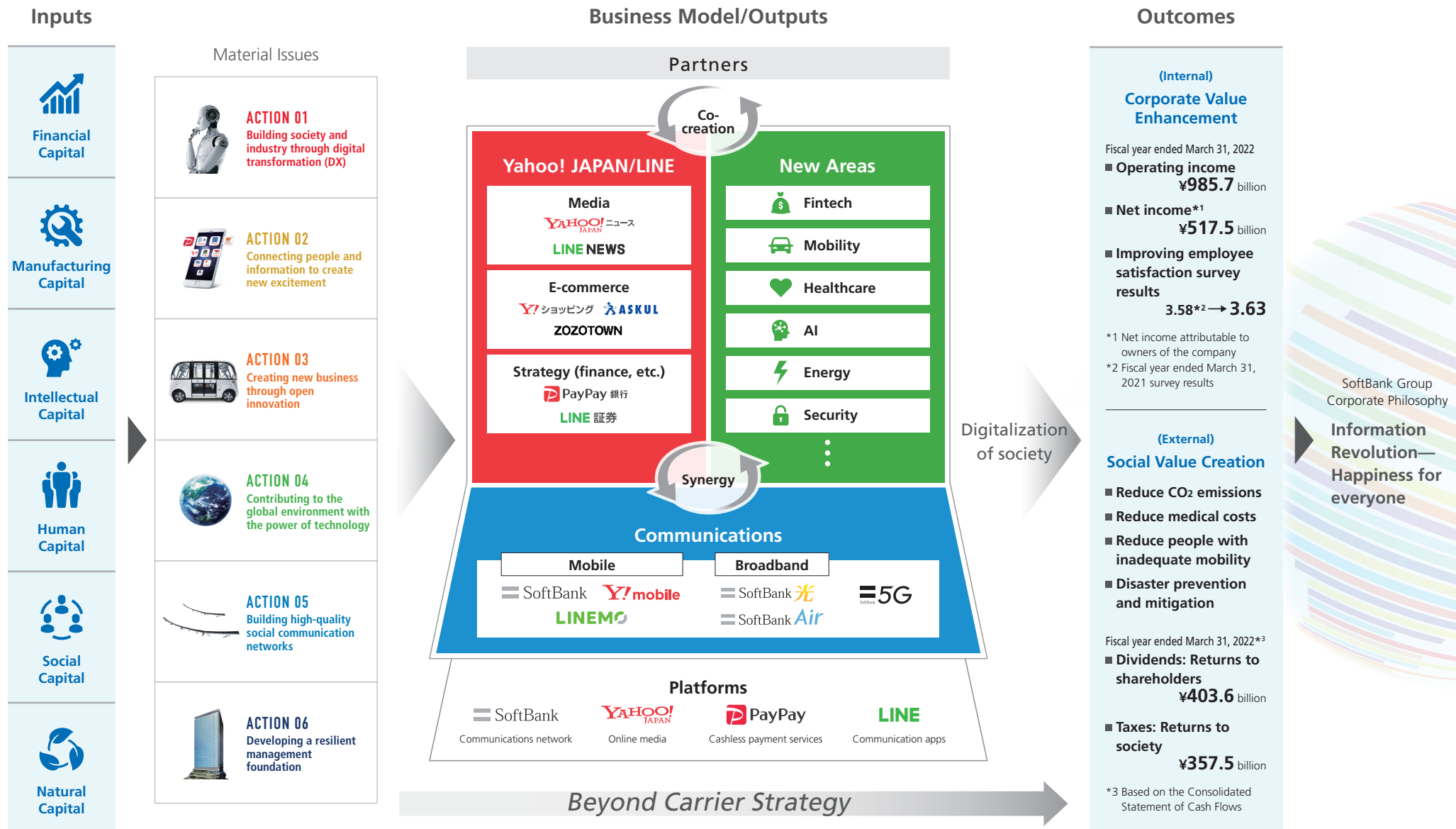
Number of interviews with investors: **213**

Number of conferences and road shows organized by securities firms: **54**

Number of small meetings and other events: **8**

# Value Creation Process

SoftBank aims to maximize its corporate value through sustainably growing its telecommunications business and proactively developing businesses across a wide range of information and technology fields by going beyond the framework of a telecommunications carrier. By serving as a catalyst for digitalization across society and solving social issues, we aim to become the corporate group needed most by people around the world.



# Sources of Competitive Advantage (Inputs)

The Group has a wide-range of capital with competitive advantages that are built up through its businesses. In addition to mobile and broadband services, the Group operates the *Yahoo! JAPAN* portal site, *PayPay* cashless payment service and *LINE* communication service. Spanning a wide range of fields, including communications, e-commerce, payment and social media, our enormous domestic customer base will contribute greatly to the Group's future business development and corporate value enhancement.

## Financial Capital

- **Equity** (equity attributable to owners of the parent)  
¥1,675.2 billion (March 31, 2022)
- **Adjusted free cash flow** (excluding Z Holdings, etc.)\*1  
¥579.7 billion (fiscal year ended March 31, 2022)
- **Long-term ratings** (as of September 10, 2021)  
R&I: **A+**; JCR: **AA-**\*2

### Financial Soundness

SoftBank focuses on adjusted free cash flow (FCF), which is calculated as operating cash flow less capital expenditures and growth investment.

To maintain high shareholder returns while investing in growth, we will continue to generate a stable annual adjusted FCF of approximately ¥600 billion and strive to maintain a sound financial standing.

## Manufacturing Capital

- **Capital expenditures**  
¥414.2 billion (fiscal year ended March 31, 2022)\*3
- **Growth investment**  
¥88.0 billion (fiscal year ended March 31, 2022)

### Investment in Growth

SoftBank undertakes capital expenditure to build high quality communications networks. We conduct efficient capital expenditure to further develop 5G technologies and expand our service area while also making ongoing investments in new businesses, mainly through M&A.

## Intellectual Capital

- **Cutting-edge technologies and business models** of SoftBank Group's portfolio companies
- **Best Japan Brands 2022:**  
USD5,435 million\*4

### Collaboration and Synergy within the SoftBank Group

As a member of the SoftBank Group, SoftBank collaborates with the Group's global unicorns, including the portfolio companies of the parent, to incorporate cutting-edge technologies and business models with relatively low up-front investment. Leveraging unique Group synergy, we are working to further expand the customer base with the aim of maximizing the corporate value of the Group.

## Human Capital

As of March 31, 2022

- **Consolidated group employees: 49,581**
- **Group sales personnel: Approx. 15,000**\*5
- **Group engineering personnel: Approx. 12,000**\*5

### Group Sales and Technological Abilities

The Group boasts a large force of sales personnel, primarily in the Enterprise Segment, who engage in sales of solutions (consulting), going beyond sales of products alone. Furthermore, SoftBank's numerous communications infrastructure engineers and the software engineers of Yahoo Japan, LINE and other group companies, back up the group's diverse businesses.

## Social Capital

- **User base**\*6
  - Smartphone subscribers: **27.58** million (as of March 31, 2022)
  - SoftBank Hikari* subscribers: **7.31** million (as of March 31, 2022)\*7
  - Yahoo! JAPAN* users: **86.00** million
  - LINE* users: **92.00** million
  - PayPay* users: **50.00** million
- **Shops: Approx. 6,300** (as of March 31, 2022)\*8
- **Business with 94%** of large companies\*9

### Unrivaled Business Foundation

SoftBank has one of the largest user bases in Japan. Spanning a wide range of fields, from communications to e-commerce, payment and social media, this user base is a major strength, allowing us to quickly create new businesses. As we aim for society-wide digitalization that leaves no one behind, our shops are important points of contact with customers. Leveraging the customer contact points we have developed through our businesses, we will use cutting-edge technologies to connect the powerful platforms of the Group and create new value.

## Natural Capital

- **Electric power consumption**  
**2,117,259** MWh (fiscal year ended March 31, 2022)

### Carbon-neutral Declaration\*10

SoftBank has issued the Carbon-Neutral 2030 Declaration. Under this declaration, we are working to reach virtually zero greenhouse gas emissions by 2030, the target year for achieving the Sustainable Development Goals (SDGs), by switching the electric power used in our business activities to 100% virtually renewable energy and by advancing energy conservation efforts utilizing cutting-edge technologies such as AI and IoT.

\*1 Adjusted free cash flow = Free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof) Excludes free cash flow of A Holdings Corporation and Z Holdings Corporation and its subsidiaries as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation  
\*2 R&I: Japan Rating & Investment Center; JCR: Japan Credit Rating Agency  
\*3 Acceptance basis, excluding capital expenditures of Z Holdings Corporation and its subsidiaries, investments in devices for rental services, shared equipment (contributions by other operators), and the impact of adopting IFRS 16.  
\*4 Brand value calculated by Interbrand Japan  
\*5 Sales personnel: Number of sales employees at SoftBank Corp.; Engineering personnel: Total engineering employees at SoftBank Corp., Yahoo Japan Corporation and LINE Corporation

\*6 Figures for *Yahoo! JAPAN* are average monthly users from January to October 2021, based on the Nielsen Digital Content Ratings (Monthly Total Report). Does not include overlap of smartphone and personal computer users. Figures for *LINE* are monthly users (as of March 31, 2022). Figures for *PayPay* are cumulative registered users (as of August 2022).  
\*7 Number of subscribers including SoftBank Air  
\*8 Directly managed retail outlets, agency stores, big-box electronics retailers and shops offering multiple carriers  
\*9 Approximate share of Japan-listed companies with annual sales of ¥100 billion or more that do business with SoftBank Corp. (as of March 31, 2022)  
\*10 Applies to SoftBank Corp. (non-consolidated); Scope 1 and Scope 2

## Material Issues

# Contributing to the solution of social issues by serving as a catalyst for digitalization across society

Guided by the concept of “a world where all things, information and minds are connected,” SoftBank has identified six material issues and aims to solve social issues through our business and corporate activities and to realize our corporate philosophy of “Information Revolution—Happiness for everyone.”

Solving social issues through business activities

 <p><b>ACTION 01</b> Building society and industry through digital transformation (DX)</p> 	 <p><b>ACTION 02</b> Connecting people and information to create new excitement</p> 	 <p><b>ACTION 03</b> Creating new business through open innovation</p> 
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## Beyond Carrier Strategy

Solving social issues through corporate activities

 <p><b>ACTION 04</b> Contributing to the global environment with the power of technology</p> 	 <p><b>ACTION 05</b> Building high-quality social communication networks</p> 	 <p><b>ACTION 06</b> Developing a resilient management foundation</p> 
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### Corporate Philosophy

## Information Revolution — Happiness for everyone

Since its founding, the SoftBank Group has constantly sought to contribute to the wellbeing of people and society through the Information Revolution. Properly developing the unlimited power of the Information Revolution for the well-being of people is the driving force for our growth.

### Vision

## Becoming a Corporate Group needed most by people around the world









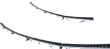




SoftBank aims to contribute to happiness for everyone through the Information Revolution and become “the corporate group needed most by people around the world.” To achieve this vision, SoftBank will leverage the business base it has built and the power of digital technology to build a new social base and realize its ideal of a society that is convenient, comfortable and safe for all.



# Material Issues

## SoftBank's Material Issues

Guided by the concept of “a world where all things, information and minds are connected,” SoftBank has identified six material issues to achieve sustainable growth. The six material issues have a visionary perspective that takes the achievement of the Sustainable Development Goals (SDGs) by 2030 as a key driver of our growth and envisions the next 10 years to contribute to the realization of a sustainable society.

	Material issues	Risks	Opportunities	Target KPIs <sup>(Note)</sup>	FYE March 31, 2022 (actual)	Related pages	
Solving social issues through business activities	 <p><b>ACTION 01</b> Building society and industry through digital transformation (DX)</p>	<p>Create new industries and provide solutions for transforming various businesses in society by utilizing cutting-edge technologies such as 5G and AI.</p>	<ul style="list-style-type: none"> <li>Loss of promising markets due to lack of digital strategy or vision, decline in corporate appetite for innovation, or stagnation in digitalization due to delay in loosening regulations</li> <li>Decline in profitability due to intensified competition from numerous new entrants into the enterprise solutions market</li> <li>Loss of business opportunities due to shortage of digital talent</li> </ul>	<ul style="list-style-type: none"> <li>Realization of the corporate philosophy, “Information Revolution — Happiness for everyone,” support for our corporate activities from customers and investors</li> <li>Expansion of solutions business for implementing digital technologies in society</li> <li>Growing opportunities to provide solutions for demographic aging issues and regional revitalization</li> </ul>	<p>Revenue from business solution and others</p> <ul style="list-style-type: none"> <li>Compound annual growth rate (CAGR) of 10%</li> </ul>	CAGR: 9.3%*	Enterprise segment  <a href="#">P31</a>
	 <p><b>ACTION 02</b> Connecting people and information to create new excitement</p>	<p>Provide new experiences and enrich the lifestyles of our customers by promoting the adoption of smart devices. Concurrently, create value for both consumers and enterprises by providing partners with attractive platforms that connect people to information.</p>	<ul style="list-style-type: none"> <li>Decline in profitability and intensifying price competition due to commoditization of the existing telecommunications services</li> <li>Decline in profitability due to intensifying competition or mismatch with customer needs in the e-commerce and finance/payment businesses</li> </ul>	<ul style="list-style-type: none"> <li>Growth in smartphone subscribers and increase in large-volume data users</li> <li>Expansion of business to non-telecommunication areas through provision of super apps</li> <li>Increased profit opportunities via deeper data-driven marketing</li> </ul>	<p>Cumulative registered users of PayPay</p> <ul style="list-style-type: none"> <li>60 million</li> </ul> <p>(Reference) Target KPI for FYE March 31, 2022: 50 million</p>	46.79 million	PayPay  <a href="#">P35</a>
	 <p><b>ACTION 03</b> Creating new business through open innovation</p>	<p>Develop new businesses, cutting-edge technologies and innovative business models in Japan by leveraging our relationships with global leading companies. Concurrently, promote the development of a highly-skilled workforce and the establishment of an organization that supports the expansion and penetration of new businesses.</p>	<ul style="list-style-type: none"> <li>Loss of business opportunities due to delay of business development resulting from shortages of required human resources and knowledge</li> <li>Inability to recoup invested funds or impairment losses due to failure to achieve expected results</li> </ul>	<ul style="list-style-type: none"> <li>Quickly secure market share through the acquisition of human resources and knowledge and speedy business development through collaboration with partners</li> <li>Advancement and deepening of innovation through co-creation and expansion of the scale of businesses and markets in which the group participates</li> </ul>	<p>Promote initiatives for HAPS commercialization (FYE March 31, 2028)</p> <p>(Reference) Target KPI for FYE March 31, 2022: promote initiatives for practical use of HAPS (FYE March 31, 2024)</p>	Achieved international standardization of radio propagation prediction methods	Technology strategies  <a href="#">P38</a>
Solving social issues through corporate activities	 <p><b>ACTION 04</b> Contributing to the global environment with the power of technology</p>	<p>Contribute to the mitigation of climate change, the promotion of a circular economy, and the spread of renewable energy by utilizing cutting-edge technologies to pass on a sustainable global environment to the next generation.</p>	<ul style="list-style-type: none"> <li>Increase in restoration and prevention costs related to more frequent infrastructure disruption and communication blackouts due to natural disasters</li> <li>Difficulty in securing non-fossil fuel electricity and long-term increase in electricity procurement costs</li> <li>Impact on financing due to insufficient environmental efforts</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the market for highly energy-efficient solutions that utilize IoT, etc.</li> <li>Expansion of businesses related to the sharing economy</li> <li>Expansion of businesses related to renewable energy</li> </ul>	<p>Ratio of renewable energy for base stations</p> <ul style="list-style-type: none"> <li>70% or higher (FYE March 31, 2023)</li> </ul> <p>(Reference) Target KPI for FYE March 31, 2022: 50% or higher (FYE March 31, 2022)</p>	Achieved 53.5%	Support for TCFD recommendations  <a href="#">P72</a>
	 <p><b>ACTION 05</b> Building high-quality social communication networks</p>	<p>Commit to maintaining a constantly connected and stable network and to protecting our customers' important data, as communication networks serve as a lifeline.</p>	<ul style="list-style-type: none"> <li>Loss of new business opportunities requiring 5G with high-speed, large-capacity and massive device connectivity</li> <li>Increased costs, deterioration of customer trust or loss of subscribers due to network outages or delays in disaster recovery</li> <li>Deterioration of customer trust or loss of subscribers due to the improper use or leakage of personal information</li> </ul>	<ul style="list-style-type: none"> <li>Increased ARPU and revenue reflecting communications speed and capacity increases, through the nationwide expansion of 5G coverage</li> <li>Development of new industries and services that use 5G, such as autonomous driving and telemedicine</li> <li>Increased customer satisfaction through high network quality and dependable security</li> </ul>	<p>5G deployment plan</p> <ul style="list-style-type: none"> <li>More than 50,000 base stations (end of 2022)</li> <li>Population coverage of over 90.6% (FYE March 31, 2023)</li> </ul> <p>(Reference) Target KPI for FYE March 31, 2022: Population coverage of over 90% (end of 2022)</p>	Achieved 90% population coverage (March 31, 2022)	Information security  <a href="#">P62</a>
	 <p><b>ACTION 06</b> Developing a resilient management foundation</p>	<p>Conduct corporate governance with integrity to earn the trust of society through ongoing dialogue with stakeholders. In addition, foster innovation and improve the well-being of our employees by developing a progressive workplace environment where diverse human resources can thrive utilizing cutting-edge technologies.</p>	<ul style="list-style-type: none"> <li>Loss of trust as a corporation due to violation of laws or regulations or to absence of corporate governance</li> <li>Deterioration of reputation due to human rights violations or inadequate response to environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>Investor confidence in corporate governance and supply chain management</li> <li>Improvement of motivation and emergence of innovation through workstyle reforms and diversity promotion</li> <li>Improvement of productivity through advanced workstyles, transformation of established work processes and commercialization of expertise</li> </ul>	<p>Ratio of women in management positions</p> <ul style="list-style-type: none"> <li>Over 20% (FYE March 31, 2036)</li> </ul> <p>During this process, achieve a ratio of over 15% by the fiscal year ending March 31, 2031 (double the ratio of FYE March 31, 2022)</p>	7.6%	Human resource strategy  <a href="#">P41</a> Corporate governance  <a href="#">P45</a>

(Note) For the Target KPIs that have been updated from the previous fiscal year (FYE March 31, 2022), Target KPIs for both the current fiscal year (FYE March 31, 2023) and the previous fiscal year are listed.

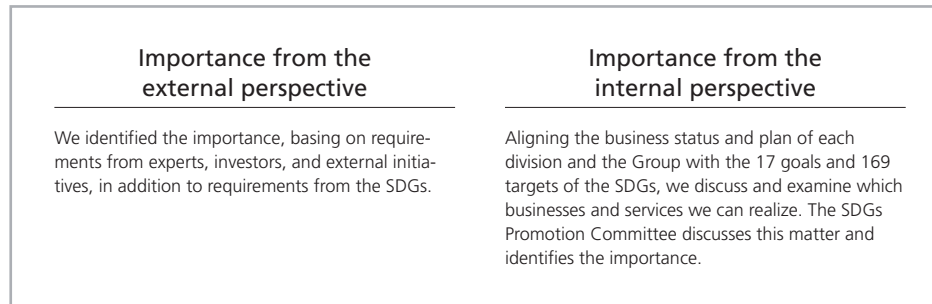
\*Recurring revenue within the revenue from business solution and others, our focal point, increased by 17.7% year on year.

# Material Issues

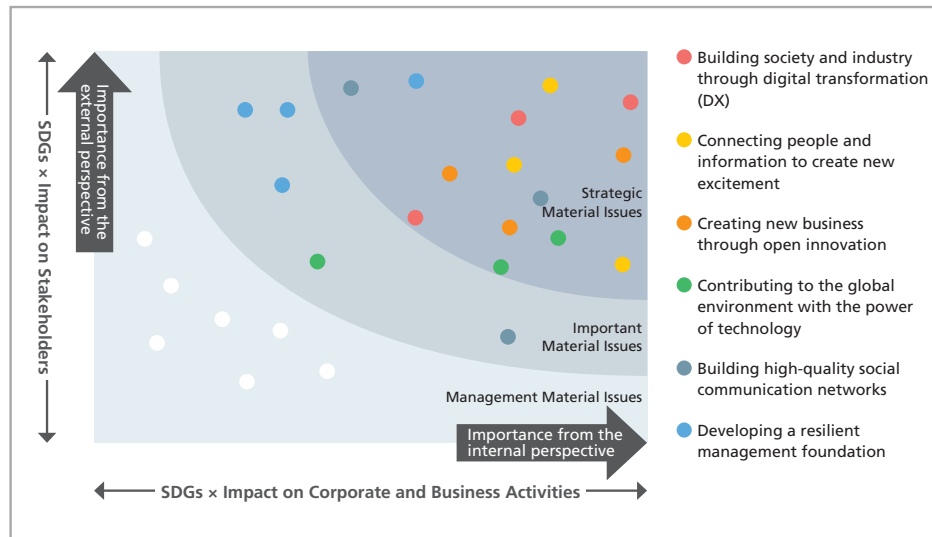
## Material Issue Identification Process and Sustainability Promotion Structure

### Process for Identifying Material Issues

SoftBank has identified six material issues to address in order to develop a sustainable society based on the concept “a world where all things, information and minds are connected.” In identifying these material issues, we selected items that are important to both stakeholders such as ESG investors and our businesses, basing on the SDGs, a set of common global goals and seeking input from experts.



### Dialogue with society and stakeholders

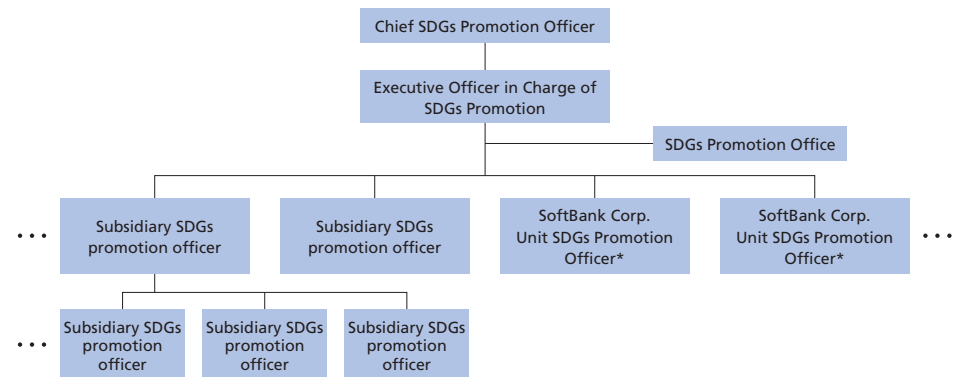


(Note) For the 19 items under Strategic Material Issues and Important Material Issues, please see the “SDGs Value Creation” column in the table for each material issue on pages 89–95. These items are also described on the Company’s webpage on “Material Issues.”

### Sustainability Promotion Structure

In order to promote the Company’s growth strategy in conjunction with sustainability, the SDGs Promotion Committee (Chair: Junichi Miyakawa), which was established as an advisory body to the Board of Directors, offers recommendations to the Board of Directors concerning SDGs and sustainability activities. It also makes quarterly activity reports and ad hoc reports to the Board of Directors.

In terms of the Company’s execution structure for sustainability activities, the President & CEO takes overall responsibility of SDGs and sustainability activities of the entire Group as Chief SDGs Promotion Officer. We also established the SDGs Promotion Office, and one of the Executive Vice Presidents serves as Executive Officer in Charge of SDGs Promotion and leads the Group’s SDGs and sustainability activities with the office.



\*Division SDGs Promotion Officer for divisions not under a unit  
Note: As of April 1, 2022

### Reverification of the Material Issues

In April 2022, the SDGs Promotion Committee and the Board of Directors reevaluated the Company’s material issues and SDGs value creation items. They examined the impacts of changes in the external management environment\*1 on our businesses, as well as the circumstances, outlooks, and degrees of importance of our business.\*2 All these factors were then reflected in the material issues and SDGs value creation items.

We reaffirmed that these initiatives serve to further accelerate the *Beyond Carrier* strategy and that they are strategically positioned as a key driver of our businesses.

\*1 The increased importance of climate strategy, biodiversity and natural capital; the impacts of geopolitical issues and international tensions; and the increased importance of information security and the protection of data and personal information, including cyberattacks and tightening data transfer regulations

\*2 The further promotion of the practical implementation of digital technologies and corporate and social DX; the creation of new lifestyle value and pursuit of customer value; global-scale business expansion; energy sector initiatives; and the increased importance of coordination with group companies and strengthening of synergy