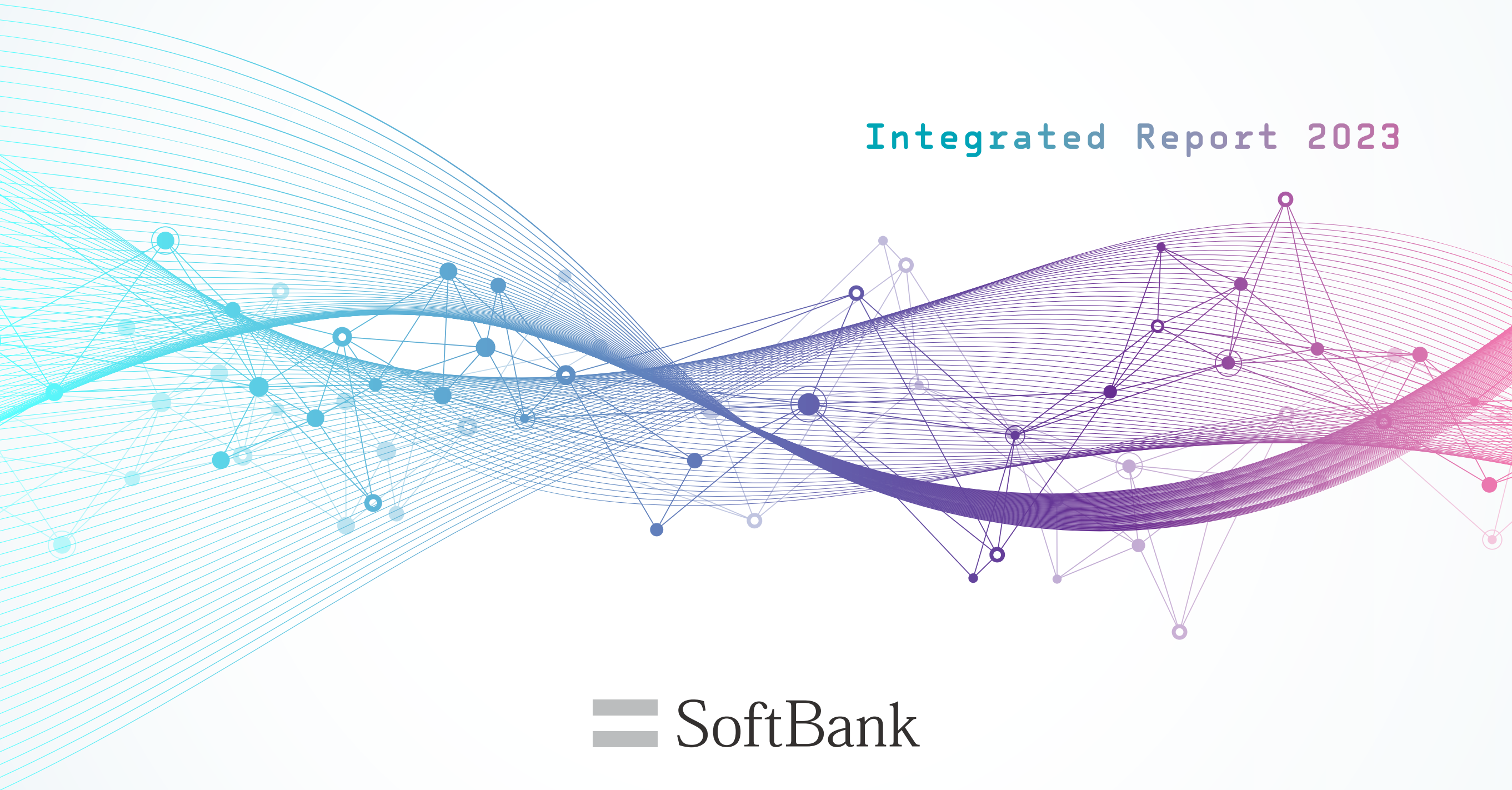


Integrated Report 2023



— SoftBank

SoftBank Corp. Integrated Report 2023

Editorial Policy

This integrated report has been prepared with reference to the International Integrated Reporting Framework and Guidance for Collaborative Value Creation advocated by the Value Reporting Foundation. Accordingly, we have sought to optimize the report's effectiveness as a communication tool by organizing financial and non-financial information to illustrate how our diverse initiatives are part of a cohesive, strategic vision. SoftBank will continue enhancing the contents of its integrated reports going forward with the aim of furthering understanding of the Company among its shareholders and investors and a wide range of other stakeholders.

▪ Report period

From April 1, 2022 to March 31, 2023

Note: Certain information concerning matters before and after this period has also been included.

▪ Report scope

SoftBank Corp. and its subsidiaries and affiliates

▪ Monetary and percentage amounts in this report

In this integrated report, monetary amounts less than the stated units have been rounded, and percentage amounts less than a unit of the stated digits have been rounded.

▪ Regarding segment names

From FY2023, the segment name of Yahoo! JAPAN/LINE has been changed to Media & EC. Accordingly, the five reportable segments became Consumer segment, Enterprise segment, Distribution segment, Media & EC segment, and Financial segment. This change only pertains to the segment name, and there are no changes to the segment classification, scope, or measurement methods. The updated segment name is used in this report.

▪ Company name or abbreviation in this report

Company name or abbreviation	Meaning
SoftBank/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	Z Holdings Corporation (standalone basis)
Z Holdings Group	Z Holdings Corporation and its subsidiaries
Yahoo Japan	Yahoo Japan Corporation
LINE	LINE Corporation
PayPay	PayPay Corporation

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Purpose of Issuing this Integrated Report

The theme of this integrated report is value created by the Group, and the report is structured to provide an understanding of this value as a story. In addition to the management messages, we strive to communicate the Group's vision and strategies more clearly, including the long-term vision and the outline of the medium-term management plan.

Section 1

Who we are

This section introduces basic information about the Group, including SoftBank's evolution since listing, Group structure, business lines, long-term vision, value creation process, sources of competitive advantage, and material issues.

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Section 3

Our Strategy

The long-term vision and medium-term management plan will be detailed, as well as a description of specific strategies for each business, financial and capital strategies by the CFO, and technology strategies.

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Section 2

CEO Message

This is a message from the CEO that introduces the long-term vision and the thoughts behind the announcement of the medium-term management plan.

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Section 4

Our Sustainability

This section introduces the foundation of our value creation. Message from external director, the head of human resources division, and our environmental initiatives will be explained.

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Data Section

This section contains comprehensive financial and non-financial information on the Group that is intended to help our stakeholders quantitatively understand the value we create.

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Corporate Philosophy

Information Revolution—Happiness for everyone

Since our founding, the SoftBank Group has sought to promote the Information Revolution to contribute to the wellbeing of people and society.

What does happiness mean?

Different people will give different answers: “To love and be loved;” “To live each day to the full;” “To express oneself;” “To smile.” In essence, however, happiness is a form of inspiration. Why is the SoftBank Group engaged in its business and what does it aim to achieve? The answer is simple: to bring happiness and give inspiration to people — a vision that has guided us since our founding and is encapsulated in our corporate philosophy.

The performance of computers has increased rapidly and humanity is facing its own big bang — an era of superintelligent computers that will usher in the Information Revolution of unlimited potential. It is vital that this transformation be brought about in the right way, so that it adds happiness to humanity. This vision is a driving force for the SoftBank Group as we continue to pursue growth.

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While providing high-quality telecommunications services centered on smartphones, SoftBank has been further expanding its business fields going beyond just being a telecommunications carrier and has grown to include a number of Japan's top-class ICT (information and communication technology) services. We will further our efforts to solve various social issues with the power of advanced technology, and work for our long-term vision of aiming to be "a company that provides next-generation social infrastructure essential for development of a digital society."



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How have we evolved?

Expansion beyond just being a telecommunications carrier into the information and technology field

With *Beyond Carrier* as our growth strategy, we aim to maximize our corporate value by pursuing sustainable growth in our core telecommunications business while going beyond just being a telecommunications carrier to actively roll out new businesses in the information and technology fields (E.P25). We were listed on the First Section of the Tokyo Stock Exchange (now the Prime Market) in 2018. Since then, we have acquired Z Holdings (formerly Yahoo Japan), ZOZO, LINE, and PayPay as subsidiaries, and evolved into a top-class Japanese corporate group providing ICT services.



*1 2022 Japan Mobile Service Customer Satisfaction Study by J.D. Power. Based on responses from 3,900 for value carrier and 2,300 for online dedicated brand. japan.jdpower.com/awards

*2 2022 Network Service Customer Satisfaction Survey by J.D. Power. Based on 796 responses from companies with 1,000 or more employees. japan.jdpower.com/awards

*3 FY2022 result. Total transaction values of domestic shopping business, reuse business, other (merchandise), ASKUL Corporation's BtoB-related revenue via Internet (closing date: 20th of every month), domestic services, domestic digital content and overseas e-commerce

*4 Nielsen, TOPS OF 2020: DIGITAL IN JAPAN

*5 Percentage of PayPay was calculated from the disclosed data of the Japan Cashless Payment Promotion Council (Results of Survey on QR Code Payment Usage Trends in Japan in FY2021), based on PayPay Corporation research

*6 Nielsen, TOPS OF 2022: DIGITAL IN JAPAN

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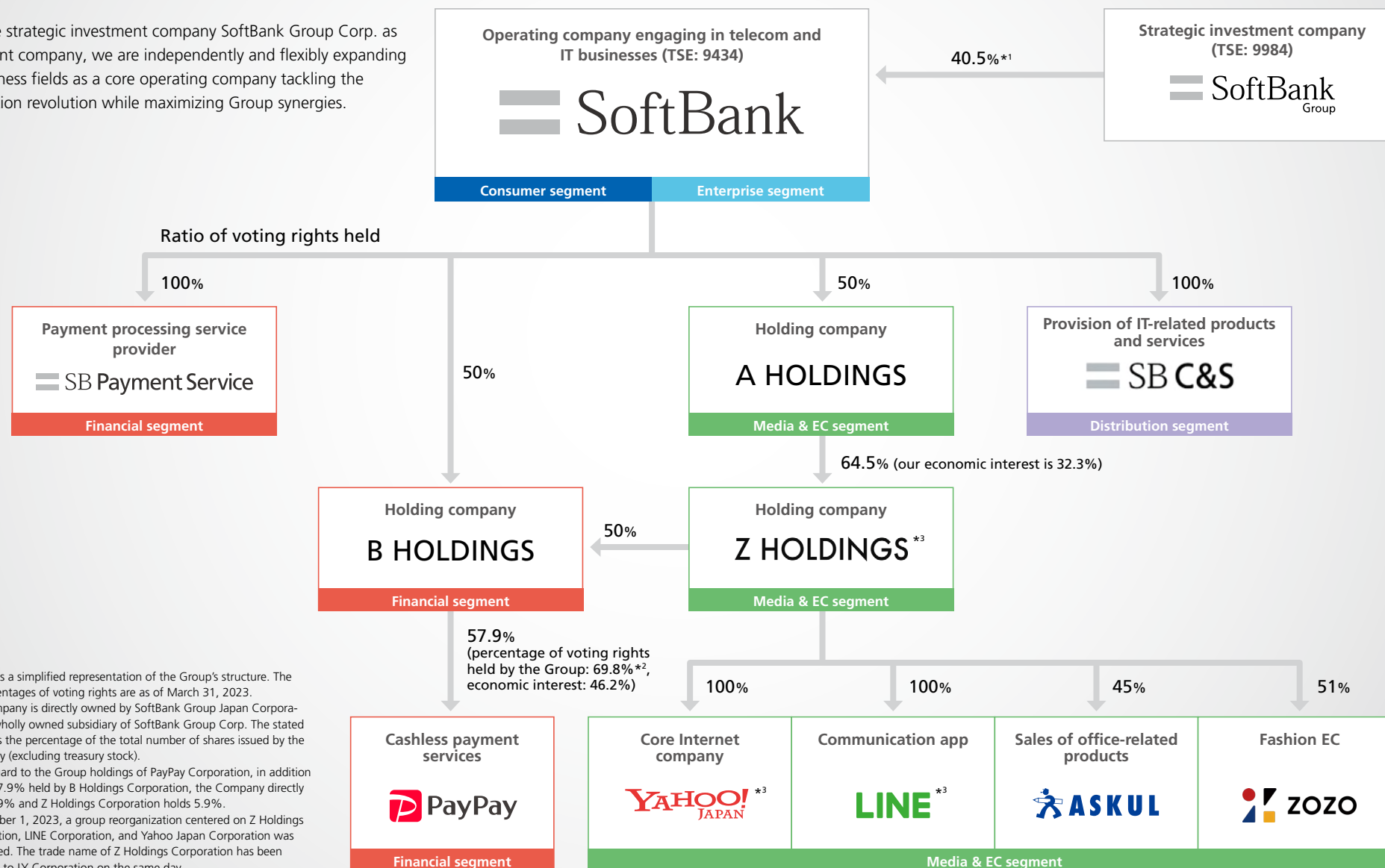
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What is our group structure?

We have Japan's top-class ICT service providers under our umbrella

With the strategic investment company SoftBank Group Corp. as our parent company, we are independently and flexibly expanding our business fields as a core operating company tackling the information revolution while maximizing Group synergies.



(Note) This is a simplified representation of the Group's structure. The percentages of voting rights are as of March 31, 2023.

*1 The Company is directly owned by SoftBank Group Japan Corporation, a wholly owned subsidiary of SoftBank Group Corp. The stated 40.5% is the percentage of the total number of shares issued by the Company (excluding treasury stock).

*2 With regard to the Group holdings of PayPay Corporation, in addition to the 57.9% held by B Holdings Corporation, the Company directly holds 5.9% and Z Holdings Corporation holds 5.9%.

*3 On October 1, 2023, a group reorganization centered on Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation was completed. The trade name of Z Holdings Corporation has been changed to LY Corporation on the same day.

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What kind of business segments do we have?

Developing five business segments related to information and technology

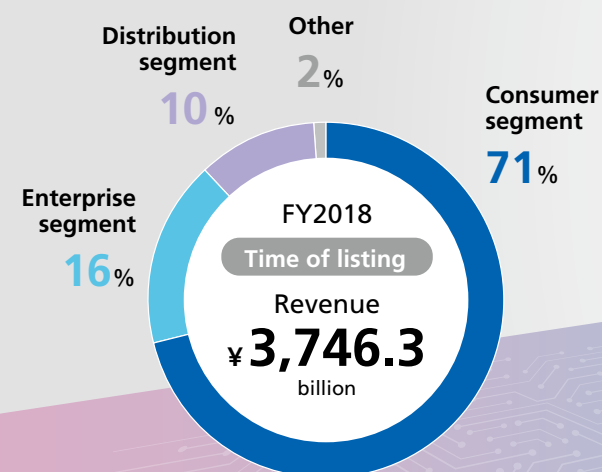
We went public as an operating company with core business in tele-communications focused on the Consumer segment, but today we are developing five business segments: Consumer, Enterprise, Distribution, Media & EC, and Finance. In particular, we are currently diversifying our earnings, and segments besides the Consumer segment now account for over 50% of our revenue.

Financial segment

For individuals, we provide cashless payment services such as payments via QR code and credit card, as well as smartphone-based securities services. For enterprise customers, we provide payment processing services offering one-stop payment solutions including credit cards, electronic money, and QR codes.

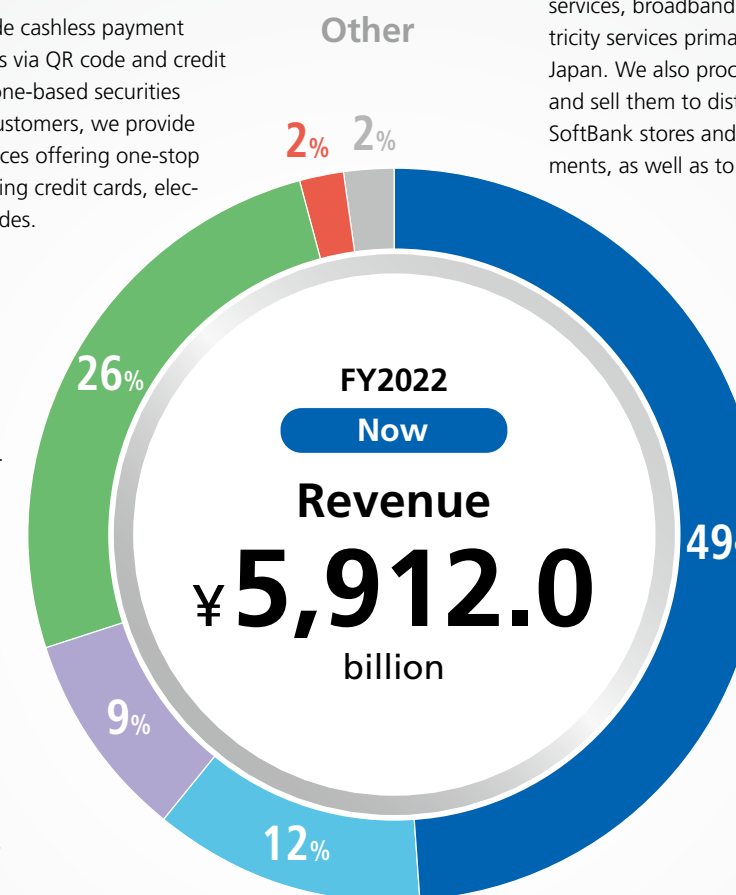
Consumer segment

We provide mobile communications services, broadband services, and electricity services primarily to individuals in Japan. We also procure mobile devices and sell them to distributors operating SoftBank stores and other establishments, as well as to individuals.



Media & EC segment

We offer services centered on media and commerce. In addition to provision of advertising-related services on its portal site, *Yahoo! JAPAN*, and messenger app, *LINE*, as well as e-commerce services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, we are also expanding into FinTech services.



Distribution segment

For enterprise customers, we provide products that utilize advanced technology, including cloud services and AI. For individuals, we plan and provide a wide range of products including software, mobile accessories, and IoT products.

Enterprise segment

In addition to mobile and fixed-line telecommunications services, we provide a variety of solutions for enterprise customers, including data centers, cloud, security, global, AI, IoT, digital marketing, and other services.

What is our long-term vision?

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Long-term vision

Provide next-generation social infrastructure essential for development of a digital society

In May 2023, we announced our aim to be “a company that provides next-generation social infrastructure essential for development of a digital society.” With this vision, our intention is to build infrastructure designed to meet the projected rapid increase in demand for data processing and electricity brought on by the accelerated evolution of AI, and to become an indispensable company that will support the future’s vast array of digital services.



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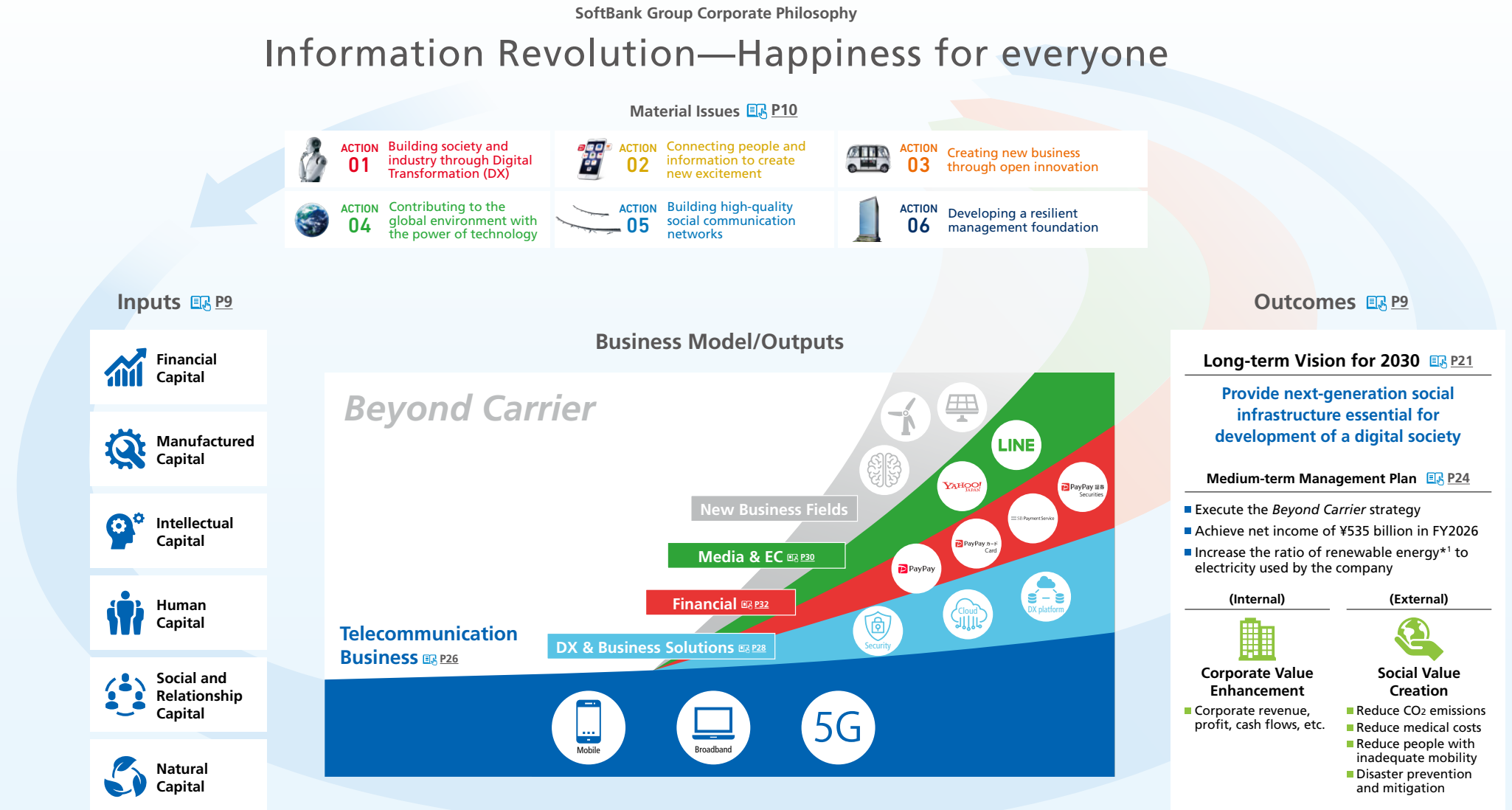
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Value Creation Process

Maximizing corporate value, centered on the *Beyond Carrier* strategy

SoftBank works to sustainably grow its communications business while proactively developing businesses across a wide range of information and technology fields, beyond the framework of a communications carrier, to maximize its corporate value. 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.



*1 Includes the use of non-fossil certificates designated as renewable energy

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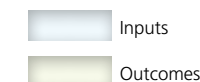
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Sources of Competitive Advantage and Results (Inputs and Outcomes)

The Group has wide-ranging capital, built up through its businesses, that offers competitive advantages. In particular, we boast one of the largest user bases in Japan, a crucial factor for promoting society-wide digitalization. Spanning a wide range of fields, including communications, e-commerce, payments and social media, our enormous domestic customer base will contribute greatly to the Group's future business development and corporate value enhancement. We will continue working to create new social value and, through such efforts, achieve sustainable corporate growth.



Financial Capital

▪ **Total**
(equity attributable to owners of the parent)
¥**2,224.9** billion (FY2022)

▪ **Adjusted free cash flow**
(excluding Z Holdings, etc.)*1
¥**618.6** billion (FY2022)

▪ **Long-term ratings**
(as of August 23, 2023)
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 and strive to maintain a sound financial standing.

Human Capital

As of March 31, 2023

▪ **Consolidated Group employees:**
54,986

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, our numerous engineers back up the Group's diverse businesses.

Corporate Value Enhancement

FY2022

▪ **Operating income:** ¥**1,060.2** billion
▪ **Net income*:** ¥**531.4** billion
▪ **Employee satisfaction:** **3.62** out of **5**

* Net income attributable to owners of the Company

Social Value Creation

FY2022

▪ **Dividends:** ¥**405.6** billion returned to shareholders
▪ **Taxes:** ¥**265.7** billion returned to society
▪ **Personnel costs:** ¥**501.1** billion returned to employees

Note: Dividends and taxes paid are presented on a consolidated cash flow basis. Personnel costs are wages and benefits for employees and officers (on the basis of the Consolidated Statement of Income breakdown of expenses by nature).

Manufactured Capital

FY2022

▪ **Capital expenditures**
¥**407.5** billion*3

▪ **Growth investment**
¥**15.8** billion

Investment in growth

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

Social and Relationship Capital

▪ **User base*5**

Smartphone subscribers:
29.26 million (as of March 31, 2023)

Yahoo! JAPAN users:
85.00 million

LINE users: **95.00** million

PayPay users: over **56.00** million

Unrivaled business foundation

SoftBank has one of the largest user bases in Japan, which is a major strength in its businesses. As we aim for society-wide digitalization that leaves no one behind, we will leverage the customer contact points we have developed through our businesses and utilize the Group's business platforms to the fullest to create new value.

Intellectual Capital

▪ **Cutting-edge technologies and business models of the SoftBank Group's portfolio companies**

▪ **Value of the SoftBank brand Best Japan Brands 2023:**
USD **5,295** million*4

Collaboration and synergy within the SoftBank Group

As a member of the SoftBank Group, SoftBank Corp. collaborates with the SoftBank 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.

Natural Capital

▪ **Electricity use**
2,278,902 MWh (FY2022)

Working toward Net Zero*6

Under its Carbon-Neutral 2030 Declaration, SoftBank aims to reduce greenhouse gas emissions from its own business processes and energy consumption to zero by FY2030. On top of this, the Group is working toward our "Net Zero" goal of reducing greenhouse gas emissions associated with all business activities (supply chain emissions) to net zero by FY2050.



*1 Adjusted free cash flow = Free cash flow + (proceeds from the securitization of installment sales receivables - repayments thereof); Excludes free cash flow of the Z Holdings Group, PayPay, etc., as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation, PayPay, etc. includes A Holdings Corporation, B Holdings Corporation, PayPay Corporation and PayPay Card Corporation.

*2 R&I: Japan Rating & Investment Center; JCR: Japan Credit Rating Agency

*3 Capital expenditures of the Consumer and Enterprise segments Acceptance basis. Excludes investments in devices for rental services, shared equipment (contributions by other operators), and the impact of adopting IFRS 16 "Leases."

*4 Brand value calculated by Interbrand Japan

*5 The figure for *Yahoo! JAPAN* is average monthly users from January to October 2022, based on Nielsen's "TOPS OF 2022: DIGITAL IN JAPAN, Top 10 by Total Digital Reach in Japan." Does not include overlap of smartphone and personal computer users.

The figure for *LINE* is active monthly users (MAU in Japan) (as of March 2023)

The figure for *PayPay* is registered users (as of March 2023)

*6 Carbon-Neutral 2030 Declaration applies to Scope 1 and 2; "Net Zero" applies to Scope 1, 2 and 3; Each scope continues to expand from SoftBank Corp. to its Group companies (consolidated subsidiaries).

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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 for sustainable growth. The six material issues have a visionary perspective that takes the achievement of Sustainable Development Goals (SDGs) by 2030 as a key driver of our growth and envisions the future toward the realization of a sustainable society.

	Material issues	Opportunities	Value creation	Target KPIs (Note)	FY2022 results	Related pages
Solving social issues through business activities	 <p>ACTION 01 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"> Realization of the corporate philosophy, “Information Revolution—Happiness for everyone,” support for our corporate activities from customers and investors Expansion of solution businesses for implementing digital technologies in society Growing opportunities to provide solutions for aging society issues and regional revitalization Business expansion through the development and implementation of solutions leveraging generative AI 	<ol style="list-style-type: none"> Expand and enhance the efficiency of the industrial base through cutting-edge technologies Create new industries through DX Revitalize local communities (regional revitalization) 	Revenue from business solution and others • CAGR*1 10%	CAGR: Positive 15.0%	Enterprise segment P28
	 <p>ACTION 02 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"> Growth of smartphone subscribers and increase in large-volume data users Expansion of business to non-telecommunication areas, such as finance and payment services Increased profit opportunities via deeper data-driven marketing 	<ol style="list-style-type: none"> Realize attractive customer value through the spread of smart devices Provide an environment in which everyone can access information Leverage ICT to create new lifestyles and enhance the foundations for daily life 	1) Smartphone cumulative subscribers • 30 million (FY2023) 2) Cumulative registered PayPay users*2 • 60 million	1) 29.26 million 2) 56.64 million	Financial segment P32
	 <p>ACTION 03 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 innovative 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"> Quickly secure market share through collaboration with partners, which enables the acquisition of human resources and knowledge and speedy business development Advancement and deepening of innovation and expansion of the scale of businesses and markets by co-creation 	<ol style="list-style-type: none"> Develop new business models with cutting-edge technologies Incubate and spiral-up cutting-edge overseas businesses Build systems to recruit and develop human resources to lead growth and create new businesses 	Promote initiatives for HAPS commercialization • Development of foundational technologies for realization of HAPS • Commercialization of high-performance lightweight battery (FY2025) • Practical application of highly efficient lightweight motors for stratosphere (FY2027) • Development of stratosphere-ready radio equipment for telecommunication services (FY2027)	Initiatives for commercialization • Communication technology: Successfully tested a cylindrical antenna that realizes footprint stabilization • Batteries: Developed and successfully tested lithium-metal battery cell in the stratosphere • Other: Developed radiowave propagation simulator for HAPS, implementing the ITU-R global standard model	Technology strategy P39
Solving social issues through corporate activities	 <p>ACTION 04 Contributing to the global environment with the power of technology</p> <p>Contribute to mitigating climate change, promoting a circular economy and spreading 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"> Expansion of the market for highly energy-efficient solutions that utilize IoT, etc. Expansion of businesses related to the sharing economy and renewable energy Stabilization of business operations by using geographically distributed data centers and super-distributed computing infrastructure (xIPF) Securing affordable and continuous supply of non-fossil fuel electricity 	<ol style="list-style-type: none"> Contribute to the mitigation of climate change through technology and business Promote a recycling-based society (circular economy) Realize a prosperous society through the spread of renewable energy 	<ul style="list-style-type: none"> Net zero emissions (Scope 1, 2, 3*) (FY2050) [New] Carbon neutrality (Scope 1, 2*) (FY2030) 	<ul style="list-style-type: none"> Promoted switch to renewable energy Examined energy-saving measures, utilizing technology and introduction of renewable energy with additionality 	Support for TCFD recommendations P69
	 <p>ACTION 05 Building High-quality social communication networks</p> <p>Commit to maintaining a constantly connected and stable network and to protecting our customers' important data, based on the thought that communication networks serve as a lifeline.</p>	<ul style="list-style-type: none"> Increased revenue through increased ARPU which reflects increased communications speed and capacity associated with the nationwide expansion of 5G coverage Development of new industries and services that utilize 5G, such as autonomous driving and telemedicine Increased customer satisfaction through high communications quality and dependable security 	<ol style="list-style-type: none"> Prepare sustainable life infrastructure Construct robust communications infrastructure to contribute to disaster prevention and mitigation Promote data security and privacy protection initiatives 	5G deployment plan • Expansion of 5G standalone (SA) coverage: Smartphone SA in key areas of all prefectures (FY2026) (Updated)*5	<ul style="list-style-type: none"> Number of base stations: Over 50,000 90.6% population coverage 	Information security P67
	 <p>ACTION 06 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 in which diverse human resources can thrive, utilizing cutting-edge technologies and by advancing health and productivity management to maintain and improve the health of employees and their families.</p>	<ul style="list-style-type: none"> Investor confidence in corporate governance and supply chain management Improvement of motivation and emergence of innovation through workstyle reforms and diversity, equity and inclusion (DE&I) promotion Improvement of productivity, securing and retaining the necessary human resources, reformation of work processes and commercialization of expertise, through advanced workstyles 	<ol style="list-style-type: none"> Enhance corporate governance and ensure its effectiveness Sustainable growth through cooperation with stakeholders Enhance employee happiness with diversity and inclusion Enhance productivity with advanced workplace environments 	Ratio of women in management positions • 20% or more (FY2035) 15% or more by FY2030 (double the ratio of FY2021)	8.6%	Human resource strategy P42 Corporate governance P49

Note: Unless otherwise specified, the KPI metrics and targets, as well as results, are for SoftBank Corp. on a standalone basis.

*1. CAGR: compound annual growth rate, calculated by the Group *2 Figure for PayPay only *3 Scope 1: direct greenhouse gas emissions by the company itself; Scope 2: indirect emissions from the use of electricity, heat and steam supplied by other companies; Scope 3: Indirect emissions other than Scope 1 and 2 (emissions from supply chain associated with the activities of the company) *4 Examined measures to contribute to the expansion of new renewable energy sources, in addition to the utilization of conventional renewable energy sources *5 Target KPIs for FY2022: Number of base stations: Over 50,000 (2022); Population coverage: Over 90.6% (FY2022)

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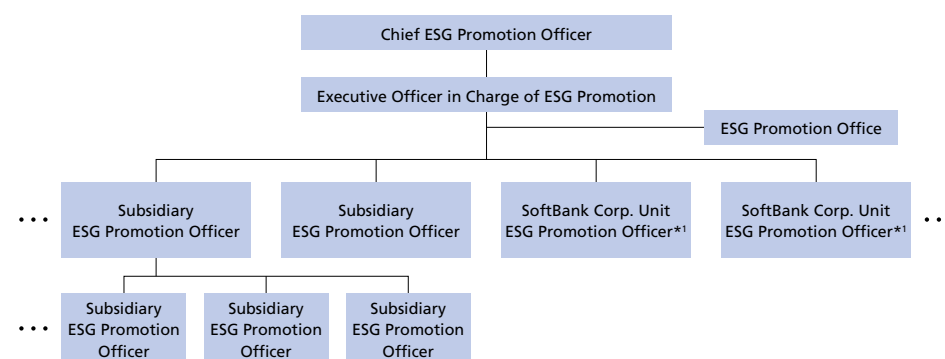
Material Issues

Sustainability promotion structure and material issue identification process

Sustainability promotion structure

In order to promote the Company's growth strategy in conjunction with sustainability, the ESG 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 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, as Chief ESG Promotion Officer, takes overall responsibility of sustainability activities of the entire Group. We also established the ESG Promotion Office, and one of the Executive Vice Presidents serves as Executive Officer in Charge of ESG Promotion and leads the Group's sustainability activities with the office.



*1 "Unit" refers to SoftBank Corp.'s Consumer Business Unit, Enterprise Business Unit, Technology Unit, IT Unit, Finance Unit and Corporate Unit. A Division ESG Promotion Officer is additionally assigned for divisions not under a unit.
Note: As of April 1, 2023

Process for identifying material issues

Material issues are identified based on evaluations from two perspectives: their external importance (to stakeholders) and internal importance (to SoftBank). External importance is determined with consideration given to international guidelines such as the GRI Standards and SDGs, discussions at international conferences, investor opinions and the views of experts representing external stakeholders, while internal importance is determined with reference to discussions within the business units, divisions and subsidiaries. In addition, we review the material issues each fiscal year in light of the changing expectations of external stakeholders and societal trends with regard to ensuring the effectiveness of ESG promotion.

In implementing the process of identifying and verifying material issues, the ESG promotion officers of each division and Group company hold several discussions of the materiality assessments based on short-, medium- and long-term plans. The ESG Promotion Committee then discusses the results of these discussions before final approval by the Board of Directors.

In the process of identifying and verifying material issues, in addition to the impact of changes in society and the external environment*2 on our businesses, based on the principle of double materiality as described later, we reflect the positive and negative impacts of the company on society and the environment, along with the outlook, status and importance of our businesses*3, in our material issues and the value we create.

*2 Refer to 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 impacts of and tightening data transfer regulations.

*3 Refer to 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.

Note: Obtained third-party assurance for materiality identification process (Japan Quality Assurance Organization).

Principle of double materiality

The principle of double materiality is the concept that importance should be considered from two aspects: the financial impacts of society and the environment on the company, as well as the impacts of corporate activities on society and the environment. The concept is advocated in international guidelines and others.

We identify our material issues based on the principle of double materiality, considering not only the impacts of society and the environment on the Company and the Group but also the impacts of our corporate and business activities on society and the environment. The impacts of the company*4 are considered with respect to both positive and negative impacts on each stakeholder.

*4 Please see "[Identifying material issues](#)" on our website for details.



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External importance

Based on international guidelines (GRI, SASB, SDGs, etc.), international reports (WBCSD's "Macro-trends & Disruptions Shaping 2020–2030" Vision 2050 issue brief, etc.), as well as requests related to various issues from such stakeholders as experts (university professors, prominent industry figures, etc.) and investors, and external initiatives such as ESG ratings, we identify material issues considering both the impacts of society and the environment on the Company and Group and, conversely, the impacts of the Company and Group on society and the environment.

Internal importance

Importance is determined considering the impacts of society and the environment on the Company and Group as well as the impacts of the Company and Group on society and the environment based on the Company's and Group's short-, medium- and long-term future plans and their importance; international reports, such as WBCD Vision 2050; and future forecast reports issued by the Japanese Cabinet Office. Based on such considerations, we identify material issues after discussions by the ESG Promotion Committee.

Category

- Building society and industry through digital transformation (DX)
- Connecting people and information to create new excitement
- Creating new business through open innovation
- Contributing to the global environment with the power of technology
- Building high-quality social communication networks
- Developing a resilient management foundation



19 Value creation items

- 1 Expand and enhance the efficiency of the industrial base through cutting-edge technologies
- 2 Create new industries through DX
- 3 Revitalize local communities (regional revitalization)
- 4 Realize attractive customer value through the spread of smart devices
- 5 Provide an environment in which everyone can access information
- 6 Leverage ICT to create new lifestyles and enhance the foundations for daily life
- 7 Develop new business models with cutting-edge technologies
- 8 Incubate and spiral-up cutting-edge overseas businesses
- 9 Build systems to recruit and develop human resources to lead growth and create new businesses
- 10 Contribute to the mitigation of climate change through technology and business
- 11 Promote a recycling-based society (circular economy)
- 12 Realize a prosperous society through the spread of renewable energy
- 13 Prepare sustainable life infrastructure
- 14 Construct robust communications infrastructure to contribute to disaster prevention and mitigation
- 15 Promote data security and privacy protection initiatives
- 16 Enhance corporate governance and ensure its effectiveness
- 17 Sustainable growth through cooperation with stakeholders
- 18 Enhance employee happiness with diversity and inclusion
- 19 Enhance productivity with advanced workplace environments

*Refers to the impacts of the environment and society on the Company and Group and the impacts of the Company and Group on the environment and society.

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In May 2023, we announced our long-term vision for 2030, and our medium-term management plan covering the period from FY2023 to FY2025.

I will explain the thoughts behind this.

Junichi
Miyakawa

President & CEO



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Become an indispensable “piece” of society



Review of medium-term targets (announced in August 2020)

Two years of committing to achieving targets amid a drastically changing business environment

In August 2020, we announced our medium-term targets for the three-year period ended in FY2022. The main targets were to achieve operating income of ¥1 trillion and net income of ¥530 billion in FY2022, and a total shareholder return ratio of about 85%*1 during this three-year period.

I took over as president in April 2021 and inherited these targets from the previous president, Mr. Miyauchi (current Director & Chairman), but the business environment at that time was undergoing what can only be described as a drastic change. Specifically, the mobile service price reductions implemented in spring 2021 was expected to lower revenues by approximately ¥200 billion cumulatively from FY2021 to FY2023. In addition, the continued spread of COVID-19 also severely restricted our sales activities.

Despite the circumstances, these targets were set together with the entire Board of Directors when I served as Representative Director & CTO. With a sense of responsibility to accomplish the targets we set for ourselves, we continued to work closely with the frontlines to ensure that we achieved our targets. As a result, we were able to achieve all of the aforementioned targets thanks to better-than-expected mobile subscriber acquisitions, higher revenues from providing DX support to companies, and the recording of a one-time remeasurement gain associated with the consolidation of PayPay into a subsidiary. It has been a challenging two years, but I am relieved that we were able to accomplish what we had set out to do.

*1 Total shareholder return ratio: Total amount of dividends paid and treasury stock retired during the three years from FY2020 to FY2022 divided by the total amount of net income attributable to owners of the Company during the same three years.

Aspirations for our long-term vision

Contributing to the development of society will drive our growth

Since we successfully achieved the medium-term targets that we inherited, we thought the earnings announcement in May 2023 would be the perfect time to talk about SoftBank’s vision for 2030 and what initiatives we will work on going forward based on this vision, and announced our long-term vision of becoming “a company that provides next-generation social infrastructure essential to the development of a digital society.” In simple terms, this means contributing to the development of society by building an infrastructure capable of processing the vast amount of data generated by AI and supporting the associated power consumption, in anticipation of a society where AI is used as a matter of course in our daily lives (P21).

The reason we use the term “social infrastructure” here is because we want to become an essential part of the foundation that supports people’s day-to-day lives. As a business leader, it is of course important to pursue near-term revenue and profit growth, but in order to achieve long-term sustainable growth, I believe it is even more important to first think about what society needs in the future from a macro perspective and work accordingly. We believe that if we become a company that is an indispensable “piece” of society, we will naturally grow.

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Theme of the medium-term management plan

Make a V-shaped recovery in net income and aim for record-high profit in FY2025

The theme of the medium-term management plan announced this time is to first rebuild the business infrastructure affected by the mobile service price reductions in preparation for the full-scale growth investments necessary to achieve our long-term vision.

As mentioned above, we were able to achieve our net income target for FY2022, partly owing to the recording of a one-time remeasurement gain of PayPay (impact on net income: ¥195.2 billion). However, net income excluding this impact amounted to ¥336.1 billion, and we aim to make a V-shaped recovery to achieve a record-high profit of ¥535 billion in FY2025 ([P24](#)).

Growth strategy *Beyond Carrier*

Put telecommunications business back on a growth track while expanding a variety of non-telecommunications businesses

To achieve a V-shaped recovery in net income, we will first put the telecommunications business, the backbone of our Company, firmly back on a growth trajectory from FY2023. Although the impact of decrease in revenue due to mobile service price reductions will remain until FY2023, we will overcome this by reducing costs, continuing to increase the number of smartphone subscribers, and increasing revenue by providing a variety of value-added services to increase profits in the Consumer segment in FY2023 and beyond ([P27](#)).

Since FY2017, we have been pursuing our growth strategy *Beyond Carrier*, which aims to maximize corporate value by

aggressively expanding our business into non-telecommunications areas while continuing to grow our telecommunications business. In the recently announced medium-term management plan, we newly presented our direction for growth in four non-telecommunications areas: DX & Business Solutions, Financial, Media & EC and New Business Fields ([P25](#)).

In the Enterprise segment, where we are expanding in the field of DX & Business Solutions, we expect the various DX businesses that we have been working on so far to start yielding returns ([P28](#)). Recently, AI Transformation, or AX for short, which aims to transform industries and companies through the use of AI, is beginning to take root, and we would like to put the Company in a position to be a leader in this area to expand earnings.

Financial segment

Achieve early profitability and further growth through Group collaboration

PayPay, the core of the Financial segment, is steadily growing in terms of GMV, which is the foundation of its earnings. To further enhance PayPay's corporate value going forward, we believe it is necessary to expand its value-added services for merchants as well as its financial services.

With respect to value-added services for merchants, we are urging them to quickly expand services that will lead to higher transaction unit prices and attract more customers to visit stores, such as by enhanced coupon services. We are also ready to develop the small and medium-sized enterprise market through our Enterprise segment and will be leveraging the sales capabilities here as well.

To further grow PayPay's financial services, we must further expand customer base of the PayPay Card, which offers cash advances, revolving credit, and other services. My belief is that if we are going to work on something, we should strive to be No. 1 in the industry, so we plan to further promote the

integration with PayPay and enhance the attractiveness of the PayPay Card itself. We are also promoting the acquisition of PayPay cardholders at our mobile stores as well.

Another core company of the Financial segment is SB Payment Service Corp. which provides payment processing services. Its GMV in FY2022 was ¥6.7 trillion, and we plan to grow this to over ¥10 trillion in FY2025 (CAGR of over 15%) by further expanding GMV in non-telecommunications businesses through collaborations with Group companies.

Through these initiatives, in the Financial segment, we aim to achieve profitability by FY2025 and further growth ([P33](#)).

Media & EC segment

Support the transformation of LY Corporation as a parent company

Renewed growth of LY Corporation (Z Holdings was renamed to LY Corporation from October 1, 2023), which is the core company of the Media & EC segment, is one of the crucial themes of the medium-term management plan. Since LY Corporation is also a public company, we initially limited ourselves to making comments and offering advice during meetings. However, since the ID integration and reorganization of overlapping businesses between *Yahoo! JAPAN* and *LINE* had not been progressing at the pace we had expected for, we started making requests in the latter half of 2022 to speed-up decision-making, quickly generate synergies such as through ID integration, and selectively focus on certain services. Subsequently, we received a proposal from LY Corporation regarding their group restructuring and changes in the management structure, which we agreed to because we thought it was the right direction to take ([P31](#)). It is clear what the company needs to work on now, and I would like to see them thoroughly work on their transformation. We will provide solid support as the parent company.



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The potential of 5G

5G's true value as an industrial infrastructure will be realized by integrating with AI

From FY2023 onward, we will focus on advancing 5G functions (Standalone*²) to achieve ultra-high speed / high-capacity, ultra-low latency, and massive machine connections. When these functions are integrated with AI, they will demonstrate their true value as industrial infrastructure over medium- to long-term. As devices such as autonomous driving cars and automated cleaning robots become more widespread, it will be difficult to equip each of these devices with expensive, power-hungry computers because of the cost and battery capacity. Instead, if advanced AI is installed on the network side and only the results processed by AI are returned to the device side without delay via 5G, it can work the same way. I believe this is the true value of 5G as an industrial infrastructure.

Many use cases such as this will be created on the 5G network in the future. When this happens, I expect it will be a major source of growth for our Enterprise segment, which does business with almost all the large corporations in Japan.

Looking ahead to the Beyond 5G era where communications and AI will be highly integrated, we announced a collaboration with US-based NVIDIA in May 2023. We will implement "AI-RAN*³" by introducing NVIDIA's cutting-edge energy-efficient chips into our Edge Cloud*⁴ and integrating the functions of mobile service base stations into it (E3 P39). This will enable AI in the Edge Cloud to learn information on human flow, weather, events, etc., and also allow AI to autonomously link adjacent base stations, leading to more efficient use of the radio waves (frequency spectrum efficiency) and providing an optimal communication environment at any given time. In addition, the ability to share wireless resources among base stations will substantially reduce power consumption.

As AI redefines every industry, the telecommunications industry will also change dramatically. We will stay ahead of these trends by leveraging technology to boost our competitiveness.

*2 Standalone: A system that combines 5G dedicated core network with 5G base stations

*3 AI-RAN: Mobile networks incorporating AI in base stations

*4 Edge Cloud: Servers (cloud) installed to process data near the devices being used (edge)

Generative AI*⁵ initiatives

Become the company that uses generative AI best in Japan

I have mentioned AI many times, but the emergence of generative AI as seen with *ChatGPT* is truly shocking, and I feel that the 'Singularity' where AI surpasses human intelligence has finally arrived. I expect that generative AI, which can communicate just like a human being, will be incorporated and used in a variety of services going forward. I am sensing signs of major changes in the competitive environment and cost structure in all industries. We spend a lot of time in internal discussions about how to integrate generative AI into our business.

The history of technology has seen the emergence of search engines, operating systems, cloud services, and other important things that are essential to our daily lives, but I believe that generative AI will be an order of magnitude more important than those. However, looking at the current situation, the major players developing large language models that form the basis of generative AI are foreign companies. The generative AI of

these companies is developed on English and other non-Japanese language data sets*⁶, and have accumulated information and thought patterns based on those languages. As generative AI becomes more widespread in our daily lives, I am convinced that we will see a need for generative AI options that accommodate Japanese business practices and culture, as well as unique Japanese language expressions. To address these needs, we will develop homegrown generative AI in-house, using Japanese language datasets.

*5 Generative AI: Artificial intelligence capable of generating a variety of content, including text, images, and programming code

*6 Dataset: A cohesive set of data used to train AI



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The reason SoftBank is developing its own homegrown generative AI is because we believe we are in an excellent position to do so as we have three advantages.

The first advantage is that we have one of the largest computing platforms in Japan. We have decided to invest approximately ¥20 billion in “NVIDIA’s DGX SuperPOD™” AI data center platform and other facilities to build the computing platform necessary for in-house development of generative AI. The Japanese government also understood the importance of developing homegrown generative AI, and the Ministry of Economy, Trade and Industry provided ¥5.3 billion*7 in subsidies for the initiative. This AI data center is planned to be operational in the fall of 2023. We expect the entire year of 2024 to be a training period for this computing platform, and plan to offer it as our own generative AI service to our customers as soon as the training is complete.

Our second advantage is that we have an abundance of experienced engineers in our Group who have built generative AIs. Building a generative AI requires creating datasets, developing algorithms, and then using them to train the AI. Fortunately, there were many engineers in our Group with experience in this field, so we decided to bring them together in SB Intuitions Corp., our wholly owned subsidiary that conducts research and development of homegrown generative AI, to create it in one go. The third advantage is our overwhelming number of customer touchpoints. We have one of Japan’s leading customer touchpoints with tens of millions of users, including through our mobile services, *LINE*, *Yahoo! JAPAN*, and *PayPay*, enabling us to immediately deploy the generative AI we develop to a large number of users.

We are not exclusively focused on in-house development of generative AI. Our basic approach is to adopt a “multi-generative AI system,” in which we select the most appropriate AI for our clients from among multiple generative AIs, including those developed in-house, and provide it as an application. Based on this approach, we agreed on a strategic alliance with Microsoft Japan Co., Ltd., mainly in the area of generative AI, which was announced in August 2023 ([E&I P29](#)). Through our partnership with the company, a leader in creating practical applications for

generative AI, we will provide our client companies with a secure generative AI data usage environment.

Through these initiatives, our entire company will focus on boosting corporate productivity by using generative AI. SoftBank’s goal is to become the company that uses generative AI best in Japan. If we can be viewed as such by our clients and other companies, it will lead to great business opportunities, and we will work to make this a reality.

*7 On July 7, 2023, the Company received certification from the Ministry of Economy, Trade and Industry for its plan to secure the supply of “Cloud Programs,” a specified critical product under the Economic Security Promotion Act. In addition to using the subsidy to develop our own generative AI and other AI-related businesses, we plan to provide a wide range of computing environments to universities, research institutes, and companies to meet various external needs centered on generative AI. The grant is based on this certification. Please refer to the [press release](#) for details (only in Japanese).

Human resources initiatives

Provide opportunities to employees and encourage growth

As the business environment is dramatically changing due to the accelerated advancement of generative AI, I believe that each employee must hone their own skills and grow in order to grow as a company. Recently, we have been working on two initiatives designed to provide opportunities for our employees to experience generative AI quickly and apply it to their own work, as well as to learn about it on their own initiative.

The first initiative is a generative AI usage contest held within the SoftBank Group under the theme of “How to create new businesses and streamline operations by leveraging generative AI such as *ChatGPT*.” Initially, we encouraged employees to participate in the contest with the hope that it’s fine if they would get a feel for what *ChatGPT* is like. However, our expectations were betrayed in a good way. The first contest received more than 52,000 entries in just 10 days. Furthermore, some employees wrote specific programs in the month leading up to the final selection, and gave us proposals that could immediately be made into a service. AI is evolving at an ever-increasing pace, but our employees are growing at an equally fast pace.

We would like to continue this contest.

Secondly, we established a secure environment for all SoftBank employees to use generative AI, and began utilizing it in May 2023. It has been a great help in streamlining and boosting productivity in writing and translation, as well as in existing business operations.

We have a history of growing by first using cutting-edge technologies such as iPhone, iPad, and cloud services thoroughly in-house and then providing them to our clients in combination with our practical knowledge. This time around, we were able to provide two opportunities to encourage employees to learn at their own initiative. I believe that we have created the foundation for our company to grow and ride the big wave of generative AI going forward.

Diversity, Equity & Inclusion

Becoming a dynamic company with a diverse workforce

We have many other initiatives in place for human resource development, but it is essential that we work on diversity initiatives. We are committed to Diversity, Equity & Inclusion (DE&I) and aim to create an organization where each employee understands each other’s differences and leverages their strengths while freely sharing ideas and bringing forth innovations on their own.

To disseminate these policies throughout the company, we are implementing initiatives such as e-learning designed to raise awareness of unconscious bias among all employees, as well as diversity management training for managers. I wanted all employees to be aware of the importance of DE&I, so I prepared presentation slides to explain it during the monthly all-hands meeting.

One of our special focus themes in DE&I is the empowerment of women. We have set a target of tripling the ratio of women in management positions from 7.1% as of April 2021 to more than 20% by FY2035. To achieve this, we have

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established the Committee for the Promotion of Women in the Workforce, which I personally lead as Chairperson. The committee invites outside experts to provide advice, and all executives engage in serious discussions to examine and implement improvement measures such as for internal systems, career support measures, and training programs.

Thanks in part to these efforts, the ratio of women in management positions reached 8.6% in April 2023, exceeding the average of 8.2% in the information and telecommunications industry. However, we are nowhere near satisfied yet. We will continue working on this as a company-wide effort.

I would like to make SoftBank a dynamic company by actively promoting DE&I and creating a corporate culture in which our diverse personnel can thrive (E&I P44).

Governance (Approach to parent-subsidary listings)

Pursue synergies while focusing on the interests of minority shareholders

There is a clear separation between our parent company, SoftBank Group Corp., and our company. SoftBank Group Corp. is a strategic investment company that makes investments on a global scale, and our company is an operating company that aims to further grow the telecommunications business while expanding into non-telecommunications fields. We believe that having the two companies, each with different business lines, both publicly traded, will enable us to meet the diverse needs of investors.

As society coexisting with AI is beginning to emerge, I feel even more strongly these days about the advantages of having the SoftBank Group Corp. as our parent company. They have invested in many AI companies over the years and gather a wide variety of information from around the world. Mr. Son, the SoftBank Group Corp.'s Representative Director, Corporate Officer, Chairman & CEO, who is also a Board Director, Founder of our company, has given us a lot of useful advice based on

his deep knowledge of future trends in AI, which has been a great help in improving our corporate value.

In addition, when the SoftBank Group Corp.'s portfolio companies expand into Japan, we are often the first to be approached as a business partner, which puts us in an advantageous position. This is not only an opportunity for us to grow, but also benefits the SoftBank Group Corp.'s portfolio companies by helping them accelerate their business development in Japan. Of course, since both the SoftBank Group Corp. and the Company are listed companies, when there is a specific important transaction between the two companies, we make management decisions carefully by having a special committee consisting of independent external directors deliberate and examine the transaction to ensure that the interests of minority shareholders are protected (E&I P54).



Environmental initiatives

Helping to resolve climate change issues is our responsibility as a company

I believe that it is our responsibility as a company to help resolve climate change issues in order to create a sustainable society. Being in the telecommunications business and other businesses that consume a lot of electricity, we are committed to reducing greenhouse gas emissions and contributing to the creation of a decarbonized society.

In August 2022, we announced that SoftBank (standalone basis) will work to achieve "net zero" greenhouse gas emissions, which means reducing all greenhouse gas emissions from business activities to zero, including Scope 3 greenhouse gas emissions from the entire supply chain. And in June 2023, we decided to expand this to our Group companies (E&I P68).

We have already launched some specific initiatives. In May 2023, we announced that we had entered into renewable energy procurement agreements with power producer. The approximately 2 billion kWh of electricity we will procure is equivalent to the electricity used in our telecommunication business in a year. It is mainly renewable energy with additionality*8, which will help reduce greenhouse gas emissions going forward. Furthermore, by committing to a 20-year procurement period starting from when the renewable energy is first supplied, we will be able to purchase electricity at a lower unit price than we currently pay. I believe this is highly meaningful from the management perspective of shifting to a business structure that is less vulnerable to electricity price hikes.

*8 Additionality: Effect of encouraging adding new renewable energy generation capacity

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Shareholder return policy

Focus on both medium- to long-term growth and shareholder returns

Since our listing in 2018, we have positioned shareholder returns as one of our key management priorities. It is not easy to run a business focusing on both medium- to long-term growth and high levels of shareholder returns, but we will continue to pursue an optimal balance to maximize corporate value while taking into consideration the various stakeholders.

One of our main priorities as a source of high levels of shareholder returns is ensuring the stable generation of adjusted free cash flow. During the medium-term management plan period, we aim to continue generating a high level of adjusted free cash flow that surpasses our dividend level in FY2022 (¥86 per share).

Based on this approach, we kept our dividend per share forecast for FY2023 at ¥86. At this time, we have not decided on our shareholder return policy for FY2024 onward, but we fully understand the expectations of our shareholders and investors, and we intend to manage our business in a manner that will enable us to meet those expectations.

Lastly

Endeavoring with conviction, mapping back from the desired state in 10 years

Since becoming president in April 2021, amid the adverse business environment characterized by mobile service price reductions, I have managed the company by working backward from our 10-year vision, which firmly depicts what SoftBank should strive to be in 2030. For example, establishing a renewable energy division directly under the CEO and pursuing various possibilities has led to strategic initiatives such as the major renewable energy procurement agreements that I mentioned earlier. The telecommunications and IT industry is an extremely fast-changing industry, but we will continue to work with the conviction that we will make SoftBank an irreplaceable and meaningful company that underpins future society.

When I think about why I developed this conviction, it may be traced back to my birth. As a matter of fact, my parents' home is a temple that has been around for over 1,200 years, and I believe the reason it has been around in the same place for so long is because it has continued to provide value to society, or in other words, because it has had a reason to exist. I am convinced that corporate management is no different, and that if we can find meaning in our existence and continue to provide value to society, it will lead to continued profit growth, which in turn will lead to higher corporate value.

I would like to ask our shareholders, investors, and other stakeholders for their understanding of our medium- to long-term value and for their continued guidance and support.

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SoftBank envisions a future society in which people and AI coexist, bringing with it a more convenient and comfortable lifestyle. By executing our growth strategy *Beyond Carrier* and rebuilding our business foundation by executing the medium-term management plan, we aim to fulfill our long-term vision of becoming “a company that provides next-generation social infrastructure essential for development of a digital society.”



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Long-term Vision

Provide next-generation social infrastructure essential for development of a digital society

Future society and challenges for its realization

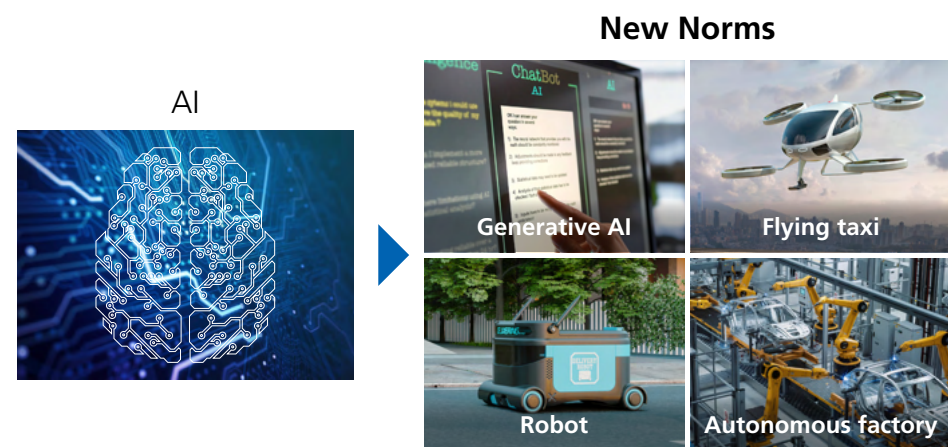
Generative AI, as exemplified by the interactive AI tool *ChatGPT*, is beginning to spread, and we are about to witness the beginning of a society that coexists with AI. We predict that society will become even more convenient and comfortable for mankind as we head into an era in which AI makes decisions on its own and optimizes industry and society, with flying taxis, delivery robots, and fully autonomous factories becoming the norm in the next generation.

On the other hand, large amounts of data will be generated in a society where AI is used on a daily basis, and the need to process this data will emerge. The graph on the bottom right shows the projected future data processing demand and electricity demand. Even if we were able to

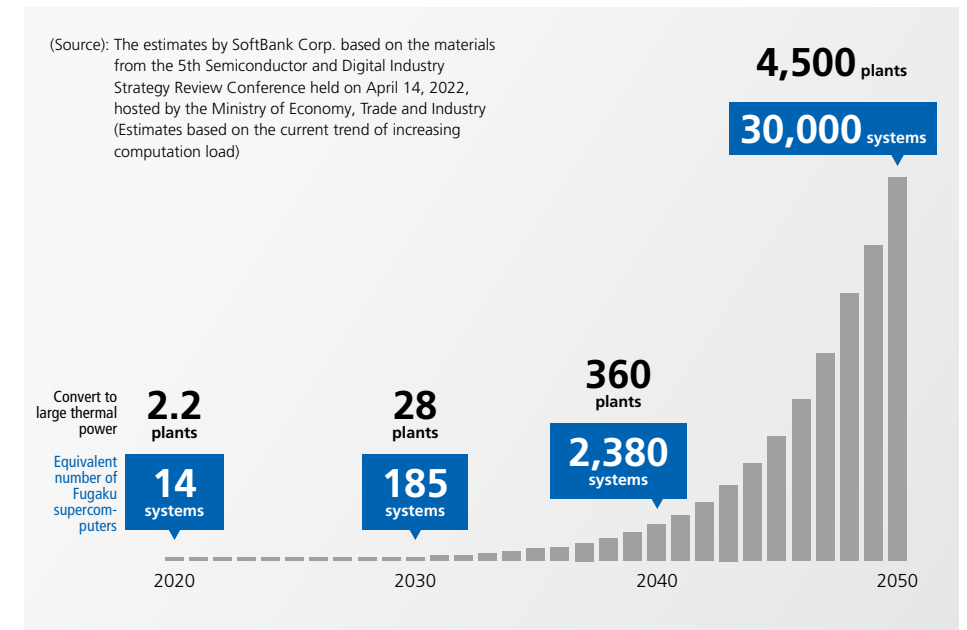
boost efficiency by more than an order of magnitude, taking into account future advances in energy-saving technology, we would still need a far greater amount of electricity than we do today. In other words, it is anticipated that we cannot create a more convenient and comfortable future society unless we can make the best use of green energy to meet the demand for electricity to handle this staggering demand for data processing. We see AI/DX*1 and GX*2 as an integral part of the digitized society of the future, and believe that it is essential to build next-generation social infrastructure that supports this.

*1 DX (Digital Transformation): Initiatives to transform business models, etc. using digital technology
*2 GX (Green Transformation): Shift to an industrial and social structure centered on green energy

Arrival of an era in which AI makes decisions on its own and optimizes industry and society



Computing capacity required for data processing



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Long-term Vision

Next-generation social infrastructure capable of handling rapidly growing demand for data processing and electricity is needed

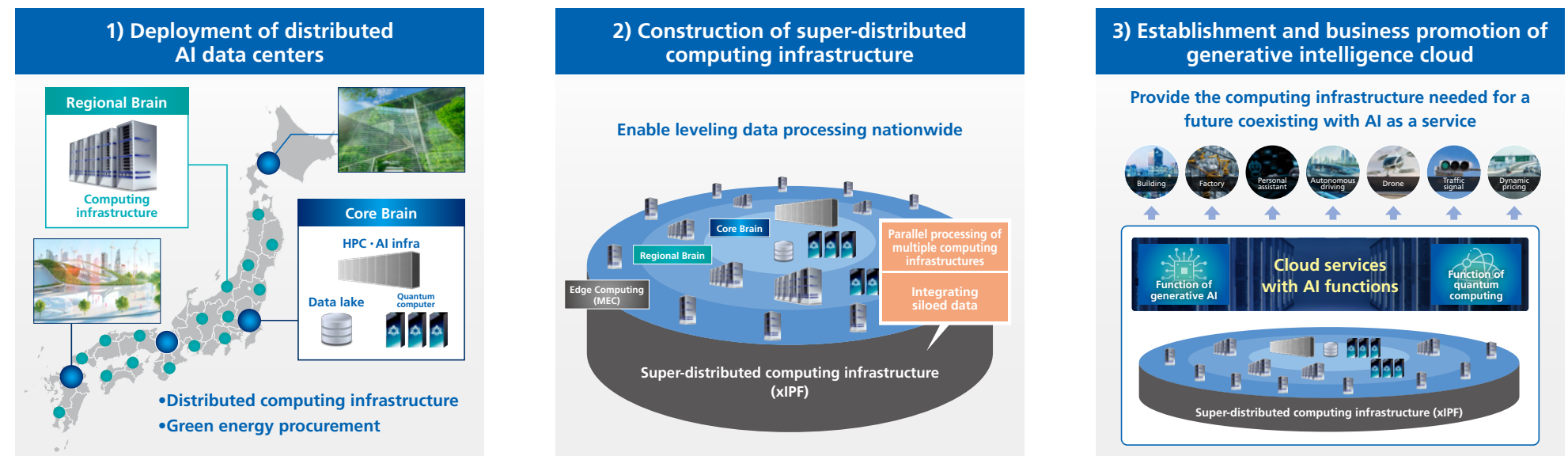
With an eye on the aforementioned future society and the challenges for its realization, we are preparing to build the next-generation social infrastructure under our long-term vision of becoming “a company that provides next-generation social infrastructure essential for development of a digital society.” This page explains its key structure.

Distributed AI data centers

Today in Japan, data centers are concentrated in Tokyo and Osaka. As more data centers continue to be built, the supply and demand for electricity will become strained, potentially causing major power outages. Accordingly, we plan to deploy four data centers in Tokyo, Kansai, Hokkaido, and Kyushu where we will operate “Core Brain,” composed of major AI infrastructures and quantum computers. Furthermore, we would like to distribute a computing infrastructure named “Regional Brain” throughout the country. Since green energy is being actively created in rural areas, we expect a stable power procurement system to be established. In addition, we will place a computing infrastructure called “MEC*1” near devices that require real-time processing, such as for autonomous driving and robotics. This will create a structure in which data processing will take place in the most appropriate location according to usage.

*1 MEC: Abbreviation for Multi-access Edge Computing. Technology that can speed up data processing responses and optimize and accelerate communications by distributing and placing servers near communication devices such as smartphones and IoT devices

*2 xIPF (cross Integrated PlatForm): Infrastructure that can run computing infrastructure distributed across the country in parallel while operating it virtually as if it were a single data center



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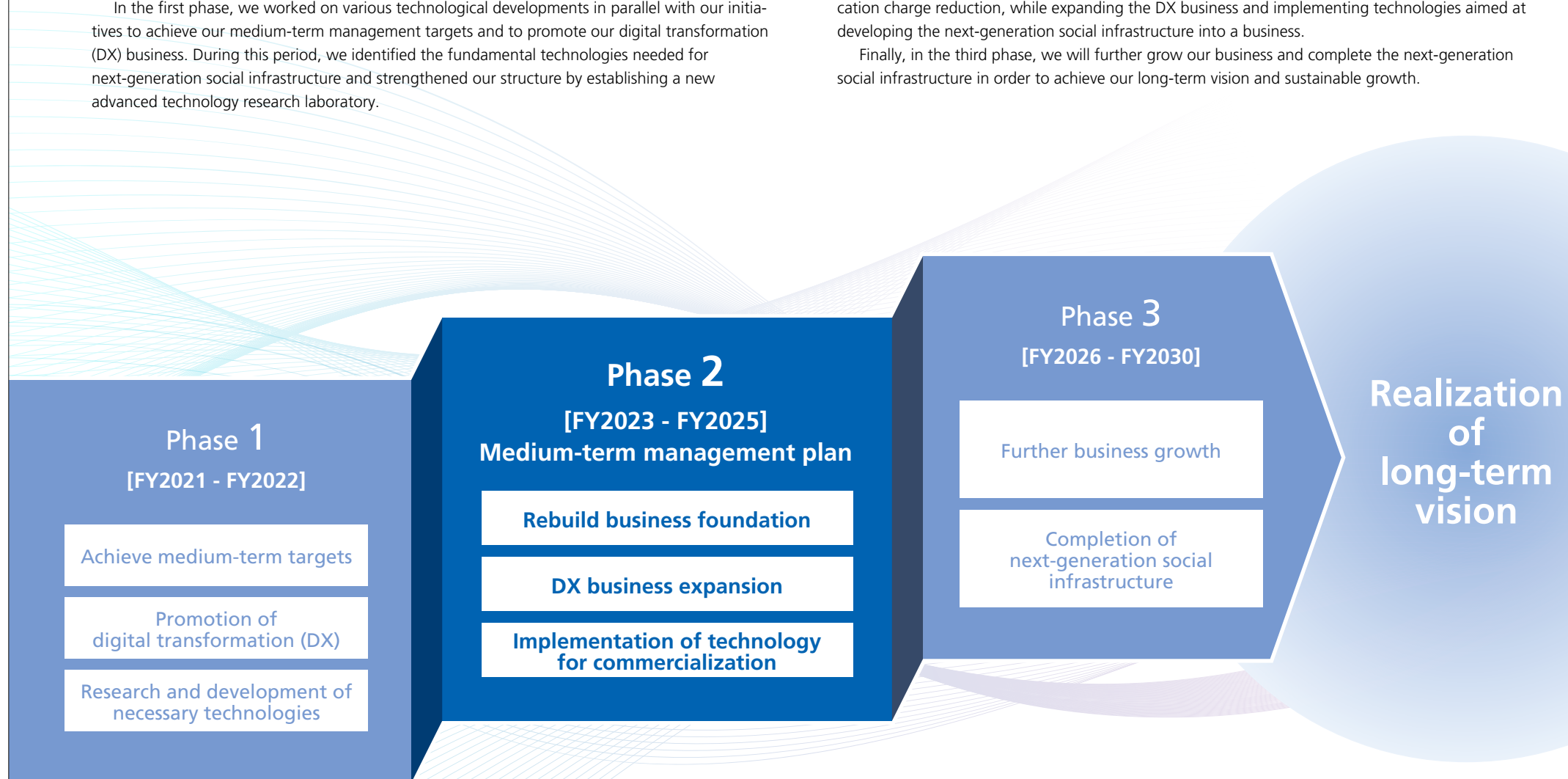
Roadmap to realizing the long-term vision

To achieve this long-term vision, we are promoting initiatives by dividing the 10-year period into three phases as shown in the figure below.

In the first phase, we worked on various technological developments in parallel with our initiatives to achieve our medium-term management targets and to promote our digital transformation (DX) business. During this period, we identified the fundamental technologies needed for next-generation social infrastructure and strengthened our structure by establishing a new advanced technology research laboratory.

We positioned the second phase as the period for focusing on the current medium-term management plan, during which we will rebuild the business foundation affected by the telecommunication charge reduction, while expanding the DX business and implementing technologies aimed at developing the next-generation social infrastructure into a business.

Finally, in the third phase, we will further grow our business and complete the next-generation social infrastructure in order to achieve our long-term vision and sustainable growth.



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Medium-term Management Plan

Targets

Pursue record-high net income in FY2025
Increase ratio of renewable energy of electricity consumption by the Company (50% in FY2025, 100% in FY2030)

[Financial targets]

Net income*¹ : **Pursue record-high profit (¥535 billion) in FY2025**

Operating income: **Return to FY2021 level of ¥970 billion (before mobile service price reductions) in FY2025**

We will rebuild our business foundation under the medium-term management plan covering the period from FY2023 to FY2025 in order to fulfill our long-term vision of becoming “a company that provides next-generation social infrastructure essential for development of a digital society.” By executing our growth strategy *Beyond Carrier*, which is aimed at going beyond just being a telecommunications carrier to expand into non-telecommunication areas, we are striving to achieve the highest net income attributable to owners of the Company of ¥535 billion in FY2025.

To achieve this target, we aim to restore FY2025 operating income to FY2021 level of ¥970 billion (before mobile service price reductions). To achieve this operating income target, we will put the Consumer segment on a profit growth trajectory starting in FY2023, while continuing to grow the Enterprise segment, the Distribution segment, and the Media & EC segment, along with turn-

[Non-financial targets]

Aim to procure all electricity needed for the telecommunications business from renewable energy generation, **with more than half of the electricity generated from renewable energy by FY2030**

Ratio of renewable energy*² of electricity consumption by the Company*³ **FY2025: 50%**, FY2030: 100%

ing the Financial segment profitable.

Furthermore, we have set a target for the ratio of renewable energy*² of electricity consumption by the Company*³, aiming for 50% by FY2025 and 100% by FY2030 (of which more than half will be procured from power generated from renewable energy sources). To achieve this target, we will not only use non-fossil certificates, but also promote energy conservation at our base stations, which account for half of our annual greenhouse gas emissions. In addition, we have entered into a major contract with a power producers to newly procure renewable energy*⁴, which we also expect to contribute to achieving our targets.

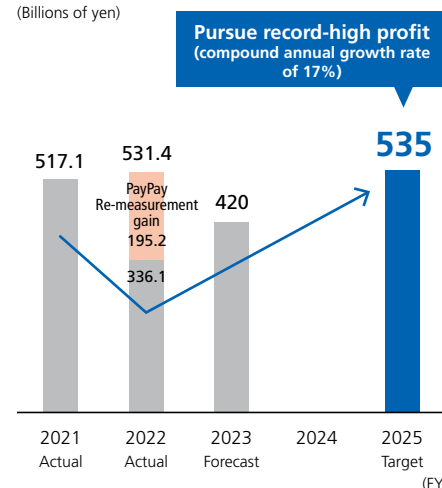
*² Includes the use of non-fossil certificates designated as renewable energy

*³ Total of SoftBank Corp. and Wireless City Planning Inc.

*⁴ Mainly renewable energy with additionality (effect of encouraging additional new renewable energy generation capacity)

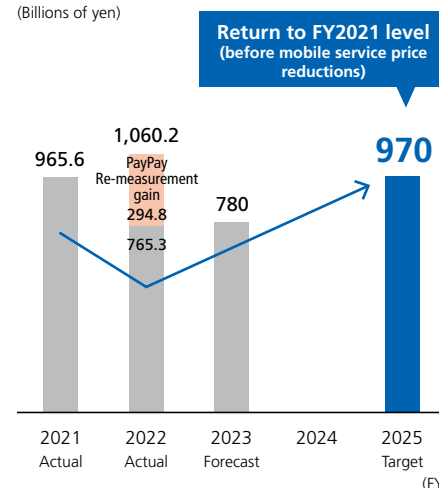
Net income

(Billions of yen)



Operating income

(Billions of yen)



*¹ Net income attributable to owners of the Company

Shareholder returns

Continue to generate high level of adjusted free cash flow and **maintain high level of returns**

(Dividend of JPY 86 per share planned for FY2023)

Business targets

Consumer	<ul style="list-style-type: none"> Mobile service revenue: To hit bottom in FY2023 and return to growth Segment income: To hit bottom in FY2022 and return to growth
Enterprise	<ul style="list-style-type: none"> Business solution and others revenue: Double-digit growth (compound annual growth rate from FY2023 to FY2025) Segment income: Double-digit growth (compound annual growth rate from FY2023 to FY2025)
Distribution	<ul style="list-style-type: none"> Segment income: ¥30 billion in FY2025
Media & EC	<ul style="list-style-type: none"> Improvement of business efficiency and renewed growth of media, search, and commerce business from FY2024 and beyond
Financial	<ul style="list-style-type: none"> Turn profitable by FY2025



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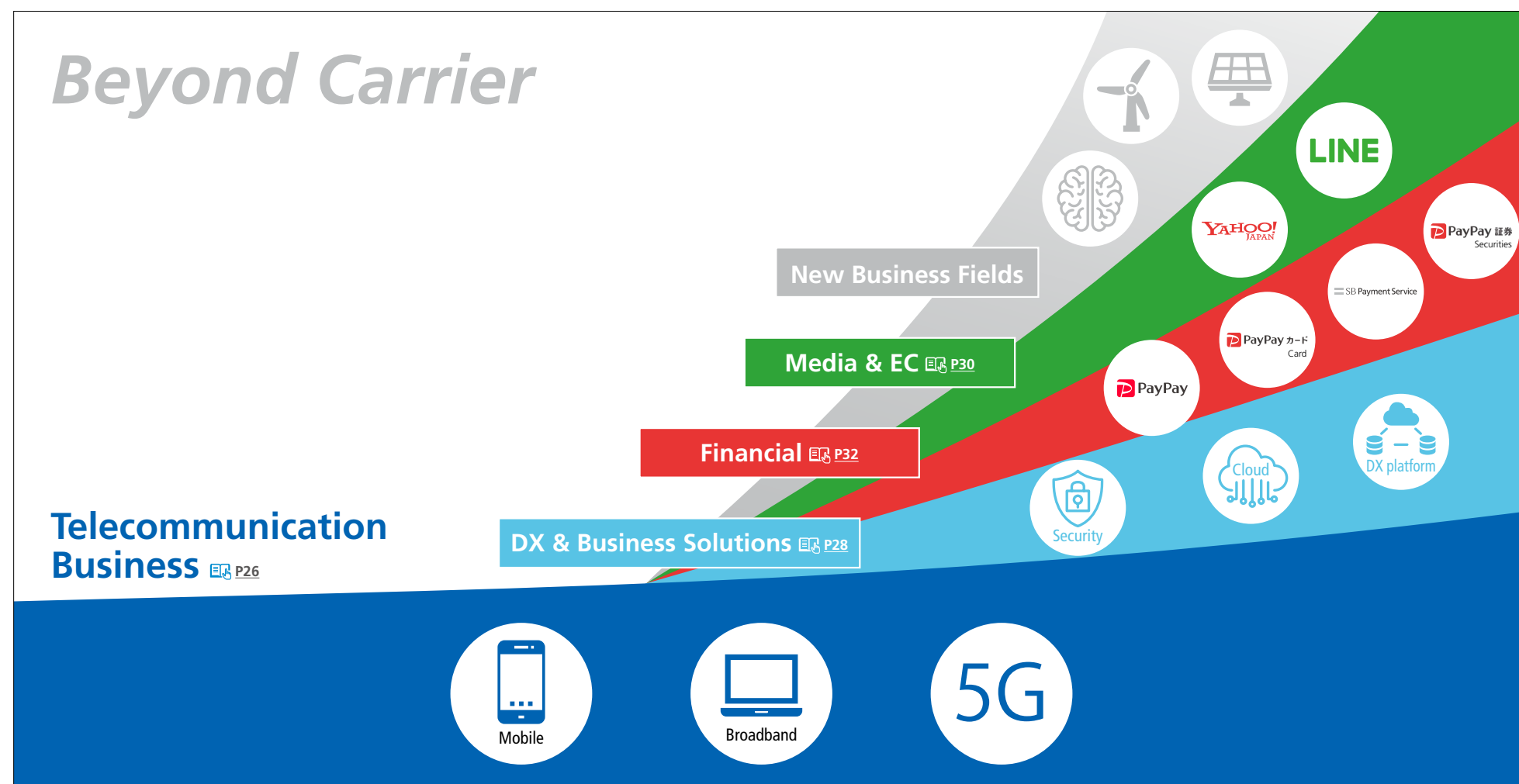
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Medium-term Management Plan

Growth Strategy

Maximize corporate value by creating businesses that going beyond just being a telecommunications carrier

Under our *Beyond Carrier* growth strategy, we aim to maximize our corporate value by pursuing sustainable growth in our core telecommunications business while going beyond just being a telecommunications carrier to actively roll out new businesses in the information and technology fields, including digital transformation (DX) & business solutions, financial, media & EC, and new business fields. In addition, by strengthening cooperation between the telecommunications business and these Group businesses, we will strengthen the competitiveness of the telecommunications business and create synergies such as expanding service users and boosting user engagement among Group businesses.



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Business Strategies by Segment

Consumer Segment

We provide mobile services, broadband services, and electricity services primarily to individual customers in Japan. We also procure mobile devices and sell them to distributors operating SoftBank stores and other establishments, as well as to individuals.



Business strategy

In our Consumer segment, we are working to promote brand migration within the Group and to increase new subscriber acquisition through a multi-brand strategy that offers mobile services to meet all needs, including unlimited data allowance, low to medium data allowance, and service available exclusively online.

In addition, by offering a bundle discount combining broadband and electricity services with a smartphone, we can expect a retention effect for mobile service subscribers. Furthermore, through Group services such as LINE, Yahoo! JAPAN, and PayPay, which have overwhelming customer contact points in Japan, we provide our customers with everyday benefits outside of telecommunications, such as for shopping, payments, and finance.

Value creation process

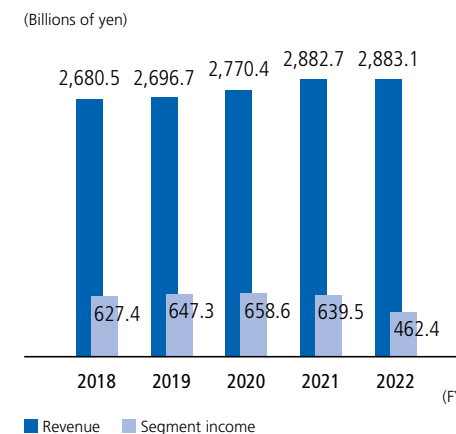
Inputs	Outputs	Outcomes
(End of FY2022) ■ Smartphone subscribers: 29.26 million ■ Electricity subscribers: 2.23 million ■ SoftBank Hikari subscribers: 7.57 million ■ Number of stores: About 6,500 *1	(Main services and products) ■ Mobile services (SoftBank, Y!mobile, LINEMO) ■ Broadband service (SoftBank Hikari) ■ Trading and supply of electric power and provision of electric power trading agency services (Ouchi Denki)	(Medium-term management plan targets) ■ Mobile service revenue: Hit bottom in FY2023 and return to growth ■ Segment income: Hit bottom in FY2022 and return to growth (FY2022 actual) ■ Revenue: ¥ 2,883.1 billion, segment income: ¥ 462.4 billion (Creation of social value) ■ Provision of an environment in which everyone can access information

*1 Total of SoftBank and Y!mobile brands' directly-managed stores, agents, mass merchandisers and other retail channels (as of March 31, 2023)

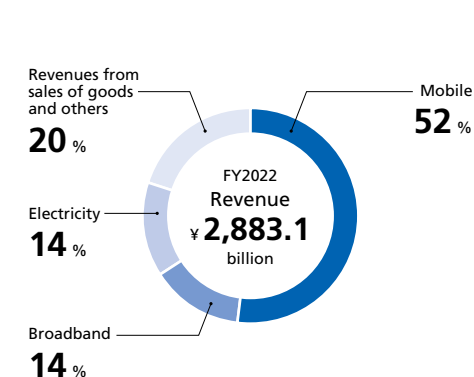
Recognition of the business environment

Risks	<ul style="list-style-type: none"> Decline in profitability and intensifying price competition due to commoditization of the existing telecommunications services Increased costs, deterioration of customer trust, or loss of subscribers due to network outages, delays in disaster recovery, or leakage of personal information Impact on business models and operations due to policy changes and new laws and regulations
Opportunities	<ul style="list-style-type: none"> Growth in smartphone subscribers Increased ARPU and revenue reflecting communication speed and capacity increases through the nationwide expansion of 5G coverage Increased customer satisfaction through high communication quality and dependable security
Strengths	<ul style="list-style-type: none"> Linkage of telecommunication services with leading services in Japan such as LINE, Yahoo! JAPAN, and PayPay Extensive telecommunications network with 5G population coverage rate of over 92% (as of March 31, 2023)

Revenue and segment income



Revenue composition



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Medium-term management plan targets

Mobile service revenue

Hit bottom in FY2023 and return to growth

Segment income

Hit bottom in FY2022 and return to growth

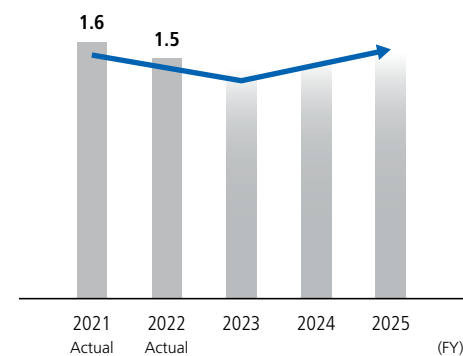
Initiatives toward achieving our targets

Due to the impact of the mobile service price reductions implemented in the spring of 2021 and other factors, mobile service revenue and segment income in FY2022 respectively declined 6% and 28% from the previous fiscal year. In order to reverse these two items in the Consumer segment, we are working to increase the number of smartphone subscribers and improve average revenue per user (ARPU) per month, as well as other efforts such as reducing costs.

We are focusing on increasing the number of smartphone subscribers, aiming to surpass 30 million in FY2023, with net additions of about one million subscribers each year thereafter. As the impact of revenue growth associated with this increase in smartphone subscribers will surpass the impact of the mobile service price reductions, we expect that mobile service revenue will hit bottom in FY2023 and return to growth thereafter. In addition, to improve ARPU, we will expand various value-added services, such as in-store support services for matters including data migration and various settings, as well as smartphone security measures and device warranties. Moreover, we will create new services in combination with Group services by expanding the standalone* 5G network, featuring ultra-high speed and large capacity, ultra-low latency, and massive machine connections.

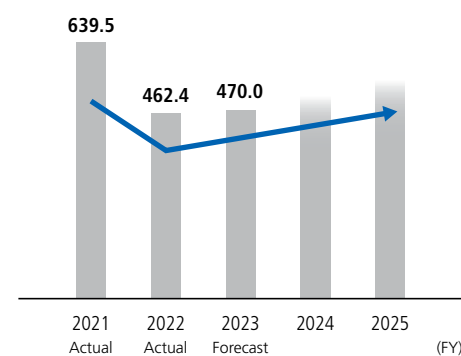
Mobile service revenue

(Trillions of yen)



Segment income

(Billions of yen)



*Standalone: A system that combines 5G dedicated core network and 5G base stations

Subscription services for in-store support

In order to drive growth in the Consumer segment, it is important to not only increase the number of smartphone subscribers, our current focus, but also to improve ARPU. As one initiative to improve ARPU, we began offering a “flat-rate in-store smartphone support” service in September 2022 which allows customers to receive various types of smartphone support at stores for a fixed monthly fee. With this service, customers can receive support for smartphone data migration and various app settings when switching to new devices, as well as periodic inspection services such as smartphone cleaning and battery status checks. Moreover, users who are not accustomed to handling smartphones and have concerns about settings can feel free to consult with stores whenever they want. In addition to this “flat-rate in-store smartphone support,” we will further expand value-added services such as security measures and device warranties to improve ARPU.

Extensive communication network with 5G population coverage rate of over 92%

Since the launch of our 5G commercial services in March 2020, we have been expanding and upgrading our base stations, and our population coverage rate exceeded 92% as of March 31, 2023. Based on our experience, we recognized that communication quality deteriorated in some cases on the borderlines between 4G and 5G areas, so we have worked to reduce the percentage of areas with low communication quality by rapidly expanding 5G areas. In addition, we are working to improve the ease of connection by surveying the usage situations of each area and fine-tuning each base station based on the results. Through these initiatives, our mobile network has achieved high communication quality and has been highly evaluated by external parties.



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Enterprise Segment

For enterprise customers, we provide mobile services such as mobile lines and mobile device rentals, fixed-line communications services such as fixed-line telephones and data communications, as well as various solutions for enterprises such as data centers, cloud, security, global, AI, IoT, and digital marketing services.



Business strategy

As part of our efforts to differentiate ourselves from our competitors, in the 2010s we transformed our business model from conventional stand-alone telecommunications service sales selling fixed-line telephone services, mobile communications services, and other services separately, into a solution-based business that resolves issues faced by companies by combining cutting-edge digital products. In our solution-based business, digital professionals who have undergone

consulting and other training programs uncover the individual issues faced by companies and municipalities, and propose and sell solutions with a combination of cutting-edge digital products including cloud, security, and IoT services along with operation know-how.

Value creation process

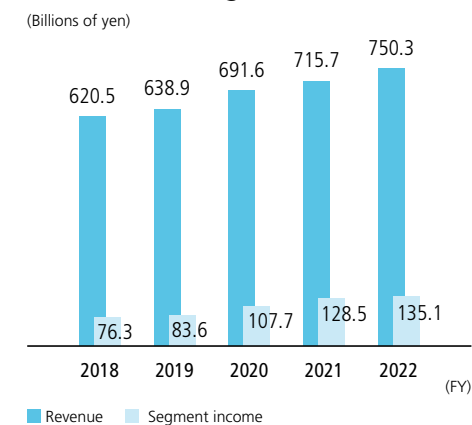
Inputs	Outputs	Outcomes
(End of FY2022) <ul style="list-style-type: none"> ■ Sales personnel: About 3,300 ■ Business with 93 % of large corporations*1 	(Main services and products) <ul style="list-style-type: none"> ■ Mobile services ■ Fixed-line communications services ■ Cloud, security, IoT, and other solution services 	(Medium-term management plan targets) <ul style="list-style-type: none"> ■ Business solution and others revenue: Pursue double-digit compound annual growth rate*2 ■ Segment income: Pursue double-digit compound annual growth rate*2 (FY2022 actual) <ul style="list-style-type: none"> ■ Revenue: ¥ 750.3 billion, segment income: ¥ 135.1 billion (Creation of social value) <ul style="list-style-type: none"> ■ Labor productivity improvement through DX, revitalization of local communities

*1 Approximate share of Japan-listed companies with annual sales of ¥100 billion or more that do business with SoftBank Corp. within FY2022 *2 Compound annual growth rate from FY2023 to FY2025

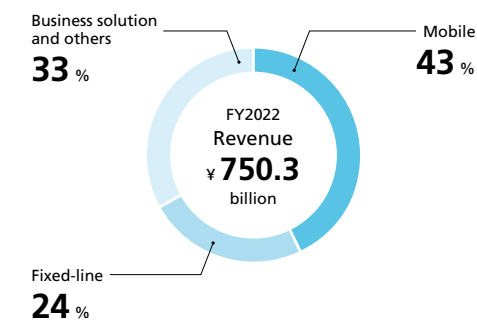
Recognition of the business environment

Risks	<ul style="list-style-type: none"> ■ Customers lack of corporate digital strategy and vision, and decline in willingness to change ■ Loss of promising growth markets caused by stagnation in digitalization due to delay in loosening of regulations ■ Decline in profitability due to intensified competition from successive new entrants into the solutions market for enterprise customers ■ Increase in research and development expenses, procurement costs, and the others due to business expansion
Opportunities	<ul style="list-style-type: none"> ■ Acquisition of human resources and knowledge through collaboration with diverse partners, and swift gaining of market share through speedy business development ■ Expansion of opportunities to provide solutions for measures for the aging society as well as regional revitalization ■ Increasing opportunities to enter new business fields such as AI
Strengths	<ul style="list-style-type: none"> ■ Provision of total solution utilizing Japan's largest B2C platforms, including <i>LINE</i>, <i>Yahoo! JAPAN</i>, and <i>PayPay</i> ■ Organizational structure that provides a one-stop shop for a wide range of digital products ■ Abundance of digital professionals capable of planning and formulating digitalization solutions for companies

Revenue and segment income



Revenue composition



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Medium-term management plan targets

Business solution and others revenue

Pursue double-digit compound annual growth rate*1

*1 Compound annual growth rate from FY2023 to FY2025

Segment income

Pursue double-digit compound annual growth rate*1

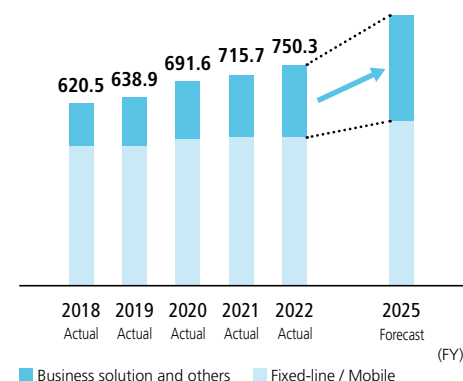
Initiatives toward achieving our targets

In the Enterprise segment, we are aiming for further growth by providing solutions tailored to company scale and generating new businesses directed at solving social issues. In the provision of solutions tailored to company scale, we aim to increase revenue per company by offering comprehensive solutions that solve pain points for large corporations, most of which are already our customers. At the same time, starting in FY2023, we have implemented measures in earnest to develop the small and medium-sized enterprise market, which account for the majority of the number of companies in Japan, as new customers. In order to gain customers, in addition to cooperating with existing dealers, we will efficiently expand sales channels through collaboration with major client companies, industry associations, Group companies, and others that have strengths in the same market. For the generation of new businesses, we launched the Digital Transformation (DX) Division in 2017, with approximately 450 employees as of March 2023. Currently, as part of this effort, we are working on building the data integration platform "xIPF.*2" By providing healthcare, retail, real estate, and other services on this platform, we aim to contribute to the promotion of DX in Japan and expand the revenue of the Enterprise segment.

*2 xIPF (cross Integrated PlatForm): A platform that enables computing infrastructure distributed across Japan to operate in parallel, virtually like a single data center [E3](#) [P22](#)

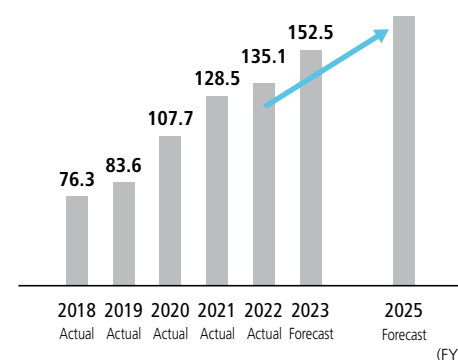
Revenue

(Billions of yen)



Segment income

(Billions of yen)



Announcement of strategic alliance with Microsoft Japan

In August 2023, the Company and Microsoft Japan Co., Ltd. announced a strategic alliance focused on cloud services and the generative AI domain with the aim of accelerating DX for enterprises and municipalities in the Japanese market. Going forward, we will combine Microsoft Azure and other services provided by Microsoft Japan Co., Ltd. with our 5G network and other services to enable cutting-edge work styles and offer comprehensive solutions tailored to the characteristics of customers in a variety of industries. In addition, we have begun the Microsoft 365 Copilot Early Access Program which incorporates GPT-4 based large language models developed by US-based OpenAI. We will actively use this service in our business operations as early as possible, and apply the knowledge and expertise we gain to our proposals to customers. We will also make proposals and sales in combination with our solutions for enterprise customers.

Autonomous building business initiatives

In recent years, with the spread of diverse workstyles and the challenge of attracting human resources due to the shrinking workforce, there is a growing need for office buildings that are comfortable and appealing spaces. In order to meet such needs, we are engaged in the autonomous building business. Autonomous building refers to a service in which an OS installed in a building is linked to data obtained from IoT sensors and the like equipped in the building's facilities to improve the efficiency of building operation and management, such as automating cleaning and air conditioning and reducing elevator congestion, as well as to enhance user convenience. We anticipate that the accumulation of data over time will lead to increases in the value of buildings, and expect this business domain to be a growth driver for the Enterprise segment in the future.



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Media & EC Segment

We offer a comprehensive range of online and offline services centered on media and commerce services. In the media field, we provide advertising-related services on its portal site, *Yahoo! JAPAN*, and the messenger app, *LINE*. In the commerce field, we provide online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *YAHUOKU!*. In the strategy field, we provide FinTech services and more.



Business strategy

In the Media & EC segment, we have overwhelming customer contact points in Japan, centered on strong brands such as *LINE* and *Yahoo! JAPAN*. We differentiate ourselves from our competitors by analyzing the data obtained from each service and providing optimal services to users. Furthermore, we aim to create further synergies within the Group

through collaboration with telecommunications services and strengthening sales activities that leverage our enterprise sales expertise.

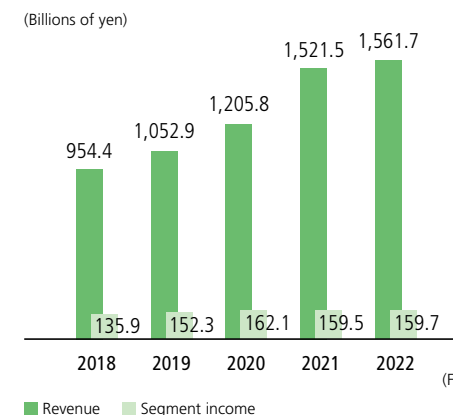
Value creation process

Inputs	Outputs	Outcomes
(End of FY2022) ■ Number of <i>Yahoo! JAPAN</i> monthly users 85 million ■ Number of <i>LINE</i> monthly active users 95 million	(Main services and products) ■ Media-related services such as advertising, searches, etc. ■ E-commerce platforms (<i>Yahoo! JAPAN Shopping</i> , <i>ZOZOTOWN</i>)	(Medium-term management plan targets) ■ Improvement of business efficiency and renewed growth of media, search, and commerce businesses from FY2024 and beyond (FY2022 actual) ■ Revenue: ¥ 1,561.7 billion, segment income: ¥ 159.7 billion ■ EC transaction value ¥ 4.1 trillion, ■ Total advertising revenue: ¥ 591.4 billion (Creation of social value) ■ Increased convenience due to the spread of online shopping, etc.

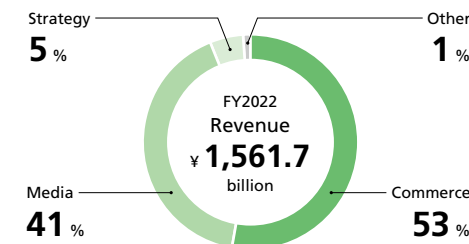
Recognition of the business environment

Risks	<ul style="list-style-type: none"> ■ Decline in profitability due to intensifying competition of EC, mismatch with customer needs and deterioration of advertising market conditions ■ Loss of market share due to the rise of competitors' services and platforms ■ Impacts on reliability and number of users caused by information security threats and stricter regulations
Opportunities	<ul style="list-style-type: none"> ■ Increased revenue opportunities due to deepening data-driven marketing ■ Increased advertising revenues as user base increases and synergies between platforms ■ Development of new business fields and partnerships by leveraging diverse platforms
Strengths	<ul style="list-style-type: none"> ■ Top class of customer contact points in Japan, including Internet services with the No. 1 total digital reach in Japan and smartphone apps with the No. 1 active reach in Japan ■ Linkage with telecommunications services and Group services such as <i>PayPay</i>

Revenue and segment income*



Revenue composition



*The Company has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the third quarter of FY2022. The Company added the Financial segment to the reportable segments from the third quarter of FY2022 and revised operating companies that comprise each reportable segment. Accordingly, figures of the Media & EC segment for FY2021 and FY2022 have been retrospectively amended.



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Medium-term management plan targets

Improvement of business efficiency and renewed growth of media, search, and commerce businesses from FY2024 and beyond

Initiatives toward achieving our targets

Z Holdings announced the policy to implement a group reorganization centered on Z Holdings, LINE, and Yahoo Japan in February 2023. Through this, the Z Holdings Group will seek to add value to all of its services by strengthening coordination between each service and promoting the restructuring of services through faster product-related decision-making. In addition to services, the integration of customer bases and organizations previously held by LINE and Yahoo Japan will be more strongly promoted. As of October 1, 2023, the group reorganization has been completed, and Z Holdings has changed its trade name to LY Corporation.



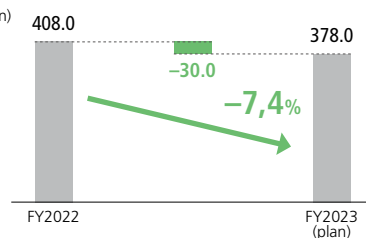
*1 Date of completion of group reorganization and change in trade name (effective date)

Through this group reorganization, we will work to improve the efficiency of businesses and services that had previously overlapped within the group. This enhancement of business efficiency will help the new company reduce its fixed costs (excluding amortization) by about ¥30 billion in FY2023 compared to FY2022, thereby generating investment capacity while securing an increase in profits.

Reduction of fixed costs*2

(excluding amortization) of the new company

(Billions of yen)



Main reduction items

Hiring freeze
Thorough review of outsourcing expenses
Reduction of officer remuneration
Narrowing down of marketing expenses
Consolidation of offices
Integration and streamlining of overlapping functions accompanying the merger

*2 Reduction amount of fixed costs excluding listed subsidiaries ZOZO, Inc., ASKUL Corporation, ValueCommerce Co., Ltd. and consolidated subsidiary PayPay Corporation

Provision of LYP Mileage

One example of an initiative to accelerate the generation of synergies within the Group is *LYP Mileage*, which began to be offered in March 2023. When users purchase eligible products offline at eligible stores with *PayPay* payment, or online at eligible stores on *Yahoo! JAPAN Shopping*, and meet the purchase amount set as a condition for each product, users receive benefits such as *PayPay* Point rewards. Manufacturers and other companies participating in the *LYP Mileage* platform can use both the offline and online purchase data of users for continuous and effective sales promotion, allowing them to reduce sales promotion costs, maximize life time value (LTV), and improve customer loyalty.

We will promote initiatives for the renewed growth of media, search, and commerce businesses in FY2024 and beyond. In October 2023, we will start linking *LINE* IDs and *Yahoo! JAPAN* IDs, and in November of the same year, we plan to offer a cross-Group membership program called *LYP Premium Membership* for users who have already linked their IDs. *LYP Premium Membership* is an upgraded version of the services that have been offered under the name *Yahoo! JAPAN Premium Membership*. We plan for it to include a service offering the unlimited use of *LINE* stamps*3 and a service that enables saving videos in *LINE* albums. In addition, *LINE* users will also be able to get benefits while using the wide variety of *Yahoo! JAPAN* services, including *Yahoo! JAPAN Shopping* and *YAHUOKU!*. Through such initiatives, we aim to promote ID linkage and expand the user bases of various services. In addition, we have announced a policy to start ID linkage with *PayPay* by the end of FY2024.

*3 Only for premium-eligible stamps of *LYP Premium Membership*



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Financial Segment

We provide cashless payment services such as QR code payments and credit card services, as well as smartphone-based securities services mainly for our individual customers. In addition, we provide payment processing services offering one-stop payment solutions for diversified payment methods including credit cards, electronic money, and QR codes mainly for our enterprise customers.



Business strategy

In the Financial segment, we aim to achieve further growth of *PayPay* through Group synergies and drive the growth of other financial services by leveraging the strengths of *PayPay* as a leading payment platform. Furthermore, by further strengthening ties with the Group's telecommunications, e-commerce, and other businesses, we aim to send customers

from the customer base of our Group businesses and grow payment transaction volumes through increased e-commerce usage. At the same time, we will also generate Group-wide synergies to increase the number of service users and enhance user engagement.

Value creation process

Inputs	Outputs	Outcomes
(End of FY2022) <ul style="list-style-type: none"> PayPay registered users: Over 56 million*¹ Active <i>PayPay Card</i> cardholders: 10.04 million 	(Main services and products) <ul style="list-style-type: none"> Cashless payment service (<i>PayPay</i>) Credit card (<i>PayPay Card</i>) Payment processing services Smartphone-based securities services 	(Medium-term management plan targets) <ul style="list-style-type: none"> Turn profitable by FY2025 (FY2022 actual) Revenue: ¥ 142.3 billion (segment loss: ¥12.4 billion) PayPay consolidated GMV: ¥ 10.2 trillion*² SB Payment Service Corp. GMV: ¥ 6.7 trillion (Creation of social value) Increased convenience through spread of cashless payments

*1 Number of users who have registered for a *PayPay* account. Figures are rounded down to the nearest 0.01 million. *2 The use of the "Send/Receive" function of "PayPay Balance" between users is not included. Payments through the deferred payment "Credit (Pay later, former *Atobarai*)" launched in February 2022 are included. GMV of *PayPay Corporation* and *PayPay Card Corporation* are totaled. The figures eliminate internal transactions between the two companies.





Recognition of the business environment

Risks	<ul style="list-style-type: none"> Decline in profitability due to intensifying competition in the financial and payment businesses and mismatch with customer needs Decreased competitiveness due to financial market volatility, stricter financial regulations, and the entry of startups into the market Occurrence of operational risks such as IT system failures, information security threats, and human error
Opportunities	<ul style="list-style-type: none"> Increased competitiveness due to entry into new business fields and new service offerings Expansion of financial markets due to new technologies and deregulation
Strengths	<ul style="list-style-type: none"> Efficient promotion of growth of related financial services leveraging the strength of <i>PayPay</i> as a payment platform with one of the largest customer bases in Japan Synergies from strengthened ties with Group businesses such as telecommunications and e-commerce etc.

About the Financial segment

Effective October 1, 2022, the Company made *PayPay*, a provider of cashless payment services, a subsidiary. On the same day, *PayPay* acquired the shares of *PayPay Card Corporation*, which operates a credit card business, from Yahoo Japan, making it a wholly owned subsidiary. Taking this opportunity, we newly established the Financial segment in the third quarter of FY2022. In addition to *PayPay* and *PayPay Card Corporation*, the Financial segment includes *SB Payment Service Corp.*, which provides payment processing services, and *PayPay Securities Corporation*, which provides smartphone-based securities services.

Financial segment

  Provision of cashless payment services	 Provision of payment processing services	 Provision of smartphone-based securities services
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Medium-term management plan targets

Turn profitable by FY2025

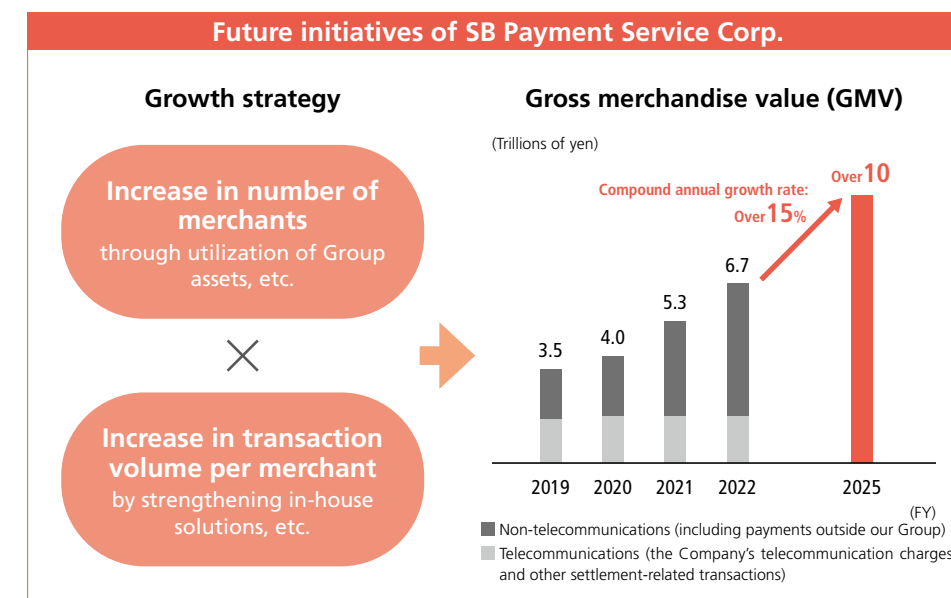
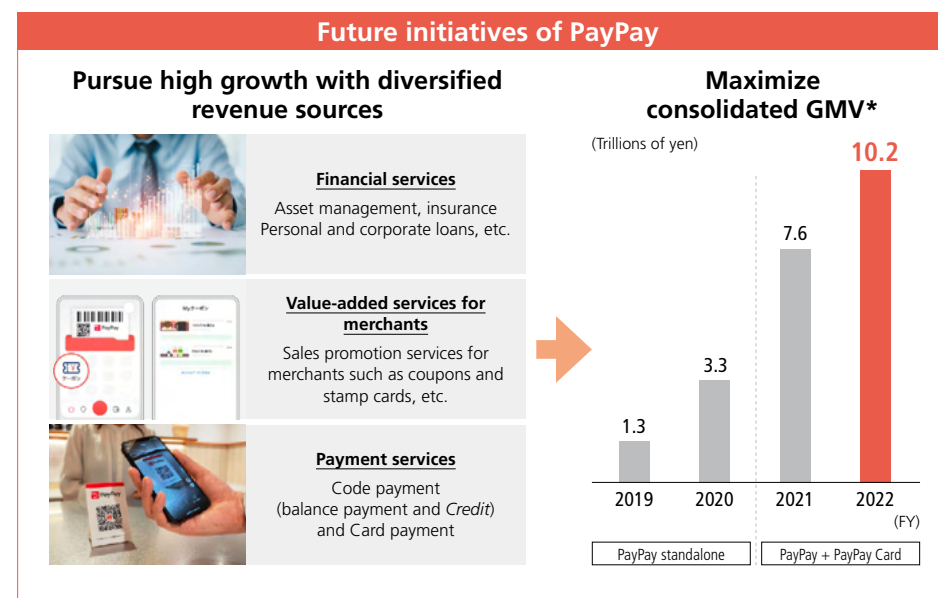
Initiatives toward achieving our target

For PayPay, in addition to continuous expansion of GMV of the cashless payment service, we aim to achieve rapid growth through diversification of revenue sources, including expansion of value-added services for merchants such as coupons and stamp cards, and strengthening of linkages with the Group's financial services such as asset management and insurance. At the same time, we aim to seize new growth opportunities, such as entering the area of salary payments via digital wallets. In addition, for the payment settlement service provided by SB Payment Service Corp, we aim to increase the number of merchants by offering a wide variety of payment settlement services that meet the various needs of existing corporate clients and merchants of our Group companies, while aggressively capturing payment settlement opportunities other than telecommunication charges and maximizing GMV. PayPay Securities Corporation, which is growing rapidly on the strength of its strong partnership with PayPay, will continue to efficiently increase its users by leveraging PayPay's customer base.

Announcement of entry into digital payroll

PayPay has submitted the application as a Fund Transfer Operator to receive designation by the Minister of Health, Labour and Welfare in a step towards supporting digital payroll. The system for digital payroll allows companies to pay salaries using payment apps or electronic money on smartphones, without going through a bank account. The realization of salary payments via digital payroll will offer PayPay users more freedom by adding a new method to receive wages. In addition, it will also provide more convenience by eliminating the current hassle of users when topping up their PayPay Balance. Moreover, it is expected to reduce various workloads related to salary payment at the companies that have introduced the service.

By actively working on digital payroll, PayPay aims to increase the number of payments and GMV, expand the use of various Group services such as financial services, and further drive the spread of cashless payments in Japan.



*PayPay consolidated GMV: The use of the "Send/Receive" function of "PayPay Balance" between users is not included. From FY2021Q4 onward, payments via Alipay and LINE Pay, etc. are included. Payments through the deferred payment "Credit (Pay later, former Atobara)" launched in February 2022 are included. GMV of PayPay Corporation and PayPay Card Corporation have been retrospectively totaled since FY2021. The figures eliminate internal transactions between the two companies.



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Face change while focusing on the future even when times are tough, and be a compass that leads the way

Kazuhiko Fujihara

Board Director
Executive Vice President & CFO

Review of medium-term targets

Progress of medium-term targets ended in FY2022

In August 2020, we announced our medium-term target to reach ¥1 trillion in operating income in FY2022. Subsequently, we faced major internal and external changes in the environment, including mobile service price reductions by carriers and lifestyle changes stemming from the spread of COVID-19. In particular, with regard to the mobile service price reductions, we had internally anticipated a cumulative impact of over ¥150 billion in lost revenue over the two-year period from FY2021 to FY2022. As a result, the hurdle for achieving our targets became much higher than when we announced our medium-term targets. However, it was precisely because of this situation that we keenly felt that achieving the ¥1 trillion target carries an even greater significance as a promise to our shareholders and

investors, and we have been insistent on achieving this target. To achieve our target, we worked on growing our user base in our mainstay Consumer segment, with a particular focus on acquiring users from other carriers by using the mobile number portability (MNP) program. This is because our *Beyond Carrier* growth strategy is based on our core telecommunications business, and building a solid smartphone customer base is the foundation of our business design and the source of future returns. We faced a challenging environment, but rather than shrinking in fear, we took an aggressive stance and were able to expand our customer base. Furthermore, in working to achieve our goal, we believe that the Enterprise segment, which has an expanded range of business solutions and other services to capture enterprise digitalization demand, as well as growth in businesses other than mobile communications services, including *Yahoo! JAPAN* and *LINE*, have been substantial. In addition to the profit gained from this business growth, we recorded a remeasurement gain from making PayPay a consolidated

subsidiary, which has been performing well since its launch. As a result, we were able to achieve our goal, with operating income coming in at ¥1,060.2 billion in FY2022. Once we announced the “¥1 trillion” target to the public, the entire management team considered it a “commitment,” and we are very proud to have achieved this target. However, our commitment is not limited to the FY2022 target. We were able to achieve all of the revenue, operating income, and net income targets that we set for each year leading up to the medium-term management targets, as we all worked together and persevered in our efforts to achieve these goals.

As I mentioned last year, we are not just trying to patch up our performance by recording accounting profits from the remeasurement gain on PayPay, but we are also focused on generating a higher level of adjusted free cash flow than the previous year to truly boost our corporate value, and we generated ¥618.6 billion in adjusted free cash flow in FY2022. As a result, we were able to maintain a dividend per share of ¥86. We have set a target of a total shareholder return ratio of about 85%*1 for the three-year period from FY2020 to FY2022, and with the share repurchases announced in May 2023, we are on track to achieve this goal. I believe we were able to meet the expectations of our shareholders by balancing growth and returns.

*1 Total amount of dividends paid and treasury stock retired during the three years from FY2020 to FY2022 / total amount of net income attributable to owners of the Company during the same three years

Medium-term targets (announced in August 2020)

(yen)	FY2022 targets	FY2022 actual	Evaluation
Revenue	5,500 billion	5,912.0 billion	Substantially exceeded
Operating income	1 trillion	1,060.2 billion	Achieved Contribution from PayPay remeasurement gains and other factors offset significant changes in the business environment resulting from mobile service price reductions
Net income*2	530 billion	531.4 billion	

*2 Net income: Net income attributable to owners of the Company



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Medium-term management plan

Rebuilding our business infrastructure

We announced our medium-term management plan ending in FY2025. The plan's theme is to rebuild our business infrastructure and to recover from the impact of the mobile service price reductions that took place in the spring of 2021.

In formulating the plan, we determined that net income attributable to owners of the Company ("net income") is the most important indicator, and set a target of achieving record-high net income of ¥535 billion in FY2025. The reason for changing the most important indicator from operating income in the previous medium-term targets to net income this time is that the subsidiaries that make up our Group are not only wholly owned subsidiaries, but also include subsidiaries with minority shareholders such as Yahoo Japan, LINE, and PayPay, and we believe that net income is the most appropriate indicator for measuring our performance.

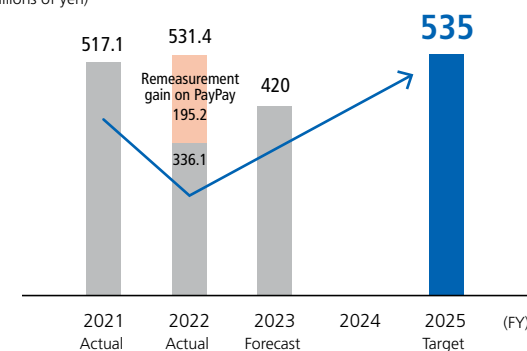
In addition, we set our operating income target at ¥970 billion for the final year of this medium-term management plan. This is because we firmly incorporated milestones for continued growth beyond the period of the medium-term management plan. We calculated this target by working backward from the record-high ¥535 billion net income target, and it is by no means an easy target to achieve. However, we

Medium-term management plan financial targets

(Billions of yen)	FY2022 Actual	FY2023 Forecast	FY2025 Target
Revenue	5,912.0	6,000	6,500
Operating income	1,060.2	780	970
Net income	531.4	420	535
(Reference) Adjusted EBITDA	1,566.4	1,570	1,750

Net income

(Billions of yen)



believe that returning operating income to the level before mobile service price reductions is the least we can do to meet the expectations of our shareholders and investors, and we are determined to achieve our operating income target.

Consumer segment outlook

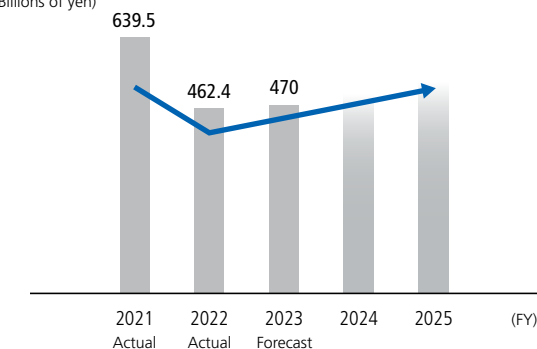
Mobile service revenue in the Consumer segment was greatly affected by the mobile service price reductions, but we are aiming for a turnaround after hitting bottom in FY2023. In terms of segment income, we are aiming for a turnaround after hitting bottom in FY2022, one year earlier than mobile service revenue. The rationale for this is that, although the impact of the mobile service price reductions and higher electricity costs will continue, we expect to be able to offset this through cost reductions, while the decline in ARPU is beginning to narrow, and the factors negatively affecting profits are already factored into the picture. On the other hand, the number of smartphone subscribers is increasing steadily driven by *Y!mobile* as ongoing efforts to acquire users from other companies materialize, and we can expect higher revenue and profits from this. We have three brands, *SoftBank*, *Y!mobile*, and *LINEMO*, and we would like our customers to experience the added value we offer by starting with *Y!mobile*, which offers lower monthly charges for low to medium data usage.

Subsequently, we would like to increase ARPU by strengthening our efforts to encourage customers to migrate to the *SoftBank* brand, where they can receive that added value in the form of unlimited data plans.

We will also continue to focus on expanding our customer base. Competition for customer acquisitions in the telecommunications industry is intensifying today, and both new acquisitions and churn are high. Competition will only intensify, and we expect conditions to remain challenging. In FY2022, we spent a lot of money on customer acquisition, but the cost-effectiveness of this investment is verified by setting a lifetime

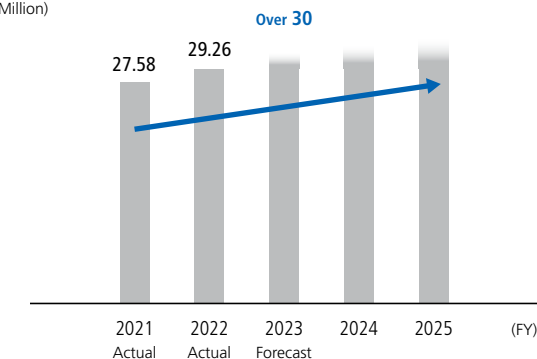
Consumer segment income

(Billions of yen)



Number of smartphone subscribers

(Million)



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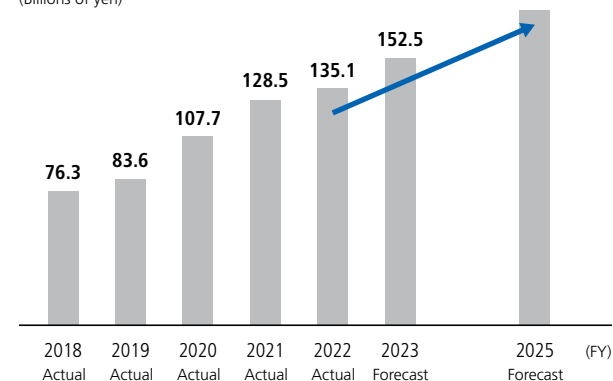
value (LTV) for each brand. Furthermore, the smartphone customer base is very important as a foundation for creating Group synergies through smartphone-related services provided by the Group, such as *PayPay* and *LINE*, to acquire subscriptions and promote continued use. Through these efforts, we will surpass our 30 million total smartphone subscription target in FY2023 and aim to continue adding 1 million smartphone subscriptions each year.

Tackling the Enterprise segment

In this medium-term management plan, we expect significant growth from the Enterprise segment, particularly from business solution and others. We are targeting double-digit growth (measured as compound annual growth rate) in both Enterprise segment income and revenue from business solution and others. In order to achieve our targets, we plan to boost transaction value per customer by cross-selling to our major clients, large and medium-sized companies, by encouraging them to continue using the solution services they are already using, as well as by combining a wide range of digital products and services to help them solve their management issues. We are also developing our clientele of SMEs, which account for 99.8% of all Japanese companies. As a leader in digitalization, we hope to help SMEs

Enterprise segment income

(Billions of yen)



go digital by providing solutions tailored to their size, while collaborating with customer companies, organizations, and Group companies that have SMEs as customers or members. In addition to this, we will be working on building a data integration platform (xIPF) as a new business. This is a platform for linking and making available various types of data (private data, national data, sensor data) that are currently disconnected and stored separately. It is still in the research and development stage, but once we are able to implement it, we will be able to further promote digitalization in various fields such as health-care, retail, and real estate (P22). We hope to grow our Enterprise segment by providing advanced necessary services tailored to the size of each company, such as more advanced services for large companies and services that serve as a gateway to digitalization for SMEs, as well as solutions that contribute to the digital transformation of society at large.

Renewed growth in the Media & EC segment

For the Media & EC segment, we are aiming for renewed growth in media, search, and commerce, while also streamlining operations. To consolidate the group's inherent strengths and accelerate synergy creation, we have reorganized the group in October 2023 and changed the company name from Z Holdings to LY Corporation. Taking advantage of this reorganization, we will make decisions more quickly and reduce fixed costs by streamlining overlapping businesses along with other measures. Furthermore, we are preparing to provide services that will delight our customers by integrating the IDs of *LINE* and *Yahoo! JAPAN* and revamping our premium membership program. In addition, we believe we can push for renewed growth in the Media & EC segment by making full use of *LINE* and *PayPay* to improve profitability in the media and search domain and by integrating IDs with *PayPay*, which we plan to do during FY2024.



Turning the Financial segment profitable

For the Financial segment, we have set a target of generating operating income by FY2025. *PayPay* boasts diverse revenue sources, including financial services, value-added services for merchants, and payment services, and its gross merchandise value (GMV) has reached ¥10 trillion*³ in four and a half years since launching the service. With the integration of *PayPay Card*, payment methods such as code payment, *Credit* (formerly *Atobarai*), and credit card payment became seamless, and *PayPay's* user base, value per transaction, and number of transactions grew, thereby boosting GMV significantly. We are already well within range of turning a profit in the regular payment business. Going forward, I believe it is important to add depth to each of these services and accelerate growth in terms of business scale. In addition, we are aiming to enhance in-house solutions to boost transaction value per merchant at SB Payment Service Corp. by leveraging Group assets to grow the merchant base.

In this way, we aim to achieve strong growth with diversified revenue sources, and are mapping the way to turn the Financial segment profitable by FY2025 by expanding the GMV of *PayPay* and SB Payment Service Corp.

*³ GMV of *PayPay Card Corporation* is combined with GMV of *PayPay Corporation* retroactively to FY2021, and internal transactions between *PayPay Corporation* and *PayPay Card Corporation* have been eliminated.

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Costs

Cost reduction outlook

Given changes in social conditions, such as rising electricity prices and inflation, we expect to see a variety of factors driving up costs during the medium-term management plan period. However, we believe that we will be able to handle this cost increase as our depreciation and amortization will start declining. This is because the depreciation on the major ¥700 billion per year capital expenditures made since FY2012, when we secured the platinum band, is coming to an end. Furthermore, we expect to see lower network operating costs as we gradually phase out services such as PHS, 3G, and ADSL. For these, we aim to accelerate the effects of cost reductions by early removal of equipment. In this way, we will continue to tightly control costs.

Shareholder returns

Maintain high level of shareholder returns

Since our IPO, we have maintained a policy of pursuing both growth and a high level of shareholder returns. Our approach remains the same and we plan to continue maintaining a high level of returns. For FY2023, we plan to pay a dividend per share of ¥86, the same as in the previous fiscal year. We have not yet decided on dividends for FY2024 and beyond, but will make a decision after taking into account investor expectations. Looking back at our track record, we have paid high dividends while simultaneously making a variety of investments for future growth. We have invested a large amount of money thus far to incorporate Yahoo Japan, LINE, PayPay, and others into the Group and diversify our business portfolio. At the same time, we have been executing major capital expenditures for rolling out 5G. Going forward, there will be more opportunities for various growth investments, such as those related to generative



AI, and we intend to maintain a balance between growth investments and shareholder returns.

We tend to be evaluated solely on the basis of dividend yield, but we believe that total shareholder return (TSR), which includes share price as well as dividends, is more important in demonstrating the balance between growth and shareholder returns resulting from our management efforts. Therefore, a portion of our officer remuneration incorporates medium-term performance-based remuneration, and we use TSR as the performance indicator (P56).

Capital allocation

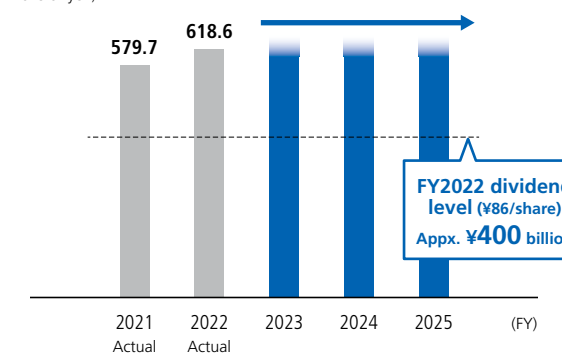
Approach to adjusted free cash flow

We believe that appropriate capital allocation is extremely important to achieve both growth and high shareholder returns. We use adjusted free cash flow (FCF), which is operating cash flow minus capital expenditures and growth investments, as the starting point for all financial targets in our planning. With regard to our capital expenditure plan, the intensive investment for accelerating 5G rollout implemented in FY2022 has run its course, and we intend to control

expenditures by focusing on investments that are necessary, such as expanding spot capacity in response to traffic levels. As a result, we expect capital expenditures to come to ¥330 billion per year from FY2023 onward, a substantial drop from the FY2022 amount of ¥407.5 billion. On the other hand, with regard to the use of adjusted FCF, we will examine what is best for the Company, paying out shareholder returns as well as improving our financial position.

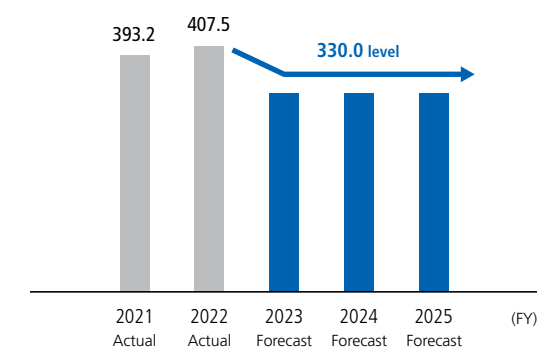
Adjusted free cash flow

(Billions of yen)



Capital expenditures (Consumer segment/Enterprise segment)

(Billions of yen)



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Financial strategy

Status of 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 (NLR) as an important indicator. This is the ratio of net interest-bearing debt to adjusted EBITDA. Financial discipline is critical to maintaining our ratings, and we aim to maintain or reduce NLR in the mid-2x range while growing EBITDA over the medium term. However, if we come across a project with high return potential, we will take into account the profitability and certainty of the project and may decide to take on the challenge in the interests of medium- to long-term growth, even if our NLR temporarily rises.

On a related note, we have taken whatever means of funding we deemed best at any given time. Prior to going public, we had to rely heavily on indirect financing such as bank loans.

However, after going public, we were able to diversify our financing methods to include corporate bonds, and by increasing the ratio of direct financing, we have been able to stabilize our financial base and reduce our financing costs. At the same time, we would like to improve our equity ratio as well, even if only gradually, and as a new financing measure, we have amended our Articles of Incorporation to issue a so-called Bond-type class shares, which has no voting rights and can not be converted to common shares. This method allows us to expand shareholders' equity without diluting our common stock, and we believe it is an effective method of financing going forward.

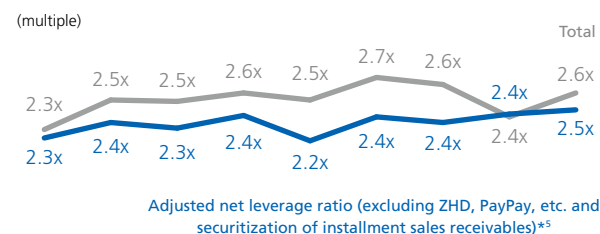
Approach to cost of equity and growth investments

As a basic policy, when we execute investments, we use the internal rate of return (IRR) as the hurdle rate. Since we make full use of debt, our weighted average cost of capital (WACC) is at about 5%. When making actual investment decisions, we look for investment returns commensurate with business risks far in excess of our WACC. 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, we dispatch Board Directors and Audit & Supervisory Board Members when necessary and monitor the business quarterly to check the progress against the approved business plan and take necessary measures.

budgets. I believe that the basic principle of any business is to first generate proper cash flow through solid operations. There is a widely known saying, "accounting profit is an opinion, but cash is a fact," and I agree with this saying. I believe that having cash support is a very important factor no matter what you do, including for shareholder returns and growth investments. Even when remaining focused on cash, when a great opportunity presents itself, you must seize it, even if it means taking on debt. Accordingly, I believe that the CFO's most important role as a compass is to navigate the company onto a growth trajectory by carefully setting cash flow and other financial targets and controlling the cash by knowing when to speed things up or slow things down.

Furthermore, I personally believe it is crucial to face change in a future-oriented manner. Thinking about this from the standpoint of the Finance Division, I think there are three key points: Analyze change as the accumulation of differences, shorten the clock cycle by revising forecasts frequently, and looking further ahead when in doubt. Going forward, if we make good use of generative AI, we will be able to quickly analyze changes, significantly reduce the time required for financial analysis, and shorten the clock cycle by making monthly forecast revisions into weekly or daily revisions. However, even with these changes, it is still important to look far ahead when in doubt. I intend to serve as a compass, keeping my eyes firmly fixed on the distant future, while becoming more sensitive to change and making revisions more frequently than ever, so that we can safely sail toward our vision for 2030 and beyond.

Net leverage ratio*4



Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FY2021				FY2022				
FY2020								

*4 Net leverage ratio = net interest-bearing debt / adjusted EBITDA (last 12 months for the relevant quarter)

*5 "Excluding Z Holdings and PayPay, etc., and securitization of installment sales receivables" refers to exclusion of net interest-bearing debt and adjusted EBITDA of A Holdings Corporation, Z Holdings Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation, interest-bearing debt of securitization of installment sales receivables, and cash reserve for securitization of sales receivables

The CFO's role

A compass that navigates the company onto a growth trajectory

I believe that the primary role of the CFO is to measure what comes in and control what goes out. In other words, you must reliably anticipate revenues and keep costs in line with your



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Technology Strategy

Focusing on creating “AI networks” to become the cornerstone of next-generation social infrastructure

The 12 Challenges aimed at achieving Beyond 5G/6G

We have been working on developing technologies to build the world’s most advanced telecommunications network. In addition to the telecommunication-related technologies we have developed over the years, our current technology strategy revolve around the development of big data and AI-related technologies.

Recently, telecommunication carriers have been focusing on expanding 5G, but we expect a shift to Beyond 5G/6G over the medium to long term. With Beyond 5G/6G, in addition to further advancing 5G’s features (ultra-high speed, large capacity, ultra-low latency, and massive machine connections), we expect to see new technological innovations, such as improved reliability and energy efficiency.

To achieve this, we are working on the following themes in the three areas of architecture, technology, and society, which we have designated as our “12 Challenges.”



Focus on AI networks

Of the “12 Challenges” mentioned above, we are particularly committed to creating “AI-RAN,” which is an AI network.

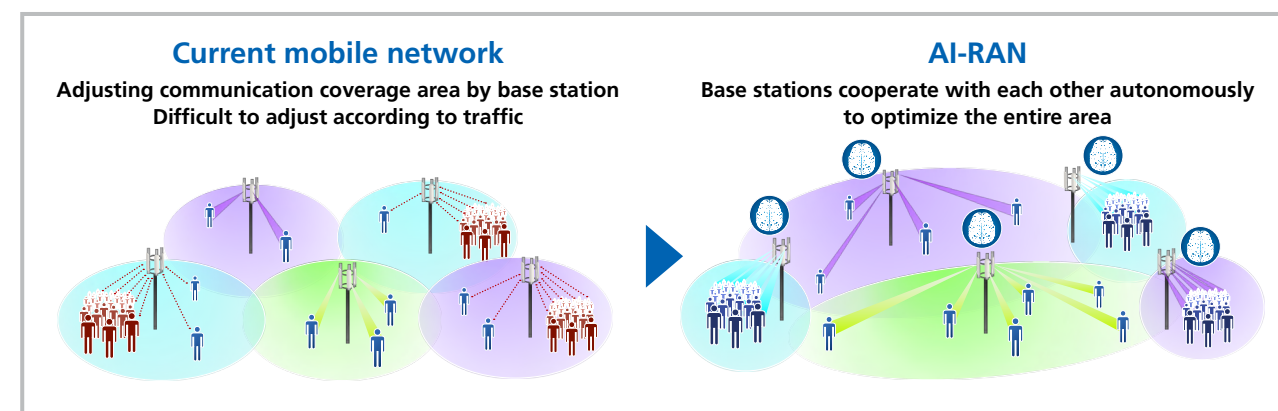
“AI-RAN” is a radio access network (RAN*1) consisting of antenna equipment and base stations equipped with AI. With the current RAN, which is not equipped with AI, the communication coverage area is adjusted at each base station, resulting in unbalanced frequency and power usage when there is a sudden increase in traffic in the coverage area. As a result, we face issues such as lower communication quality in certain areas and lower power consumption efficiency. With “AI-RAN,” AIs at adjacent base stations can cooperate with one other autonomously, which enables efficient airwave use and provides the best possible communication environment at any given time. Furthermore, the ability to flexibly share computing resources among base stations will help substantially reduce power consumption.

To achieve this, we need a framework that enables parallel execution of complex AI processes. Conventional CPU-based

dedicated communication devices, which excel at high-speed sequential processing, are unable to perform this type of processing. In addition, using dedicated communication devices also creates challenges in terms of scalability for flexibly responding to the enormous demand for computing and processing.

To solve this issue, we will utilize GPU-vRAN (virtual RAN), a virtual base station that uses GPUs*2. vRAN is a software-based system that provides the functions of a conventional base station and runs on a relatively inexpensive general-purpose server, allowing it to function in the same way as dedicated communications devices while ensuring scalability. Furthermore, its general-purpose servers will be equipped with GPUs capable of executing complex parallel AI processing.

Based on this approach, we are conducting research and development to bring “AI-RAN” to fruition.



*1 RAN: Abbreviation for Radio Access Network. Consists of transmission lines and line control equipment, as well as antenna equipment and base stations

*2 GPU: Abbreviation for Graphics Processing Unit. Semiconductor that was previously used for image analysis and other processing, taking advantage of its parallel processing capabilities, but is now also being used for AI computing

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Focusing on creating “AI networks” to become the cornerstone of next-generation social infrastructure

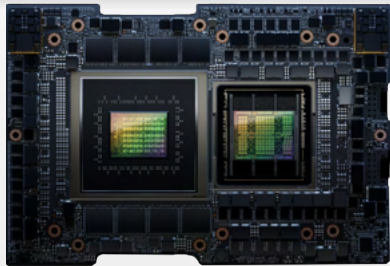
Close collaboration with US-based NVIDIA in anticipation of the convergence of AI and telecommunications

To bring “AI-RAN” to fruition, we have been working closely with NVIDIA, a leading GPU developer in the US. For example, in 2019, when US-based NVIDIA announced *NVIDIA Aerial*, a software development kit that enables its GPUs to be utilized for vRAN, we collaborated with NVIDIA to verify the technology. In 2021, we jointly opened the research facility “AI-on-5G Lab.” with the company to jointly develop a fully virtualized Private 5G commercialization.

Then, in May 2023, we announced our collaboration in building a next-generation platform for generative AI and 5G/6G with NVIDIA. By incorporating their state-of-the-art superchip, the *Grace Hopper Superchip*, into our cellular base stations, we will be able to bring “AI-RAN” to fruition. Furthermore, in addition to using the memory of this state-of-the-art chip for 5G/6G communications, we will also dynamically allocate available resources for generative AI processing.

Introducing state-of-the-art superchips in our base stations





Large-scale AI processing

Low power consumption (efficient design)

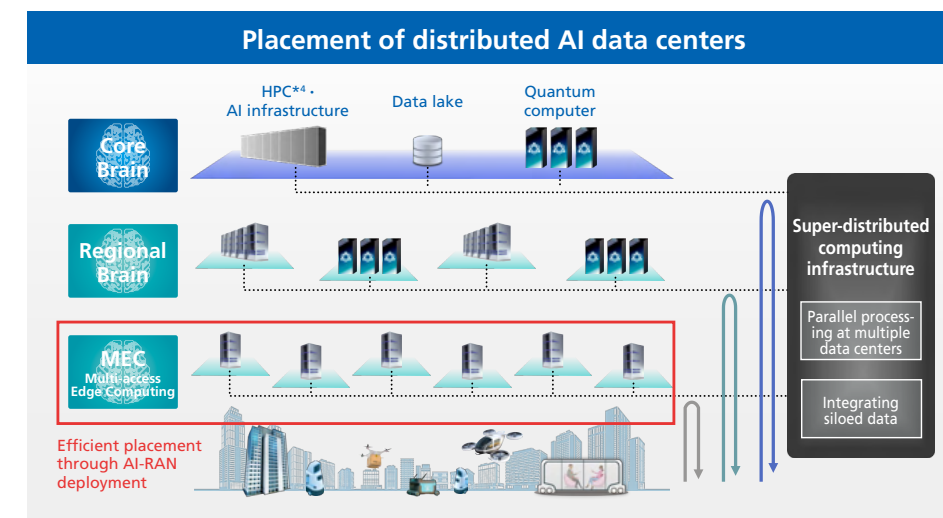
NVIDIA GH200 Grace Hopper Superchip

“AI-RAN” is an essential part of next-generation social infrastructure

“AI-RAN” is an essential part of building distributed AI data centers (P22) as we create next-generation social infrastructure.

As shown in the figure below, distributed AI data centers are divided into the three tiers of “Core Brain” (data center where large-scale AI infrastructure and quantum computers operate) “Regional Brain” (regional computing infrastructure) and MEC*³ (computing infrastructure located near devices that require real-time processing, such as autonomous driving and robotics), and deploying “AI-RAN” will mainly help with efficiently deploying MEC. This is because GPUs in GPU-vRAN, virtualized base stations aimed at implementing “AI-RAN,” are not only used for parallel computing processes for “AI-RAN,” but can also be shared for MEC processing. Since there is no need to set up separate servers for vRAN and MEC, capital expenditures and server locations can be streamlined.

Through deploying “AI-RAN,” we plan to use AI to further advance our telecommunications business, while also making it a cornerstone for building next-generation social infrastructure.



*3 MEC: Abbreviation for Multi-access Edge Computing. Technology that can speed up data processing responses and optimize and accelerate communications by distributing and placing servers near communication devices such as smartphones and IoT devices

*4 HPC: High Performance Computing

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We will provide a workplace where individual abilities can be maximized and seek to improve the well-being of our employees through efficient workstyles. At the same time, we will strengthen governance through constructive dialogue with stakeholders and implement initiatives to address the increasing complexity and diversity of risks, including information security. Furthermore, we will address global environmental issues by making full use of technology to realize a sustainable society.



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Message from the Head of Human Resources Division

Supporting the success of diverse workforce and leveraging human capital

Yasuyuki Genda

Vice President, Head of HR Division

The everlasting mission of SoftBank's HR division is to connect "people" and "business" and achieve growth in both. Human resources are key to driving the Company forward and we believe the creation of opportunities and an environment in which every employee in a diverse workforce can showcase their individuality and capabilities is crucial to the enhancement of corporate value over the medium to long term. Also, by closely aligning our medium-to-long-term business strategy with the human resource strategy, we aim to promote a human resource strategy that is always attuned to the needs of the social environment and the Company. For example, we need to consider the kinds of people and organizations we will require in the future and in an ever-changing world, as well as the type of HR portfolio we should be sketching out. The recent trend toward remote work, changing views of work, and accelerating use of technology have brought about changes in the relationship between companies and individuals. In light of these developments, in 2023 we undertook a review of our HR Policy. We have added a new item of the following: Creating an environment where a diverse workforce can work vigorously, based on the concept that the sustained health and well-being of employees is correlated with improved performance and the utilization of human capital. The other three items essentially remain the same, but we have changed the expression, so they are easier to understand (P43). With this perspective in mind, we are pursuing a human resource strategy with an emphasis on nurturing employees as "capital" instead of just managing them as "resources."

Supporting employees who challenge themselves

To maximize human capital, we are encouraging the autonomous career formation of employees. For example, as part of the free-agent system that we implement once a year, we collaborate with Group companies, including Yahoo Japan and LINE, to help employees move to another Group company or department they desire, thus providing them with opportunities for success. We also have a job posting system in place to recruit personnel when launching a new business or strengthening growth businesses. At present, between 300 and 400 people are using these systems annually to transfer to another position within the Group. In addition, we have the SoftBank InnoVenture program through which employees can propose new businesses and the InnoVenture Lab program for pursuing new business ventures. And through the SoftBank University program, employees that have been accredited as internally certified instructors are sharing their expertise to effectively train personnel. We also launched AI Campus from SBU Tech in 2021, a program that systemizes AI-related learning content, to provide a wide range of learning opportunities to motivated employees, from basic knowledge to highly specialized skills.

Encouraging the best mix of workstyles

At present, roughly 75% of the Company's employees are working from home. In an employee questionnaire regarding remote working, over 80% of respondents indicated that their

productivity had increased or remained the same. This confirms that our employees can continue to work from home.

On the other hand, we are rediscovering the importance of gathering in the office, particularly in terms of building relationships with new colleagues, having the opportunity to communicate and collaborate mainly through discussions to generate new ideas, and fostering an organizational culture. Therefore, we have not set any uniform rules on how often employees should come into the office—it is up to each organization and individual employee to adopt a working style under which they can unleash their full potential, considering the unique characteristics of their own business.

Aiming for well-being throughout the Company

With the aim of maximizing human capital, we set up a Well-being Promotion Office. In the past, our focus had been on health checkups and providing support to smokers wanting to quit. Now, however, we are implementing a number of initiatives based on the belief that if our employees are physically and mentally healthy and always full of energy, their performance will improve, leading to the effective utilization of human capital.

Empowering women's advancement from equity perspective

At SoftBank, we consider diversity, equity, and inclusion (DE&I) to be a key management issue and we are especially focused on the advancement of women in the workplace. Some people may think that women are being favored, but it should be noted that equality and equity are distinctly different concepts. The latter means supporting individuals to rectify imbalances, based on the recognition that we do not all start from the same place. The number of female employees who express the desire to become a manager is lower than their male counterparts, which is attributable to such reasons as the unconscious bias that tends to associate leadership roles with men. To overcome these challenges, we have established the Committee for the Promotion of Women in the Workforce. Whilst seeking advice from external experts, our initial goal is to achieve 20% or higher in the ratio of women in management positions by FY2035.

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SoftBank HR strategy “Information Revolution—Happiness for everyone”

Under our corporate philosophy of “Information Revolution—Happiness for everyone,” our HR mission is to connect people and business and achieve growth for both, aiming to become a company where people gather and can work with fulfillment. We also support the potential of those who take on challenges and follow a personnel policy that rightly rewards competence and achievement, creating a vitality that is unique to our company.



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Promoting Diversity

Initiatives on diversity, equity, and inclusion (DE&I)

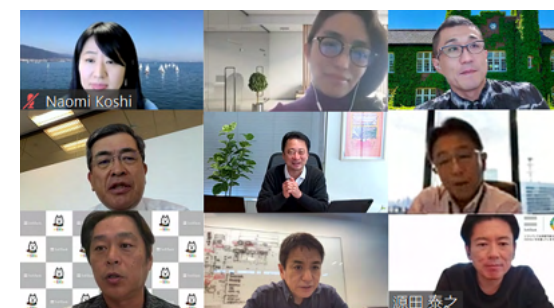
We are working to offer opportunities and develop workplace environments in which every employee in a diverse workforce can demonstrate their individuality and capabilities, regardless of age, gender, nationality, or disability. Appointments and compensation are determined based on fair evaluations according to role, achievements, and qualifications. The Chief Human Resources Officer, or CHRO, is responsible for promoting diversity throughout the Company, while the Diversity Promotion Section within the Human Resources Division leads the implementation of unconscious bias e-learning program to be completed by all employees, as well as diversity management training sessions for those in management positions. Other all-encompassing initiatives are also implemented, such as a mentoring program and workshops for female employees. We are also committed to promoting normalization so that employees can work vibrantly and equally regardless of whether they have a disability or not. For example, we are creating workplace environments in which employees with lower limb disabilities can move around more easily. We are also considerate of LGBTQ employees and have taken steps to ensure that same-sex partners can receive the benefits of Company schemes as spouses. Also, with the aim of promoting awareness of DE&I, every year between February and March we celebrate Diversity Week.

Ratio of women to total number of employees



Women's activity promotion committee

We have set a target of at least 20% for the ratio of women in management positions to be achieved by FY2035, and to achieve this goal we have established the Committee for the Promotion of Women in the Workforce, to be chaired by the president and comprising Naomi Koshi External Director and external experts as advisors. The committee discusses policies and new initiatives geared towards promoting and advancing the active participation of women and keeps tabs on how each initiative is progressing. It also holds meetings to share information about cases of success in each division to roll out initiatives on a Company-wide basis.



Online meeting of the Committee for the Promotion of Women in the Workforce

In a survey conducted in September 2022, the percentage of respondents expressing the desire to become a manager was 61% for male employees and 37% for female. At the fourth meeting of the Committee for the Promotion of Women in the Workplace held in December 2022, opinions were actively exchanged regarding the results of this survey. It was also noted that even though a mentoring program and other systems are gradually being rolled out, an old boys' network* persists in the Company. As for future initiatives, the committee put forward different role models and demonstrated what leadership should look like, and also emphasized the importance of establishing an environment in which women in various positions can forge a career.

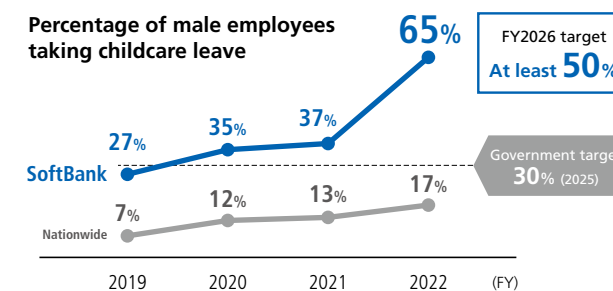
*An old boys' network refers to the unique culture and customs traditionally maintained in male-dominated organizations or communities

Initiatives for closing the gender pay gap

Not only do we endeavor to pay fair salaries and wages irrespective of gender, but we are also aiming to eliminate the gender pay gap. Once a year we undertake a comparison of salaries or salaries plus bonuses paid to all the Company's regular and non-permanent employees in order to gain an understanding of the situation. Even though we have adopted the same pay structure for both men and women, total compensation between men and women currently differs mainly because of the Company's ranking structure. Given this situation, we continue to promote the advancement of women in the Company.

Encouraging men to take childcare leave

At SoftBank we are establishing a framework to support employees who want to keep working while also meeting their parenting responsibilities at home. We want to make sure that employees who are raising children have a desire to grow and are highly motivated to carry out their work. We aim to prevent situations where parenting becomes a hindrance and leads to resignation or the inability to demonstrate one's full potential. We have established a workplace environment in which employees, irrespective of gender, can find the right balance between work and their private life. As a result of sending notices to male employees encouraging them to take childcare leave when their child is born, the percentage of men taking childcare leave is steadily increasing, reaching 65% in FY2022, which is higher than the Japanese government's target.



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Systems and Environment where Everyone can Take on Challenges

Nurturing digital professionals

Japan's Digital Literacy Council has defined a standard of digital literacy called Di-Lite that all business professionals should acquire to be digitally literate. We are using Di-Lite as a reference to have all employees, regardless of their type of work, consider digitalization to be a matter of personal responsibility. And so that they can use digitalization to further their careers, we are endeavoring to enhance the programs that help them obtain qualifications in the fields of IT, AI, and statistics, and improving training content within the scope of the Di-Lite syllabus. In the IT field, we are providing training for mainly levels 1 and 2 as defined under the ITSS*1 for the purpose of raising the overall level in the Company. As of the end of FY2022, 2,055 employees had obtained the IT Passport*2 qualification, while 1,178 employees*4 held the Fundamental Information Technology Engineer*3 qualification. In the AI field, we have also kicked off the AI Campus from SBU Tech program to provide AI-focused training. We are currently expanding the educational materials and training program for three different levels: employees that have a basic understanding of AI; employees who can utilize AI; and employees who can implement AI. In FY2021 we launched an e-learning module with the aim of improving fundamental knowledge of AI and approximately 8,000 employees completed the course. As the next step, in FY2022, we successively rolled out various programs designed to enhance skills for utilizing AI in business. They included a case study training for AI product proposals, AI development experiences, training to improve AI project implementation, and

an AI planning improvement program that incorporated app-based learning. In total, 5,168 employees took part in these programs. Also, as of the end of FY2022, 1,531 employees hold the JDLA G certification (generalist)*5, and 111 hold the JDLA E certification (engineer)*6.

Qualification	No. of employees qualified*4
IT Passport*2	2,055
Fundamental Information Technology Engineer*3	1,178
JDLA G (generalist)*5	1,531
JDLA E (engineer)*6	111

ChatGPT contest

Within SoftBank Group companies, we held a *ChatGPT* and other generative AI applications contest to invite ideas on how to improve quality and efficiency of operations in general in various industries. In the inaugural edition of the contest, which began in May 2023, we received over 52,000 ideas during the 10-day submission period. Total prize money of ¥25 million has been awarded to the most outstanding entries. We plan to hold the contest every month to promote the generation of ideas and their practical applications..

Job-posting and free-agent systems

We have a number of schemes for employees ready to take on a new challenge. For example, we have a job posting system to recruit personnel when starting a new business or establishing a new company, and a free-agent system that allows employees to transfer to a different company by their own initiative. These systems are implemented jointly with some Group companies, thereby creating a mechanism to promote the performance of personnel outside of the Group.

Job-posting and free-agent systems
Approx. 2,100 employee transfers

(FY2015–FY2022)

SoftBank InnoVenture

Through our in-house entrepreneurship program, SoftBank InnoVenture, we solicit a wide range of creative and innovative ideas from within and outside of the Company and offer support up until the scaling-up phase after commercialization. We also provide the InnoVenture Lab program through which employees can acquire broad-ranging knowledge of new businesses and the methods used to review business plans.

SoftBank InnoVenture
21 ideas commercialized

(2011 to July 1, 2023)

*1 ITSS: An acronym for IT Skill Standards, an indicator of the skills framework for IT professionals

*2 IT Passport: A national examination to verify basic knowledge of IT

*3 Basic Information Technology Engineer: A national accreditation that recognizes individuals who have achieved a certain level of knowledge and skills as an IT engineer

*4 Based on employee self-declarations

*5 JDLA G: An examination that assesses whether a person possesses a basic knowledge of deep learning and the ability and knowledge of determining appropriate utilization strategies for business applications

*6 JDLA E: An examination that certifies whether individuals understand the theory of deep learning and have the ability and knowledge to select appropriate methods for implementation



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Workstyle Reforms and Health & Productivity Management

Realizing diverse workstyles

We are implementing a smart working style to boost productivity by leveraging IT so employees can work in smart and fun ways under the slogan of “Smart & Fun!” We are also freeing up more time for employees with the introduction of a “super flextime system” to enable employees to work more efficiently and with greater focus. With this system, we want employees to invest in their own personal growth by devoting more time to self-development and interaction with colleagues. By doing so, employees and the Company should become more innovative and creative and rise to even greater heights in terms of achievements. Also, for the purpose of maximizing the performance of organizations and individual employees, we are promoting a working style with the best mix of work locations, which might include the Company’s offices, a satellite office, or at home. As a result, we won the grand prize for the first time in the 2023 Nikkei Smart Work Awards in recognition of our efforts to boost productivity and achieve sustainable growth by implementing workstyle reforms. We earned the highest possible overall ranking of five stars and the highest rating of S++ in three evaluation categories: human resources utilization capability, innovation capability, and market development capability.



Promotion of health and productivity management

Guided by our Health Management Declaration, we aim to be a vibrant organization in which every single employee is both physically and mentally healthy. To that end, we established a Well-being Promotion Office that reports directly to the CHRO. Based on the health management indicators shown below, we are creating an environment in which employees can engage in their work with a healthy mind and body. We collaborate with a Wellness Center staffed with an occupational physician, health nurse, and full-time counsellor to support the maintenance and improvement of employee health by monitoring each indicator with the following three approaches: (1) health management; (2) safe and secure workplace environments; and (3) maintaining and improving health. The percentage of employees with abnormal findings in regular health checkups, and the percentage of employees that smoke were identified as priority issues in FY2022. With the aim of maintaining the Company’s 100% participation rate in health checkups, we called on employees to schedule their checkup and we also launched an app-based diet program that utilizes the results of genetic analysis. Moreover, efforts to reduce the number of smokers in the Company have yielded some results, including multiple employees successfully quitting by making use of subsidies to cover the cost of visiting a smoking cessation clinic. Our achievements in lifestyle improvement and the disclosure of information related to health management were recognized with our first-ever appearance in the 2023 Health & Productivity Stock Selection. The companies in this list are selected from among the top 500 companies with the highest levels of health and productivity management (in the large enterprise category) based on the results of METI’s FY2022 Survey on Health and Productivity Management.

Health and productivity management indicators

	FY2022 result	FY2023 target
Presenteeism*1	85.0%	Above 90.0%
Absenteeism*2	4.1 days	4.5 days or less

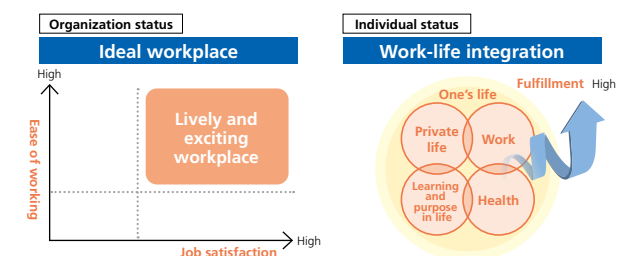
*1 Presenteeism: Data up until FY2020 based on the number of days when a decrease in work efficiency was felt due to ill health based on the results of a health awareness survey of the Company; calculation based on the number of respondents who answered “one or two days a month” or “hardly ever”; data from 2021 collected using the “Single-Item Presenteeism Question” developed by the University of Tokyo

*2 Absenteeism: Absent from work or on leave due to injury or illness

Using technology to secure HR, optimally allocate personnel, and gauge conditions

We are propelling a human resource strategy with the use of cutting-edge technology. In order to ensure more objective and uniform standards in the selection of new graduates, in combination with human evaluations, we have introduced an AI system that automatically evaluates newly submitted videos by learning from evaluations by experienced recruiters and video data submitted during the internship selection process. With this technology, we have been able to reduce the time needed to screen video interviews by more than 80%. Also, we have incorporated our proprietary-developed people analytics method to help us place an employee in a position that suits them the best by referencing not only information in their CV, like age and skillset, but also their “personality fit score,” which measures how well the person’s personality matches each department. In addition to an employee satisfaction survey conducted every year, we have developed and rolled out our very own “pulse survey” to measure the day-to-day fulfillment of our employees. From FY2023 we plan to integrate it into our engagement survey to be conducted annually and monthly to measure and improve the degree of activity in the organization. With this survey, alongside traditional metrics, we will look to periodically measure and visualize the state of individual employees and the organization. This will help us drive further improvements in employee work-life integration (life fulfillment, including work and private life), workplace vitality, and employee engagement.

Degree in which both individuals and the organization are growing and feeling fulfillment in their work



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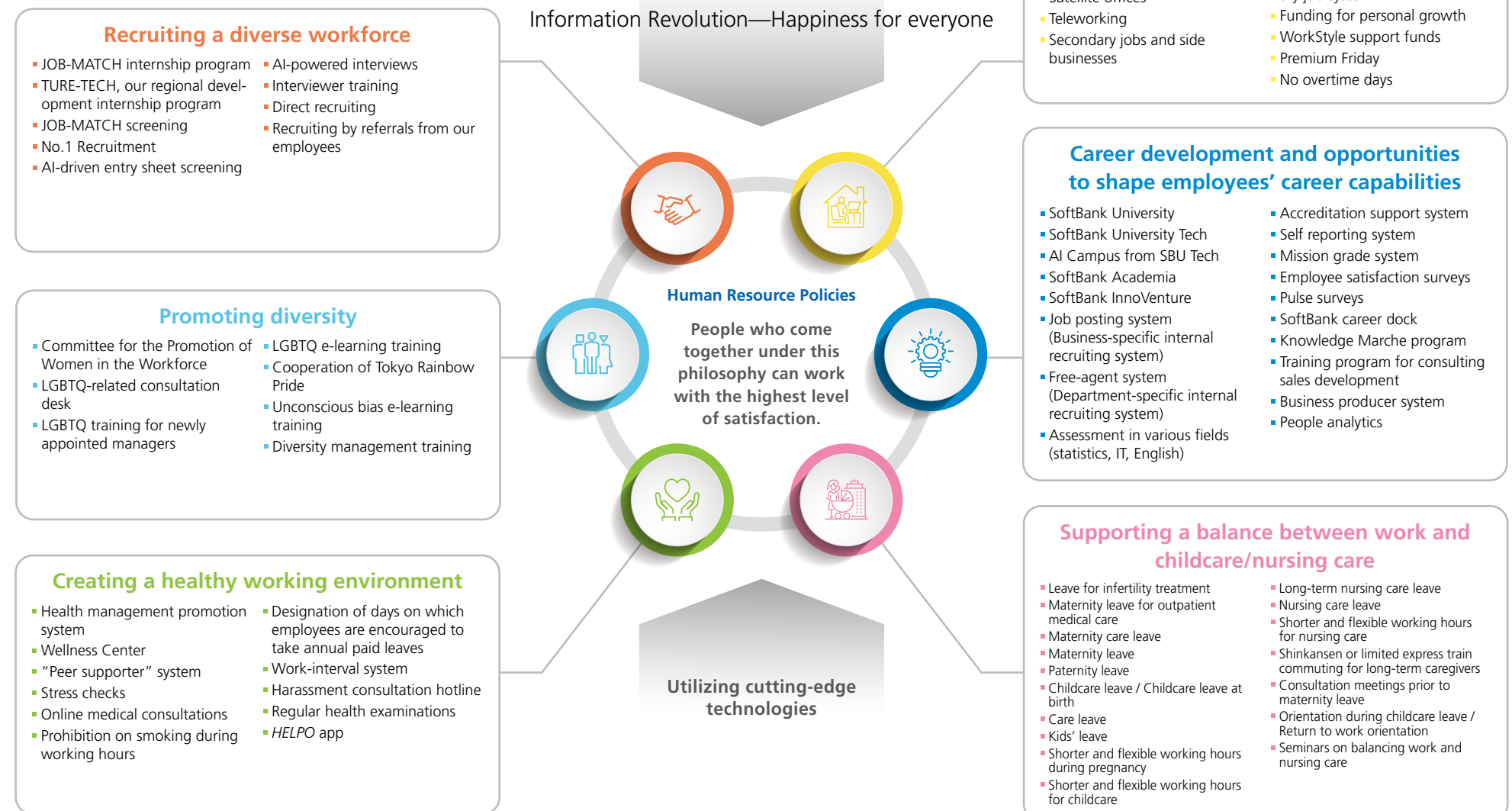
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SoftBank's Human Resource Initiatives

In addition to achieving sustained business growth and success, we aim to build a work environment conducive to employee growth and personal fulfillment. To this end, we have established human resource policies that we value as a company and promote various personnel policies.



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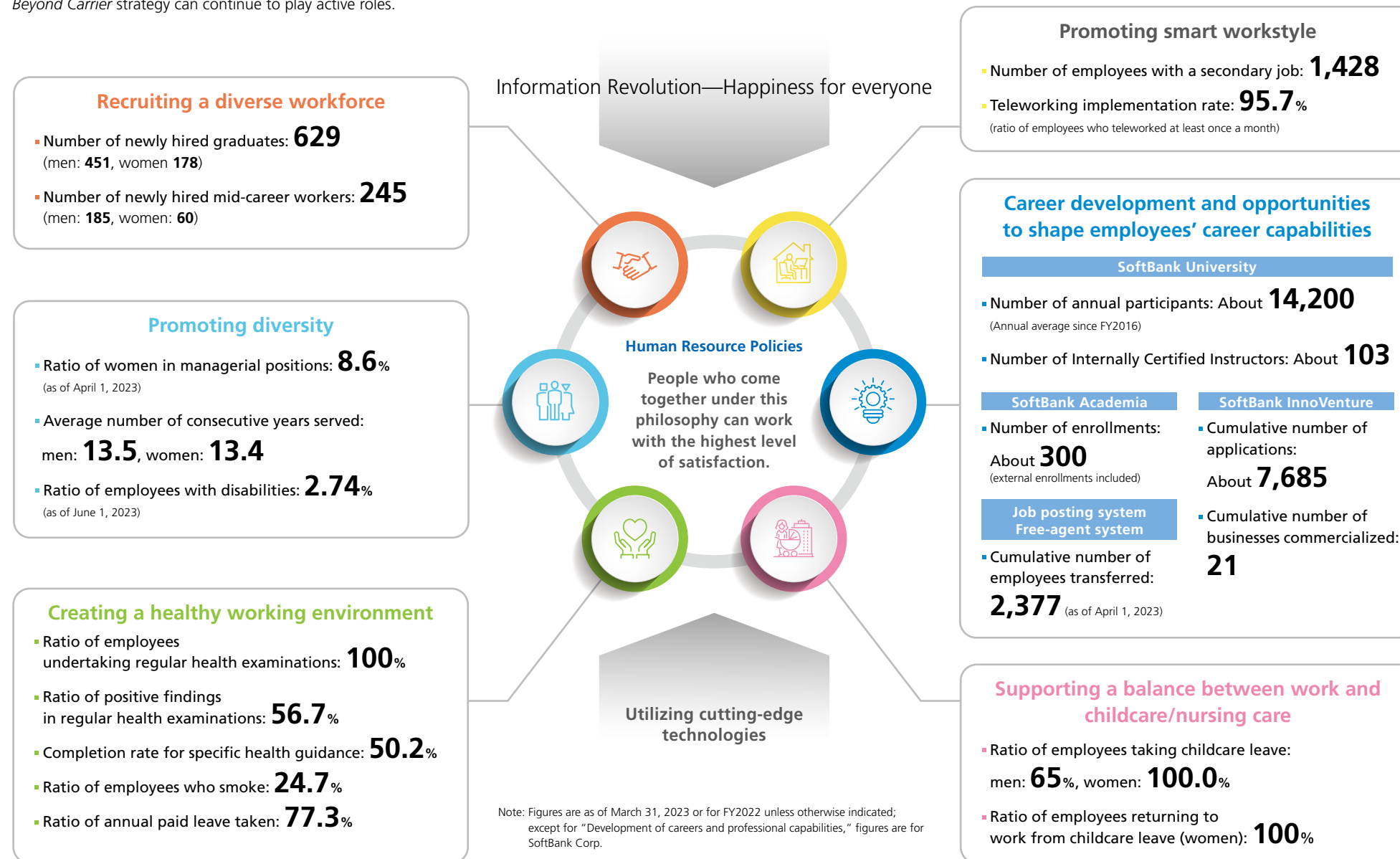
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List of Achievements

By executing HR initiatives unique to SoftBank, we aim to be a company in which employees who implement the *Beyond Carrier* strategy can continue to play active roles.



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Message from External Director

Representing
60% of
shareholders



Kyoko Uemura

External Director
(Independent Officer)
Member of Nominating Committee,
Remuneration Committee,
and Special Committee

Q: What role are you expected to play as an independent external director?

My most important role is monitoring and checking. Given that both the Company and its parent, SoftBank Group Corp., are publicly listed, accountability and transparency of transactions between the two entities must be ensured. I also think I am expected to provide opinions from an objective standpoint and contribute to the enhancement of corporate value. Considering that the parent company holds roughly 40% of the Company's shares, I believe that I am in a position to represent the other 60% of our shareholders, who are by no means a minority. In addition, as we are a speedy company that moves quickly once we have made a decision, I purposely raise opinions that differ from internal views and encourage discussion from various

angles, including risks. I closely scrutinize the risks and profitability of new businesses, particularly those not in the telecommunications industry, and check that the Company is not disadvantaged in transactions with the parent company and the subsidiary.

Q: What is your view of the parent-subsidary listing?

As the parent company, SoftBank Group Corp. is a strategic investment company that oversees the Group companies in its investment portfolio. SoftBank Corp., on the other hand, is an operating company that aims to sustain growth in its mainstay telecommunications business whilst also expanding into domains outside of telecommunications. As long as this

distinction is maintained, I believe it makes sense for both companies to be listed and evaluated separately by the market. In the US, case law recognizes that controlling shareholders have a fiduciary duty to act in the best interests of minority shareholders. They also bear the risk of liability for damages. In contrast, Japan does not have such provisions or judicial precedents, and legally, controlling shareholders are under no obligation to be liable for the shareholders of a listed subsidiary. The difference is that there is enhanced disclosure of information about parent-subsidary transactions. Therefore, external directors need to strictly check whether transparency is ensured with regard to transactions between parents and subsidiaries.

Q: The Special Committee was established in February 2022 to mainly check parent-subsidary transactions. What has it been discussing?

At the meetings of the Special Committee held in FY2022, we discussed the transactions (executed in October 2022) that made PayPay a subsidiary. Voting rights in PayPay are now held by the Company, Z Holdings, and SVF II Piranha (DE) LLC (SVF2), a subsidiary of SoftBank Group Corp. The conversion of preferred shares in PayPay was expected to change the voting rights ratios of each company, so we made it a priority to confirm the background and reasons for the change especially in terms of whether it would disadvantage the Company. This matter was complicated and some aspects of it were hard to follow, but we were allocated plenty of time for briefings prior to the meetings of the Board of Directors. I understand each shareholder had different views, but I voted to approve the transactions based on the perspective of maximizing the Company's own interests and corporate value, rather than the interests of SoftBank Group Corp., the parent company or Z Holdings.

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Q: As the parent company of Z Holdings, do you think SoftBank should be more involved in its management?

Being a publicly traded company, I believe we should principally respect management independence. It is certainly obvious that the user ID integration between *Yahoo! JAPAN* and *LINE* has been delayed, which probably caused some disappointment among investors. However, both Yahoo Japan and LINE have hitherto expanded their businesses with freewheeling thinking, and each has a sizeable user base. They have both grown into big companies with a user-first approach. Based on such a history, only these two companies can break down what has been built up if necessary and rebuild it so that a chemical reaction can occur between the two companies. It is my opinion that both companies should identify the nature of the problem on their own and transform themselves with the consent of both parties. Even though rebuilding something that already exists takes time, I believe it to be a phase that requires a non-transient, lasting transformation, even if it comes at the expense of losing opportunity gains in the meantime. It may be tempting to intervene given the Company's corporate culture of emphasizing speed, but the platform businesses of Yahoo Japan and LINE have been built on user trust. Although there may be some differences of opinion with our internal directors, we cannot afford to lose users by placing too much emphasis on speed, so I believe we should not demand anything too hasty.

Q: What has the Board been discussing in regard to the recently announced medium-term management plan?

I am all for the direction of focusing on DX and AI toward the long-term vision of becoming "a company that provides next-generation social infrastructure essential for development of a digital society." I personally even wonder if it could be brought forward a little more. On the other hand, there was a lot of discussion about future financial strategies, given that

there is such a large growth opportunity and that a good amount of funds will be needed. We fund our dividends with free cash flow generated from our core telecommunications business, and since going public we have been focused on achieving both growth and a high level of shareholder returns. From the perspective of seizing greater growth opportunities and maximizing corporate value, I think the Company needs to consider an optimal capital structure and how it can best balance growth investments with shareholder returns. We will continue to seek discussion and consideration.

Q: What are the challenges to further strengthening governance?

I truly admire SoftBank's ability to gather cutting-edge information from around the world and formulate business strategies with a forward-looking approach. However, if the parent-sub-sidiary listing situation is to be maintained, I believe the number of external directors needs to be increased. I do not believe that the views of the external directors are necessarily all correct, but with the current composition of the Board of Directors, if there is a difference of opinion between the external and internal directors, the external directors would still lose in the final



verdict. The Company is required to uphold stricter-than-usual corporate governance, which is why I believe it would be best to have most external directors on the Board to present a broad range of views. External directors cannot match the expertise of the people within the Company, nor can we create management strategies. However, I believe that it is important to build consensus among external directors, who have diverse views, by asking them why the Company is doing what they are doing, rather than which of the proposed management strategies is right or wrong, until they are convinced of the reasons for doing so.

Q: Lastly, what message do you have for shareholders?

From what I have seen over the past five years, we are a very forward-looking company to drive to change. Also, it does not always adhere to a top-down approach, but rather allows people to make individual decisions. I think it is quite rare in Japan to find a company with such a vigorous spirit of taking on new challenges. I strongly feel that the entire organization values speed and is determined to take some risks and continue to evolve. And I believe that this is the very source of the Company's strength, and that people and funds are attracted to a place that is always looking forward to new and exciting things. We are now taking a more aggressive approach in the face of enormous growth opportunities in generative AI and the like. I hope that you will continue to have high expectations for our business, and we would like to ask for your unwavering support.

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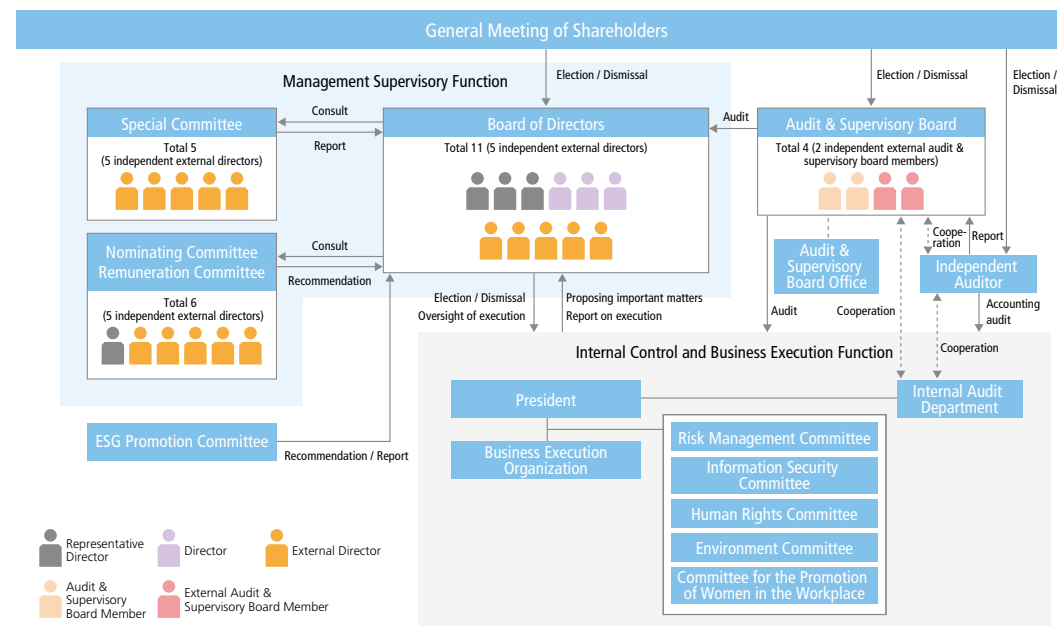
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Overview of Corporate Governance System

Corporate governance system (As of June 20, 2023)



Special Committee Number of meetings in FY2022 **3**

Comprised of five independent external directors, the Special Committee deliberates and reviews important transactions between the Company and its controlling shareholder or its subsidiary, etc. where there may be a conflict of interest between the controlling shareholder and minority shareholders, etc. and submits its opinions to the Board of Directors. [P54](#)

Nominating Committee and Remuneration Committee Number of meetings in FY2022
Nominating Committee **2**
Remuneration Committee **6**

Each committee is composed of the President & CEO and five independent external directors and chaired by an independent external director to ensure its independence. Both committees

deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors. [P55](#)

ESG Promotion Committee Number of meetings in FY2022 **4**

Chaired by the President & CEO, this committee is made up of members that the chair appoints from among the Board Directors and executive officers. It deliberates the policy on ESG promotion activities for the entire Group and determines recommendations. It also reviews progress in implementing the policy and decides on what to report. [P11](#)

Board of Directors Number of meetings in FY2022 **12**

The Board of Directors consists of 11 Board Directors, five of whom are independent external directors. It makes management decisions following appropriate investigation and thorough consideration. It also decides on matters required by law or the Articles of Incorporation as well as on important matters related to business execution by the Company in accordance with the Board of Directors Rules. In addition, the Board of Directors supervises each Board Director's business execution. [P53](#)

Audit & Supervisory Board Number of meetings in FY2022 **16**

The Audit & Supervisory Board establishes an audit policy and plan as well as priority audit items for each fiscal year and meets once a month in principle to receive regular reports from each department related to the internal control system to review the status of the execution of duties by Board Directors in light of priority audit items, thereby evaluating the appropriateness of business execution. [P61](#)

Internal Audit Department Number of audits in FY2022 **22**

Established as an independent organization directly under the President & CEO, the Internal Audit Department conducts internal audits of the overall duties of the Company as well as company-wide internal control audits of its subsidiaries (mainly consolidated subsidiaries), by setting the goal of "achieving management goals and increasing value" and by formulating a risk-based annual audit plan based on the philosophy of "audits that contribute to management." [P61](#)

Risk Management Committee Number of meetings in FY2022 **2**

The Risk Management Committee meets semiannually and consists of members including the CEO, representative directors, the CFO, and others. Audit & Supervisory Board Members and related directors also attend its meetings. The committee determines the severity of risks and who should take responsibility (risk owners), issues instructions for what measures are to be taken, and reports on the progress thereof to the Board of Directors. [P62](#)

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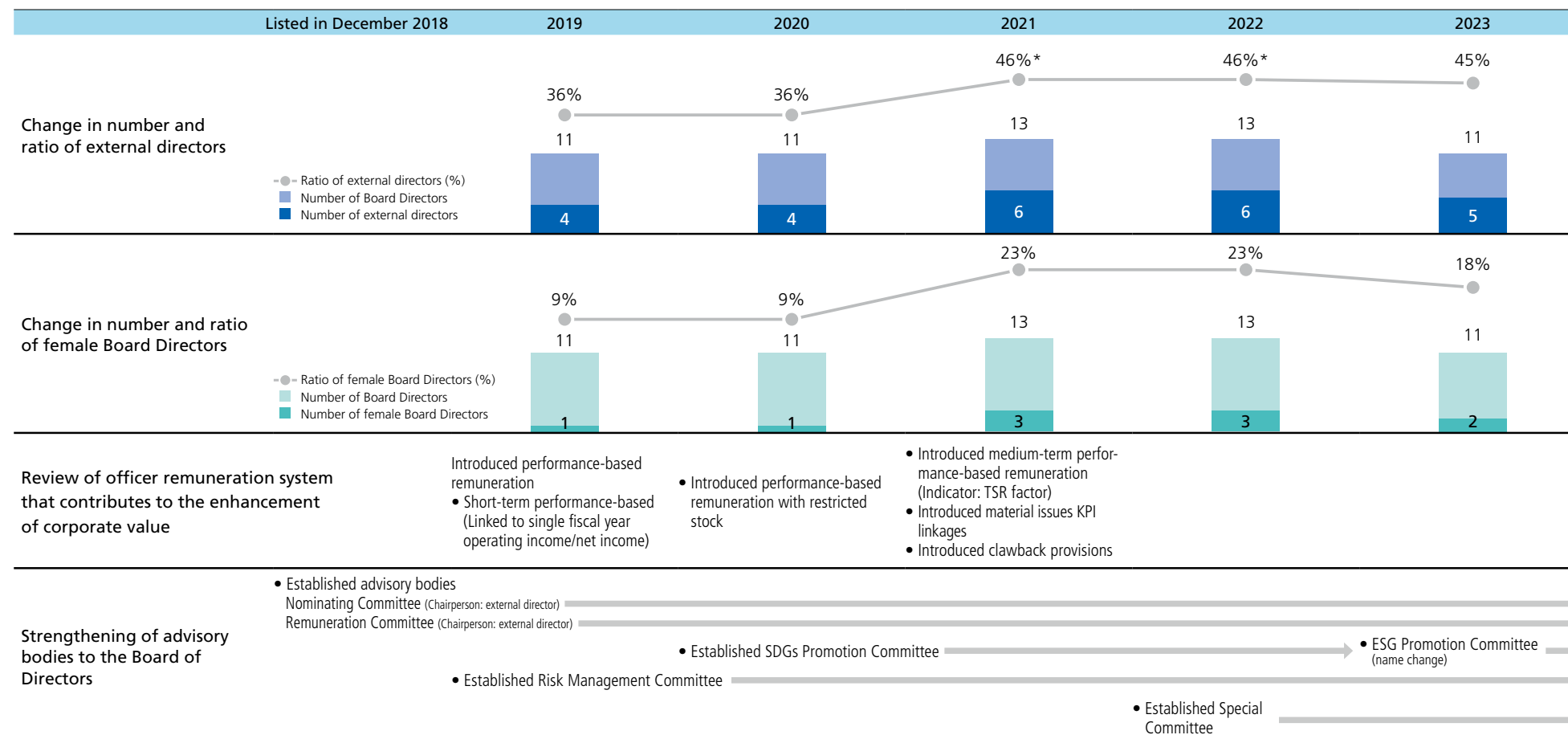
Corporate Governance

Evolution of Corporate Governance System

Since being listed in December 2018, the Company has been constantly working to strengthen its corporate governance. In 2023, in order to facilitate more strategic and flexible decision-making, the number of Board Directors was reduced by two to 11, including five external directors (two of whom are women). In addition, in order to promote the integration of our growth strategy and sustainability, the SDGs Promotion Committee established in 2020 was renamed the ESG Promotion Committee, and is chaired by the President & CEO. As an advisory body to the Board of Directors, the committee makes recommendations on sustainability activities to the Board of Directors, and also reports on its activities four times a year as well as on an ad hoc basis when necessary.

Meanwhile, in 2020, we introduced a system to grant restricted stock as a form of

performance-based remuneration for some Board Directors and executive officers as an incentive to work toward the sustainable enhancement of the Company's corporate value and to promote further sharing of value with investors and shareholders. For the system, in 2021, we adopted total shareholder return (TSR) as an indicator to determine medium-term performance-based remuneration and additionally incorporated materiality targets (targets adopted from the six material issues identified for the Company's sustainable growth) into our index for determining short-term performance-based remuneration. In addition, in 2022, we established the Special Committee to deliberate and review important transactions and acts where there may be a conflict of interest between the controlling shareholder and minority shareholders.



(Note) Five members are independent external directors, ratio of independent external directors is 38%.
 (Note) The changes in the number and ratio of external directors and female directors are as of the end of June of each year.



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Corporate Governance

Board of Directors

The Company's Board of Directors is a decision-making body for important matters and an oversight body for the status of business execution. It also plays a role in steering management to improve long-term corporate value. The Company's Articles of Incorporation stipulates that the number of Board Directors must be 15 or less. Their terms of office last until the conclusion of the Ordinary General Meeting of Shareholders held with respect to the final fiscal year ending within one year after election. The Board of Directors elects, as candidates for Board Director, those who are considered the most suitable for the position in consideration of their nationality, ethnicity, gender, and age, based on discussions by the Nominating Committee.

As of June 2023, there are 11 Board Directors serving, including five independent external directors, who hold constructive and lively discussions from diverse perspectives, including outside perspectives. Furthermore, the Company has introduced an executive officer system for ensuring clarification of the management supervisory function and strengthening the business execution function of the Board of Directors, as well as expediting management.

Main topics discussed at the Board of Directors meetings in FY2022

- Corporate management
- Financial matters
- Matters related to a series of transactions to make PayPay a consolidated subsidiary
- Matters related to results and forecasts of business performance and business KPIs
- Matters related to risk management

Evaluation of effectiveness of Board of Directors

In order to ensure its further effectiveness and to improve its functions, an analysis and evaluation of the effectiveness of the Board of Directors is carried out each year by the Board. With the support of an independent organization, these evaluations

of the effectiveness of the Board of Directors have been continuously conducted once each year since FY2018. The following is a summary of the method and results of the evaluation of the effectiveness of the Board of Directors for FY2022.

Evaluation process

Subjects of evaluation

Five internal directors, five external directors, and four audit & supervisory board members

Method of evaluation

Means: Questionnaire-based survey (in a signed form) and interview
Evaluation period: January 2023 to June 2023

Question items

- | | |
|---|---|
| 1. Strategies and implementation thereof | 5. Group governance |
| 2. Risk and crisis management | 6. Management evaluation, remuneration, and succession planning |
| 3. Corporate ethics | 7. Dialogue with stakeholders |
| 4. Business restructuring (mergers, acquisitions, divestitures or business alliances) | 8. Structure and operation of the Board of Directors |

Status of the response to issues in FY2021

- Worked to increase opportunities for discussion of medium- to long-term strategy.
- Ensured that important risk information considering the business characteristics of each Group company was promptly reported, and strengthened monitoring by the Board of Directors concerning the Group's risk management.
- The system for protecting the interests of minority shareholders was strengthened by having the Special Committee deliberate and review important transactions that could pose a conflict of interest between the controlling shareholder and minority shareholders.

Overview of the results of the FY2022 evaluation of the effectiveness of the Board of Directors

It was confirmed that the Company's Board of Directors has been making improvements every year toward the vision of corporate governance envisaged by the Company, and that a high level of effectiveness has been ensured overall. In addition, in the course of the FY2022 evaluation of the effectiveness of the Board of Directors, there was confirmation of the status of the response to the issues raised in the FY2021 effectiveness evaluation. Furthermore, it was confirmed that the following items should be prioritized in order to further ensure the effectiveness of the Board of Directors and improve its functions.

Priority issues

- Further deepening of discussions of medium- to long-term strategy:
 - (1) Business portfolio strategy (Eliminate overlapping businesses under the Group umbrella and clarify priority businesses for growth. Strengthen business portfolio strategy through post evaluation of investments)
 - (2) Financial strategy (Financial strategy to achieve optimal equity structure consistent with the above business portfolio strategy)
 - (3) Strengthen the process of theme setting and discussion at Board of Directors meetings on key issues such as human resources strategy (development and appointment of core human resources based on medium- to long-term strategy)
- Strengthen monitoring related to the Group's governance and Risk Management Structure (systematically organize potential risks associated with future Group reorganization and strengthen the monitoring structure for such risks)
- Devise ways to better utilize the knowledge of external officers (agenda setting)

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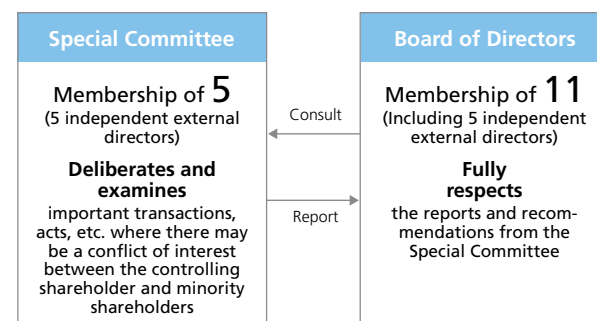
Corporate Governance

System to Ensure Independence from the Parent Company

Role and composition of the Special Committee

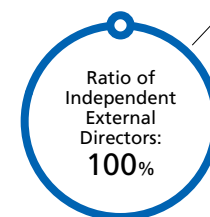
The Company, which lists SoftBank Group Corp. as its parent company, has traditionally made Director appointments that result in independent external directors forming more than a third of the Company's Board composition in an effort to secure independence and transparency. The Company remains committed to enhancing the effectiveness of its management supervision. For example, for important transactions with the controlling shareholder, typically the parent company, Board-level deliberations take the opinions of independent external directors into consideration from the perspective of protecting minority shareholder interests.

As part of these efforts, the Company has established a special committee. The Special Committee deliberates and reviews important transactions between the Company and its controlling shareholder or its subsidiary, etc. where there may be a conflict of interest between the controlling shareholder and minority shareholders, etc., and submits its opinions to the Board of Directors. As an advisory body to the Board of Directors, the Special Committee is composed of five independent external directors. The Committee Chair appoints two observers from among the independent external Audit & Supervisory Board Members to enhance the Committee's impartiality and transparency, and to ensure that diverse views are reflected in the deliberations and reviews. In FY2022, the Committee met three times to deliberate, review, and report on matters such as the conversion of PayPay into a consolidated subsidiary and the additional investment in our affiliates.



Composition of the Special Committee

Number of meetings in FY2022: **3** (of which 1 was held in writing)



5 Independent External Directors

Atsushi Horiba (Chair)
 Takehiro Kamigama
 Kazuaki Oki
 Kyoko Uemura
 Reiko Hishiyama

Observers

Naomi Koshi (External Director*)
 Yasuharu Yamada (Independent External Audit & Supervisory Board Member)
 Yoko Kudo (Independent External Audit & Supervisory Board Member)

*Designated as an independent officer effective June 20, 2023, and at the same time appointed as a member of the Special Committee for FY2023.

Guidelines on transactions with the controlling shareholder

The Group conducts transactions with each company in the parent company group. In light of its independent perspective, the Company has established Related Party Regulations and a Related Party Transactions Management Manual for transactions with related parties, including SoftBank Group Corp. The Board of Directors approves each important transaction on a case-by-case basis to ensure that the transaction is rational in terms of the Group's management and that the terms and conditions of the transaction are appropriate compared to those of external transactions. Among such transactions, those of special importance are referred to the Special Committee for consultation and reporting. Even with regard to related party transactions that do not fall under the category of especially important transactions, the Finance and Accounting Division monitors the aggregate amount and details of such transactions once a year in principle.

Listing of a parent company and its subsidiary

The Company listed its shares on the First Section of the Tokyo Stock Exchange in December 2018. Prior to that, the Company was a primary operating company in the telecommunications

business field in Japan, as a subsidiary of SoftBank Group Corp.

There are two main reasons why we became a public company. First, through the listing of our shares, we expect the respective roles and values of SoftBank Group Corp. and the Company to be clearly defined. SoftBank Group Corp. is a strategic holding company that aims to maximize the corporate value of the entire SoftBank Group through global investment activities including the SoftBank Vision Fund. Second, due to the difference in business nature between SoftBank Group Corp. and the Company, the two companies need different management resources and have different management decision points. Through the listing of our shares, we are able to speed up our decision-making process and maximize our corporate value through greater autonomous and transparent management, while receiving direct market evaluation.

On the other hand, as of the end of FY2022, the Company had 239 subsidiaries, including several listed subsidiaries. The Group values the independence of its subsidiaries. It believes that each listed subsidiary should engage in business while being evaluated in the stock market, and that autonomous management that takes into consideration the interests of minority shareholders will contribute to the growth of each company. While ensuring the independence of listed subsidiaries, we aim to create synergies and continue to evolve and grow together, thereby maximizing the corporate value of our Group. The Company has established the Subsidiaries and Affiliates Management Regulations for the purpose of managing the companies in which the Company invests, and requires prior approval of or reporting to the Company regarding important decision-making at subsidiaries. With respect to listed subsidiaries, from the perspective of their independence, the Company limits the items that require such prior approval only to the conclusion of contracts that include clauses that are binding on non-contracting parties such as SoftBank Group Corp. and its subsidiaries and affiliates (including non-compete clauses), so that the Company will not unfairly constrain their decision-making.



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Corporate Governance

Nominating Committee and Remuneration Committee

The Company has voluntarily established the Nominating Committee and the Remuneration Committee. As of June 30, 2023, each committee is composed of the President & CEO and five independent external directors and chaired by an independent external director to ensure its independence. Both committees deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors.

*Naomi Koshi became a member of both committees from FY2023.

Main topics discussed at the Nominating Committee and the Remuneration Committee

(From September 2022 to May 2023)

[Nominating Committee]

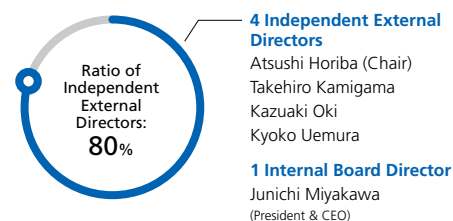
Structure of the Board of Directors, election of Board Directors, nomination of Representative Directors, skill matrix of Board Directors

[Remuneration Committee]

Remuneration by position, performance-linked indicators, disclosure documents, individual remuneration amounts

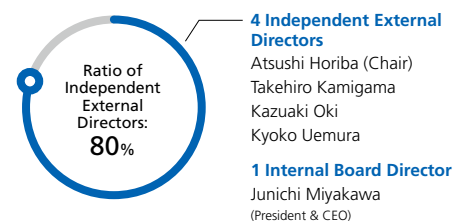
Composition of Nominating Committee

Number of meetings held in FY2022: 2



Composition of Remuneration Committee

Number of meetings held in FY2022: 6
(of which 1 were held in writing)



Determination process of remuneration and others

Meeting body	Remuneration Committee				Board of Directors	
	January 30, 2023	February 24, 2023	March 27, 2023	April 21, 2023	March 27, 2023	April 21, 2023
Agenda	Confirmation of performance-based remuneration indicators	Confirmation of performance-based remuneration indicators Confirmation of the proposed remuneration amount for the Chairman	Confirmation of performance-based remuneration indicators Confirmation of remuneration amount for each officer	Confirmation of the proposed remuneration for the CTO Approval and determination of remuneration amount for each officer Confirmation of disclosure documents Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director	Determination of the remuneration for the Chairman	Determination of the remuneration for the CTO Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director

Remuneration for Board Directors

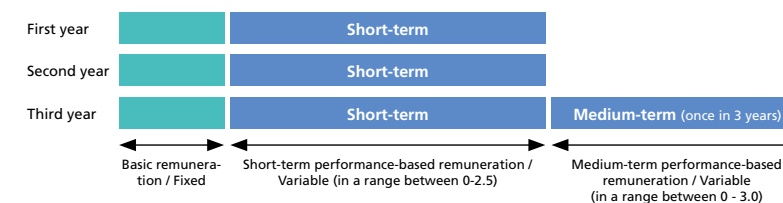
Outline of the policy and the method for determining the remuneration of Officers

The Company's policy for the remuneration of Board Directors and Audit & Supervisory Board Members is to set the remuneration at a competitive level compared to that of corporate executives in Japan and abroad whose businesses are of a generally similar or larger scale, based on a survey of remuneration of corporate executives in Japan conducted by a third-party organization. The idea is to motivate these officers to contribute to improving business performance not only in the short-term but also in the medium- to long-term without excessive risk-taking. Such performance improvement can be achieved by constant earnings growth, stable cash flows, and sustainable corporate growth as well as medium- to long-term corporate value growth while maintaining friendly relations with stakeholders.

The process of determining the remuneration of Board Directors includes 3 steps. First, the Human Resources Division formulates the policy for determining remuneration. Second, the method devised in line with this policy is referred to the Remuneration Committee for consultation. With input from the Committee, the Board of Directors approves the method. To determine the amounts of remuneration of individual Board Directors, the General Meeting of Shareholders decides on the cap on the total amount of remuneration. The President & CEO then decides on the amounts while respecting the recommendations of the Remuneration Committee as well as the resolutions of the Board of Directors. The Remuneration Committee, in line with the executive remuneration policy, reviews the total amount of remuneration as well as the amount of individual remuneration, and makes recommendations to the Board of Directors. It is also part of the remuneration policy to pay only fixed remuneration to external directors, who are independent of business execution, as well as to internal and external Audit & Supervisory Board Members, who audit the Board Directors' business execution. Under the Group's payment policy, the remuneration of Board Director Masayoshi Son and Board Director Kentaro Kawabe are to be excluded from the scope of actual payment since the remuneration of Directors who concurrently hold posts in the Group companies is paid from the main company.

Structure of the remuneration of Board Directors

Remuneration for Board Directors (excluding external directors) consists of fixed basic remuneration and short-term and medium-term performance-based remuneration to provide incentives for improving the Company's short-term performance and enhancing medium- to long-term corporate value.



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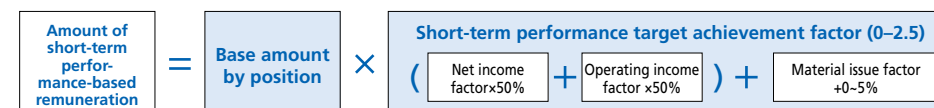
Basic remuneration (Cash payments)

The basic remuneration shall be based on the annual amount as determined by position, and paid in cash on a monthly basis.

Short-term performance-based remuneration (Share-based payments)

Short-term performance-based remuneration is paid annually in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the short-term performance-based remuneration is, in principle, 1:2.3 to 1:3.2, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The short-term performance-based remuneration fluctuates in a range of 0 to 2.5 times the base amount by position.

Net income attributable to owners of the Company and operating income (both on a consolidated basis) as well as material issue targets are used as performance-linked indicators for the achievement of short-term performance targets.



Performance targets (FY2022)

Indicators	Target (Millions of yen)	Result (Millions of yen)
Net income attributable to owners of the Company	530,000	531,366
Operating income	1,000,000	1,060,168

Materiality targets (FY2022)

Material issues	Indicators	Target	Result
Contributing to the global environment with the power of technology	Base station renewable energy ratio*1	70% or more	71.8%*2
	5G rollout plan: population coverage	More than 90.6%	More than 90.6%
Building high-quality social communication networks	Number of major network accidents	Zero	Zero
	Number of major accidents involving information security	Zero	Zero
Building society and industry through digital transformation (DX)	Solutions and other sales: CAGR (compound annual growth rate)	10%	15.00%

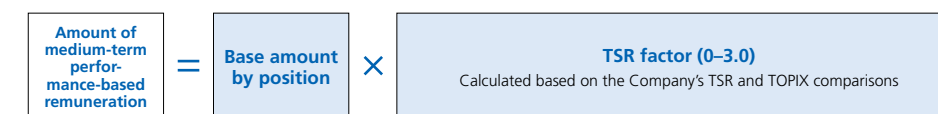
*1 Measure to achieve carbon neutrality by FY2030.

*2 In calculating the amount to be paid, the Company uses the figure determined as of the Company's predetermined record date.

Medium-term performance-based remuneration (Share-based payment)

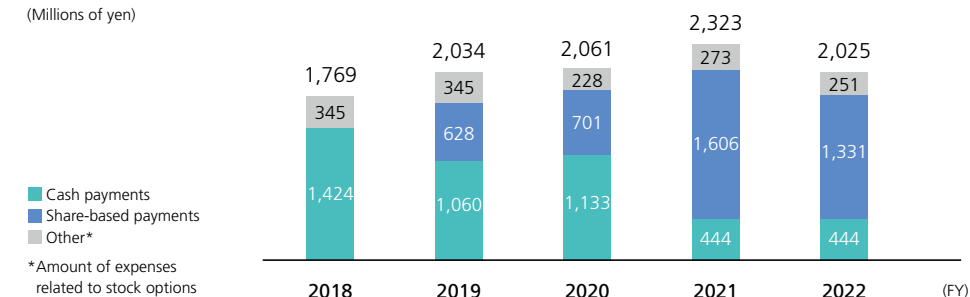
Medium-term performance-based remuneration is paid once every three years in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the medium-term performance-based remuneration is, in principle, 1:1.7 to 1:2.1, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The medium-term performance-based remuneration fluctuates in a range of 0 to 3.0 times the base amount by position.

The total shareholder return (TSR) is used for a performance-linked indicator that determines medium-term performance target achievement, in order to further promote value sharing with stakeholders and to raise awareness among Board Directors of medium- to long-term share price improvements. The factor is calculated based on the Company's actual TSR and TOPIX comparisons for the past three years.



Total amount of remuneration for Board Directors (excluding external directors)

(Millions of yen)



Request for return of Board Directors' remuneration, etc.

With regard to the performance-based portion of the remuneration, etc. of Board Directors, the Company may demand the return of the remuneration, etc., without compensation, in light of the responsibilities of the Board Director concerned, if the Board of Directors of the Company recognizes that the Board Director has violated laws or regulations, the internal rules of the Company, or contracts entered into between the Company and the Board Director in any material respect, if the Board of Directors recognizes that there has been a material revision or correction to the figures of financial statements on which the calculation of the performance-based remuneration was based; or if the Board of Directors deems that it is appropriate for all or part of the performance-based remuneration to be acquired by the Company without compensation.



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
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Corporate Governance

Skill Matrix of Board Directors and Audit & Supervisory Board Members (As of June 20, 2023)

The Company's Board of Directors makes decisions on important matters and supervises the status of business execution by each Board Director with a multifaceted understanding of issues and risks associated with strategy implementation. The Audit & Supervisory Board confirms the appropriateness of the status of the execution of duties by Board Directors. Based on such functions, we appoint Board Directors and Audit & Supervisory Board Members with a high level of specialized knowledge, experience, and insight, bearing in mind the balance of knowledge, experience, and abilities as well as the diversity in the composition of the Board.

Primary Skills  Supplementary Skills 

Name	Position and Title in the Company	Major career / credentials of External Officers	Gender	Management	Finance	Legal / Risk	Digital / Technology	Sales / Marketing	Global
			Male : M Female: F	 •Corporate Management	 •Finance •Accounting •Banking •Investment	 •Legal •Risk •Labor - Management •Compliance	 •Information & Communications technology •High-tech	 •Business Strategy •Marketing •Sales	 •Global Business
Ken Miyauchi	Chairman		M						
Junichi Miyakawa	President & CEO		M						
Jun Shimba	Representative Director & COO		M						
Yasuyuki Imai	Representative Director & COO		M						
Kazuhiko Fujihara	Board Director, Executive Vice President & CFO		M						
Masayoshi Son	Board Director, Founder		M						
Atsushi Horiba*1	Independent External Director	Chairman, HORIBA, Ltd.	M						
Takehiro Kamigama	Independent External Director	Chairman, TDK Corporation	M						
Kazuaki Oki	Independent External Director	Certified Public Accountant	M						
Kyoko Uemura	Independent External Director	Lawyer	F						
Naomi Koshi*2	Independent External Director	Lawyer, Mayor (2 terms)	F						
Eiji Shimagami	Full-time Audit & Supervisory Board Member		M						
Shuji Kojima	Full-time Audit & Supervisory Board Member (External)	President, Mizuho Dream Partner, Ltd.	M						
Kazuko Kimiwada	Audit & Supervisory Board Member		F						
Yoko Kudo	Audit & Supervisory Board Member (External)	Certified Public Accountant in the state of California	F						

*1 Appointed as the lead independent external director on June 20, 2023. *2 Designated as an independent officer on June 20, 2023. (Note) This table does not show all of the skills possessed by each Board Director/Audit & Supervisory Board Member



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Activities of External Directors and External Audit & Supervisory Board Members

The activities of each external director and external Audit & Supervisory Board Member for FY2022 are as follows.

Name	Position in the Company	Attendance at Board of Directors meetings*1	Attendance at Nominating & Remuneration Committee meetings	Number of the Company shares held*2	Major activities and overview of duties relating to expected roles
Atsushi Horiba*3 <small>Independent Officer</small>	External Director Chair of Nominating and Remuneration Committees Chair of Special Committee	92.3% (12/13)	Nominating Committee 100% (2/2) Remuneration Committee 100% (6/6)	3,400 shares	Makes necessary remarks based on his deep knowledge and experience in overall management as the manager of the world's leading analytical equipment manufacturer, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee by serving as Chair of the committees, and makes comments as appropriate.
Takehiro Kamigama <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 83% (5/6)	—	Makes necessary remarks based on his deep knowledge and experience in overall management as the manager of the world's leading comprehensive electronics components manufacturer, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Kazuaki Oki <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 100% (6/6)	1,000 shares	Makes necessary remarks from a professional perspective based on his extensive knowledge and experience as a certified public accountant, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Kyoko Uemura <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 83% (5/6)	2,100 shares	Makes necessary remarks from a professional perspective based on her extensive knowledge and experience as a lawyer, and also expresses her opinions from a minority shareholders' standpoint, to fully perform her role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Reiko Hishiyama*4 <small>Independent Officer</small>	External Director Special Committee Member	84.6% (11/13)	—	500 shares	Makes necessary remarks based on her extensive knowledge and experience as a university professor specializing in cutting-edge technologies such as AI and IoT, and also expresses her opinions from a minority shareholders' standpoint, to fully perform her role of management supervision. Also serves as a member of the Special Committee.
Naomi Koshi*5	External Director	100% (13/13)	—	—	Makes necessary remarks from a professional perspective as a lawyer, as well as her extensive knowledge and experience in areas such as municipal government and promotion of women's career advancement, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision.

Name	Position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Number of the Company shares held	Expected role and main activities
Yasuharu Yamada*4 <small>Independent Officer</small>	Full-time Audit & Supervisory Board Member	100% (13/13)	100% (16/16)	—	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience concerning risk management and compliance.
Yoko Kudo <small>Independent Officer</small>	External Audit & Supervisory Board Member	100% (11/11)	100% (12/12)	—	Makes necessary remarks to ensure the appropriateness of decision-making from an expert perspective based on extensive knowledge and experience concerning finance and accounting.

*1 The number of meetings of the Board of Directors by written resolution is excluded.

*2 As of June 20, 2023

*3 Appointed as the lead independent external director on June 20, 2023.

*4 Information on External Director Reiko Hishiyama and Audit & Supervisory Board Member Yasuharu Yamada is as of their appointment on June 23, 2022. They both resigned on June 20, 2023.

*5 Designated as an independent officer effective June 20, 2023, and at the same time appointed as a member of the Nominating Committee, Remuneration Committee and Special Committee for FY2023.



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Board Directors and Audit & Supervisory Board Members (as of June 20, 2023)

○ Nominating Committee Member △ Remuneration Committee Member
 ● Chair of Nominating Committee ▲ Chair of Remuneration Committee

Ken Miyauchi

Chairman



After a stint with the Japan Management Association that started in February 1977, Mr. Miyauchi joined SOFTBANK Corp. (currently SoftBank Group Corp.) in October 1984. Since his appointment as Director & Vice President of SOFTBANK BB Corp. (currently the Company) in January 2003, he has worked to grow the fixed-line and mobile communications businesses, and was appointed President & CEO of the Company in April 2015.

Based on the *Beyond Carrier* strategy, Mr. Miyauchi not only grew the domestic telecommunications business, but also spearheaded business expansion into new fields centered on the Internet. In April 2023, he was appointed Director & Chairman of the Company, since then he has supervised the entire Group.

Junichi Miyakawa

President & CEO

○△



Mr. Miyakawa became Representative Director & President of KK Momotaro Internet in December 1991 and has served as president and representative director of several telecommunications companies, including Nagoya Metallic Communications Corp. (currently the Company) in June 2000.

Mr. Miyakawa has extensive knowledge of cutting-edge technologies and was appointed as Director & Executive Vice President (CTO) of Vodafone K.K. (currently the Company) in April 2006. He has been primarily responsible for overseeing businesses in the technology domain. After accumulating a wealth of management experience, including through serving as president of several Group companies in recent years, he was appointed as President & CEO of the Company in April 2021.

Jun Shimba

Representative Director & COO



Mr. Shimba joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 1985 and was appointed as Managing Executive Officer of Vodafone K.K. (currently the Company) in April 2006. He has held a number of important roles in the Company, mainly overseeing businesses in the Consumer segment field, and was appointed as Representative Director & COO of the Company in April 2017.

Yasuyuki Imai

Representative Director & COO



After a stint with KAJIMA CORPORATION that started in April 1982, Mr. Imai joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2000. In October 2007, he was appointed as Managing Corporate Officer.

Mr. Imai has held a number of important roles at the Company, primarily overseeing businesses in the Enterprise segment field, and was appointed as Representative Director & COO of the Company in April 2017.

Kazuhiko Fujihara

Board Director, Executive Vice President & CFO



After a stint with Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation) that started in April 1982, Mr. Fujihara joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2001. Since his appointment as Managing Executive Officer (CFO) of Vodafone K.K. (currently the Company) in April 2006, Mr. Fujihara has continuously been overseeing the governance field with a focus on management planning, finance, accounting, and purchasing. In April 2018, he was appointed as Board Director, Executive Vice President & CFO of the Company.

Masayoshi Son

Board Director, Founder



Mr. Son founded SOFTBANK Corp. (currently SoftBank Group Corp.) in September 1981. He became Chairman of the Board, President & CEO of Vodafone K.K. (currently the Company) in April 2006 and has been serving as Board Director, Founder of the Company since April 2021.

As the founder of SoftBank Group Corp., Mr. Son has extensive knowledge and experience in corporate management, business strategy, M&A, etc.

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Board Directors and Audit & Supervisory Board Members (as of June 20, 2023)

○ Nominating Committee Member
● Chair of Nominating Committee
△ Remuneration Committee Member
▲ Chair of Remuneration Committee
□ Special Committee Member
■ Chair of Special Committee

Atsushi Horiba ●▲■

External Director Independent Officer



Having served as Representative Director of HORIBA, Ltd. for 31 years from January 1992, Mr. Horiba has been leading the growth of the HORIBA group and therefore has a wealth of management experience. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Takehiro Kamigama ○△□

External Director Independent Officer



Having served as Representative Director of TDK Corporation for 12 years from June 2006, Mr. Kamigama has a wealth of management experience to demonstrate leadership in enhancing profitability of TDK's business and expanding its business fields. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Kazuaki Oki ○△□

External Director Independent Officer



Mr. Oki has extensive knowledge and experience as a certified public accountant. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Kyoko Uemura ○△□

External Director Independent Officer



Ms. Uemura has extensive knowledge and experience as a lawyer. The Company expects her to supervise the Company's management based on her knowledge and experience and give advice on the overall management and risk management of the Company.

Naomi Koshi ○△□

External Director Independent Officer



In addition to her extensive knowledge and experience as a lawyer in Japan and overseas, Ms. Koshi engages in a broad range of activities including municipal government initiatives and support measures for the promotion of women's career advancement. The Company expects her to supervise the Company's management based on her knowledge and experience and give advice on the overall management and risk management of the Company.

Eiji Shimagami

Full-time Audit & Supervisory Board Member



Mr. Shimagami served as the Company's Vice President, CCO, and Human Resources & General Affairs Unit, General Affairs Division Head until March 2017, and has extensive knowledge and experience related to governance, compliance, and risk. In addition, he served in positions including president of a group company and has extensive knowledge and experience in corporate management. The Company expects him to conduct audits based on his professional and multifaceted knowledge and experience.

Shuji Kojima

Full-time Audit & Supervisory Board Member (External) Newly appointed Officer Independent Officer



Mr. Kojima has extensive knowledge and experience relating to human resources, compliance, and risk management at financial institutions, as well as considerable expertise in finance and accounting. The Company expects him to conduct audits based on his professional knowledge and experience, as well as from a more independent standpoint.

Kazuko Kimiwada

Audit & Supervisory Board Member



Ms. Kimiwada has extensive knowledge and experience as a certified public accountant, and serves as Executive Corporate Officer, Head of Accounting Unit at SoftBank Group Corp. The Company expects her to conduct audits based on her professional knowledge and experience.

Yoko Kudo

External Audit & Supervisory Board Member Independent Officer



Ms. Yoko Kudo has extensive knowledge and experience in finance and accounting as a certified public accountant in the State of California. The Company expects her to conduct audits based on her professional knowledge and experience, as well as from a more independent standpoint.

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Status of Audit

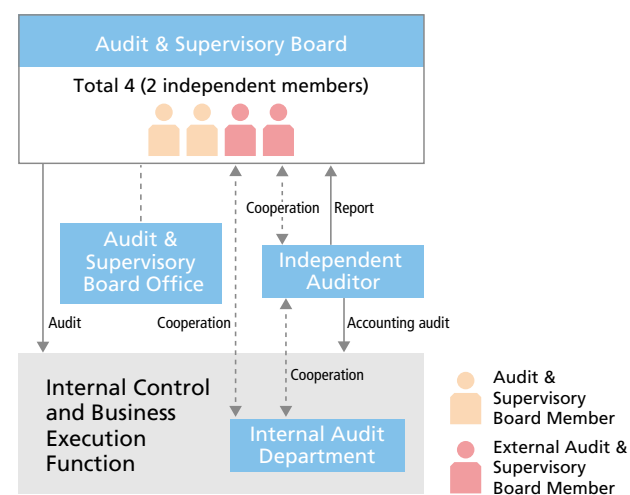
Management of the Audit & Supervisory Board

The Company has established an Audit & Supervisory Board to conduct efficient and effective audits regarding the status of execution of duties by Board Directors. It consists of four expert Audit & Supervisory Board Members rich in knowledge and expertise, including two external Audit & Supervisory Board Members.

The Audit & Supervisory Board meets once a month in principle. It examines risks and issues in the five areas of Board Directors, business execution, subsidiaries, internal audits, and accounting audits. It also sets annual activity plans, and makes proposals and recommendations to Board Directors and executive departments on matters recognized through audit activities.

The Audit & Supervisory Board Office has been established to support the duties of all Audit & Supervisory Board Members. The Office comprises four dedicated personnel who act under the direction of the Audit & Supervisory Board Members to gather information, investigate matters, and provide other

Structure and cooperation framework of auditing



assistance. In addition, the external directors, Audit & Supervisory Board, and its Members work together through active discussions and exchanges of opinions as necessary. In FY2022, the Audit & Supervisory Board met 16 times, with each meeting taking an average of about two hours.

Overview of the internal audit activities

Established as an independent organization directly under the President & CEO, the Internal Audit Department conducts internal audits of the overall duties of the Company as well as company-wide internal control audits of its subsidiaries, by setting the goal of “achieving management goals and increasing value” and by formulating a risk-based annual audit plan based on the philosophy of “audits that contribute to management.”

The annual audit plan is submitted to the Board of Directors for resolution each year. The process of formulating the plan not only incorporates the perspective of company-wide risks recognized by the three Representative Directors and 47 members of management, but also takes into consideration the opinions of the Audit & Supervisory Board Members and Independent Auditor (IA). In addition, at the end of each half year, management interviews are conducted again to review the annual audit plan, which enhances internal audits in line with changes in the management and business environment and risks surrounding the Company. In FY2022, a total of 22 internal audits were conducted from perspectives including sales strategy and legal compliance.

Structure, independence, and audit quality of the internal audit system

The Internal Audit Department is specialized for conducting internal audits. It has a total of 26 personnel (as of the end of FY2022), all of whom are dedicated to internal audit work. In conducting internal audits, the Department complies with the

International Professional Practices Framework (IPPF) promulgated by The Institute of Internal Auditors. In addition, ensuring the independence of internal audits is included as an item in the internal quality evaluation conducted annually to determine compliance with the IPPF standards within the organization. The results of the evaluation are reported to the Board of Directors. Moreover, in accordance with IPPF standards, the Company undergoes an external quality evaluation once every five years. The results have all been “generally conforms” (GC).

Cooperation among Audit & Supervisory Board Members, the Independent Auditor (IA), and the Internal Audit Department

Audit & Supervisory Board Members receive explanations of auditing policies and plans from the IA, and exchange information and opinions with the IA regarding those matters. They receive reports on the main items to be audited as well as the audit method and results regarding the audits during and at the end of the fiscal year (including the quarterly review). Full-time Audit & Supervisory Board Members cooperate with the IA by exchanging information and opinions with the IA on a monthly basis, as well as attending the accounting audits conducted by the IA. Audit & Supervisory Board Members regularly provide opportunities to exchange information with the Company’s Internal Audit Department and Internal Control Division, cooperating organically with them, including requesting them to conduct investigations as necessary.

The IA receives explanations of audit plans from the Internal Audit Department, and the Internal Audit Department receives regular explanations of audit results and other information from the IA.

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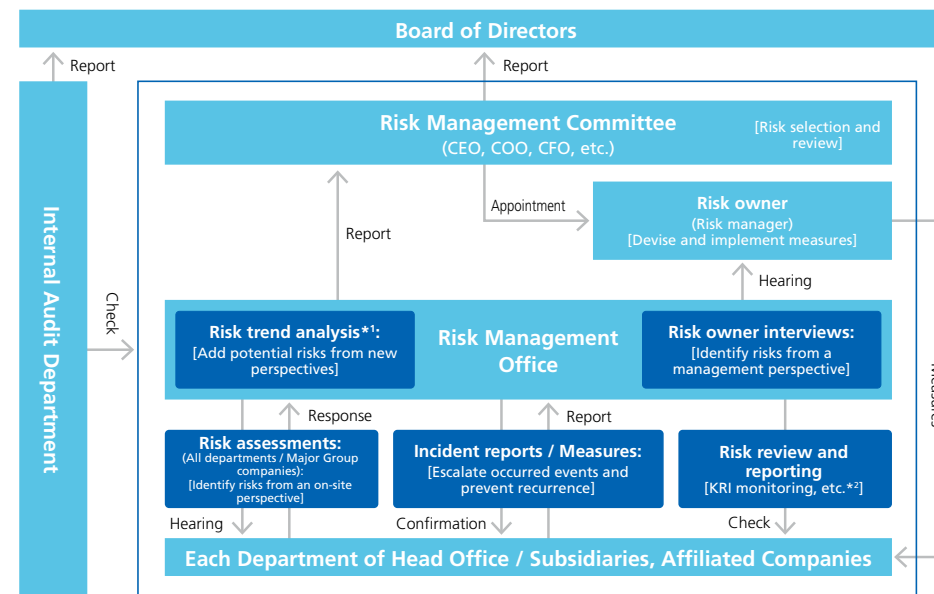
Risk Management

At SoftBank, we work to mitigate and prevent risks by building an organizational structure to identify risks throughout the Company and implement preventive measures and executing periodical risk management cycles.

Risk management structure

In order to identify Company-wide risks from various angles and prevent them from materializing, SoftBank has a management system in place. Each department in the head office constantly examines possible risks when formulating various measures. In addition, the Risk Management Office, which is an organization independent from business departments, conducts Company-wide and comprehensive identification of risks and confirmation of the status of measures taken twice a year, and reports to the Risk Management Committee.

The Risk Management Committee, which includes the CEO, COO, CFO, etc. as members and in which the Audit & Supervisory Board members and heads of the relevant departments also participate, determines the level of importance and who is responsible (risk owner) for each risk, gives instructions to take measures, etc., and reports to the Board of Directors. The committee also supervises risks that may have a significant impact on the Group with a Director experienced in information security (President & CEO Junichi Miyakawa) playing a central role. Furthermore, the Internal Audit Department conducts an independent audit of the entire risk management structure and situation. In addition, we regularly check the business-related risks identified by our subsidiaries and affiliates and the status of their countermeasures.



*1 Risk trend analysis: A technique used by risk managers to predict future events such as accidents and business losses

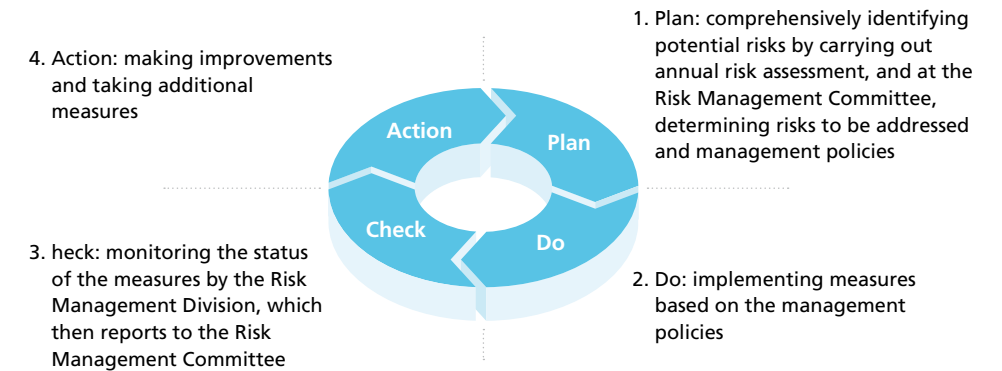
*2 KRI: Key risk indicators

(Note) The CHRO (Chief Human Resources Officer) and the head of the Internal Audit Department independently report on risk management and audits to the Board of Directors based on their respective responsibilities.

(Note) We are working to further improve our risk management structure through outside evaluation of internal control by a third-party organization that complies with the internal control reporting system as stipulated by the Financial Instruments and Exchange Act and SSAE18.

Risk management methods

By implementing the PDCA cycle for risk management on a regular basis, we are working to mitigate and prevent risks that are growing more complex and diverse.



Yearly schedule

	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY Disclosure			★ Securities Report									
Board of Directors*3						Reporting on status of measures	C		Input on measure status reporting, risk-related information, etc.		C	
Risk Management Committee							around October C Risk Management Committee (interim report)				around February P Risk Management Committee (Risk selection and review)	
Risk Owner											A Devise/Implement additional measures to address priority risk	
											P Risk owner interview	
Risk Management Division							C Checks on the status of measures (first half)				C Checks on the status of measures (second half)	
												C KRI monitoring (monthly)
Department of Head Office / Subsidiaries, Affiliated Companies												P Risk assessment

*3 "Board of Directors" above includes advance briefings for External Directors and Audit & Supervisory Board Members.



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Addressing Substantial Risks

We are working to mitigate and prevent risks by selecting those that have a significant impact on our business activities based on the likelihood of occurrence (probability) and the magnitude of potential effect (impact), determining which risks should be prioritized, and implementing countermeasures.

Risk related to management strategy

Risk item	Typical risk example	Risk reduction measure
a. Changes to economic conditions, regulatory or market environments, and competition with other companies		
<ul style="list-style-type: none"> ▪ Domestic political conditions ▪ Competitors' situations ▪ Customer expectations 	<ul style="list-style-type: none"> ▪ Amendments to laws ▪ Economic fluctuations ▪ Demographic changes ▪ Product/service defects 	<ul style="list-style-type: none"> ▪ Risk of increased competition in the telecommunications industry due to new entrants from other industries and the rapid spread of services from startups competing with the Group's services ▪ Risk of providing products or services with major defects that cause damage to customers
b. Adapting to technology and business models		
<ul style="list-style-type: none"> ▪ Technological innovation 	<ul style="list-style-type: none"> ▪ Risk of the Group being unable to respond appropriately or in a timely manner to changes in the market such as the emergence of new technologies or business models 	<ul style="list-style-type: none"> ▪ Adopt services, products, and sales methods that suit consumer orientation ▪ Thorough quality control during manufacturing and development stages ▪ Research the newest technology and market trends, conduct verification testing to introduce technically superior services, consider alliances with other companies, etc.
c. Leakage or Inappropriate use of information (including privacy information) and inappropriate use of products and services provided by the Group		
<ul style="list-style-type: none"> ▪ Leakage or loss of information due to cyber attacks ▪ Inappropriate use of information assets ▪ Inappropriate use of products/services 	<ul style="list-style-type: none"> ▪ Risk of information leakage, loss, etc. due to intentional or negligent actions of the Group or unauthorized access such as cyber attacks by a third party ▪ Risk of losing society's confidence and trust in the Group due to an error arising from inadequate management and utilization of our information assets resulting in social criticism ▪ Risk of lowered confidence and trust due to misuse (crimes, etc. such as fraud) of apps or payment services provided by the Group 	<ul style="list-style-type: none"> ▪ Limit work areas related to confidential information and establish access control rules; monitor and prevent unauthorized access due to cyber attacks from outside the company; separate and isolate access and networks according to information security levels ▪ Establish guidelines and conduct training ▪ Periodic monitoring of unauthorized use
d. Destabilization of the international situation		
<ul style="list-style-type: none"> ▪ Procurement of equipment, facilities, etc. 	<ul style="list-style-type: none"> ▪ Risk of delays in transportation of telecommunications business equipment and facilities due to regulations and restrictions imposed on aircraft, ships, and so forth by countries in conflict or other countries involved 	<ul style="list-style-type: none"> ▪ Monitoring, information gathering, decentralization and diversification of suppliers
e. Stable provision of network services		
<ul style="list-style-type: none"> (a) Telecommunication network failures 	<ul style="list-style-type: none"> ▪ Risk of being unable to maintain telecommunications service quality due to increased network traffic or an inability to secure necessary frequency bands 	<ul style="list-style-type: none"> ▪ Bolster the telecommunication network based on predictions of future traffic
<ul style="list-style-type: none"> (b) Unpredictable circumstances such as natural disasters 	<ul style="list-style-type: none"> ▪ Risk of a natural disaster, pandemic, etc. preventing normal operation of telecommunication networks or information system 	<ul style="list-style-type: none"> ▪ Introduce network redundancy, establish an emergency recovery system, and implement countermeasures for power outages at network centers and base stations

(Note) Please visit our website for more information about [risks related to laws, regulations, and compliance](#), [risks related to finance and accounting](#), [other risks](#), and [emerging risks](#)



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Risk related to management strategy

Risk item	Typical risk example	Risk reduction measure
f. Corporate acquisition, business alliances, establishment of joint ventures, organizational restructuring within the Group		
<ul style="list-style-type: none"> Investment and loans 	<ul style="list-style-type: none"> Risk of investee companies being unable to perform as expected 	<ul style="list-style-type: none"> Conduct sufficient due diligence when considering each investment to make investment decisions in accordance with the prescribed approval process
g. Dependence on other companies' management resources		
<ul style="list-style-type: none"> (a) Outsourcing Inappropriate management of information by outsourced companies 	<ul style="list-style-type: none"> Risk of outsourced companies being unable to perform work as expected Risk of infringing on customers' human rights as a result of an outsourced company fraudulently acquiring Group and customer information or using it for other purposes 	<ul style="list-style-type: none"> Conduct periodic audits of outsourced companies' work Evaluate and select the supplier in accordance with our purchasing rules
<ul style="list-style-type: none"> (b) Use of other companies' facilities Other companies' management resources 	<ul style="list-style-type: none"> Risk of becoming unable to continue using communication line facilities owned by other operators 	<ul style="list-style-type: none"> Use multiple operators' communication line facilities
<ul style="list-style-type: none"> (c) Procurement of various equipment Supply disruptions Delivery delays 	<ul style="list-style-type: none"> Risk of supply disruptions, delivery delays, etc. in the procurement of telecommunication equipment, etc. 	<ul style="list-style-type: none"> Build networks by procuring equipment from multiple suppliers
h. Use of the <i>SoftBank</i> brand		
<ul style="list-style-type: none"> Brand use 	<ul style="list-style-type: none"> Risk that our actions negatively impact the trust or interests of SoftBank Group Corp. and we become unable to use the <i>SoftBank</i> brand 	<ul style="list-style-type: none"> Bolster the system for checking prior to using the brand, release materials related to brand use, and conduct training
i. Service interruption or degradation due to related system failure		
<ul style="list-style-type: none"> System failures 	<ul style="list-style-type: none"> Risk of becoming unable to continuously provide service for customer-facing systems, the <i>PayPay</i> smartphone payment system, etc. due to human error, equipment/system problems, cyber attack by a third party, hacking, or other unauthorized access 	<ul style="list-style-type: none"> Add redundancy to the network and clarify recovery procedures in case of failure or other accidents
j. Training and securing human resources		
<ul style="list-style-type: none"> Human resources (hiring, training) Labor management (overwork, etc.) Human rights Diversity 	<ul style="list-style-type: none"> Risk of being unable to secure engineers or other human resources necessary for business operation as planned Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for consideration for basic human rights Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for respecting diversity and demonstrating their full potential 	<ul style="list-style-type: none"> Adopt a remuneration system that considers the expertise of human resources with high market value Establish a human rights policy and human rights due diligence process; conduct risk assessments Ensure company-wide awareness of efforts related to diversity; conduct training
k. Climate change		
<ul style="list-style-type: none"> Increasing damage from natural disasters 	<ul style="list-style-type: none"> Risk of higher restoration and maintenance costs due to an increase in disaster-affected facilities and worsening of damage 	<ul style="list-style-type: none"> Promote redundancy of core networks and secure communications in the event of a disaster, etc.

(Note) Please visit our website for more information about [risks related to laws, regulations, and compliance](#), [risks related to finance and accounting](#), [other risks](#), and [emerging risks](#)



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Human Rights

We have established the “[SoftBank Human Rights Policy](#)” and follow international human rights principles such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We also value the diversity of the people we work with and prohibit discrimination and human rights violations in all of our services, products, and business activities. Furthermore, we require our suppliers and business partners to respect and refrain from violating human rights in accordance with these principles.

Promotion system

Under the concept of the “SoftBank Human Rights Policy” approved by the Board of Directors, SoftBank’s human rights promotion activities are centered on the Human Rights Committee, which is chaired by the President & CEO, and whose members include directors and general managers in charge of businesses and departments. The “Human Rights Committee” promotes our human rights activities through daily operations such as managing human rights due diligence, investigating and addressing potential human rights violations, and enhancing internal awareness of human rights through the planning and implementation of human rights-related training programs. Matters deliberated by the “Human Rights Committee” are discussed and reported at the Board of Directors meetings.

Human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights, we have established a human rights due diligence process to identify and evaluate human rights issues that may arise as a result of our business activities in order to ensure that we respect the human rights of all stakeholders affected by our business activities.

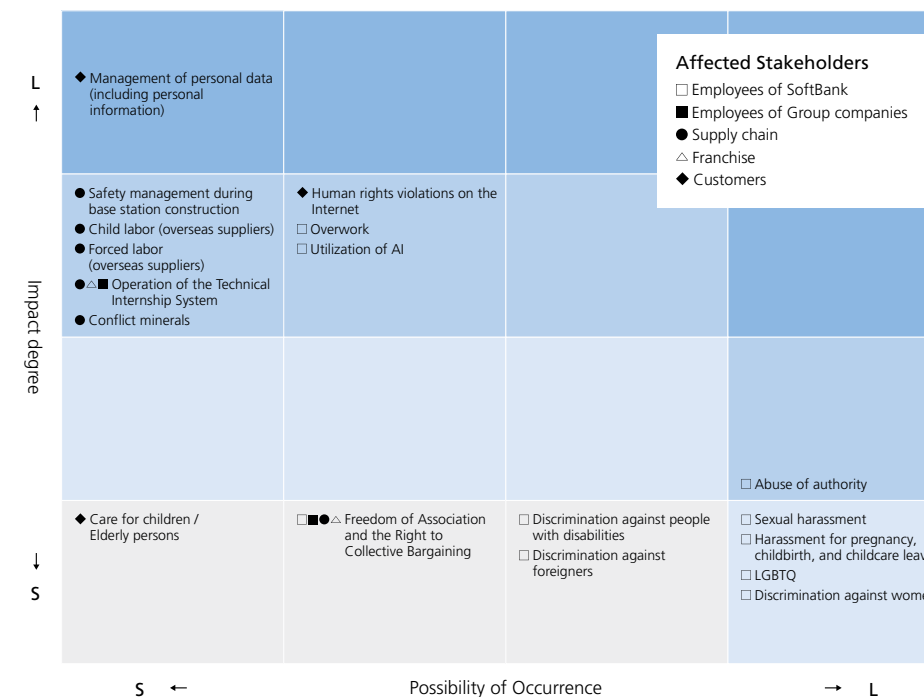
Human rights due diligence process



Mapping human rights risks

We have mapped human rights issues that are at risk of negative impacts due to our business activities, and consider the following items to be human rights risks that we should address as high priority. For these risks, we identify and assess the real or potential human rights impacts based on our human rights due diligence process. For potential risks, we take appropriate measures to reduce them, and for human rights risks that are actually occurring, we work to resolve the problems by removing negative impacts and, if necessary, implement appropriate remedies for victims. In addition, we review mapping items on an ongoing basis.

Human rights risks mapping



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Key themes in assessment and targeted segments

As part of our human rights due diligence, we have been conducting assessments to identify human rights risks in key segments. The key themes, targeted segments, and results for the FY2022 assessment are as follows.

Key themes in assessment	<ol style="list-style-type: none"> 1. Basic attitude toward human rights and major initiatives 2. Commitments: Human Rights Policy 3. Prohibit forced labor, trafficking in persons and child labor (avoidance of complicity in human rights abuses) 4. Prohibition of Harassment 5. Prohibition of discrimination 6. Reduction of long working hours 7. Employees' Freedom of Association and Right to Organize <p>(Note) See self-assessment items on human rights for more details.</p>
Targeted segments	<ol style="list-style-type: none"> 1. Value chain <ol style="list-style-type: none"> (1) Major suppliers (2) Sales agents operating <i>SoftBank</i> stores and <i>Y!mobile</i> stores 2. Our Group companies: Own business (<i>SoftBank</i> Corp. and subsidiaries), joint ventures (affiliates, etc.) 3. Investment targets at the time of considering investment 4. Employee of the Company <p>(Note) See the list of assessment results for details.</p>

Assessment results by targeted segment

Human rights assessment for the value chain

As part of our value chain initiatives, FY2020 and onwards, we have been conducting ongoing self-assessments of our major suppliers and sales agents who operate *SoftBank* stores and *Y!mobile* stores, which are our main sales channels and points of contact with customers etc., regarding their human rights initiatives and whether they are complicit in human rights abuses. In cases where human rights risks are identified in this assessment, efforts are being made to resolve and correct the problem. The assessment will be conducted regularly, and we will continue to monitor and propose improvements in order to further reduce risks.

(Note) See [major supplier human rights assessment results](#) for details.

Human rights assessment for Group companies

Self-assessments on human rights were conducted for our Company and 159 domestic and overseas subsidiaries, and 22 affiliated companies. As a result, no apparent human rights impacts were found. On the other hand, for the 22 companies (including 5 affiliates) where potential human

rights risks were identified, we did not only requested improvements, but also provided support for improvement initiatives by providing manuals describing risk mitigation procedures, necessary survey forms, and educational content for employees at each company. We will continue to implement the self-assessments on a regular basis and strive to further reduce risks through continuous monitoring and improvement proposals.

Human rights assessment for investment targets at the time of considering investment

In addition to human rights assessments for existing business activities, we also conduct human rights assessments for new business activities from the perspective of respect for human rights. The assessment items cover important issues related to human rights, such as prohibition of forced labor, prohibition of discrimination, prohibition of harassment, respect for the right to organize, and prohibition of child labor, and passing the assessment has become one of our investment criteria.

(Note) See [items of human rights assessment when considering investments in joint ventures](#) for details.

Human rights assessment for our employees

As part of our human rights due diligence, we conduct personnel interview measures and surveys with employees and take direct or indirect remedial measures when problems are found.

Conduct HR interviews / roundtable discussions with employee	<p>The Human Resources Department conducted HR interviews with employees from FY2015 to FY2021 to understand the condition of employees (cumulative total of 26,100 employees). If any risks related to human rights were identified, we promptly took remedial action in cooperation with the relevant divisions. Additionally, in FY2022, roundtable discussions were held between the Head of the Human Resources Division and employees at nine major business sites nationwide (117 participants in total). The person in charge of the Human Resources Department also interacts directly with employees to facilitate quick implementation of improvement initiatives.</p> <p>We will continue to place importance on dialogue with employees to understand and improve the actual situation onsite.</p>
Conducted human rights survey for employees	<p>Every year, we conduct training and provide educational content to employees on human rights, with a focus on discrimination and harassment. In addition, all employees are informed of a consultation service in the event of human rights violations, and efforts are made to prevent human rights violations before they occur. In cases where human rights violations do occur, we handle them strictly in accordance with the regulations.</p> <p>Furthermore, we conduct an annual survey of all employees to identify any actual or potential human rights violations. In FY2022, a survey was conducted to 25,500 employees, and no responses were received requesting remedy for human rights violations in the workplace.</p> <p>However, based on the results of the survey, we have identified nine issues (four of which are key issues) that could become human rights risks, and we are working with the divisions in charge to examine and implement measures to reduce these risks.</p> <p>The results of this survey and risk mitigation measures are made available to employees. We will continue to respect the human rights of our employees through continuous surveys and monitoring.</p>

(Note) See [question items in survey of employees on human rights](#) for details.



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Information Security and AI Governance

Information security

Policy

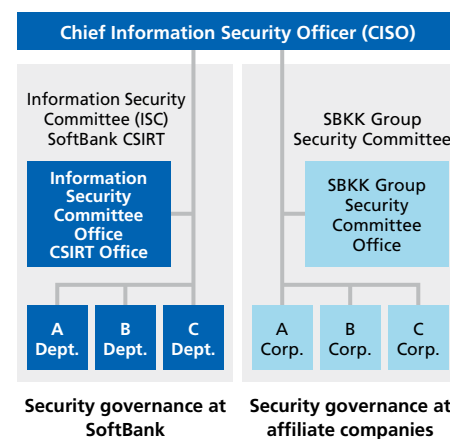
We have formulated and continue to adhere to our Information Security Policy so that we can keep the trust of our customers and the wider community by implementing sweeping and advanced solutions to counter the risk of information leaks. In addition, we take the utmost care in handling the personal data of our customers, in accordance with our "Privacy Policy," and give due consideration to the rights of our customers. Furthermore, we have taken the initiative in protecting privacy by ensuring compliance with various laws and regulations, guidelines set by the government, and other standards, as well as by joining a certified personal information protection organization as a designated business operator.

Meanwhile, security risks have become increasingly diversified and advanced, highlighted by the sophistication of cyber attacks, the increase in persistent attacks by international hacker groups, attacks targeting teleworking environments, and cases of internal fraud. We constantly monitor and study these kinds of threats, but at the same time, we proactively employ cutting-edge technology to develop advanced security environments, while also working to further enhance our 24-hour, 365-day security surveillance and rapid response framework. Furthermore, we run training sessions to instill a heightened level of security awareness among all employees, while constantly keeping our security policies and rules up to date in step with the times.

We also conduct information security assessments for new business activities. These assessments cover important matters relating to information security, such as the status of technical, human, organizational, and physical countermeasures, and passing the assessment is one of SoftBank's investment criteria.

Information security governance

We have established the Information Security Committee (ISC), chaired by the Chief Information Security Officer (CISO) and comprising managers of information security from each department, to promote information security measures across the entire Company. Moreover, through the creation of the SoftBank Computer Security Incident Response Team (SoftBank CSIRT), we are making every effort to prevent the occurrence of security incidents and to minimize damage by swiftly responding to incidents. We have also created the SBKK Group Security Committee, which is chaired



by the CISO and comprised of the information security managers at affiliate companies in an effort to collaborate closely on the implementation of policies and various measures within the Group.

Security governance

To protect the facilities that provide customer information and telecommunication services and to ensure the safe use of our products and services, we have established five levels of security areas in our facility environment and strictly manage them at each level. In addition, security analysts monitor security 24 hours a day, 365 days a year at the Security Operation Center (SOC). Furthermore, we are constantly advancing our information security measures by collaborating internally and with other organizations, and by reviewing our measures using the National Institute of Standards and Technology's (NIST) Cybersecurity Framework (CSF) and the Center for Internet Security's (CIS) CIS Controls.

(Note) See [information security](#) for details.

AI governance

Under our *Beyond Carrier* strategy, we are working to provide innovative services and promote DX by going beyond just being a traditional telecommunications carrier and leveraging cutting-edge technologies such as AI and IoT.

Among these cutting-edge technologies, AI has been widely used in all industries in recent years and is expected to see more diverse applications and become increasingly sophisticated in the future.

On the other hand, some have pointed out that the technology requires ethical considerations and caution, such as its potential of leading toward discriminatory evaluation and selection, depending on how it is utilized.

Against this backdrop, we have formulated the SoftBank AI Ethics Policy in order to provide safe and secure services to our customers through appropriate use of AI.

Specifically, we have established guidelines in the six areas of principle of human-centeredness, respect for fairness, pursuit of transparency and accountability, ensuring safety, privacy protection and security, and development of AI human resources and literacy, and will conduct business operations and service development in accordance with these guidelines.

Furthermore, we have established a system to apply this policy to Group companies, and as of June 1, 2023, 56 companies have decided to adopt the policy and have established internal rules and guidelines that stipulate more specific rules. We will continue to strengthen the system by collaborating within the Group, including by establishing an external committee consisting of experts in AI governance.

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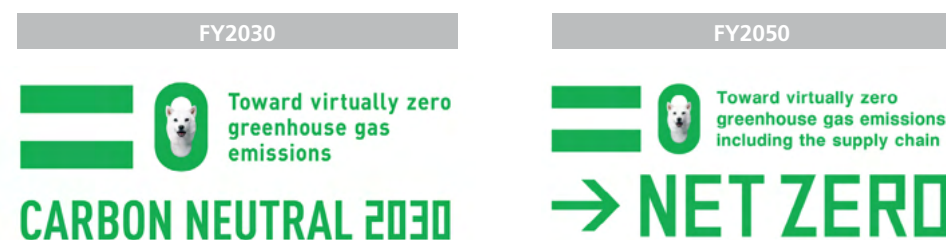
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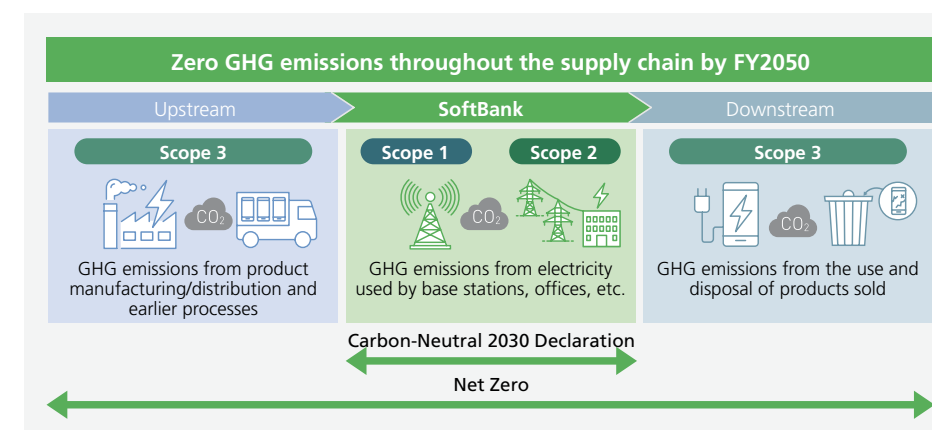
Group-wide Net Zero Initiatives



SoftBank made its Carbon-Neutral 2030 Declaration in May 2021, aiming to reduce Scope 1 and 2 GHG emissions—emissions from business processes and energy consumption—to zero by FY2030 through the use of AI, IoT and other cutting-edge technologies for energy conservation. On top of this, in August 2022, we announced our “Net Zero” goal of achieving net zero emissions for the entire supply chain, including Scope 3, by FY2050. Furthermore, to accelerate decarbonization across society, in June 2023 we expanded our Net Zero initiatives to include Group companies*1. At the same time, we submitted a letter of commitment to obtain the science-based SBT Net Zero certification under the international climate change initiative SBTi*2 with respect to our greenhouse gas emissions reduction targets*2.

In addition, SoftBank participated in the Ministry of the Environment’s FY2022 Model Project for Promoting Decarbonization of the Entire Supply Chain of Large Corporations. As part of the project, we studied emissions reduction measures aimed at achieving net zero emissions by 2050 and formulated a roadmap to 2050. Based on this roadmap, we are working with related parties within and outside the Group to promote effective initiatives aimed at net zero emissions.

*1 Consolidated Group companies
 *2 SBTi (Science Based Targets initiative)
 *3 SoftBank Corp.’s short-term targets received SBT verification in June 2021.



SoftBank’s primary initiatives aimed at net zero emissions

<p>Scope 1 Direct GHG emissions from the company itself (fuel burning and industrial processes)</p>	<p>[Renewable energy]</p> <ul style="list-style-type: none"> Convert all electricity usage to renewable energy sources*4 by FY2030 Sign long-term renewable energy procurement contracts to switch to renewable energy with additionality for at least 50% of the electricity used by the Company*5 by FY2023
<p>Scope 2 Indirect emissions from the purchase of electricity, heat or steam</p>	<p>[Energy efficiency]</p> <ul style="list-style-type: none"> Utilize AI and IoT to promote electricity usage efficiency and energy savings Reduce environmental impacts by developing next-generation batteries Improve electricity usage efficiency with super-distributed computing infrastructure (xIPF) <p>[Data center initiatives]</p> <ul style="list-style-type: none"> Deploy distributed AI data centers that utilize green energy
<p>Scope 3 Indirect emissions other than those in Scope 1 and 2 (emissions from other companies associated with the activities of the Company)</p>	<ul style="list-style-type: none"> Develop emission reduction guidelines for business partners Participate in the Ministry of the Environment’s model project to promote decarbonization across the entire supply chain in order to establish emission reduction plans Reduce GHG emissions related to commuting by promoting telework

*4 Includes the use of non-fossil certificates designated as renewable energy
 *5 Total for SoftBank Corp. and Wireless City Planning Inc.

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Environmental Initiatives

Support for TCFD Recommendations

In April 2020, SoftBank announced its support for the TCFD Recommendations. Based on the TCFD Recommendations, we are proactively working to implement and enhance disclosure.



Governance

We regard contribution to the realization of a sustainable society as an important management issue, and have identified material issues to be addressed to this end, one of which is “Contribute to the mitigation of climate change through technology and business.” We have established the ESG Promotion Committee as an advisory body to the Board of Directors to promote measures related to climate change. SoftBank’s President and CEO assumes the position of Chief ESG Promotion Officer and, under the supervision of the Board of Directors, has final responsibility for overall sustainability activities, including strategies related to climate change-related risks and opportunities. In addition, to advance internal climate change-related initiatives, we have established the Environment Committee under the direction of the Chief ESG Promotion Officer and the Executive Officer in Charge of ESG Promotion. The Environment Committee is chaired by the General Manager of the CSR Division, consists of environmental managers from our business units and Group companies, and promotes specific measures to achieve Carbon-Neutral 2030.

Strategy

SoftBank operates a telecommunications business that includes base stations and uses a large volume of electricity. Accordingly, we recognize that our businesses could be subject to significant risks associated with climate change. To consider strategies for adapting to possible future events caused by climate change, SoftBank conducts scenario analyses of two scenarios: a 1.5°C scenario in which decarbonization proceeds

rapidly, and a 4°C scenario in which climate change countermeasures stall and global warming advances further. We have identified risks that are expected to occur by 2050 and which will have a particularly large financial impact on businesses, including upstream and downstream areas of the value chain.

Climate change-related risks and opportunities

Under a 1.5°C global warming scenario, the scenario analysis identified that while reputational and technological risks are limited, there are potential regulatory risks such as carbon taxes associated with increased electricity use. In the 4°C scenario, while the risks from sea level rise and temperature rise are limited, we identified the risk of more frequent base station outages due to power outages caused by heavy rainfall. In terms of risk countermeasure and opportunities, we have decided upon Carbon-Neutral 2030, in which all electricity and other energy used in our business activities will be renewable energy by FY2030, established a plan to promote the use of renewable energy for base station power, and set a KPI regarding the provision of electricity from renewable energy sources for one of our material issues. As an interim goal of the Carbon-Neutral 2030 Declaration, we plan to complete the conversion of at least 70% of base station electricity to renewable energy by FY2022, and to move toward achieving carbon neutrality in FY2030.

Impact on business strategies and financial planning

Under the 1.5°C scenario, we assumed that there would be no acute or chronic physical risks from climate change at a level that would affect our business, but that policies, laws and regulations to combat climate change would be strengthened, and we estimated the impact of a carbon tax comparable to that imposed in Europe. We will continue to monitor trends in carbon taxes regulations in Japan. In the 4°C scenario, we assumed that there would not be strengthening of policies, laws and regulations, including the strengthening of climate change countermeasures, and that transition risks in the areas of technology, markets and reputation would not materialize.

However, we estimated the potential financial impact that may occur in the future based on the restoration costs of 770 million yen we incurred in FY2019, when we suffered the most damage from torrential rains that triggered special rainfall warnings. Based on our analysis of the financial impact of disaster recovery costs, we have secured an appropriate budget and are prepared to respond quickly.

Risk management

Climate change-related risks are selected and reviewed by the Environment Committee under the supervision of the Executive Officer in Charge of ESG Promotion. The identified risks are analyzed, taking into consideration various external factors, and evaluated by the Executive Officer in Charge of ESG Promotion. As a result of the scenario analyses in FY2022, it was confirmed that there are no significant risks related to changes in strategy

Integration into the Company-wide risk management process

In order to identify and prevent the manifestation of Company-wide risks, we have established a management system that analyzes risks from various angles within the Company. Each division includes risks in considerations when proposing measures at the applied business level. In addition, the Risk Management Division periodically identifies Company-wide and comprehensive risks, checks the status of countermeasures, and reports the results to the Risk Management Committee. The Risk Management Committee determines the level of importance of risks and the person responsible for dealing with them (risk owner), issues instructions on countermeasures, and reports the status to the Board of Directors. The Internal Audit Department confirms these overall risk management systems and conditions from an independent standpoint. Climate change risks managed by the Environment Committee are integrated into Company-wide risk management, and through regular risk management cycles, we are working to reduce and prevent risks

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Disclosure Based on TCFD Recommendations

Identified risks and opportunities

Risk type	Category	Identified risks	Scenario	External scenario	Financial risks*1,2			Response measures/opportunities
					Short-term	Medium-term	Long-term	
Transition risk	Policy and legal	Increased tax burden due to introduction of carbon tax	1.5°C scenario	IEA: NZE/SDS/STEPS	Small	Small	Small	<ul style="list-style-type: none"> Achieve Net Zero target (FY2050) Achieve carbon neutrality (FY2030)
	Technology	Impact on business promotion due to delay in introduction of energy-saving technologies			Small	Small	Small	<ul style="list-style-type: none"> Switch to energy-saving equipment Improve efficiency of electricity use through the use of AI and IoT
	Market	Impact on sales due to delays in providing decarbonization services			Small	Small	Small	<ul style="list-style-type: none"> Promotion of renewable energy power supply Expansion of remote services and e-commerce markets to reduce travel Expansion of businesses related to the sharing economy Expansion of the market for energy-efficient solutions
	Reputation	Damage to brand image and impact on stock price if decarbonization efforts are deemed insufficient			Small	Small	Small	<ul style="list-style-type: none"> Proactive information publication Contribution to the reduction of CO₂ emissions in society as a whole Encourage people to change their behavior through online fundraising, etc.
Physical risk	Acute	Increased repair costs due to increased base station damage	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small	<ul style="list-style-type: none"> Reinforcement of power supply, installation of generators and long-life batteries
			4°C scenario	IPCC SSP5-8.5	Small	Small	Small	<ul style="list-style-type: none"> Improve wind resistance of antenna support columns Backbone network redundancy Construction of a high-altitude communication network in the stratosphere
	Chronic	Increased air conditioning costs due to rising temperatures	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small	<ul style="list-style-type: none"> Switch to energy-saving equipment Improve efficiency of electricity use through the use of AI and IoT
			4°C scenario	IPCC SSP5-8.5	Small	Small	Small	

*1 Financial risk: Impact on consolidated operating income is described in three levels (large, medium and small).

*2 Time horizons: Short-term (2023), medium-term (~2025), and long-term (2026~)

Metrics and targets

[P92](#) [P93](#) [P94](#)

To manage the risks and opportunities that climate change poses to the Company, we manage environmental impact data, including greenhouse gas emissions (Scope 1, 2, and 3). In FY2022, Scope 1 and 2 greenhouse gas emissions totaled 579,919 t-CO₂, and Scope 3 emissions totaled 9,368,649 t-CO₂. Coverage is essentially 99.4% of consolidated revenue.

Targets and performance

Our main goal is to achieve carbon neutrality by reducing greenhouse gas emissions from electricity used in our business activities to net zero by FY2030. We used renewable energy for 30% of base station power in FY2020, 50% in FY2021, and 70% in FY2022, and we are working to gradually shift to renewable energy. In addition, we will promote the reduction of greenhouse gas emissions from all of our other facilities and equipment to achieve net zero greenhouse gas emissions from FY2030 onward.

The carbon neutrality target covers Scope 1 (direct greenhouse gas emissions by the company itself) and Scope 2 (indirect emissions from the use of electricity, heat and steam supplied by other companies) for SoftBank and its major subsidiaries (representing 100% of consolidated revenue).

In June 2023, we announced our goal of achieving Net Zero emissions by FY2050 on a Group-wide consolidated basis, which means eliminating all greenhouse gas emissions (supply chain emissions) related to our business activities, including Scope 1, 2, and 3 emissions. At the same time, we are committed to SBT's long-term goal (SBT NetZero) and will promote initiatives to acquire certification.



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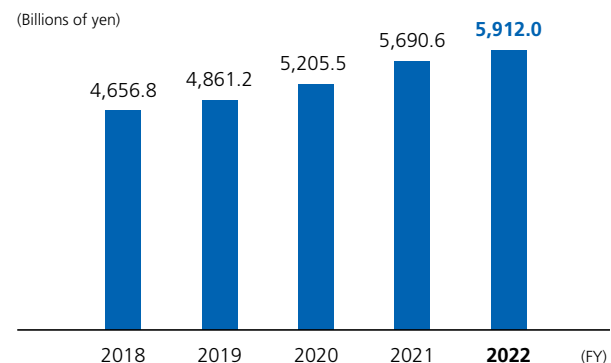
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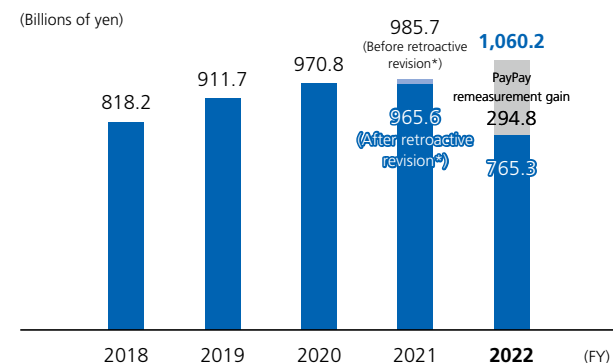
Corporate Data/Stock Information

Performance Highlights (Financial)

Revenue **¥ 5,912.0 billion**

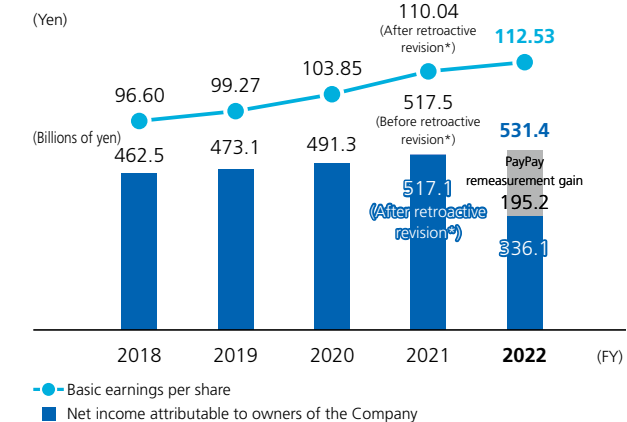


Operating income **¥ 1,060.2 billion**

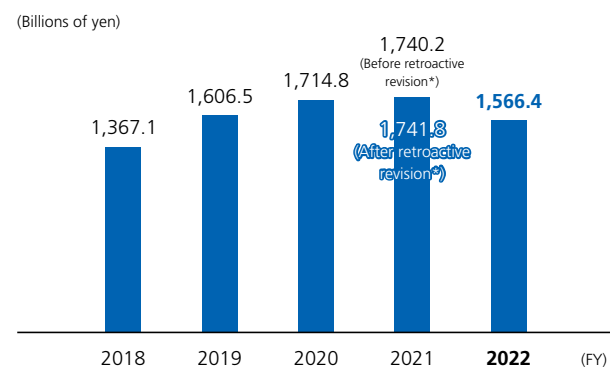


Net income attributable to owners of the Company*1 **¥ 531.4 billion**

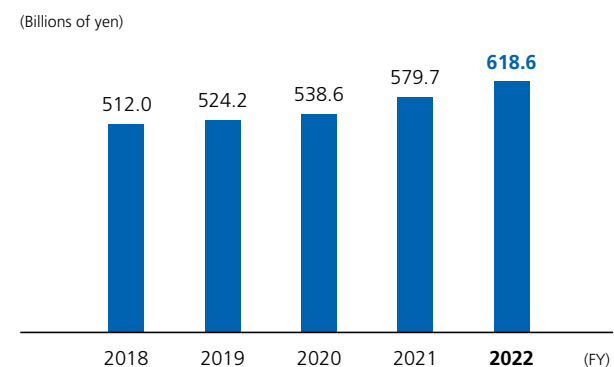
Basic earnings per share **¥ 112.53**



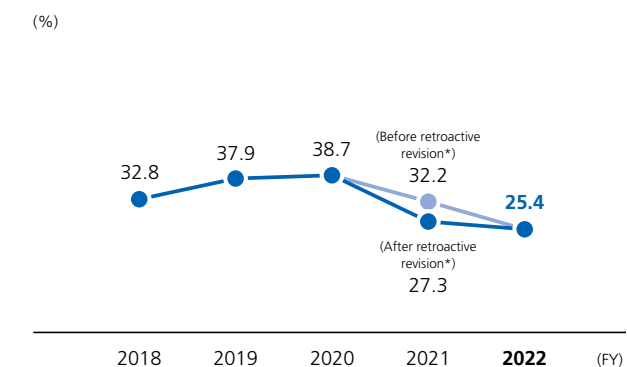
Adjusted EBITDA*2 **¥ 1,566.4 billion**



Adjusted free cash flow (SoftBank)*3 **¥ 618.6 billion**



ROE (Ratio of net income to equity attributable to owners of the Company)*4*5 **25.4%**



* The accounting policy for transactions under common control has been changed from the book-value method to the acquisition method from the third quarter of FY2022. Accordingly, accounting treatment for the consolidation of Yahoo Japan Corporation (currently, Z Holdings Corporation) in the first quarter of FY2019 has been retrospectively amended, and figures for FY2021 have been restated to reflect the retrospective amendment.

*1 Net income attributable to owners of the Company: Net income attributable to shareholders of SoftBank Corp.

*2 Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) + stock compensation expenses ± other adjustments
In FY2021, because we revised our definition of adjusted EBITDA and included share-based payment expenses, we also retroactively applied these revisions to FY2020.

*3 The adjusted free cash flow (SoftBank) excludes the free cash flow of A Holdings Corporation, Z Holdings Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation, as well as loans to Board Directors but does include dividend payments received from A Holdings Corporation.

*4 The figure for FY2020 has been retroactively revised to reflect the completion of provisional accounting treatment related to the business merger of Z Holdings Corporation with LINE Corporation.

*5 Net income attributable to owners of the Company ratio (ROE) = Net income attributable to owners of the Company / Average of total equity attributable to owners of the Company at the beginning and end of the relevant period



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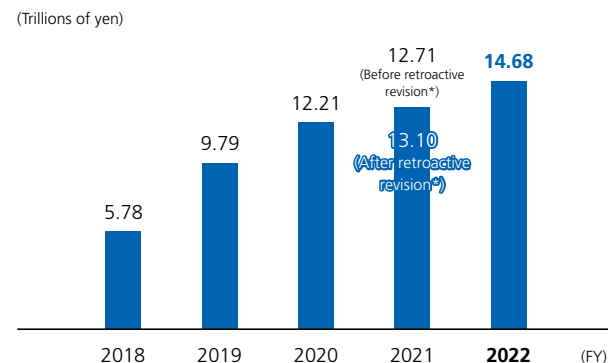
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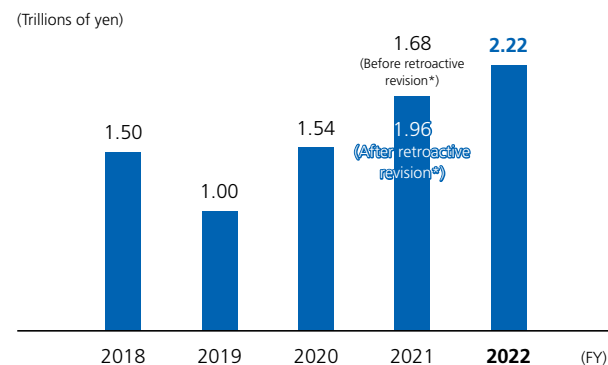
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Performance Highlights (Financial)

Total assets**4 ¥ 14.68 trillion



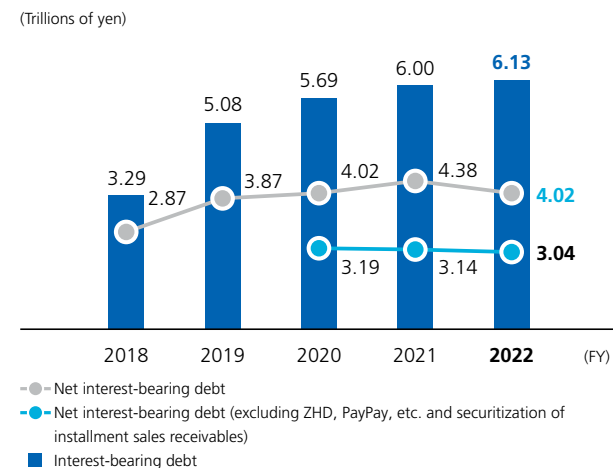
Total equity attributable to owners of the Company ¥ 2.22 trillion



Interest-bearing debt ¥ 6.13 trillion

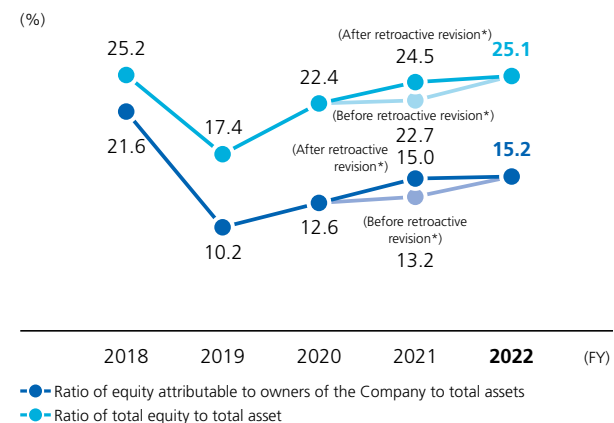
Net interest-bearing debt**6 ¥ 4.02 trillion

Net interest-bearing debt (excluding ZHD, PayPay, etc. and securitization of installment sales receivables**7) ¥ 3.04 trillion



Ratio of equity attributable to owners of the Company to total assets**4**8 15.2%

Ratio of total equity to total asset 25.1%



Credit ratings**9

Rating and Investment Information, Inc. (R&I)

A+
(stable)

Japan Credit Rating Agency, Ltd. (JCR)

AA-
(stable)

* The accounting policy for transactions under common control has been changed from the book-value method to the acquisition method from the third quarter of FY2022. Accordingly, accounting treatment for the consolidation of Yahoo Japan Corporation (currently, Z Holdings Corporation) in the first quarter of FY2019 has been retrospectively amended, and figures for FY2021 have been restated to reflect the retrospective amendment.

**6 Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents – Cash reserve for securitization of sales receivables
In FY2020, because we revised our definition of net interest-bearing debt and included the cash reserve for securitization of receivables, we also retroactively applied these revisions to FY2018.

**7 “Excluding ZHD, PayPay, etc. and securitization of installment sales receivables” refers to the exclusion of the net-interest bearing debt of A Holdings Corporation, Z Holdings Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation as well as the interest-bearing debt of securitization of installment sales receivables and cash reserve for securitization of sales receivables.

**8 Ratio of equity attributable to owners of the Company to total assets = total equity attributable to owners of the Company ÷ total assets

**9 In regard to issuer credit ratings, the Company has obtained ratings from Rating and Investment Information, Inc. (R&I) on August 23, 2023 and Japan Credit Rating Agency, Ltd. (JCR) on August 22, 2023, and maintained the same ratings respectively.



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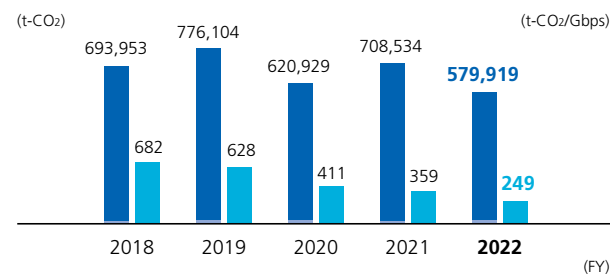
Environment-related (E)

In June 2023, we announced that we would expand our "Net Zero" initiatives to all Group companies to achieve net zero greenhouse gas emissions (Scopes 1, 2, and 3) from all business activities by 2050.

Greenhouse gas emissions (Scope 1, 2)*1 **579,919** t-CO₂

See P. 92-93 for Scope 3 results

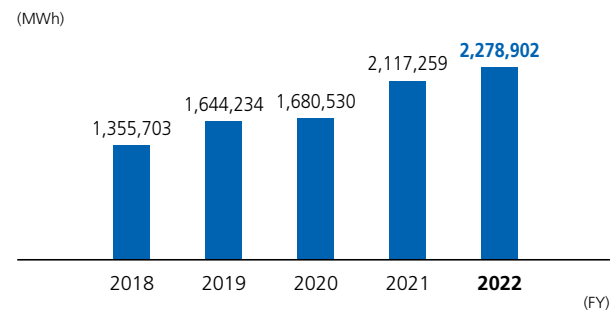
GHG emissions intensity*2 **249** t-CO₂/Gbps



■ Scope 1 (left) ■ Scope 2 (left)
■ GHG emissions intensity (right)

*1 Total for SoftBank Corp. and major subsidiaries
*2 Greenhouse gas emissions at 1 Gbps.

Energy consumption (electric power)*3 **2,278,902** MWh

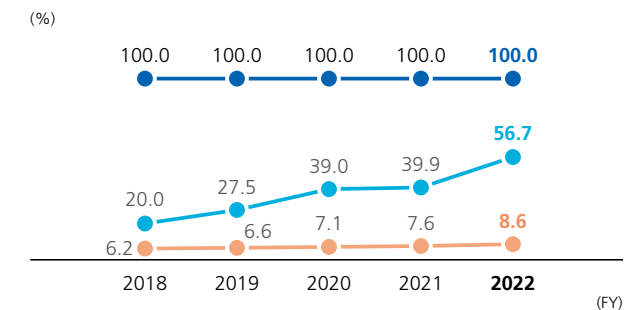


*3 Electricity consumption in FY2030 is estimated to be 2,500,000 MWh. We set the goal of using 100% renewable energy (includes the use of non-fossil certificates designated as renewable energy) for total electric power consumption.

Society-related (S)

In June 2021 we established a target for the ratio of women in management positions and set up the Committee for the Promotion of Women in the Workplace so that we can work towards achieving this goal. We are encouraging male employees to take childcare leave, and the ratio of childcare leave is increasing year by year.

Ratio of employees taking childcare leave (women) **100.0%**
Ratio of employees taking childcare leave (men) **56.7%**
Ratio of women in management positions (SoftBank only)** **8.6%**



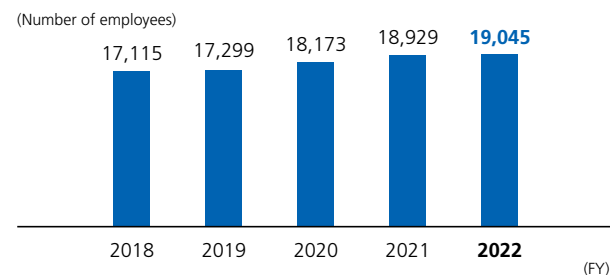
● Ratio of employees taking childcare leave (women) (SoftBank + major subsidiaries)
● Ratio of employees taking childcare leave (men) (SoftBank + major subsidiaries)
● Ratio of women in management positions (SoftBank only)
*4 As of April 1 for each fiscal year.

Society-related (S)

Since FY2021, employees have been able to telework with various IT tools such as online conferencing systems and business chat software.

Number of employees (SoftBank only) **19,045**

Ratio of telework*5 (SoftBank only) **95.7%**



■ Number of employees (SoftBank only)

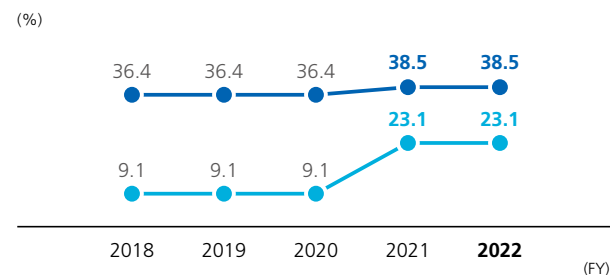
*5 Ratio of employees who engaged in telework at least once a month.

Governance-related (G)

In June 2023, in order to facilitate more strategic and flexible decision-making, the number of Board Directors was reduced by two to 11, including five external directors (two of whom are women).

Ratio of independent external directors **38.5%**

Ratio of female directors **23.1%**



● Ratio of independent external directors
● Ratio of female directors

Number of information security incidents*6 (FY)

FY	2018	2019	2020	2021	2022
Number of incidents	1	0	0	0	0

*6 Disclosed in accordance with the Company's information security policy.

Cases of leakage of personal information, theft or loss of data*7 (FY)

FY	2018	2019	2020	2021	2022
Cases	0	0	0	0	0

*7 Disclosed based on guidance from regulatory authorities and violations of laws and regulations.



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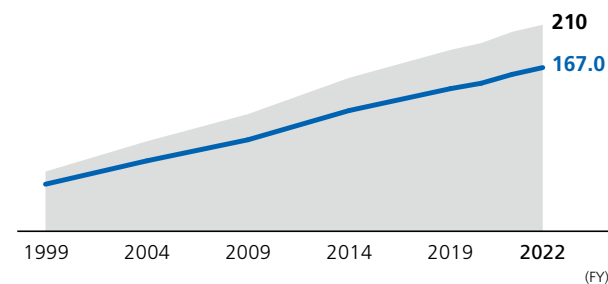
Japan's telecom market

Number of mobile phone subscribers in Japan

210.69 million

Mobile phone penetration rate as share of the population in Japan

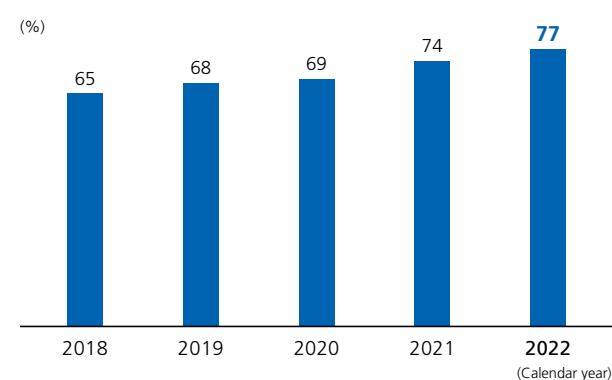
167.0%



Legend: ■ Number of mobile phone subscribers (Millions of subscribers)
 ■ Penetration rate as share of population (%)
 Source: Compiled by the Company based on the Ministry of Internal Affairs and Communications, "Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share" and "Counts of population, vital events and households derived from the Basic Resident Registration"

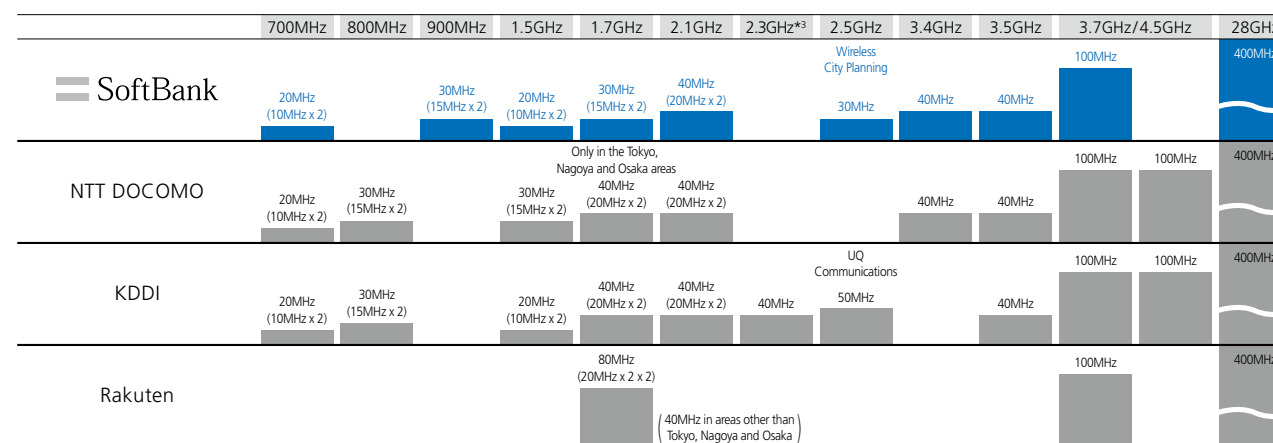
Smartphone penetration rate (individual)

77%



Source: Ministry of Internal Affairs and Communications, "Communication Usage Trend Survey"

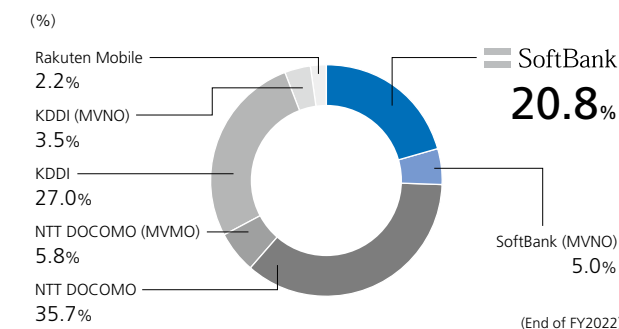
Status of frequency allocation*2



*2 Based on the disclosed materials of the Ministry of Internal Affairs and Communications and of each company as of April 5, 2023
 *3 Used for dynamic spectrum sharing with broadcasting and other public services

Competitive landscape

Share of mobile subscribers by operator*1

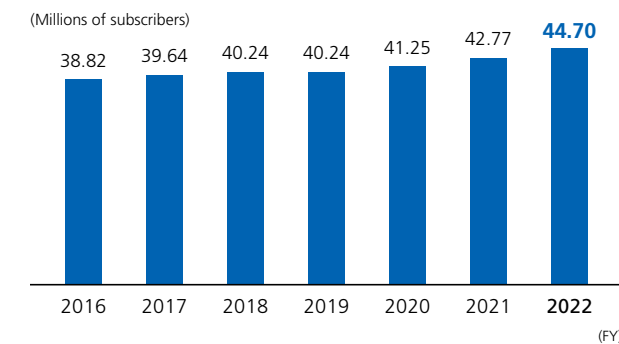


*1 Total number of mobile phone, PHS and BWA subscribers
 Source: Ministry of Internal Affairs and Communications, "Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2022 Q4 (End of March))"

Broadband

Number of fixed broadband service subscribers in Japan*4

44.70 million



*4 Total of FTTH, DSL, CATV Internet and FWA subscribers
 Source: Ministry of Internal Affairs and Communications, "Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2022 Q4 (End of March))"



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Management environment

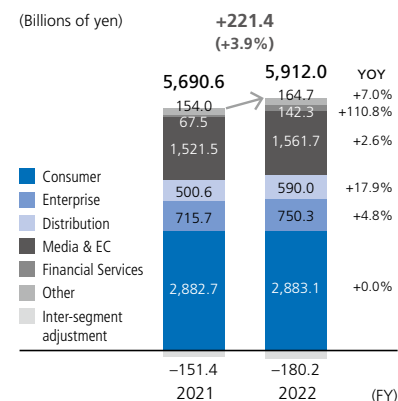
The COVID-19 pandemic has finally passed its peak, but inflation has added pressure to the economy with soaring oil prices and various product prices triggered by international conflicts, combined with unstable supply chains and a weakening of the yen. In addition, the telecommunications industry faced an extremely challenging business environment as the full impact of the mobile service price reductions began to take hold. However, society's digitalization movement, which accelerated amid the pandemic, has not stopped, and the Group's role in providing social infrastructure, such as 5G, is becoming increasingly important.

Overview of consolidated results of operations and results by segment

■ Revenue

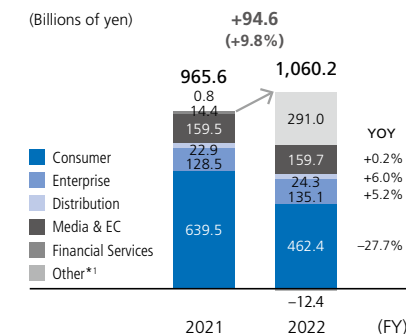
For FY2022, revenue increased across all segments to ¥5,912.0 billion, an increase of ¥221.4 billion (3.9%) year on year. Revenue increased by ¥89.5 billion in the Distribution segment mainly due to solid growth in Information and Communication Technology (ICT)-related products and subscription services, by ¥74.8 billion in the Financial segment, mainly due to the acquisition of PayPay as a subsidiary, by ¥40.2 billion in the Media & EC segment thanks to higher commerce sales as well as increased LINE account and Yahoo Japan search ad revenues, by ¥34.6 billion in the Enterprise segment owing to increased demand for solutions related to digitalization, and by ¥0.4 billion in the Consumer segment. The increase in revenue in the Consumer segment was attributable to an increase in electricity revenue due to higher transaction volume and higher prices in the electricity market, which offset a decrease in mobile revenue resulting from a drop in revenues from sales of goods and others and the impact of the mobile service price reductions.

* The Group has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the three months ended December 31, 2022. Accordingly, figures for FY2021 have been retrospectively amended.



■ Operating income

For FY2022, operating income increased by ¥94.6 billion (9.8%) year on year to ¥1,060.2 billion. This was mainly due to the recording of a ¥294.8 billion gain on step acquisition in connection with the acquisition of PayPay as a subsidiary, and a ¥6.6 billion increase in operating income in the Enterprise segment. On the other hand, operating income fell by ¥177.0 billion in the Consumer segment, largely due to the impact of the mobile service price reductions, and by ¥26.8 billion in the Financial segment, primarily due to the acquisition of PayPay as a subsidiary.

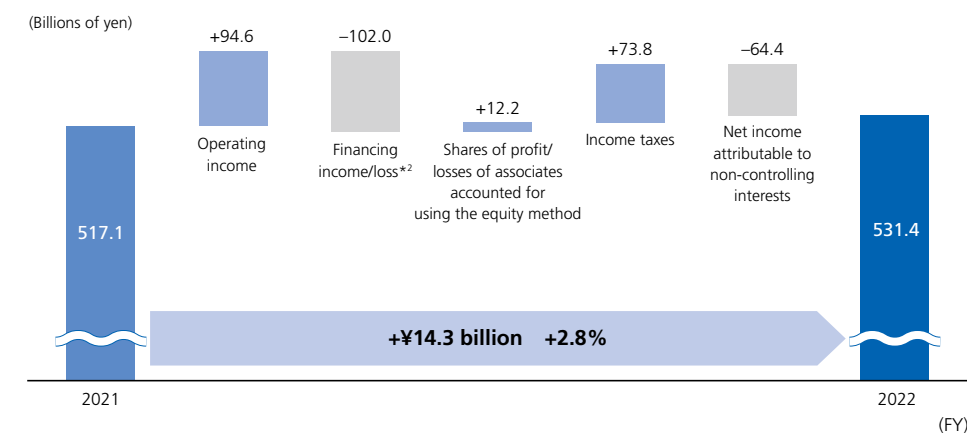


*1 "Other" includes inter-segment adjustments (FY2021: -¥2.6 billion, FY2022: -¥1.6 billion)

■ Net income attributable to owners of the Company

For FY2022, net income attributable to owners of the Company increased by ¥14.3 billion (2.8%) year on year to ¥531.4 billion. This increase mainly reflects higher operating income and profit before income taxes stemming from the recording of a gain on step acquisition in connection with the conversion of PayPay into a subsidiary, and a decrease in income taxes due to lower taxable income, mainly reflecting the impact of the mobile service price reductions, which offset higher financing costs and an impairment loss on equity method investments. Net income attributable to non-controlling interests increased by ¥64.4 billion (110.4%) year on year to ¥122.8 billion. This was mainly due to the fact that Z Holdings Group also recorded a net gain of ¥147.4 billion related to the step acquisition in connection with the conversion of PayPay into a subsidiary.

Analysis of variance in net income attributable to owners of the Company



*2 Financing income/loss includes financing income/costs, gain/loss on sales of equity method investments, and impairment losses of equity method investments



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■ Adjusted EBITDA

For FY2022, adjusted EBITDA*¹ decreased by ¥175.4 billion (10.1%) year on year to ¥1,566.4 billion. The main component of this change was a decrease in operating income, excluding a gain on step acquisition in connection with the conversion of PayPay into a subsidiary, compared to the previous year. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for evaluating its business performance.

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

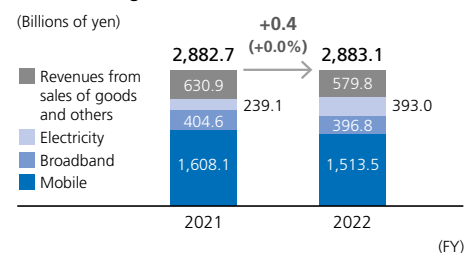
■ Consumer segment

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

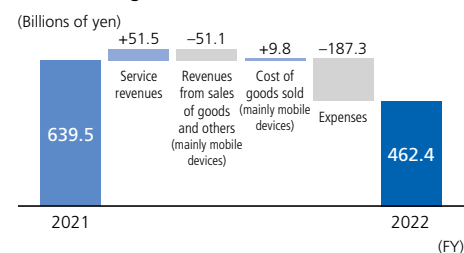
Revenue for FY2022 increased by ¥0.4 billion (0.0%) year on year to ¥2,883.1 billion. Mobile revenue, however, decreased by 5.9% year on year. The decrease reflects a decline in ARPU resulting from mobile service price reductions as well as effect of customer acquisition measures, expenses of which are deducted from revenue, while there was an increase in the number of smartphone subscribers, particularly for the *Y!mobile* brand. The decrease in ARPU resulting from mobile service price reductions mainly reflects the introduction of new price plans under the *SoftBank* and *Y!mobile* brands, as well as the migration from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands. Broadband revenue decreased by 1.9% year on year. This decrease was mainly due to lower ARPU caused by campaign initiatives, while there was an increase in subscribers of the *SoftBank Hikari* fiber-optic service. Electricity revenue increased by 64.4% year on year. This was mainly due to an increase in the volume of transactions and prices in the electricity market. The decrease in revenues from sales of goods and others reflected a decline in the number of mobile devices sold resulting from fewer mobile devices upgrades.

Operating expenses*⁴ increased by 7.9% year on year. This increase was mainly due to an

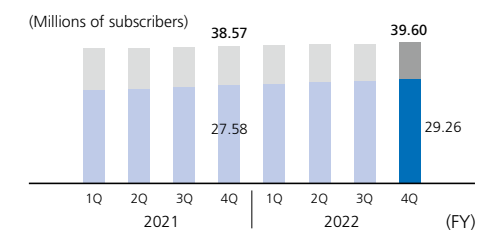
Consumer segment revenue



Consumer segment income



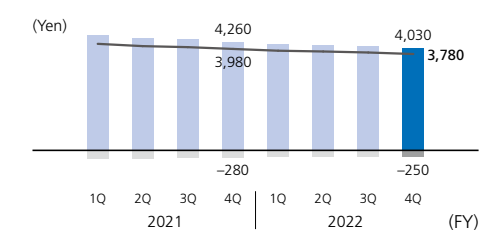
Cumulative number of subscribers



■ Smartphones ■ Main subscribers*²

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

ARPU (main subscribers)*³



■ ARPU (before discount) ■ Discount on ARPU

— Total ARPU (after discount)

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

increase in cost of products related to electricity, while there was a decline in cost of products resulting from the above-mentioned decrease in the number of mobile devices sold. As a result, segment income decreased by ¥177.0 billion (27.7%) year on year to ¥462.4 billion.

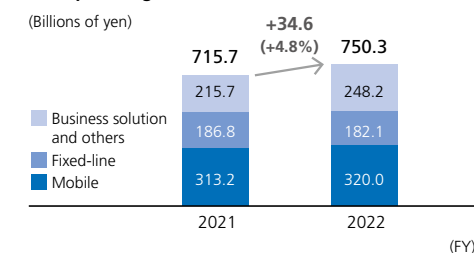
*4 Operating expenses include cost of sales, selling, general and administrative expenses, other operating income, and other operating expenses

■ Enterprise segment

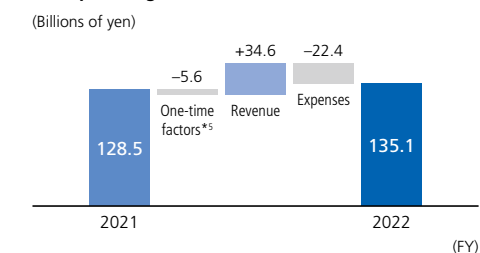
In the Enterprise segment, the Group provides a wide range of services for enterprise customers. These include mobile services such as mobile lines and mobile device rental, fixed-line communications services such as fixed-line telephones and data communications, as well as various solutions for enterprises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

Revenue for FY2022 increased by ¥34.6 billion (4.8%) year on year to ¥750.3 billion. Within Enterprise segment revenue, mobile revenue increased by 2.2% year on year thanks to an increase in telecommunications revenue. Fixed-line revenue decreased by 2.5% year on year, mainly due to a decrease in the number of subscribers to telephone services. Business solution and others

Enterprise segment revenue



Enterprise segment income



*5 One-time factors include the reversal of expenses recorded in FY2021 and the one-time remeasurement gain we made through consolidating Healthcare Technologies Corp. as a subsidiary in FY2022, as well as the recording of a provision for litigation.



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revenue increased by 15.0% year on year mainly from increased revenue from cloud services and security solutions as a result of capturing enterprise customer demand for digitalization.

Operating expenses increased by 4.8% year on year. This increase was primarily due to higher costs of sales resulting from the above-mentioned increase in business solution and others revenue, the recording of a provision for litigation, and the reversal of one-time expenses in the previous fiscal year, while there was a decrease in operating expenses resulting from the recording of a gain on step acquisition in connection with the conversion of Healthcare Technologies Corp. into a subsidiary. As a result, segment income increased by ¥6.6 billion (5.2%) year on year to ¥135.1 billion.

■ Distribution segment

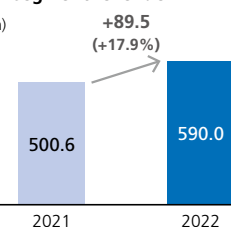
In the Distribution segment, the Group provides cutting-edge products and services that quickly capture the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing cloud services and advanced technologies including AI. For individual customers, the Group undertakes the planning and provision of products and services across a wide range of areas such as software, mobile accessories, and IoT products, as a manufacturer and distributor.

Revenue for FY2022 increased by ¥89.5 billion (17.9%) year on year to ¥590.0 billion. This increase was mainly due to solid growth in ICT (Information and Communication Technology) related products and subscription services such as cloud and SaaS, which have been strategic areas of focus.

Operating expenses increased by 18.4% year on year. This increase was primarily due to an increase in the cost of sales in line with higher revenue. As a result, segment income increased by ¥1.4 billion (6.0%) year on year to ¥24.3 billion.

Distribution segment revenue

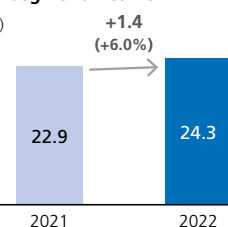
(Billions of yen)



(FY)

Distribution segment income

(Billions of yen)



(FY)

■ Media & EC segment

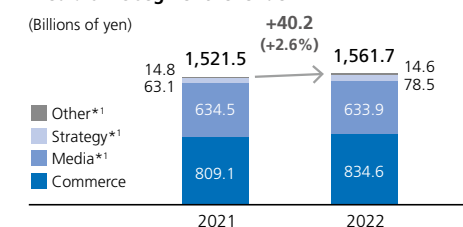
In the Media & EC segment, the Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the media field, the Group provides advertising-related services on the Internet and LINE. In the commerce field, the Group provides e-commerce services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

Revenue for FY2022 increased by ¥40.2 billion (2.6%) year on year to ¥1,561.7 billion. Within Media & EC segment revenue, media revenue decreased by 0.1% year on year, mainly reflecting a drop in revenue from display advertising caused by unfavorable market conditions, while there was an increase in account advertising driven by an increase in the number of message distributions of large enterprise customers in LINE Official account and a rise in the number of paid accounts by small and medium-sized merchants, along with an increase in search advertising revenue at Yahoo Japan. Commerce revenue increased by 3.2% year on year, primarily reflecting higher transaction volume at the ASKUL Group (ASKUL and subsidiaries) and the ZOZO Group (ZOZO, Inc. and subsidiaries), as well as an increase in travel-related revenue stemming from a reopening of economic activity. Strategy revenue rose by 24.5% year on year, mainly driven by higher sales in the FinTech field.

Operating expenses increased by 2.9% year on year. This increase mainly reflected an increase in the cost of sales at the ASKUL Group and the LINE Group (LINE and its subsidiaries) and an increase in personnel expenses due to an increase in the number of employees in the LINE Group. As a result, segment income increased by ¥0.3 billion (0.2%) year on year to ¥159.7 billion.

Media & EC segment revenue*1

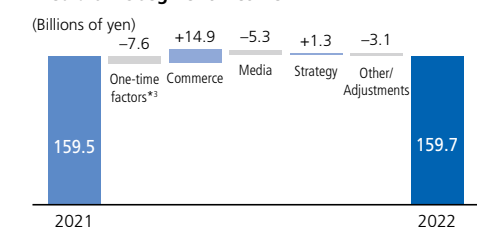
(Billions of yen)



(FY)

Media & EC segment income*2

(Billions of yen)



(FY)

*1 In FY2022, Z Holdings Corporation and its subsidiaries reviewed the management classification of their businesses and reclassified some of their services. As a result, the breakdown of Media, Strategy, and Other revenues under the Yahoo! JAPAN/LINE segment for FY2021 has been revised.

*2 Effective the three months ended December 31, 2022, the Company changed its method of accounting for common control transactions from the assumed book value method to the acquisition method of accounting. In addition, the Company has reviewed the companies under each reportable segment, effective from the three months ended December 31, 2022, following the addition of the Financial segment to the reportable segments. As a result, figures for the Yahoo! JAPAN/LINE segment for FY2021 were revised retroactively.

*3 One-time factors include the gain on the sale of YJFX Inc. recorded in FY2021 and the gain on the re-assessment of the acquisition of LINE MUSIC Corporation as a subsidiary recorded in FY2022.



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■ Financial segment

In the Financial segment, the Group provides cashless payment services such as QR code payments and credit card services, development and provision of marketing solutions for merchants, financial services such as deferred payments and asset management, and provision of payment processing services offering one-stop payment solutions for diversified payment methods including credit cards, electronic money, and QR codes.

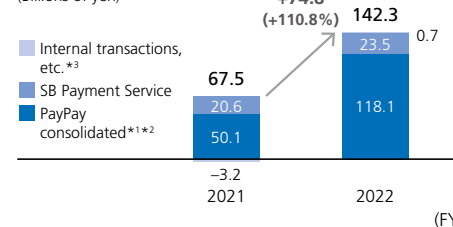
In connection with the consolidation of PayPay by the Company on October 1, 2022, the Group added the Financial segment to the reportable segments from the three months ended December 31, 2022. The main operating companies that comprise the Financial segment are PayPay, PayPay Card Corporation, SB Payment Service Corp., and PayPay Securities Corporation.

Revenue for FY2022 increased by ¥74.8 billion (110.8%) year on year to ¥142.3 billion. This increase was primarily attributable to the consolidation of PayPay on October 1, 2022.

Operating expenses increased by 191.3% year on year. This was largely driven by the above-mentioned consolidation of PayPay. As a result, segment income decreased by ¥26.8 billion year on year to -¥12.4 billion.

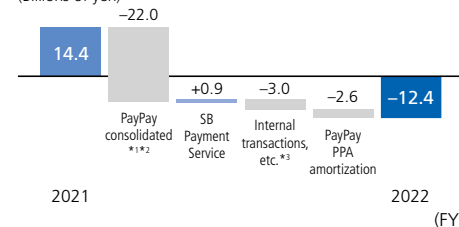
Financial services segment revenue

(Billions of yen)



Financial services segment income

(Billions of yen)



*1 PayPay Corporation on a consolidated basis (including PayPay Corporation and PayPay Card Corporation, net of internal transactions between the two companies). Calculated independently by the Company by making relevant IFRS adjustments. Unaudited. FY2021 figures are for PayPay Card Corporation only; FY2022 figures are for PayPay Card Corporation and PayPay Corporation after Q3 when it became a subsidiary.

*2 PayPay Card Corporation revenues for FY2021 and Q1-Q2 FY2022 do not include revenues from the acquiring business inherited from Yahoo Japan Corporation in October 2022.

*3 "Internal transactions, etc." includes PayPay Securities Corporation standalone figures and intercompany transactions in the Financial segment, other than those between PayPay Corporation and PayPay Card Corporation.

Overview of consolidated financial position

■ Assets

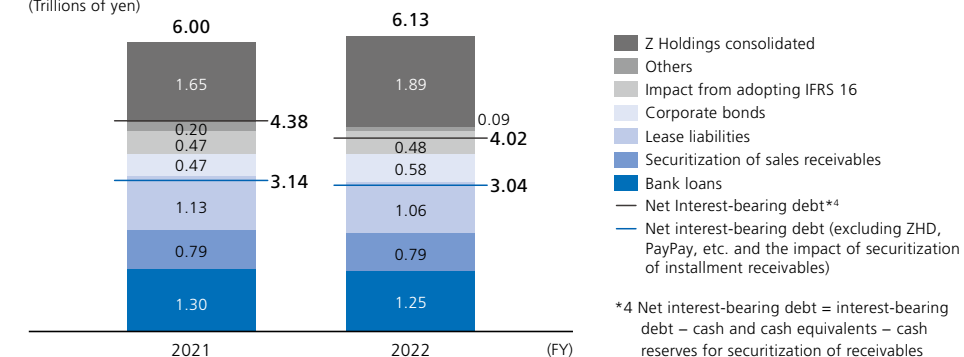
Total assets amounted to ¥14,682.2 billion as of March 31, 2023, an increase of ¥1,584.7 billion (12.1%) from the previous fiscal year-end. This mainly reflected an increase of ¥569.7 billion in goodwill resulting from the consolidation of PayPay, etc., an increase of ¥512.4 billion in cash and cash equivalents, an increase of ¥293.3 billion in other financial assets, and an increase of ¥260.8 billion in trade and other receivables. The increase in cash and cash equivalents mainly resulted from the consolidation of PayPay.

■ Liabilities

Total liabilities amounted to ¥10,999.1 billion as of March 31, 2023, an increase of ¥1,114.4 billion (11.3%) from the previous fiscal year-end. This was primarily attributable to an increase of ¥854.8 billion in trade and other payables resulting from the acquisition of PayPay as a subsidiary, an increase of ¥135.0 billion in interest-bearing debt, and an increase of ¥66.1 billion in deposits in the banking business. The increase in interest-bearing debt was mainly due to various fundraising activities at Z Holdings Group.

Interest-bearing debt/Net interest-bearing debt*4

(Trillions of yen)



Consolidated statement of financial position

(Billions of yen)

(FY)	2021	2022	Variance	Main Reasons for Variance
Cash and cash equivalents	1,546.8	2,059.2	+512.4	Increased mainly due to consolidation of PayPay
Trade and other receivables	2,128.9	2,389.7	+260.8	Increased due to consolidation of PayPay and increase in trade receivables of credit card business
PP&E/Right-of-use assets	2,315.9	2,437.3	+121.4	Increase in PP&E (property, plant and equipment) due to increase in telecommunication equipment. Right-of-use assets decreased due to lease contract termination and amortization
Goodwill/Intangible assets	3,901.2	4,523.4	+622.3	Increased due to consolidation of PayPay, etc. Increased due to PPA related to consolidation of PayPay
Other assets	3,204.7	3,272.6	+67.9	
Total assets	13,097.5	14,682.2	+1,584.7	
Interest-bearing debt	5,999.5	6,134.5	+135.0	Increased due to financing in the ZHD Group
Other liabilities	3,885.2	4,864.6	+979.4	Increase in trade and other payables mainly due to consolidation of PayPay
Total liabilities	9,884.7	10,999.1	+1,114.4	
Total equity	3,212.7	3,683.1	+470.3	Increased due to recording of net income, payment of dividends, and gain measurement of PayPay preferred shares at fair value



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■ Equity

Total equity amounted to ¥3,683.1 billion as of March 31, 2023, an increase of ¥470.3 billion (14.6%) from the previous fiscal year-end. Equity attributable to owners of the Company increased by ¥264.3 billion (13.5%). This was mainly due to an increase of ¥531.4 billion from the recording of net income for the period and an increase of ¥123.1 billion due to recording of accumulated other comprehensive income mainly associated with the measurement at fair value of PayPay preferred shares, while there was a decrease of ¥405.7 billion due to the payment of cash dividends.

Non-controlling interests increased by ¥206.0 billion (16.5%). This is mainly due to an increase of ¥122.8 billion in net income, reflecting the recognition of a gain on the step acquisition associated with the consolidation of PayPay in Z Holdings Group, and an increase of ¥67.0 billion in accumulated other comprehensive income due to the same reasons as those described for equity attributable to owners of the Company.

Overview of consolidated cash flows

■ Cash flows from operating activities

In FY2022, net cash inflow from operating activities was ¥1,155.8 billion, a decrease of ¥60.2 billion year on year. This decrease mainly reflected a decrease in adjusted EBITDA and inflows related to deposits in the banking business as well as an increase in outflows related to loans in the banking business, while there were decreases in necessary working capital, such as trade receivables and payables, and income taxes paid.

■ Cash flows from investing activities

In FY2022, net cash outflow from investing activities was ¥154.8 billion, a decrease of ¥802.9 billion in cash outflow year on year. This decrease in cash outflow mainly reflected a cash inflow of ¥397.3 billion from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of PayPay in FY2022, and the following outflows recorded in the previous fiscal year: acquisition of trademark and other rights for ¥178.5 billion in connection with a license agreement signed by Yahoo Japan, and payments of ¥115.2 billion for the purchase of shares of LINE (currently A Holdings Corporation) that were less than one unit as a result of the reverse share split.

■ Cash flows from financing activities

In FY2022, net cash outflow from financing activities was ¥495.3 billion. This reflected outflows for scheduled debt repayments and dividend payments of ¥2,676.7 billion, while there were cash inflows from bank loans, leases, corporate bonds, securitization of receivables, and other financing activities totaling ¥2,181.4 billion.

■ Adjusted free cash flow

In FY2022, adjusted free cash flow was positive ¥1,020.6 billion, an increase of ¥668.5 billion year on year. As mentioned above, this was due to a decrease in cash outflow from investing activities, while there were decreases in net cash inflow from operating activities and inflows from securitization of installment sales receivables.

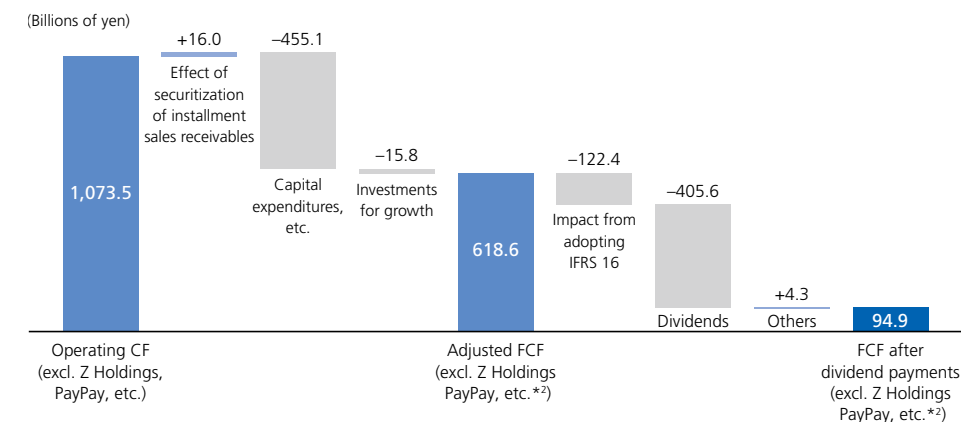
■ Capital expenditures

In FY2022, capital expenditures were ¥788.6 billion, an increase of ¥141.3 billion year on year. This mainly reflected higher capital expenditures by Z Holdings Group and increased capital expenditures in 5G.

■ Research and development expenses

The Group aims to provide various services centered around telecommunications and is therefore undertaking research and development of such cutting-edge technologies as AI, IoT, robotics, 6G, HAPS, digital twin, autonomous driving, and quantum technology. The Group stepped up its R&D spending mainly in the areas of AI, FinTech, and HAPS, bringing research and development expenses for FY2022 to ¥56.1 billion, compared to ¥42.8 billion a year earlier. The Group's goal is to provide customers with a stable supply of advanced products and services, and to develop a medium- to long-term roadmap for information and communication technology within the Group. In line with this goal, the Group is actively pursuing research and development and commercialization opportunities.

Adjusted free cash flow*1 (excluding Z Holdings, PayPay, etc.*2)



*1 Adjusted FCF = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof).

*2 Excludes FCF from A Holdings Corporation, Z Holdings Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation, and loans to directors, etc., and includes dividends received from A Holdings Corporation.



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SoftBank Corp. and its consolidated subsidiaries

	(Millions of yen)	
	March 31, 2022*	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	¥ 1,546,792	¥ 2,059,167
Trade and other receivables	2,128,934	2,389,731
Other financial assets	194,031	194,924
Inventories	136,247	159,139
Other current assets	125,072	145,134
Total current assets	4,131,076	4,948,095
Non-current assets		
Property, plant and equipment	1,491,842	1,673,705
Right-of-use assets	824,090	763,598
Goodwill	1,424,574	1,994,298
Intangible assets	2,476,580	2,529,116
Contract costs	332,197	334,345
Investments accounted for using the equity method	251,924	218,170
Investment securities	469,109	241,294
Investment securities in banking business	309,225	288,783
Other financial assets	1,236,240	1,528,650
Deferred tax assets	49,230	59,608
Other non-current assets	101,377	102,519
Total non-current assets	8,966,388	9,734,086
Total assets	¥13,097,464	¥14,682,181

	(Millions of yen)	
	March 31, 2022*	March 31, 2023
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	¥ 2,036,579	¥ 2,064,154
Trade and other payables	1,462,619	2,317,402
Contract liabilities	104,293	116,213
Deposits for banking business	1,406,205	1,472,260
Other financial liabilities	3,440	6,729
Income taxes payable	125,050	116,220
Provisions	26,304	63,642
Other current liabilities	178,263	216,018
Total current liabilities	5,342,753	6,372,638
Non-current liabilities		
Interest-bearing debt	3,962,946	4,070,347
Other financial liabilities	29,790	30,236
Provisions	99,541	94,084
Deferred tax liabilities	384,479	341,170
Other non-current liabilities	65,224	90,639
Total non-current liabilities	4,541,980	4,626,476
Total liabilities	9,884,733	10,999,114
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	688,030	685,066
Retained earnings	1,131,391	1,392,043
Treasury stock	-106,462	-74,131
Accumulated other comprehensive income	43,353	17,658
Total equity attributable to owners of the Company	1,960,621	2,224,945
Non-controlling interests	1,252,110	1,458,122
Total equity	3,212,731	3,683,067
Total liabilities and equity	¥13,097,464	¥14,682,181

* The Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.



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SoftBank Corp. and its consolidated subsidiaries

	(Millions of yen)	
	FY2021*2	FY2022
Revenue	¥ 5,690,606	¥ 5,911,999
Cost of sales	-2,889,116	-3,194,085
Gross profit	2,801,490	2,717,914
Selling, general and administrative expenses	-1,858,709	-1,964,580
Other operating income	25,220	321,422
Other operating expenses	-2,448	-14,588
Operating income	965,553	1,060,168
Share of losses of associates accounted for using the equity method	-60,094	-47,875
Financing income	39,471	11,905
Financing costs	-66,442	-117,212
Gain on sales of equity method investments	8,925	1,109
Impairment loss on equity method investments	-29,402	-45,227
Profit before income taxes	858,011	862,868
Income taxes	-282,578	-208,743
Net income*1	575,433	654,125
Net income attributable to		
Owners of the Company	517,075	531,366
Non-controlling interests	58,358	122,759
	¥ 575,433	¥ 654,125
	(Yen)	
Earnings per share attributable to owners of the Company		
Basic earnings per share	110.04	112.53
Diluted earnings per share	108.18	111.00

*1 All net income of SoftBank Corp. and its subsidiaries for FY2021 and FY2022 were generated from continuing operations.

*2 The Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

	(Millions of yen)	
	FY2021*2	FY2022
Net income	¥575,433	¥654,125
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-114	3,240
Changes in the fair value of equity instruments at FVTOCI	10,887	170,427
Share of other comprehensive income (loss) of associates accounted for using the equity method	-89	146
Total items that will not be reclassified to profit or loss	10,684	173,813
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	-1,378	-598
Cash flow hedges	1,313	822
Exchange differences on translation of foreign operations	11,642	14,921
Share of other comprehensive income (loss) of associates accounted for using the equity method	5,318	1,139
Total items that may be reclassified subsequently to profit or loss	16,895	16,284
Total other comprehensive income (loss), net of tax	27,579	190,097
Total comprehensive income	603,012	844,222
Total comprehensive income attributable to		
Owners of the Company	525,762	654,503
Non-controlling interests	77,250	189,719
	¥603,012	¥844,222

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(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, 2021	204,309	363,773	1,066,228	-134,218	35,631	1,535,723	1,201,389	2,737,112
Cumulative effect of change in accounting policy*	—	322,346	-35,808	—	0	286,538	46,829	333,367
April 1, 2021, restate	204,309	686,119	1,030,420	-134,218	35,631	1,822,261	1,248,218	3,070,479
Comprehensive income								
Net income	—	—	517,075	—	—	517,075	58,358	575,433
Other comprehensive income (loss)	—	—	—	—	8,687	8,687	18,892	27,579
Total comprehensive income	—	—	517,075	—	8,687	525,762	77,250	603,012
Transactions with owners and other transactions								
Cash dividends	—	—	-403,708	—	—	-403,708	-64,200	-467,908
Purchase of treasury stock	—	—	—	-0	—	-0	—	-0
Disposal of treasury stock	—	-12,556	—	27,756	—	15,200	—	15,200
Changes from business combinations	—	—	—	—	—	—	1,554	1,554
Changes from loss of control	—	—	—	—	—	—	-3,401	-3,401
Changes in interests in existing subsidiaries	—	-702	—	—	—	-702	-6,349	-7,051
Share-based payment transactions	—	2,654	—	—	—	2,654	—	2,654
Transfer from retained earnings to capital surplus	—	12,602	-12,602	—	—	—	—	—
Transfer from accumulated other comprehensive income (loss) to retained earnings	—	—	965	—	-965	—	—	—
Other	—	-87	-759	—	-0	-846	-962	-1,808
Total transactions with owners and other transactions	—	1,911	-416,104	27,756	-965	-387,402	-73,358	-460,760
As of March 31, 2022	204,309	688,030	1,131,391	-106,462	43,353	1,960,621	1,252,110	3,212,731
As of April 1, 2022	204,309	688,030	1,131,391	-106,462	43,353	1,960,621	1,252,110	3,212,731
Comprehensive income								
Net income	—	—	531,366	—	—	531,366	122,759	654,125
Other comprehensive income	—	—	—	—	123,137	123,137	66,960	190,097
Total comprehensive income	—	—	531,366	—	123,137	654,503	189,719	844,222
Transactions with owners and other transactions								
Cash dividends	—	—	-405,658	—	—	-405,658	-47,200	-452,858
Purchase of treasury stock	—	—	—	-0	—	-0	—	-0
Disposal of treasury stock	—	-13,909	—	32,331	—	18,422	—	18,422
Changes from business combinations	—	-3,730	—	—	—	-3,730	36,672	32,942
Changes from loss of control	—	—	—	—	—	—	609	609
Changes in interests in existing subsidiaries	—	-709	—	—	—	-709	26,275	25,566
Share-based payment transactions	—	1,438	—	—	—	1,438	—	1,438
Transfer from retained earnings to capital surplus	—	13,966	-13,966	—	—	—	—	—
Transfer from accumulated other comprehensive income (loss) to retained earnings	—	—	148,832	—	-148,832	—	—	—
Other	—	-20	78	—	—	58	-63	-5
Total transactions with owners and other transactions	—	-2,964	-270,714	32,331	-148,832	-390,179	16,293	-373,886
As of March 31, 2023	204,309	685,066	1,392,043	-74,131	17,658	2,224,945	1,458,122	3,683,067

* The Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the cumulative effect of retrospectively applying the accounting treatment is recognized as the restatement of the beginning balance.



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Consolidated Statement of Cash Flows

SoftBank Corp. and its consolidated subsidiaries
FY2021 and FY2022

	(Millions of yen)	
	FY2021*	FY2022
Cash flows from operating activities		
Net income	¥ 575,433	¥ 654,125
Depreciation and amortization	745,310	764,210
Loss on disposal of property, plant and equipment and intangible assets	19,179	30,927
Remeasurement gain on step acquisition	—	-310,084
Gain relating to loss of control over subsidiaries	-22,889	-8,655
Financing income	-39,471	-11,905
Financing costs	66,442	117,212
Share of losses of associates accounted for using the equity method	60,094	47,875
Gain on sales of equity method investments	-8,925	-1,109
Impairment loss on equity method investments	29,402	45,227
Income taxes	282,578	208,743
(Increase) decrease in trade and other receivables	-169,276	-125,607
(Increase) decrease in inventories	-16,537	-21,331
Purchases of mobile devices leased to enterprise customers	-38,637	-49,799
Increase (decrease) in trade and other payables	71,533	269,806
Increase (decrease) in consumption taxes payable	-21,336	11,079
Increase (decrease) in deposits in banking business	240,628	66,055
(Increase) decrease in loans in banking business	-86,768	-229,913
Other	-57,065	18,665
Subtotal	1,629,695	1,475,521
Interest and dividends received	7,105	7,253
Interest paid	-63,394	-61,362
Income taxes paid	-385,434	-287,741
Income taxes refunded	27,946	22,079
Net cash inflow from operating activities	¥ 1,215,918	¥ 1,155,750

	(Millions of yen)	
	FY2021*	FY2022
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	¥ -709,092	¥ -609,222
Proceeds from sales of property, plant and equipment and intangible assets	2,041	1,676
Payments for acquisition of investments	-328,690	-64,894
Proceeds from sales/redemption of investments	39,302	17,090
Purchase of investment securities in banking business	-177,032	-166,222
Proceeds from sales/redemption of investment securities in banking business	233,744	209,247
Proceeds from (payments for) obtaining control of subsidiaries	-1,298	382,455
Other	-16,668	75,097
Net cash outflow from investing activities	-957,693	-154,773
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	-16,914	54,550
Proceeds from interest-bearing debt	2,075,450	2,087,121
Repayment of interest-bearing debt	-1,905,637	-2,223,935
Proceeds from non-controlling interests	7,122	30,907
Cash dividends paid	-403,609	-405,559
Cash dividends paid to non-controlling interests	-64,198	-47,212
Other	2,714	8,868
Net cash outflow from financing activities	-305,072	-495,260
Effect of exchange rate changes on cash and cash equivalents	8,747	6,658
Increase (decrease) in cash and cash equivalents	-38,100	512,375
Cash and cash equivalents at the beginning of the period	1,584,892	1,546,792
Cash and cash equivalents at the end of the period	¥ 1,546,792	¥ 2,059,167

* The Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.



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Material Issue	Building society and industry through digital transformation (DX)			
Social Issues	<ul style="list-style-type: none"> • Advance the foundation of industry and renew aging infrastructure • Resolve labor shortages caused by population decline • Reduce economic disparities between regions 			
Key Risks and Opportunities	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Risks</div> <ul style="list-style-type: none"> • 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 • Declines in profitability due to intensified competition from numerous new entrants into the enterprise solutions market • Loss of business opportunities due to shortage of digital talent 		<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Opportunities</div> <ul style="list-style-type: none"> • Realization of the corporate philosophy, "Information Revolution — Happiness for everyone," support for our corporate activities from customers and investors • Expansion of solutions business for implementing digital technologies in society • Growing opportunities to provide solutions for demographic aging issues and regional revitalization • Business expansion through the development and implementation of solutions leveraging generative AI 	
SoftBank Initiatives	SDGs Value Creation Expand and enhance the efficiency of the industrial base through cutting-edge technologies Contribute to the development and efficiency of the business by utilizing cutting-edge technologies such as 5G and AI.	Main Businesses and Initiatives <ul style="list-style-type: none"> • Leverage 5G, big data, AI, IoT and other technologies to contribute to the vitality of customer businesses • Streamline industry through AI, RPA, big data and IoT (RPA: Robotic Process Automation) 	Target KPIs 1) Revenue from business solution and others: 10% CAGR (CAGR: Compound annual growth rate, calculated by the Group)	FY2022 Results 1) Positive 15.0%
	Create new industries through DX Contribute to economic growth by creating new businesses and industries through collaboration with companies in various industries.	<ul style="list-style-type: none"> • Create start-ups and new businesses in various industries, using DX (main fields: logistics, infrastructure, distribution, real estate / construction, healthcare, insurance / finance) • Promote co-creation through DX (ONE SHIP, etc.) • Realize smart cities 	1) — 2) Create at least one example of social implementation in each of the seven priority business areas: Updated (Priority business areas: retail / distribution, logistics, insurance / finance, social infrastructure, healthcare, super cities / smart cities, and other industries)	1) Launched 25 projects* ¹ 2) Created at least one example of social implementation in each business area
	Revitalize local communities (regional revitalization) Work to revitalize communities facing social issues and contribute to the creation of vital communities that residents want to keep living in.	<ul style="list-style-type: none"> • Solve social issues by providing DX solutions to local communities and governments (cooperative agreements, pilot tests, dispatch of digital talent, etc.) 	1) Initiatives to address the material issues in partnership with local governments: 25 or more Updated (Number of Group-wide cases of commencing provision of solutions)	1) 121 initiatives* ²

Target KPIs NEW Newly established target for FY2023 Updated Updated target for FY2023 from the one from FY2022

Unless otherwise specified, the KPI metrics and targets, as well as results, are for SoftBank Corp. on a non-consolidated basis.

Reference Targets for FY2022 *1 Projects undertaken through co-creation with customers: 24 projects in progress *2 Initiatives to address the material issues in partnership with local governments: 75 or more



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Material Issue	Connecting people and information to create new excitement			
Social Issues	<ul style="list-style-type: none"> Realization of enriched daily life by spreading and using smart devices Bridge the digital divide, matching users and suppliers of information and services 			
Key Risks and Opportunities	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Risks</div> <ul style="list-style-type: none"> Decline in profitability and intensifying price competition due to commoditization of the existing telecommunications services Decline in profitability due to intensifying competition and mismatch with customer needs in e-commerce and finance/payment businesses 		<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Opportunities</div> <ul style="list-style-type: none"> Growth in smartphone subscribers and increase in large volume data users Expansion of business to non-telecommunication areas, such as finance and payment services Increased profit opportunities via deeper data-driven marketing 	
SoftBank Initiatives	SDGs Value Creation Realize attractive customer value through the spread of smart devices Provide unprecedented new experiences and excitement through a wide range of technologically innovative services.	Main Businesses and Initiatives <ul style="list-style-type: none"> Provide wide-ranging customer value, price plans and services through the spread of smart devices and multiple brands Provide new experiences using 5G (VR, sports viewing, etc.) 	Target KPIs 1) Smartphone cumulative subscribers: 30 million (FY2023) 2) Understanding of customer feedback / NPS improvement: Number of surveys collected Updated <small>(Net Promoter Score, a metric used to assess customer loyalty)</small>	FY2022 Results 1) 29.26 million 2) 5.16 million *1
	Provide an environment in which everyone can access information Contribute to the realization of a society in which everyone can obtain the latest information fairly without any inconvenience.	<ul style="list-style-type: none"> Provide news and information and increase accessibility through <i>Yahoo! JAPAN</i> and provide services through the <i>LINE</i> communication app, etc. Hold smartphone classes in stores nationwide 	1) <i>Yahoo! News</i> DAU: 45 million (Daily active users) 2) Expanding the HAPS Alliance to broaden Internet communications across the world: Promoting initiatives 3) Smartphone classes: 900,000 classes Updated	1) 42.56 million 2) Alliance members: Increased to 53 companies 3) 968,000 classes *2
	Leverage ICT to create new lifestyles and enhance the foundations for daily life Contribute to the enhancement of lifestyles by expanding online shopping and improving the convenience of services closely related to daily life such as education, medical care, and finance through ICT.	<ul style="list-style-type: none"> Contribute to education, healthcare and finance using ICT (<i>Yahoo! JAPAN</i>, <i>PayPay</i>, <i>LINE</i>, <i>LOHACO</i>, <i>HELPO</i>, etc.) Evolve retail through new BtoC and CtoC platforms (<i>Yahoo! JAPAN Shopping</i>, <i>ZOZOTOWN</i>, <i>ASKUL</i>, etc.) 	1) Cumulative registered users of <i>PayPay</i> : 60 million 2) E-commerce domestic merchandise transaction value: ¥3.11 trillion (FY2023) Updated <small>(Switched to target for a single fiscal year)</small>	1) 56.64 million *3 2) ¥2.99 trillion *4

 Targets for FY2022 *1 Understanding of customer feedback / NPS improvement: Number of surveys collected *2 Smartphone classes: 800,000 classes *3 Target KPIs and results are only for PayPay Corporation

*4 E-commerce domestic merchandise transaction value: ¥3.8 trillion (FY2024)



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Material Issue	Creating new business through open innovation			
Social Issues	<ul style="list-style-type: none"> Advance innovation using ICT platforms: Promoting the widespread adoption of cashless settlement, securing means of transportation amid the difficulties posed by an aging population and low birthrate, facilitating online healthcare, and enabling access to communications in developing countries 			
Key Risks and Opportunities	Risks <ul style="list-style-type: none"> Loss of business opportunities due to delay of business development resulting from shortages of required human resources and knowledge Inability to recoup invested funds or impairment losses due to failure to achieve expected results 		Opportunities <ul style="list-style-type: none"> Quickly secure market share through the acquisition of human resources and knowledge and speedy business development through collaboration with partners Advancement and deepening of innovation through co-creation and expansion of the scale of businesses and markets in which the Group participates 	
	SoftBank Initiatives	SDGs Value Creation Develop new business models with cutting-edge technologies Together with our partners, create new businesses for the future by utilizing the most advanced technology.	Main Businesses and Initiatives <ul style="list-style-type: none"> Develop new businesses to promote the social implementation of digital technologies (mobility × AI: MONET Technologies Inc.; stratosphere-based high-altitude platform station: HAPSMobile Inc.; autonomous mobility: BOLDLY Inc.) Promotion of next generation infrastructure concept 	Target KPIs <ol style="list-style-type: none"> Promote initiatives for HAPS commercialization <ul style="list-style-type: none"> Development of foundational technologies for realization of HAPS High-performance lightweight battery commercialization (FY2025) Practical application of highly efficient lightweight motors for stratosphere (FY2027) Development of stratosphere-ready radio equipment for telecommunication services (FY2027) Updated —
	Incubate and spiral-up cutting-edge businesses overseas Aim to develop cutting-edge business in Japan through joint ventures and partnerships with companies that develop cutting-edge business overseas.	<ul style="list-style-type: none"> Roll out successful SoftBank Vision Fund projects in Japan and overseas through global partnerships (WeWork Japan, PayPay, DiDi Mobility Japan Corp., etc.) 	<ol style="list-style-type: none"> Promote business start-up and development in new business areas 	<ol style="list-style-type: none"> 9 businesses
	Build systems to recruit and develop human resources to lead growth and create new businesses Hire personnel who have advanced professional skills and build an organization that become key drivers of new business creation in response to next-generation needs.	<ul style="list-style-type: none"> Job posting system to shift human resources to new and growing businesses Allocate personnel to new businesses through improvements in operational efficiency Human resource recruitment, development, systems and compensation necessary to create and promote new businesses Promote R&D for cutting-edge technologies 	<ol style="list-style-type: none"> Promote SoftBank InnoVenture commercialization 	<ol style="list-style-type: none"> Considered commercialization: 5 projects (356 applications)

Reference Targets for FY2022 *1 Promote initiatives for HAPS commercialization (FY2027)

*2 Promote business for solving social issues, using unique electronic reference points/*ichimill* high-precision positioning service • Formation of industry-academia consortium (FY2022) • Service release of infrastructure monitoring solution (FY2022)



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Material Issue	Contributing to the global environment with the power of technology																		
Social Issues	<ul style="list-style-type: none"> Response to natural disasters caused by global warming and climate change Transition to an energy-saving, circular economy that recycles and reuses limited resources Growing power consumption with increasing data processing and the concentration of power consumption in urban areas 																		
Key Risks and Opportunities	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Risks</div> <ul style="list-style-type: none"> Increase in restoration and prevention costs related to more frequent infrastructure disruption and communication blackouts due to natural disasters Difficulty in securing non-fossil fuel electricity and long-term increase in electricity procurement costs Impact on financing due to insufficient environmental efforts Insufficient electricity supply to carry out next-generation infrastructure projects 	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Opportunities</div> <ul style="list-style-type: none"> Expansion of the market for highly energy-efficient solutions that utilize IoT, etc. Expansion of businesses related to the sharing economy and renewable energy Stabilization of business operations using geographically distributed data centers and super-distributed computing infrastructure (xIPF) Ensuring sustainable, low-cost non-fossil fuel electricity 																	
SoftBank Initiatives	<table border="1"> <thead> <tr> <th>SDGs Value Creation</th> <th>Main Businesses and Initiatives</th> <th>Target KPIs</th> <th>FY2022 Results</th> </tr> </thead> <tbody> <tr> <td> <p>Contribute to the mitigation of climate change through technology and business</p> <p>Use renewable energy to reduce CO₂ emissions and promote energy conservation through ICT as measures to combat climate change.</p> </td> <td> <ul style="list-style-type: none"> Switch electricity used for base stations and other business activities to electricity from renewable energy (To be achieved primarily by using non-fossil certificates designated as renewable energy) Utilize AI, IoT and other technologies to improve power use efficiency (develop next-generation batteries, etc.) Utilize IoT to improve energy efficiency and promote environmental awareness Implement initiatives aimed at net zero emissions (Scope 1, 2 and 3) Group-wide </td> <td> <ol style="list-style-type: none"> Net zero 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</td> <td> <ol style="list-style-type: none"> 7.30 million phones (FY2020-2022)*³ 0.04% Coral seedlings planted by Future and Coral Project: 136*⁴ </td> </tr> <tr> <td> <p>Realize a prosperous society through the spread of renewable energy</p> <p>Work to spread and expand the use of renewable energy projects and services to create an environmentally friendly society.</p> </td> <td> <ul style="list-style-type: none"> Promote the use of clean energy, mainly through SB Power/SoftBank Denki </td> <td> <ol style="list-style-type: none"> Renewable energy power provision: Expand provision of renewable energy power plans </td> <td> <ol style="list-style-type: none"> CO₂ emissions reduced by providing Shizen Denki: 38,000 tons-CO₂ (Shizen Denki: Service that provides 100% renewable energy source through the use of non-fossil certificates) </td> </tr> </tbody> </table>	SDGs Value Creation	Main Businesses and Initiatives	Target KPIs	FY2022 Results	<p>Contribute to the mitigation of climate change 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 Targets for FY2022 *1 Ratio of renewable energy for base stations: 70% or more (FY2022) *2 Mobile phones collected for reuse or recycling: 10 million (total for FY2020-2025) *3 Promote initiatives related to conserving biodiversity (natural capital)



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Material Issue	Building high-quality social communication networks			
Social Issues	<ul style="list-style-type: none"> • Maintenance and management of high quality networks • Prevention and rapid restoration of infrastructure disruption by natural disasters • Response to sophisticated cyberattacks 			
Key Risks and Opportunities	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Risks</div> <ul style="list-style-type: none"> • Loss of new business opportunities requiring 5G with ultra-high-speed, large-capacity, ultra-low latency and massive device connectivity • Increased costs, deterioration of customer trust or loss of subscribers due to network outages or delays in disaster recovery • Deterioration of customer trust or loss of subscribers due to the improper use or leakage of personal information 		<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Opportunities</div> <ul style="list-style-type: none"> • Increased ARPU and revenue reflecting communications speed and capacity increases, through the nationwide expansion of 5G coverage • Development of new industries and services that use 5G, such as autonomous driving and telemedicine • Increased customer satisfaction through high network quality and dependable security 	
SoftBank Initiatives	SDGs Value Creation Prepare sustainable life infrastructure Provide communications services with stable connectivity by maintaining a highly reliable network.	Main Businesses and Initiatives <ul style="list-style-type: none"> • Broad rollout and quality enhancement of 5G • Participate in submarine cable projects • Eliminate regional communications disparities by expanding networks • Advance initiatives to prevent network accidents • Support network monitoring and operation with AI 	Target KPIs <ol style="list-style-type: none"> 1) Expansion of 5G standalone (SA) coverage: Smartphone SA in key areas of all prefectures (FY2026) Updated 2) Number of major network accidents: Zero 3) High-capacity optical submarine cable: Start of operation (FY2023) 	FY2022 Results <ol style="list-style-type: none"> 1) • Number of base stations: Over 50,000 • 90.6% population coverage*1 2) Zero major accidents 3) Japanese coastal waters: Cable installation completed Southeast Asian waters: Construction started, optical cable land connection completed
	Construct robust communications infrastructure to contribute to disaster prevention and mitigation Take daily actions to maintain our communications infrastructure in the event of a disaster and recover rapidly when one occurs.	<ul style="list-style-type: none"> • Secure communications service environments in the event of a disaster (using mobile base stations, portable satellite antennas, drones, etc.) • Build frameworks for quickly restoring communications environments after disasters • Disaster recovery countermeasures including creating three-route backbone networks 	<ol style="list-style-type: none"> 1) Tohoku Route: Commercial operation start (FY2023) Updated 2) Maintain and enhance equipment and materials for disaster response and recovery: <ul style="list-style-type: none"> • Maintain at least 200 mobile base station vehicles / portable mobile base stations • Maintain at least 80 mobile power supply vehicles • Maintain at least 200 portable satellite antennas • Strengthen cooperation with external organizations involved in disaster recovery 	<ol style="list-style-type: none"> 1) Sendai-Yamagata Route: Construction completed*2 2) • Maintained and enhanced • Signed disaster agreements with overseas-facing organizations
	Promote data security and privacy protection initiatives As a safe and secure telecommunications carrier, we monitor and operate networks, using the latest technologies and conduct thorough security education for employees.	<ul style="list-style-type: none"> • Support network monitoring and operation with AI • Thoroughly educate employees and build secure environments and facilities • Operation and management using advanced security systems and tools • Promote the protection and appropriate use of personal information 	<ol style="list-style-type: none"> 1) Number of major accidents involving information security: Zero (annually) 2) Number of major accidents involving privacy issues: Zero (annually) 3) Helping customers understand how their personal information is handled <ul style="list-style-type: none"> • Addition of a privacy dashboard setting function • Disclosure of information handling of application/website usage details Updated 	<ol style="list-style-type: none"> 1) Zero major accidents 2) Zero major accidents 3) Privacy dashboard setting function: Under development*3

Reference Targets for FY2022 *1 5G deployment plan: Number of base stations: Over 50,000 (FY2022), Population coverage rate: Over 90.6% (FY2022) *2 Tohoku Route: Optical cable construction (2022), Commercial operation start (FY2022)

*3 Helping customers understand how their personal information is handled: Addition of a privacy dashboard setting function



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Material Issue	Developing a resilient management foundation			
Social Issues	<ul style="list-style-type: none"> • Corporate governance enhancement • Consideration for social and environmental aspects throughout supply chains • Workstyle reforms, promotion of diversity, equity, and inclusion (DE&I) 			
Key Risks and Opportunities	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Risks</div> <ul style="list-style-type: none"> • Loss of trust as a corporation due to violation of laws or regulations or to absence of corporate governance • Deterioration of reputation due to human rights violations or inadequate response to environmental issues • Decreased employee motivation, increased employee turnover and negative impact on hiring 		<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Opportunities</div> <ul style="list-style-type: none"> • Investor confidence in corporate governance and supply chain management • Improvement of motivation and emergence of innovation through workstyle reforms and DE&I promotion • Improvement of productivity through advanced workstyles, securing and retaining the necessary human resources, the transformation of established work processes and the commercialization of expertise 	
SoftBank Initiatives	SDGs Value Creation	Main Businesses and Initiatives	Target KPIs	FY2022 Results
	<p>Enhance corporate governance and ensure its effectiveness</p> <p>Build a sophisticated governance system, increase management transparency, and ensure to conduct corporate governance with integrity and fairness.</p>	<ul style="list-style-type: none"> • Reinforce compliance • Eliminate anti-social forces and prevent corruption and unethical behavior • Build a sophisticated internal control system • Increase the sophistication of the Board of Directors • Enhance risk assessment 	<ol style="list-style-type: none"> 1) Number of compliance violations: Performance monitoring (annually) 2) Employees' attendance rate of compliance training sessions: 99% or more (annually) 3) Employee Compliance Awareness Survey: Score 4.0 or higher NEW 4) Awareness of Compliance Hotline among full-time employees: 99% or more (annually) 5) Ensure effectiveness of the Board of Directors: Conduct evaluation 6) Average attendance rate of all Board Directors at Board of Directors meetings: 75% or higher 	<ol style="list-style-type: none"> 1) Number of disciplinary actions: 47 2) Employees' attendance rate at compliance training sessions: 100% 4) 100% 5) Evaluation conducted in FY2022 6) Average at Board of Directors meetings: 94.67%
	<p>Sustainable growth through cooperation with stakeholders</p> <p>Pursue the creation of strong relationships of trust and mutually sustainable development through timely and appropriate information disclosure and ongoing dialogues with stakeholders.</p>	<ul style="list-style-type: none"> • Enhance supply chain management • Sound and transparent disclosure • Coordination with organizations and regional communities 	<ol style="list-style-type: none"> 1) Sustainability procurement survey collection: 90% or greater (annually) 2) Support for improvement activities at high-risk suppliers: 100% implementation 3) Supplier inspection/CSR audits: 15 or more companies Updated 4) Number of partnerships with NPOs: 1,000 organizations (FY2023) 5) Selection for DJSI World (annually) NEW 	<ol style="list-style-type: none"> 1) Survey collection rate: 94% 2) 100% 3) 12 companies*1 4) 918 organizations

Reference Targets for FY2022 *1 Supplier inspection/CSR audits: 10 or more companies



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Material Issue	Developing a resilient management foundation			
SoftBank Initiatives	SDGs Value Creation	Main Businesses and Initiatives	Target KPIs	FY2022 Results
	<p>Enhance employee happiness with diversity and inclusion</p> <p>Work to build an environment in which all employees can fully demonstrate their unique abilities and enjoy personal satisfaction.</p>	<ul style="list-style-type: none"> Human capital management initiatives Support for employee growth and career realization (Free-agent system, job posting system, SoftBank University, SB Career Dock) Fair evaluation and remuneration system Promote the participation of diverse talent (professional participation of women, recruitment and retention of persons with disabilities, and initiatives related to LGBTQ persons) 	<ol style="list-style-type: none"> Ratio of women in management positions: 20% or more (FY2035) — 15% or more by FY2030 (double the ratio of FY2021) Ratio of employees with disabilities: At or above the legally mandated level (annually) Ratio of annual paid leave taken: Keep at 70% or above (annually) Serious accidents involving employees or at construction sites: Zero (annually) Return rate from childcare leave: 100% (annually) Ratio of male employees taking childcare leave: 30% or more (FY2023), 50% or more (FY2026) Number of employees who retire due to nursing care responsibilities: 0 (annually) 	<ol style="list-style-type: none"> 8.6% 2.46% 77.3% Number of fatal accidents: Zero 100% 65% 0
	<p>Enhance productivity with advanced workplace environments</p> <p>Use technology to promote workstyle reform and health and productivity management.</p>	<ul style="list-style-type: none"> Promote smart workstyles (Smart & Fun!) (Super flextime system, teleworking, operational improvements using AI and RPA, permitting employees to take side jobs) Offer diverse and flexible workstyles (best mix of workstyles with a combination of coming to work, telecommuting, satellite office work, etc.) Promote health and productivity management 	<ol style="list-style-type: none"> Provide office environments that encourage diverse workstyles: Understanding actual numbers and results (annually) Ratio of telework: 90% or greater (annually) (Ratio of employees who engaged in telework at least once a month) Ratio of employees who smoke: <ul style="list-style-type: none"> Decrease of 1% or more YoY Less than 20% (FY2030) High ranking in Japan surveys: Highly ranked among the major surveys (annually) 	<ol style="list-style-type: none"> Utilization of shared office space in 6 of our own satellite locations, 34 WeWork locations, and over 441 other locations nationwide Opening our own new satellite office (Tsudanuma, Chiba area) 95.7% 24.7% (down 1.1 percentage points) <ul style="list-style-type: none"> Won the grand prize in the Nikkei Smart Work Awards 2023 5 stars in the 6th Nikkei Smart Work Management Survey 5 stars in the Nikkei SDGs Management Survey 2022 Certification in the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program in the large enterprise ("White 500") category Selected in the 2023 Health & Productivity Stock Selection

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Boundary (Scope of this Data Book)

There are two boundaries: "SB" and "SB + Major Subsidiaries."

NOTES • SB stands for SoftBank Corp.

- The major subsidiaries within "SB + Major Subsidiaries" vary among items.
- Coverage is the ratios of sales of Group companies that constitute the Group.
- In case "—" is indicated in "Coverage," it refers to data of SoftBank Corp. (stand-alone).

Environment

★: Third-party verified

Climate Change												
					Results					Target	Achievement Rate (%)	Reduction Compared to the Base Year (FY2019) (%)
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022			
Greenhouse Gas (GHG) Emissions (Scope 1, 2)	Total ★	SB + Major Subsidiaries	FY2022: 99.4%	t-CO ₂	693,953	776,104	620,929	708,534	579,919	586,000	101.0	25.3
	GHG Scope 1 ★			t-CO ₂	11,456	15,803	15,416	10,709	13,998	15,000	107.2	11.4
	GHG Scope 2 ★			t-CO ₂	682,497	760,301	605,513	697,825	565,921	570,000	100.7	25.6
	GHG Emissions Intensity*1	SB	—	t-CO ₂ /Gbps	682	628	411	359	249	330	132.5	60.4
Greenhouse Gas (Breakdown of Scope 1)	Carbon Dioxide (CO ₂) ★	SB + Major Subsidiaries	FY2022: 99.4%	t	—	—	14,962	10,134	13,427	—	—	—
	Methane (CH ₄) ★			t-CO ₂	—	—	293	25	17	—	—	—
	Dinitrogen Monoxide (N ₂ O) ★			t-CO ₂	—	—	0.03	3.00	2.35	—	—	—
	Hydrofluorocarbons (HFCs) ★			t-CO ₂	—	—	162	547	551	—	—	—
	Perfluorocarbons (PFCs) ★			t-CO ₂	—	—	0	0	0	—	—	—
	Sulfur Hexafluoride (SF ₆) ★			t-CO ₂	—	—	0	0	0	—	—	—
	Nitrogen Trifluoride (NF ₃) ★			t-CO ₂	—	—	0	0	0	—	—	—
Greenhouse Gas (GHG) Emissions (Scope 3) ★	SB + Major Subsidiaries	FY2022: 90.9%	t-CO ₂	—	5,931,433	3,121,487*2	8,685,602	9,368,649	10,000,000	106.7	-57.9*3	

• The greenhouse gas emissions (Scope 1, 2, and 3), energy consumption, industrial waste and water consumption in FY2022 were examined by Japan Quality Assurance Organization as a third party (Limited guarantee level in accordance with ISO 14064-3 and ISAE 3000).

*1 Greenhouse gas emissions at 1 Gbps

*2 The coverage for FY2020 greenhouse gas emissions (Scope 3) differs from other years.

*3 Increases from the base year are due to boundary expansion and business expansion as well as additions to the scopes of calculation for some emissions categories.



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★: Third-party verified

Climate Change						
Item	Boundary	Coverage	Unit	FY2022	Rate (%)	Scope 3 Description of calculation
Scope 1: Direct Emission ★	SB + Major Subsidiaries	FY2022: 99.4%	t-CO ₂	13,998	0.1	—
Scope 2: Indirect Emission of Energy Sources ★				565,921	5.7	—
Scope 3: Other Indirect Emission ★	SB + Major Subsidiaries	FY2022: 90.9%	t-CO ₂	9,368,649	94.2	—
Category 1: Purchased Goods and Services				2,916,405	29.3	Calculated by multiplying the purchase price of products and services by the CO ₂ emission factor, including the procurement and transportation processes
Category 2: Capital Goods				1,312,591	13.2	Calculated by multiplying the capital investment amount by the CO ₂ emission factor of capital goods
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2				1,262,619	12.7	Calculated by multiplying fuel/electric power consumption by the CO ₂ emission factor for fuel procurement in manufacturing processes and, for electric power procured for sale from external sources, calculated by multiplying the amount of electric power by the CO ₂ emission factor upon fuel procurement
Category 4: Upstream Transportation and Distribution				147,001	1.5	Calculated by multiplying transportation costs by the CO ₂ emission factor for transportation between bases and shipping (Procurement transportation is included in Category 1)
Category 5: Waste Generated in Operations				1,986	0.0	Calculated by multiplying the weight of industrial waste by the CO ₂ emission factor for each kind of waste disposal method
Category 6: Business Travel				14,780	0.1	Calculated by multiplying the amount paid for transportation allowances by the CO ₂ emission factor for each transportation category, by multiplying the number of days of accommodation by the CO ₂ emission factor per day of accommodation, and by multiplying the total travel distance of rental cars by the CO ₂ emission factor for each fuel type and maximum loading capacity
Category 7: Employee Commuting				17,295	0.2	Calculated by multiplying the total commuting distance of employees by the CO ₂ emission factor per km of travelers for each transportation category and multiplying the power consumption during telework by the CO ₂ emission factor of electric power
Category 8: Upstream Leased Assets				428,056	4.3	Calculated by multiplying the total floor area of warehouses and rental offices by the CO ₂ emission factor per area for each building use and by multiplying the electric power consumption of telecommunications equipment installed and operated at rental properties by the CO ₂ emission factor for electric power
Category 9: Downstream Transportation and Distribution				678,913	6.8	For shipping, it is calculated by multiplying transportation costs by the CO ₂ emission factor
Category 10: Processing of Sold Products				0	0.0	(Not to be calculated)
Category 11: Use of Sold Products				2,397,972	24.1	Calculated by multiplying the number of products sold/rented by lifelong power consumption of each product and the CO ₂ emission factor of electric power
Category 12: End-of-Life Treatment of Sold Products				160,830	1.6	Calculated by multiplying the total weight of products sold by the CO ₂ emission factor for each kind of waste
Category 13: Downstream Leased Assets				961	0.0	Calculated by multiplying the number of units rented by electric power consumption and the CO ₂ emission factor for electric power
Category 14: Franchises				29,242	0.3	Calculated by multiplying the total floor area of franchise shops by the CO ₂ emission factor per area for each building use
Category 15: Investments	0	0.0	(Not to be calculated)			
Total				9,948,568	100.0	



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Climate Change											
				Results					Target	Achievement Rate (%)	
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022			
Energy	Electric Power Consumption ★	SB + Major Subsidiaries	FY2022: 99.4%	MWh	1,355,703	1,644,234	1,680,530	2,117,259	2,278,902	2,279,000	100.0
	Of which, Renewable Energy Consumption ★			MWh	44	32,516	324,766	631,248	998,571	998,000	100.1
	Renewable Energy Rate ★			%	0.0	2.0	19.3	29.8	43.8	43.8	100.1
	City Gas ★			m ³	4,554,000	4,508,000	4,914,000	3,256,578	3,067,817	—	—
	Heavy Oil A ★			kL	190	160	198	213	354	—	—
	Energy Consumption Intensity*	SB	—	MWh/Gbps	1,332	1,296	1,124	1,084	979	—	—
	Electric Power Consumption in Data Centers ★	SB + Major Subsidiaries	FY2022: 99.4%	MWh	73,670	263,620	271,711	534,275	565,824	579,000	102.3
	Of which, Renewable Energy Consumption ★			MWh	0	20,874	23,503	133,946	253,863	236,000	107.6
Renewable Energy Rate ★	%			—	7.9	8.6	25.1	44.9	40.8	110.1	
Power Usage Effectiveness			—	1.74	1.57	1.50	1.42	1.34	1.40	104.5	
Plan											
Item	Boundary	Coverage	Unit	FY2023	FY2024	FY2025	FY2026	FY2027	FY2030		
Mid/long-term Plan for Reducing Greenhouse Gas Emissions	Sum of Scope 1 and 2	SB + Major Subsidiaries	100%	t-CO ₂	547,000	509,000	403,000	375,000	347,000	0	

• In FY2030, electric power consumption is estimated to be 2,500,000 MWh. We have set the goal of using 100% renewable energy (includes the use of non-fossil certificates designated as renewable energy) for all electric power consumption by FY2030.

* Electric power consumption at 1 Gbps



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Resources and Waste											
					Results					Target	Achievement Rate (%)
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022		
Industrial Waste	Discharge Amount ★	SB + Major Subsidiaries	FY2022: 90.7%	t	1,092	5,226	6,313	6,196	6,398	—	—
	Recycling Amount ★			t	1,059	5,073	5,482	5,668	5,841	—	—
	Final Disposal Amount*1 ★			t	33	153	831	528	557	500	90
Hazardous Waste (PCB)	Disposal Amount	SB	—	t	—	—	0.49	0.18	0.22	0.20	110
Communication Equipment of Removed Base Stations	Final Disposal Rate	SB	—	%	0.85	1.40	0.51	0.20	0.04	0.10	250
Used Mobile Phones	Devices to be Reused or Recycled	SB	—	Mobile Phones	—	2,425,840	2,541,078	2,532,827	2,229,218	—	—
Use of Water*2	Water Consumption (Water Withdrawal) (Total)*3 ★	SB + Major Subsidiaries	FY2022: 75.8%	m ³	738,517	1,191,210	1,330,834	675,729	731,594	744,000	101.7
	Municipal Potable Water ★			m ³	738,517	1,191,210	1,330,596	432,544	426,724	—	—
	Groundwater ★			m ³	—	—	—	0	0	—	—
	Industrial Water ★			m ³	—	—	—	237,230	278,467	—	—
	Harvested Rainwater*4 ★			m ³	—	—	238*5	5,953	26,403	—	—
	Water Discharge Volume*6 ★			m ³	738,517	1,191,210	1,330,834	675,729	731,594	—	—
	Consumption Per Area			m ³ /m ²	0.92	0.73	0.82	0.58	0.62	—	—
	Water Consumption and Discharge Volume at Offices			m ³	—	917,542	929,588	125,297	147,468	150,000	101.7
	Water Consumption and Discharge Volume at Data Centers			m ³	—	273,668	401,246	353,394	411,594	—	—

*1 The calculation method was changed from FY2020.

*2 Due to a change in definition in FY2022, the figures for FY2021 have been retroactively adjusted.

*3 For offices not equipped with meters, consumption is estimated based on floor area using data on consumption per unit of floor area for the Group.

*4 Harvested rainwater with roof drains

*5 Figures for the period from Sep. 2020 to Mar. 2021 after the relocation of the headquarters.

*6 Sewage only



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Environmental Management System								
Item	Boundary	Coverage	Unit	Results				
				FY2018	FY2019	FY2020	FY2021	FY2022
ISO 14001 Certified Sites	SB	—	Sites	—	—	—	19	19
ISO 14001 Certification Rate*1	SB	—	%	—	—	—	100.0	100.0

*1 The percentage of certified sites among all applicable sites (sites designated under the Act on the Rational Use of Energy as type 1 designated energy management factories, etc., or type 2 designated energy management factories, etc.)

Compliance									
Item	Boundary	Coverage	Unit	Results					
				FY2018	FY2019	FY2020	FY2021	FY2022	
Violations of Environmental Rules	Times	SB + Major Subsidiaries	FY2022: 99.4%	Times	0	0	0	0	0
	Penalty Amount			Thousand yen	0	0	0	0	0

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Employees									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Employees* ¹	Women	SB + Major Subsidiaries	FY2022: 100%	Persons	5,356	7,730	8,004	15,300	19,141
	Men				13,468	18,332	19,162	30,276	35,845
	Total				18,824	26,062	27,166	45,576	54,986
Average Temporary Employees* ¹	SB + Major Subsidiaries	FY2022: 100%	Persons	3,733	4,449	4,716	21,096	21,954	
Average Consecutive Years Served* ¹	Women	SB + Major Subsidiaries	FY2022: 100%	Years	10.9	10.2	10.7	8.3	7.9
	Men				12.2	11.2	11.4	9.6	9.2
	Total				11.9	10.9	11.2	9.2	8.8
Average Age of Employees* ¹	Women	SB + Major Subsidiaries	FY2022: 100%	Age	36.3	36.6	37.1	36.1	36.9
	Men				40.1	39.3	39.6	39.0	39.2
	Total				39.1	38.5	38.9	38.1	38.4
Age Composition of Employees* ¹	20s* ²	SB + Major Subsidiaries	FY2022: 100%	Persons	3,337	5,042	4,882	10,290	11,197
	30s* ²				7,276	10,017	10,506	17,323	20,551
	40s* ²				5,904	7,863	8,255	13,280	16,112
	50s* ²				2,283	2,905	3,265	5,012	6,721
	60s* ²				24	45	43	192	405
	Less than 30 Years Old			17.7	19.5	18.1	22.3	20.4	
	30 to 49 Years Old			70.0	69.1	69.6	66.4	66.7	
	50 Years Old or Older			12.3	11.4	12.3	11.3	13.0	
	Employees by Management Position* ³			Manager Class	SB + Major Subsidiaries	FY2022: 100%	Persons	3,139	4,161
Department Head Class or Above		1,254	1,749	1,840				2,867	3,258
Total		4,393	5,910	6,358				9,712	11,008
Employees Reemployed after Retirement	SB + Major Subsidiaries	FY2022: 70%	Persons	52	105	135	144	163	
Employees Absent from Work	SB + Major Subsidiaries	FY2022: 70%	Persons	208	303	285	300	331	



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Item			Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employees Who Took Leave for Nursing Care			SB + Major Subsidiaries	FY2022: 70%	Persons	12	18	13	22	23
Employee Turnover* ⁴	Gender	Women	SB	—	Persons	194	142	156	142	155
		Men				516	454	407	522	618
		Total				710	596	563	664	773
	Reason	Voluntary	SB + Major Subsidiaries	FY2022: 100%	Persons	2,584	2,697	2,307	2,834	3,066
		Non-voluntary				114	98	51	101	146
		Total				2,698	2,795	2,358	2,935	3,212
Turnover Rate* ⁴	Gender	Women	SB	—	%	3.5	2.6	2.8	2.5	2.7
		Men				3.6	3.1	2.7	3.4	3.9
		Total				3.6	2.9	2.7	3.1	3.6
	Reason	Voluntary	SB + Major Subsidiaries	FY2022: 100%	%	6.7	6.3	5.3	6.1	5.7
		Non-voluntary				0.3	0.3	0.1	0.3	0.3
		Total				7.0	6.6	5.4	6.4	6.0
Employee Turnover Due to Nursing Care			SB	—	Persons	—	—	—	—	0
Ratio of Annual Paid Leave Taken* ⁵			SB ★	—	%	77.7	73.2	62.9	70.1	77.3
			SB + Major Subsidiaries	FY2022: 70%		77.6	74.9	62.5	70.2	77.7
Ratio of Telework* ⁶ ★			SB	—	%	—	—	95.9	95.9	95.7
Employees Who Have Taken Days off for Volunteer Activities* ⁷			SB	—	Persons	153	179	16	56	98
Ratio of Employees Who Joined the Labor Union			SB	—	%	—	—	25.1	23.8	22.7

*1 As of March 31 for each fiscal year

*2 Excluding seconded employees from other companies for some companies

*3 As of April 1 for each fiscal year

*4 Due to a change in boundary in FY2021, the figures for FY2018 to FY2020 have been retroactively adjusted.

*5 Due to a change in definition in FY2021, the figures for FY2018 to FY2020 have been retroactively adjusted.

*6 Ratio of employees who engaged in telework once or more a month

*7 The name of this item was changed in FY2020.



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Recruitment and Diversity											
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022		
Newly Hired Employees (New Graduates)	Women	SB + Major Subsidiaries	FY2022: 70%	Persons	151	233	186	149	234		
	Men				321	744	660	565	719		
	Total				472	977	846	714	953		
Newly Hired Employees (Mid-career Workers)	Women				79	257	256	209	238		
	Men				316	651	711	853	642		
	Total				395	908	967	1,062	880		
Newly Hired Employees (Employees with Disabilities)		SB	—	Persons	21	19	37	32	33		
Ratio of Women to Newly Hired Employees (New Graduates)		SB + Major Subsidiaries	FY2022: 70%	%	32.0	23.8	22.0	20.9	24.6		
Foreign Nationals in New Graduates Hired		SB + Major Subsidiaries	FY2022: 70%	Persons	38	64	96	54	76		
Ratio of Foreign Nationals to Newly Hired Employees (New Graduates)		SB + Major Subsidiaries	FY2022: 70%	%	8.1	6.6	11.3	7.6	8.0		
Average Employment Cost		SB + Major Subsidiaries	FY2022: 70%	Thousand yen	1,104	864	986	1,502	1,191		
Internal Hiring Rate*1*2		SB + Major Subsidiaries	FY2022: 54%	%	86.2	84.7	81.0	81.4	85.0		
Ratio of Female Employees*3		Revenue-generating Sections*4	SB + Major Subsidiaries	FY2022: 100%	%	32.6	33.3	33.1	37.4	39.1	
		STEM Sections*5				14.4	14.2	13.5	17.8	18.4	
		Other Sections				—	—	—	—	45.1	
		Total				28.5	29.7	29.5	33.6	34.8	
Women in Management Positions*6		Rank	SB	—	Persons	Manager Class	235	256	290	322	382
						Department Head Class or Above	37	44	48	56	62
						Total	272	300	338	378	444
		Job Type				Sales	16	26	29	37	44
						Engineer	27	39	41	52	55
						Other	229	235	268	289	345
						Total	272	300	338	378	444
Rank	Manager Class*1	SB + Major Subsidiaries	FY2022: 100%	Persons	237	455	518	1,043	1,297		
	Department Head Class or Above				37	79	87	249	296		
	Total*1				274	534	605	1,292	1,593		



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Ratio of Women in Management Positions*6	Rank	Manager Class ★	SB	—	%	7.5	8.0	8.5	9.1	10.3
		Department Head Class or Above ★				3.0	3.4	3.5	4.0	4.2
		Total★				6.2	6.6	7.1	7.6	8.6
	Job Type	Sales	SB	—	%	2.2	3.3	3.6	4.3	4.8
		Engineer				2.2	2.7	2.7	3.1	3.1
		Other				9.5	10.2	11.1	12.0	13.9
		Total				6.2	6.6	7.1	7.6	8.6
	Rank	Manager Class*1	SB + Major Subsidiaries	FY2022: 100%	%	7.6	10.9	11.5	15.2	16.7
		Department Head Class or Above				3.0	4.5	4.7	8.7	9.1
		Total				6.2	9.0	9.5	13.3	14.5
Employees Taking Childcare Leave	Women	SB + Major Subsidiaries	FY2022: 70%	Persons	348	460	423	527	463	
	Men				141	269	330	347	522	
Ratio of Employees Taking Childcare Leave	Women	SB	—	%	—	—	—	—	100.0	
	Men				—	—	—	—	65.5	
	Women	SB + Major Subsidiaries	FY2022: 70%	%	100.0	100.0	100.0	100.0	100.0	
	Men				20.0	27.5	39.0	39.9	56.7	
Return Rate from Childcare Leave		SB	—	%	—	—	—	—	100.0	
Ratio of Employees by Nationality or Region*3	Japan	SB + Major Subsidiaries	FY2022: 100%	%	98.07	97.02	97.00	94.53	87.53	
	People's Republic of China				0.96	1.40	1.44	1.76	1.53	
	Republic of Korea				0.60	0.93	0.96	1.88	5.51	
	Other: Asia				0.27	0.52	0.47	1.30	4.40	
	North America				0.05	0.04	0.05	0.19	0.47	
	Latin America				0.00	0.00	0.00	0.06	0.12	
	Middle East				0.00	0.00	0.00	0.00	0.04	
	Europe				0.03	0.05	0.05	0.21	0.32	
	Oceania				0.00	0.01	0.01	0.05	0.06	
	Africa				0.02	0.03	0.02	0.02	0.02	



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Recruitment and Diversity									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Ratio of Employees in Management Positions by Nationality or Region*6	Japan	SB + Major Subsidiaries	FY2022: 100%	%	99.26	99.40	99.26	93.27	91.11
	People's Republic of China				0.23	0.15	0.22	0.34	0.58
	Republic of Korea				0.30	0.27	0.34	3.40	4.44
	Other: Asia				0.05	0.07	0.06	2.63	3.38
	North America				0.09	0.07	0.06	0.19	0.23
	Latin America				0.00	0.00	0.00	0.02	0.03
	Middle East				0.00	0.00	0.00	0.01	0.01
	Europe				0.05	0.02	0.02	0.10	0.15
	Oceania				0.00	0.00	0.02	0.03	0.05
	Africa				0.02	0.02	0.02	0.01	0.02
Ratio of Employees with Disabilities*7	SB	—	%	2.19	2.30	2.39	2.34	2.46	
	SB + Major Subsidiaries	FY2022: 100%		2.15	2.26	2.39	2.15	2.32	

*1 Due to a change in definition in FY2021, the figures for FY2020 have been retroactively adjusted.

*2 Internal hiring rate is calculated with the equation: (the number of employees transferred) / (the number of employees transferred + the number of new recruits).

*3 As of March 31 for each fiscal year

*4 The revenue-generating section means the sales section.

*5 STEM stands for Science, Technology, Engineering, and Mathematics (Engineering and Planning).

*6 As of April 1 for each fiscal year

*7 As of June 1 for each fiscal year

Personnel Development									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Average Period of Training/Personnel Development*1*2	SB + Major Subsidiaries	FY2022: 87%	Hours/Person	11.0	10.0	14.7	21.5	22.8	
Average Cost for Training/Personnel Development*1	SB + Major Subsidiaries	FY2022: 87%	Yen/Person	195,115	225,673	129,174	134,478	107,779	
Human Capital Return on Investment*3	SB + Major Subsidiaries	FY2022: 100%	—	—	11.7	11.1	9.2	8.8	

*1 Due to a change in definition in FY2021, the figures for FY2020 have been retroactively adjusted.

*2 Calculated by multiplying the number of hours of each training held by the number of participants

*3 Calculated as (Total net sales – Total operating expenses – Total employee-related expenses) ÷ Total employee-related expenses



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Employee Satisfaction Level									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Survey on the Employee Satisfaction Level: Response Rate	SB	—	%	98.1	97.4	96.8	96.4	96.3	
Survey on the Employee Satisfaction Level: Overall Satisfaction Level*1*2	Women	SB	—	Points	3.46	3.49	3.57	3.63	3.63
	Men				3.53	3.55	3.59	3.63	3.63
	Total				3.51	3.53	3.58	3.63	3.62
Survey on the Employee Satisfaction Level: Ratio of Employees with High Engagement*3	SB	—	%	20.6	21.2	22.3	25.6	25.3	

*1 Overall satisfaction level: Aggregated values of results related to work, workplace, boss and company

*2 Scored out of 5 (less than 3.00 = Low, 3.00 to 3.49 = Normal, 3.50 to 3.99 = High, 4.00 or higher = Very high)

*3 Employees with high engagement: Employees with a score of 4.00 or above

Occupational Health & Safety								
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total Working Hours per Year	SB + Major Subsidiaries	FY2022: 70%	Hours	1,770	1,793	1,887	1,849	1,891
Average Monthly Overtime Hours	SB	—	Hours	—	—	—	27.0	24.9
Ratio of Employees Who Underwent a Stress Check	SB + Major Subsidiaries	FY2022: 70%	%	90.1	90.5	86.6	87.2	87.7
Ratio of Positive Findings in the Regular Health Examination	SB + Major Subsidiaries	FY2022: 70%	%	59.7	59.7	61.1	59.3	55.2
Completion Rate for Specific Health Guidance	SB + Major Subsidiaries	FY2022: 70%	%	31.6	34.5	34.6	56.5	51.1
Ratio of Employees Who Smoke*1	SB	—	%	29.9	29.7	26.8	25.8	24.7
	SB + Major Subsidiaries	FY2022: 70%		29.8	26.6	23.8	22.8	21.7
Total Recordable Incident Rate (TRIR)	SB	—	—	—	0.20	0.13	0.13	0.02
Lost Time Incident Rate (LTIR)	SB	—	—	—	0.11	0.10	0.10	0.02
Major Accidents During Mobile Base Station Construction ★	SB	—	Accidents	—	—	0	0	0

*1 As of March 31 for each fiscal year



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Community/Society									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Total Amount of Donations*1	SB	—	Thousand yen	165,556	140,304	129,067	286,193	118,850	
Aid for Disaster Victims	SB	—	Thousand yen	2,318	713	317	195	2,897	

*1 Due to a change in definition in FY2020, the figures for FY2018 and FY2019 have been retroactively adjusted.

Network Issues									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Major Network Incidents*1	SB	—	Incidents	2	0	0	0	0	
Network Interruption Frequency per Customer*2	SB	—	Interruptions/ Person-year	—	—	—	0.00065927	0.00126637	
Network Interruption Duration per Customer*2	SB	—	Hours/ Person- year	—	—	—	0.0138	0.0058	

*1 Report based on Article 57 of Enforcement Regulations of Telecommunications Business Act

*2 Calculated based on the disclosure metrics of the SASB (Sustainability Accounting Standards Board) Standards



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Corporate Governance										
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Board Directors	Internal Board Directors	Women	SB	—	Persons	0	0	0	0	0
		Men				7	7	7	7	7
		Total				7	7	7	7	7
	External Board Directors* ¹	Women				1 (1)	1 (1)	1 (1)	3 (2)	3 (2)
		Men				3 (3)	3 (3)	3 (3)	3 (3)	3 (3)
		Total				4 (4)	4 (4)	4 (4)	6 (5)	6 (5)
Grand Total					11	11	11	13	13	
Executive Officers on the Board of Directors		SB	—	Persons	5	5	5	4	4	
% of Executive Officers on the Board of Directors		SB	—	%	45.5	45.5	45.5	30.8	30.8	
% of Independent External Directors on the Board of Directors					36.4	36.4	36.4	38.5	38.5	
% of Women on the Board of Directors					9.1	9.1	9.1	23.1	23.1	
Audit & Supervisory Board Members	Internal Audit & Supervisory Board Members	Women	SB	—	Persons	1	1	1	1	1
		Men				1	1	1	1	1
		Total				2	2	2	2	2
	External Audit & Supervisory Board Members	Women				0	0	0	0	1
		Men				2	2	2	2	1
		Total				2	2	2	2	2
	Grand Total								4	4
Average Age of Board Directors* ²		SB	—	Age	59.3	60.3	61.3	60.6	61.6	
Term Limit for Board Directors		SB	—	Years	1	1	1	1	1	
Average Term of Office of Board Directors* ²		SB	—	Years	6.8	7.8	8.8	8.3	9.3	
Board Meetings Held* ³		SB	—	Times	16	14	12	12	13	
Board Directors Attending Less Than 75% of Board Meetings		SB	—	Persons	0	0	0	0	1	
Average Attendance Rate of Board Directors		SB	—	%	—	—	100.0	97.4	94.7	
Audit and Supervisory Board Meetings Held		SB	—	Times	16	17	17	16	16	
Board Members Attending Less Than 75% of Audit and Supervisory Board Meetings		SB	—	Persons	0	0	0	0	0	
Board Directors and Audit & Supervisory Board Members		Women	SB	—	Persons	2	2	2	4	5
		Men				13	13	13	13	12
		Total				15	15	15	17	17
	% of Women in Board Directors and Audit & Supervisory Board Members					SB	—	%	13.3	13.3
Nominating and Remuneration Committee Members	Internal Nominating and Remuneration Committee Members	Women	SB	—	Persons	0	0	0	0	0
		Men				1	1	1	1	1
		Total				1	1	1	1	1
	Independent External Nominating and Remuneration Committee Members	Women				1	1	1	1	1
		Men				3	3	3	3	3
		Total				4	4	4	4	4
	Grand Total								5	5



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Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022		
Nominating Committee Meetings Held*4	SB	—	Times	2	2	4	3	2		
Remuneration Committee Meetings Held*4*5	SB	—	Times	2	3	4	6	6		
Nominating Committee Meeting Attendance Rate	SB	—	%	100.0	100.0	100.0	93.3	100.0		
Remuneration Committee Meeting Attendance Rate*5	SB	—	%	100.0	100.0	100.0	96.7	93.3		
Special Committee Members	Independent External Members	Women	SB	—	Persons	—	—	—	2	2
		Men				—	—	—	3	3
		Total				—	—	—	5	5
	Grand Total	—	—	—	—	—	5	5		
Special Committee Meetings Held*5	SB	—	Times	—	—	—	1	3		
Special Committee Meeting Attendance*5		—	%	—	—	—	100.0	93.3		

*1 Figures shown in parentheses indicate the number of independent external Board Directors.

*2 Due to a change in definition in FY2021, the figures for FY2018 and FY2020 have been retroactively adjusted.

*3 Excludes meetings of the Board of Directors conducted by written resolution

*4 Due to a change in definition in FY2021, the figures for FY2018 have been retroactively adjusted.

*5 Includes meetings held by written communication

Remuneration									
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Remuneration of Chief Executive Officer	SB	—	Million yen	Basic Remuneration	120	120	120	120	120
				Stock Options	89	89	59	52	55
				Performance-based Bonus	315	200	228	—	—
				Performance-based Remuneration	—	200	228	475	399
				Total	524	608	635	647	574
Remuneration of Board Directors (Excluding External Board Directors)*1	SB	—	Million yen	Basic Remuneration	426	432	432	444	444
				Stock Options	345	345	228	273	251
				Performance-based Bonus	998	628	701	—	—
				Performance-based Remuneration	—	628	701	1,606	1,331
				Total	1,769	2,034	2,061	2,323	2,026
Remuneration of Audit & Supervisory Board Members (Excluding External Members)	SB	—	Million yen	Basic Remuneration	12	14	17	18	18
				Stock Options	—	—	—	—	—
				Performance-based Bonus	—	—	—	—	—
				Performance-based Remuneration	—	—	—	—	—
				Total	12	14	17	18	18



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Remuneration									
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Remuneration of External Board Directors and External Audit & Supervisory Board Members	Basic Remuneration	SB	—	Million yen	49	64	70	104	114
	Stock Options				—	—	—	—	—
	Performance-based Bonus				—	—	—	—	—
	Performance-based Remuneration				—	—	—	—	—
	Total				49	64	70	104	114
Remuneration of Non-executive Board Members		SB	—	Million yen	89	89	59	38	23
Ratio of CEO Shareholdings to Basic Remuneration		SB	—	Times	—	—	—	—	199
Average Ratio of Shareholdings to Basic Remuneration for Executive Directors with Shareholdings*2		SB	—	Times	—	—	—	—	36
Average Annual Salary of Employees	Women ★	SB	—	Thousand yen	5,306	6,110	6,580	6,502	6,512
	Men ★				8,117	8,372	8,728	8,592	8,554
	Total ★				7,331	7,821	8,207	8,084	8,049
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	5,289	6,259	6,737	6,329	6,598
	Men				8,091	8,295	8,728	8,430	8,626
	Total				7,298	7,782	8,222	7,808	8,007
Average Annual Pay for Executives (Basic Salary Only)*3**4**5	Women ★	SB	—	Thousand yen	—	—	—	—	—
	Men ★				—	—	50,232	52,769	52,134
	Total ★				—	—	50,232	52,769	52,134
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	—	32,690	23,336
	Men				—	—	43,031	26,717	28,947
	Total				—	—	41,207	26,901	28,623
Average Annual Pay for Executives (Basic Salary + Bonus)*3**4**5	Women ★	SB	—	Thousand yen	—	—	—	—	—
	Men ★				—	—	100,385	116,638	67,078
	Total ★				—	—	100,385	116,638	67,078
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	—	45,596	31,919
	Men				—	—	84,986	42,097	40,181
	Total				—	—	80,335	42,215	39,704
Average Annual Pay for Executives (Basic Salary + Bonus+ Share-Based Payments) *3**4	Women	SB	—	Thousand yen	—	—	—	—	—
	Men				—	—	141,785	168,946	171,029
	Total				—	—	141,785	168,946	171,029

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Remuneration									
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average Annual Salary of Employees at Management Positions by Gender (Basic Salary Only)*4*5	Women ★	SB	—	Thousand yen	—	—	6,802	6,782	6,793
	Men ★				—	—	7,405	7,398	7,385
	Total ★				—	—	7,367	7,356	7,340
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	6,327	7,083	7,375
	Men				—	—	7,274	7,569	7,875
	Total				—	—	7,193	7,499	7,805
Average Annual Salary of Employees at Management Positions (Basic Salary + Bonuses)*4*5	Women ★	SB	—	Thousand yen	—	—	10,847	10,677	10,695
	Men ★				—	—	11,838	11,669	11,651
	Total ★				—	—	11,777	11,601	11,579
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	10,337	10,085	10,659
	Men				—	—	11,833	11,357	11,716
	Total				—	—	11,706	11,185	11,567
Average Annual Salary of Employees at Non-management Positions (Basic Salary + Bonuses)	Women ★	SB	—	Thousand yen	—	—	6,313	6,203	6,179
	Men ★				—	—	7,391	7,241	7,163
	Total ★				—	—	7,070	6,933	6,865
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	6,392	5,873	5,878
	Men				—	—	7,384	7,081	7,105
	Total				—	—	7,082	6,655	6,669
Average Annual Pay for Temporary and Part-time Employees (Basic Salary + Bonus)	Women	SB	—	Thousand yen	—	—	—	—	3,450
	Men				—	—	—	—	4,083
	Total				—	—	—	—	3,883
	Women	SB + Major Subsidiaries	FY2022: 100%	Thousand yen	—	—	—	—	2,023
	Men				—	—	—	—	3,043
	Total				—	—	—	—	2,436
Bonuses for Employees (Median)		SB	—	Thousand yen	2,135	2,253	2,252	2,295	2,298
Ratio of CEO's Remuneration to Average Annual Salary of Employees		SB + Major Subsidiaries	FY2022: 100%	Times	72	78	77	84	72
Ratio between CEO's Remuneration and Average Annual Pay for Employees (Median)		SB	—	Times	245	270	282	282	250

*1 Under the Group's policy on the payment of executive remuneration, the remuneration of Board Director Masayoshi Son and Board Director Kentaro Kawabe is to be excluded from the scope of actual payment since the remuneration of Directors who concurrently hold posts in Group companies is paid from the main company at which they serve, and thus excluded from the figures above accordingly.

*2 Excluding the CEO and non-executive Directors

*3 Calculated for Executive Directors and Delegated Senior Vice Presidents

*4 Delegated Senior Vice Presidents were classified as employees at management positions in FY2020 and as executives from FY2021 onward.

*5 Due to a change in definition in FY2021, the figures for FY2020 have been retroactively adjusted.



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Remuneration for Comptrollers									
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Remuneration for Independent Auditors	Audit Fee	SB + Major Subsidiaries	FY2022: 100%	Million yen	805	1,398	1,562	2,053	3,407
	Non-audit Fee				92	115	247	382	115
	Total				897	1,513	1,809	2,435	3,522
Remuneration for Those Who Belong to the Same Network as Auditors, Certified Public Accountants, and Others (excluding the above)	Audit Fee	SB + Major Subsidiaries	FY2022: 100%	Million yen	—	—	5	103	130
	Non-audit Fee				648	343	591	618	303
	Total				648	343	596	721	433

Shareholders' Rights									
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Anti-takeover Measures		SB	—	—	None				

Compliance										
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Consultations/Reports about Compliance Violations		SB	—	Reports	—	228	175	228	267	
Breakdown of Consultations/Reports	Labor Affairs	SB	—	Reports	—	104	83	71	67	
	Other				—	124	92	157	200	
Details of Violation	Improper Sales	SB	—	Breaches	—	—	8	11	12	
					Violation of Security Rules	—	—	3	6	16
					Neglect of Duty	—	—	0	1	2
					Other	—	—	13	9	12
	Total				33	37	24	27	42	
Code of Conduct or Ethics Breaches	Details of Punishment	SB	—	Breaches	—	—	2	0	3	
					Retirement under Instruction	—	—	2	6	8
					Demotion	—	—	4	5	4
					Suspension of Work	—	—	5	3	8
					Pay Cut	—	—	7	8	9
					Reprimand	—	—	4	5	10
Total	33	37	24	27	42					



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Compliance										
Item		Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Violations, Including Human Rights Infringements and Harassment	Details of Violation	Harassment	SB	—	Breaches	9	14	12	13	5
	Total					9	14	12	13	5
	Details of Punishment	Punitive Dismissal	SB	—	Breaches	—	—	0	0	0
		Retirement under Instruction				—	—	0	2	0
		Demotion				—	—	3	3	0
		Suspension of Work				—	—	3	2	4
		Pay Cut				—	—	1	4	0
	Reprimand	—				—	5	2	1	
	Total		9	14	12	13	5			
	Trainings on Human Rights		SB	—	Times	—	8	10	11	12
Ratio of Employees Who Have Taken a Compliance Test		SB	—	%	99.9	99.8	100.0	100.0	100.0	
Cases of Leakage of Personal Information, Theft or Loss of Data*1		SB	—	Cases	0	0	0	0	0	
Total Contributions & Expenditures for Political Influence	Political Contributions	SB	—	Yen	0	0	0	0	0	
	Lobbying				0	0	0	0	0	
	Expenses for Trade Associations				0	0	0	0	0	
	Other Expenses				0	0	0	0	0	
	Total				0	0	0	0	0	
Anticompetitive Violation		SB	—	Cases	0	0	0	0	0	
Bribery		SB	—	Cases	0	0	0	0	0	
Insider Trading		SB	—	Cases	—	—	—	—	0	
Money Laundering		SB	—	Cases	—	—	—	—	0	
Conflicts of Interest		SB	—	Cases	—	—	—	—	0	

*1 Disclosed based on guidance from regulatory authorities and in violations of laws and regulations

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Information Security								
Item	Boundary	Coverage	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Information Security Incidents*1	SB	—	Incidents	1	0	0	0	0
ISO 9001 Certified Sites	SB	—	Sites	—	—	—	38	38
ISO 9001 Certification Rate*2	SB	—	%	—	—	—	100.0	100.0
ISO 27001 Certified Sites	SB	—	Sites	—	—	—	28	29
ISO 27001 Certification Rate*3	SB	—	%	—	—	—	100.0	100.0
ISO 20000-1 Certified Sites	SB	—	Sites	—	—	—	25	24
ISO 20000-1 Certification Rate*4	SB	—	%	—	—	—	100.0	100.0
Information Security Training Attendance Rate	SB	—	%	100.0	100.0	100.0	100.0	100.0

*1 Disclosed in accordance with SoftBank Corp.'s information security policy

*2 The percentage of certified sites among all applicable sites (sites where SoftBank Corp. has sought ISO 9001 certification)

*3 The percentage of certified sites among all applicable sites (sites where SoftBank Corp. has sought ISO 27001 certification)

*4 The percentage of certified sites among all applicable sites (sites where SoftBank Corp. has sought ISO 20000-1 certification)

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DJSI World Index
DJSI Asia Pacific Index

SoftBank was selected as a member of both the DJSI World Index and DJSI Asia Pacific Index in FY2022, which are part of the Dow Jones Sustainability Index (DJSI), the world's leading ESG (Environmental, Social, and Governance) investment index. SoftBank is the only company in the "Telecommunications Services" group to be selected from Japan for "DJSI World."

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

FTSE4Good Index Series
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index

Since 2020, SoftBank has been a component of two ESG indices defined by FTSE Russel: the "FTSE BLOSSOM Japan Index" as well as the "FTSE4Good Index Series," one of the world's leading ESG indexes. In 2022, SoftBank became a component of the "FTSE Blossom Japan Sector Relative Index."

MSCI Japan ESG Select Leaders Index
MSCI Japan Empowering Women Index (WIN)


SoftBank was selected as a constituent for the "MSCI Japan ESG Select Leaders Index," a leading ESG index that has been adopted as a benchmark by Japan's Government Pension Investment Fund (GPIF)—the world's largest public pension fund—for passive ESG investing.

SoftBank was also selected as a member of the "MSCI Japan Empowering Women Index (WIN)," which consists of Japanese companies with a high level of gender diversity.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)


MSCI ESG Ratings

In 2023, SoftBank received the highest rating of "AAA" in MSCI ESG Ratings, which is a global rating on ESG investments aiming to measure a company's ESG performance based on their exposure to industry-specific ESG risks and how well they manage those risks relative to peers.




Nikkei SDGs Management Survey 2022

For the second year in a row, SoftBank received the highest rating of 5 stars in "Nikkei SDGs Management Survey 2022." This comprehensive survey covers a total of four fields: SDGs strategy / economic value, social value, environmental value and governance.




DX Stock 2023

For the third year in a row, in recognition of its efforts to resolve social issues through new businesses, SoftBank was selected as the only company in the information and telecommunications industry to be included in "Digital Transformation Stock" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.




CDP 2022 Climate Change

SoftBank received a score of A- in the climate change category from CDP (headquarters: London, U.K.), which is a nonprofit organization carrying out environmental assessment of major companies and cities worldwide.



An International Climate Change Initiative By SBT

SoftBank announced that the goals detailed in its Carbon Neutral 2030 Declaration to achieve zero greenhouse gas emissions by 2030 were certified by the "Science Based Targets initiative" ("SBTi"), a body enabling businesses to set ambitious emissions reduction targets.



Note: The name and logo of the Dow Jones Sustainability Index are a trademark and a service mark, respectively, of S&P Dow Jones Indices LLC. SoftBank Corp.'s inclusion in the MSCI indexes and the use of MSCI logos, trademarks, service marks or index names do not constitute a sponsorship, recommendation, or promotion of SoftBank Corp. by MSCI nor its affiliates. The MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI and the MSCI indexes are trademarks or service marks of MSCI or its affiliates. FTSE Russell is a trademark of FTSE International Limited and Frank Russell Company.

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Labor Practices

Next-generation certification mark (Kurumin)

In 2017, SoftBank was granted “Platinum Kurumin” certification by the Ministry of Health, Labor and Welfare, an evaluation of “companies that have already received Kurumin certification and have advanced the introduction and use of systems which support the balance between work and child-rearing to an appreciable extent, implementing the initiatives to a high degree.”



Eruboshi

SoftBank has received the “Eruboshi” designation (class 2) from the Minister for Health, Labor and Welfare in recognition of being a company that excels in the empowerment of women. Going forward, we will maintain efforts to promote the success of women, such as holding career training for female employees and implementing mentoring programs.



PRIDE Index Gold Rating

SoftBank was awarded a Gold ranking, the highest ranking in the “PRIDE Index,” an evaluation of companies’ internal initiatives regarding LGBTQ and other sexual minorities, for the sixth year in a row since 2017.



Health and Productivity Management

Due to its active efforts related to health and productivity management—based on the perspectives of both managing the health of employees and successful business management—SoftBank was selected for the first time as a Health and Productivity Management company by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange. SoftBank was also selected as a White 500 organization for the fifth year in a row in the Health & Productivity Management Outstanding Organizations Recognition Program large enterprise category by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



NIKKEI Smart Work Survey

As a result of the “Sixth Nikkei Smart Work Survey,” SoftBank obtained five stars, the highest rating.

This survey, which is conducted by Nikkei Inc., covers Japanese listed companies as well as powerful unlisted companies and ranks them based on their efforts to maximize their organizational performance in terms of three factors: the achievement of diverse, flexible workstyles, systems that give rise to new businesses, etc., and market development ability.

SoftBank also received a Grand Prize as a result of “NIKKEI Smart Work Awards 2023”—awards given to advanced companies taking on the challenge of increased productivity through workstyle reforms—the highest evaluation.



Website

Gomez IR Site Ranking 2022
Gold Prize (No. 1 in ranking)



FY2022 All Japanese Listed Companies’ Website Ranking
AAA Website



Daiwa IR 2022 Internet IR
Best Excellence Award



Gomez ESG Site Ranking 2022
Excellent Company



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Corporate Data/Stock Information

Corporate data

Company name	SoftBank Corp.
Representative	Junichi Miyakawa, President & CEO
Corporate headquarters	1-7-1 Kaigan, Minato-ku, Tokyo 105-7529
Established	December 9, 1986
Number of employees	54,986 (Consolidated basis) 19,045 (Standalone basis) (As of March 31, 2023)
Fiscal year	From April 1 to March 31 of the following year
Annual general meeting of shareholders	Every year in June

Stock information (As of March 31, 2023)

Common stock	¥204,309 million
Shares authorized	8,010,960,300 shares
Shares issued	4,787,145,170 shares (treasury stock: 55,596,343 shares)
Stock exchange registration	Tokyo Stock Exchange, Prime Market
Number of shares constituting one trading unit	100 shares
Total number of shareholders with voting rights	875,428

Principal shareholders (top 10 shareholders)

Name	Number of shares held (Thousands)	Shareholding ratio (%)
SoftBank Group Japan Corporation	1,914,858	40.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	486,509	10.28
Custody Bank of Japan, Ltd. (Trust Account)	173,907	3.68
STATE STREET BANK WEST CLIENT - TREATY 505234	61,674	1.30
JP MORGAN CHASE BANK 385632	59,488	1.26
SMBC Nikko Securities Inc.	45,441	0.96
JP MORGAN CHASE BANK 385781	36,507	0.77
JPMorgan Securities Japan Co., Ltd.	29,598	0.63
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	29,001	0.61
SSBTC CLIENT OMNIBUS ACCOUNT	27,144	0.57

Note: The shareholding ratio was calculated by subtracting the treasury stock (55,596,343 shares) from the total number of shares issued. The above figures for the number of shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. include shares related to trust business.

Our Websites

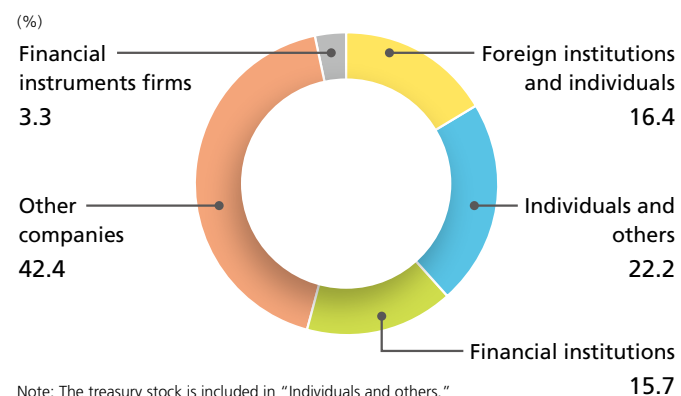
• Investor Relations

<https://www.softbank.jp/en/corp/irr/>

• Sustainability & CSR

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

Breakdown by type of shareholder



Stock price chart



Cautionary statement with respect to forward-looking statements

Statements concerning such matters as current plans, forecasts, and strategies in this integrated report include forward-looking statements that reflect the assessments made by the Company in light of the information available to it when preparing the report. Please be aware that various factors could cause the Company's actual business results to differ significantly from forecasted business results. Risks and uncertainties that could affect actual business results include the Company's business environment, competition in markets, foreign exchange rates, taxes, and various systems.



SoftBank Corp.