



SoftBank

Integrated Report 2024



SoftBank Corp. Integrated Report 2024

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.

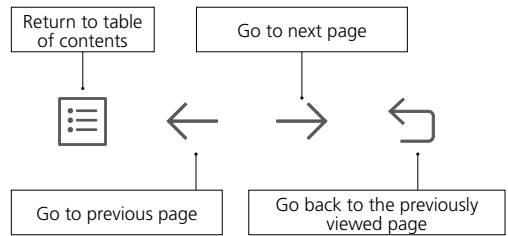
- **Report period**
From April 1, 2023 to March 31, 2024
(Note) Certain information concerning matters before and after this period has also been included.
- **Report scope**
SoftBank Corp. and its subsidiaries and affiliates
- **Monetary and percentage amounts in this report**
In this integrated report, monetary amounts less than the stated units have been rounded, and percentage amounts less than a unit of the stated digits have been rounded.
- **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.


▪ **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 |
| LY | LY Corporation (standalone basis) |
| LY Group | LY Corporation and its subsidiaries |
| PayPay | PayPay Corporation |
| Cubic Telecom, Cubic | Cubic Telecom Ltd. |

▪ **How to use navigation buttons, etc.**


Navigation buttons are placed on each page to make it easier to move between pages



 **P00** Clicking on a page number takes you to the relevant page within the report

Positioning of Our Reports and Disclosures

Business Strategy/ Financial Information



Integrated Report [▶ LINK](#)

Provides comprehensive information on our vision, medium- to long-term growth strategies, value creation process, and material issues, as well as financial and non-financial information. (Updated annually)

Our Websites

Investor Relations [▶ LINK](#)

Primarily provides financial information aimed at our shareholders and investors.

- Management policy and strategy (Medium-term Management Plan)
- Earnings results briefing
- Business briefing / ESG briefing session
- Briefing for individual investors

Audited Consolidated Financial Statements [▶ LINK](#)

General Meeting of Shareholders [▶ LINK](#)

- Notice of General Meeting of Shareholders
- Business strategy briefing materials

Newsletter to Shareholders [▶ LINK](#)
(only in Japanese)

Non-financial Information/ ESG Information


Our Websites

Sustainability [▶ LINK](#)

Provides information on our sustainability initiatives. (Updated as necessary)

- Sustainability approach
- Material issues
- Major ESG initiatives
- External evaluations and initiatives

Sustainability Report [▶ LINK](#)



Provides comprehensive details of our sustainability initiatives. (Updated annually)

Corporate Governance [▶ LINK](#)

- System
- Corporate governance report

ESG Data Book (Updated annually) [▶ LINK](#)

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Chapter 1

Vision and Commitment





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SoftBank's Vision

SoftBank has expanded 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. This section introduces our history and current Group structure and elaborates on our vision.





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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 well-being 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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Thoughts Behind Our Brand Symbol



A corporate group that continually provides answers to social issues

The double-line design that forms our brand symbol represents the “= (equal)” sign, which symbolizes the SoftBank Group’s corporate stance as a driver of the Information Revolution. It shows that the SoftBank Group has an “answer” it can provide to customers and society to help solve the various problems they face.

As various social issues such as declining population, an aging society with fewer childbirths, and increasing natural disasters become more severe, the SoftBank Group is working to solve social issues, not only current but also new social issues that may arise in the future.

We want to be a corporate group that continually provides answers to social issues, considering the world 30 years and 300 years in the future. These are our thoughts behind our brand symbol.



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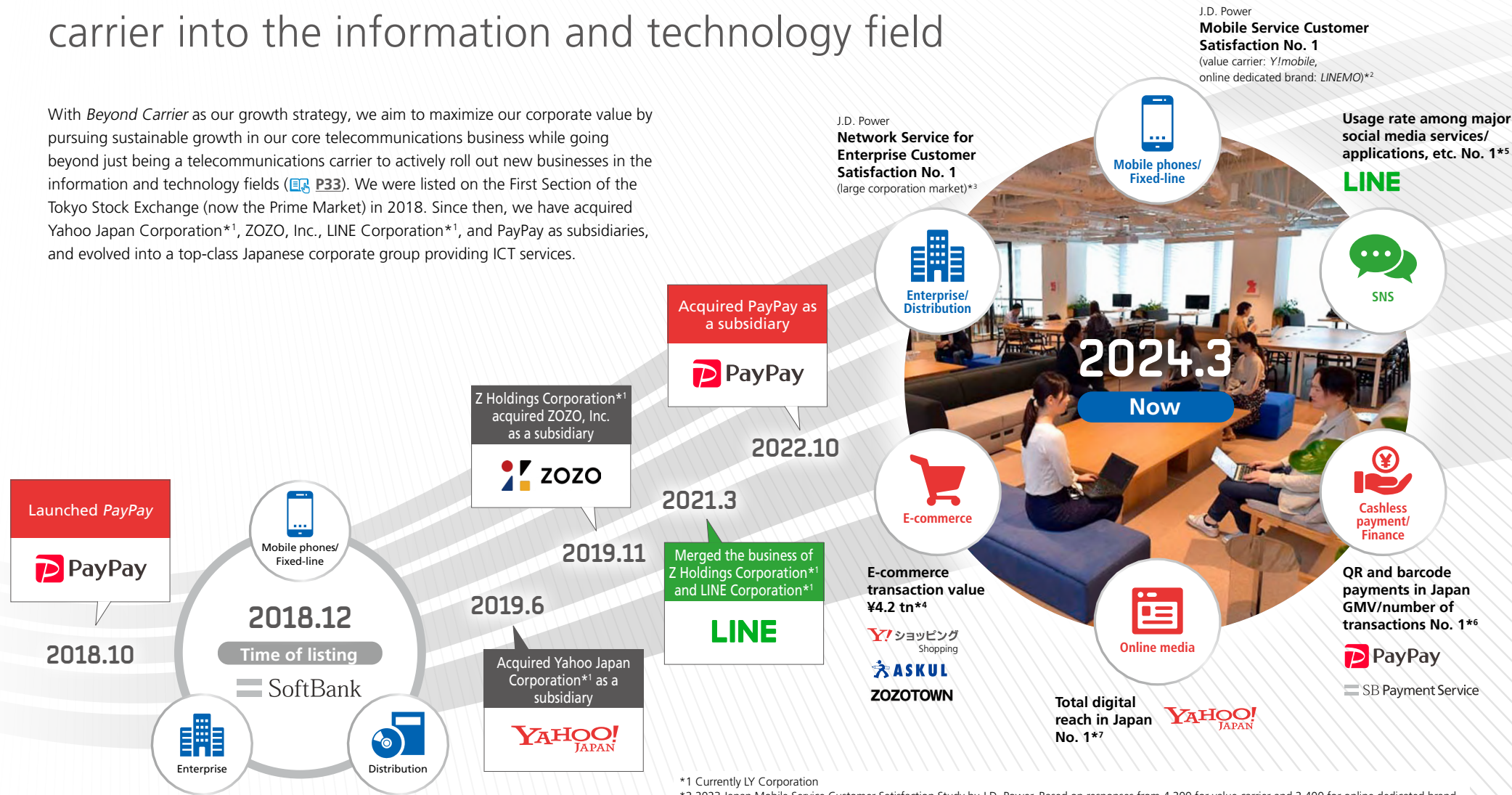
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History of Our Challenges and Evolution

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 (P33). We were listed on the First Section of the Tokyo Stock Exchange (now the Prime Market) in 2018. Since then, we have acquired Yahoo Japan Corporation*1, ZOZO, Inc., LINE Corporation*1, and PayPay as subsidiaries, and evolved into a top-class Japanese corporate group providing ICT services.



*1 Currently LY Corporation
*2 2023 Japan Mobile Service Customer Satisfaction Study by J.D. Power. Based on responses from 4,200 for value carrier and 2,400 for online dedicated brand. <https://japan.jdpower.com/en/awards>
*3 2023 Network Service Customer Satisfaction Survey by J.D. Power. Based on 816 responses from 487 companies with more than 1,000 employees. <https://japan.jdpower.com/en/awards>
*4 FY2023 result. Total transaction values of domestic shopping business, reuse business, other (merchandise), ASKUL Corporation's BtoB-related, domestic services, domestic digital content and overseas e-commerce
*5 Institute for Information and Communications Policy, Ministry of Internal Affairs and Communications, FY2022 Survey Report on Usage Time of Information and Communications Media and Information Behavior <Outline> (June 2023)
*6 Calculated based on "Survey on Code Payment Usage Trends, March 25, 2024," published by Payments Japan Association
*7 Nielsen, TOPS OF 2023: DIGITAL IN JAPAN



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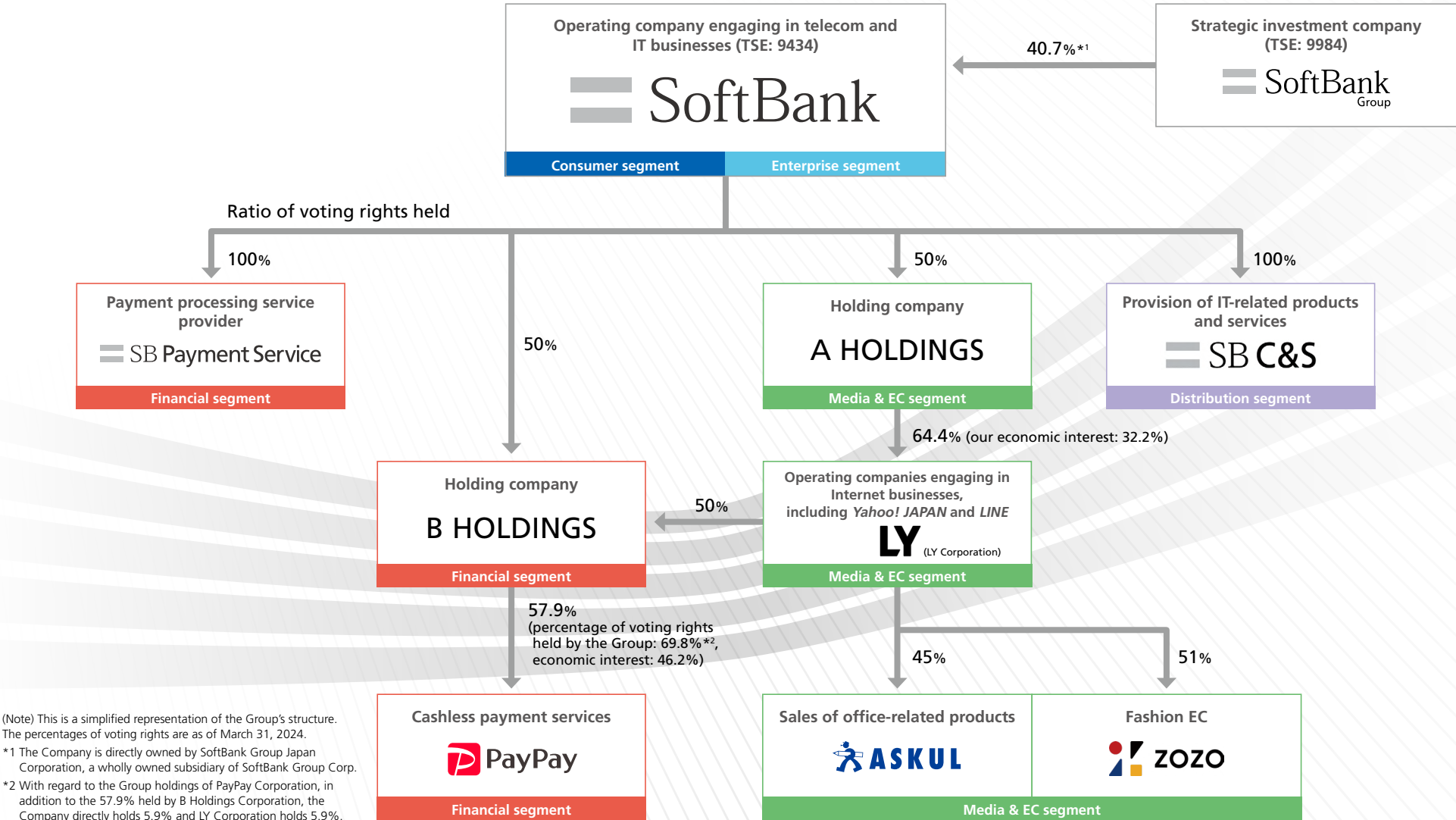
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Group Structure to Maximize Synergies

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.





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SoftBank Today

Developing five business segments related to information and technology

We went public as an operating company with core business in telecommunications focused on the Consumer segment, but today we are developing five business segments: Consumer, Enterprise, Distribution, Media & EC, and Financial. 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 and barcode 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

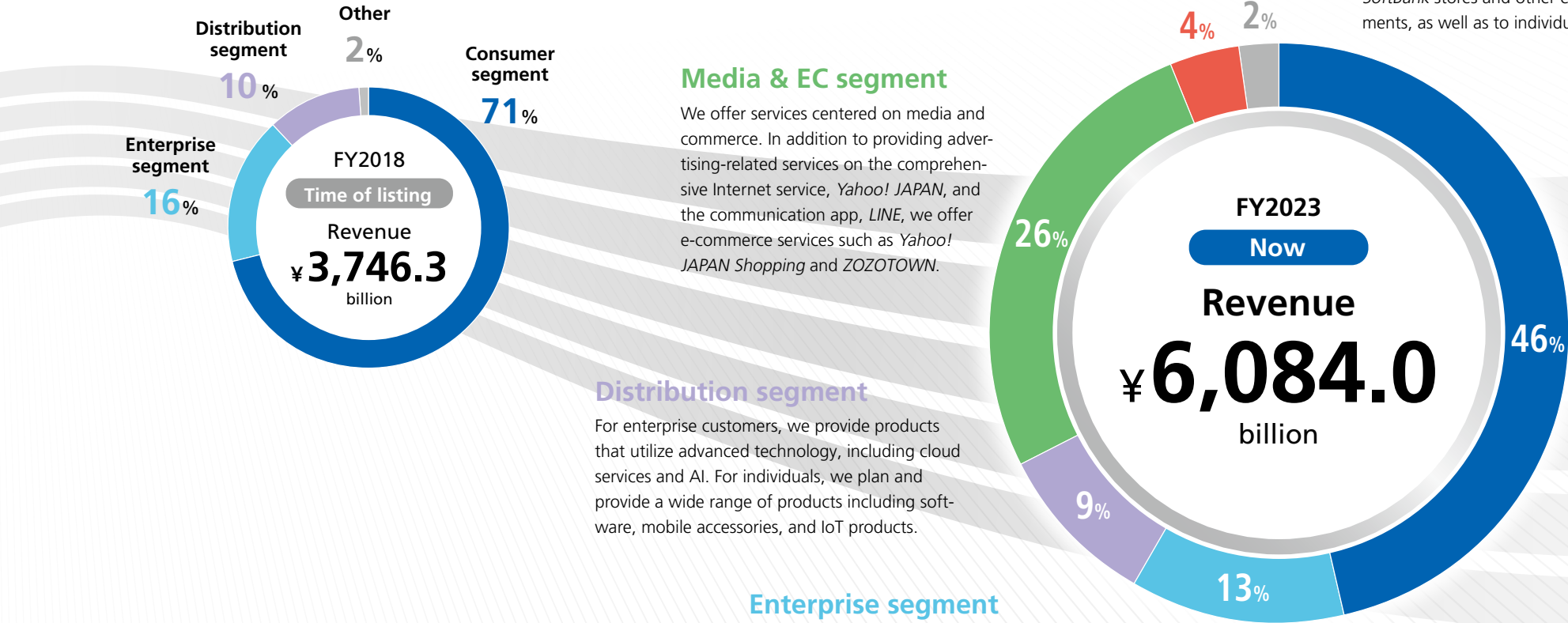
We offer services centered on media and commerce. In addition to providing advertising-related services on the comprehensive Internet service, *Yahoo! JAPAN*, and the communication app, *LINE*, we offer e-commerce services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*.

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

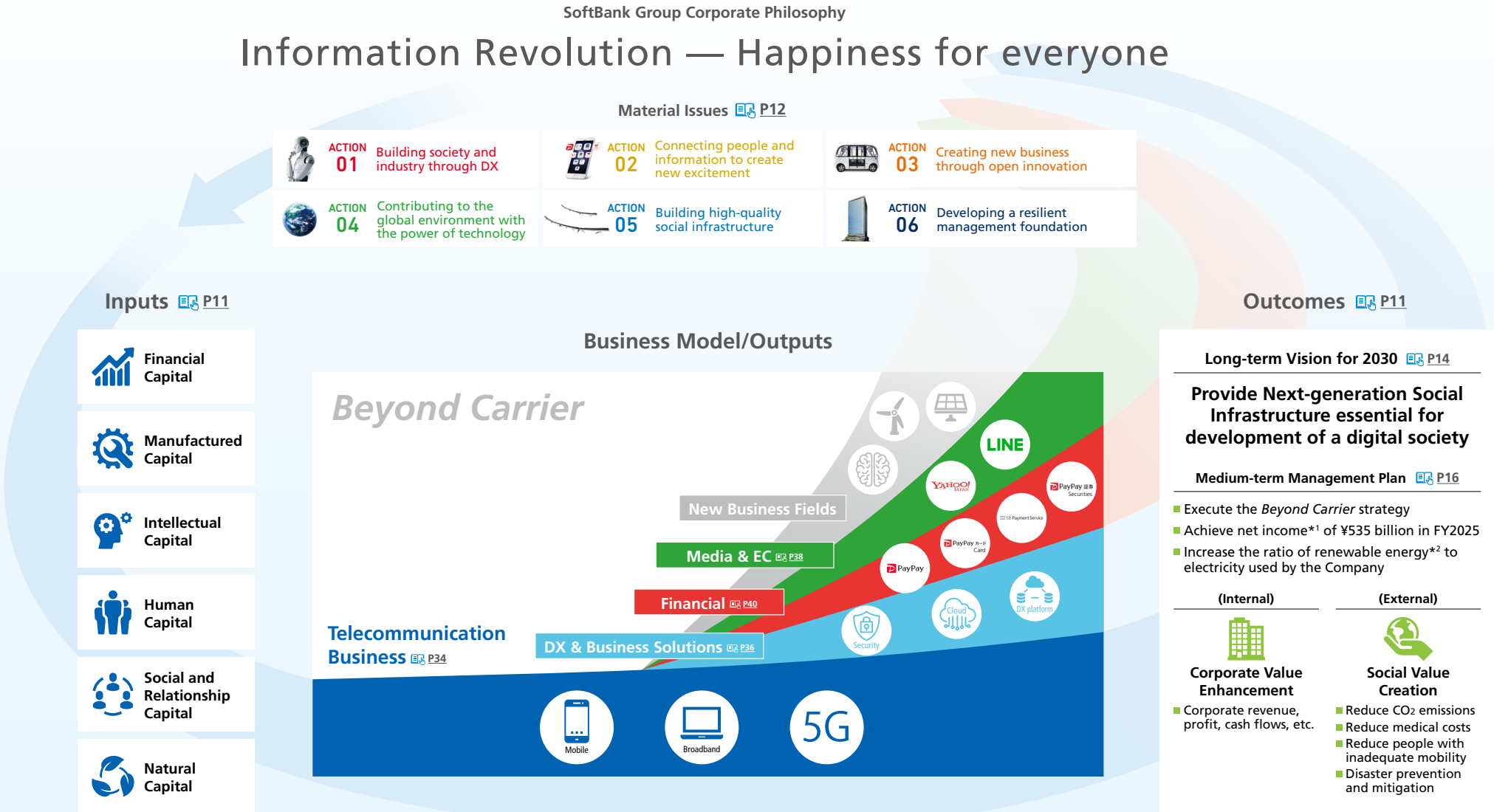
In addition to mobile and fixed-line telecommunications services, we provide a variety of solutions for enterprise customers, including data centers, cloud, security, global, AI, IoT, digital marketing, and other services.



Value Creation Process

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

We aim to maximize our corporate value by pursuing sustainable growth in our telecommunications business while going beyond just being a telecommunications carrier to actively roll out new businesses in the information and technology fields. 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 Net income attributable to owners of the Company
*2 Includes the use of non-fossil certificates designated as renewable energy



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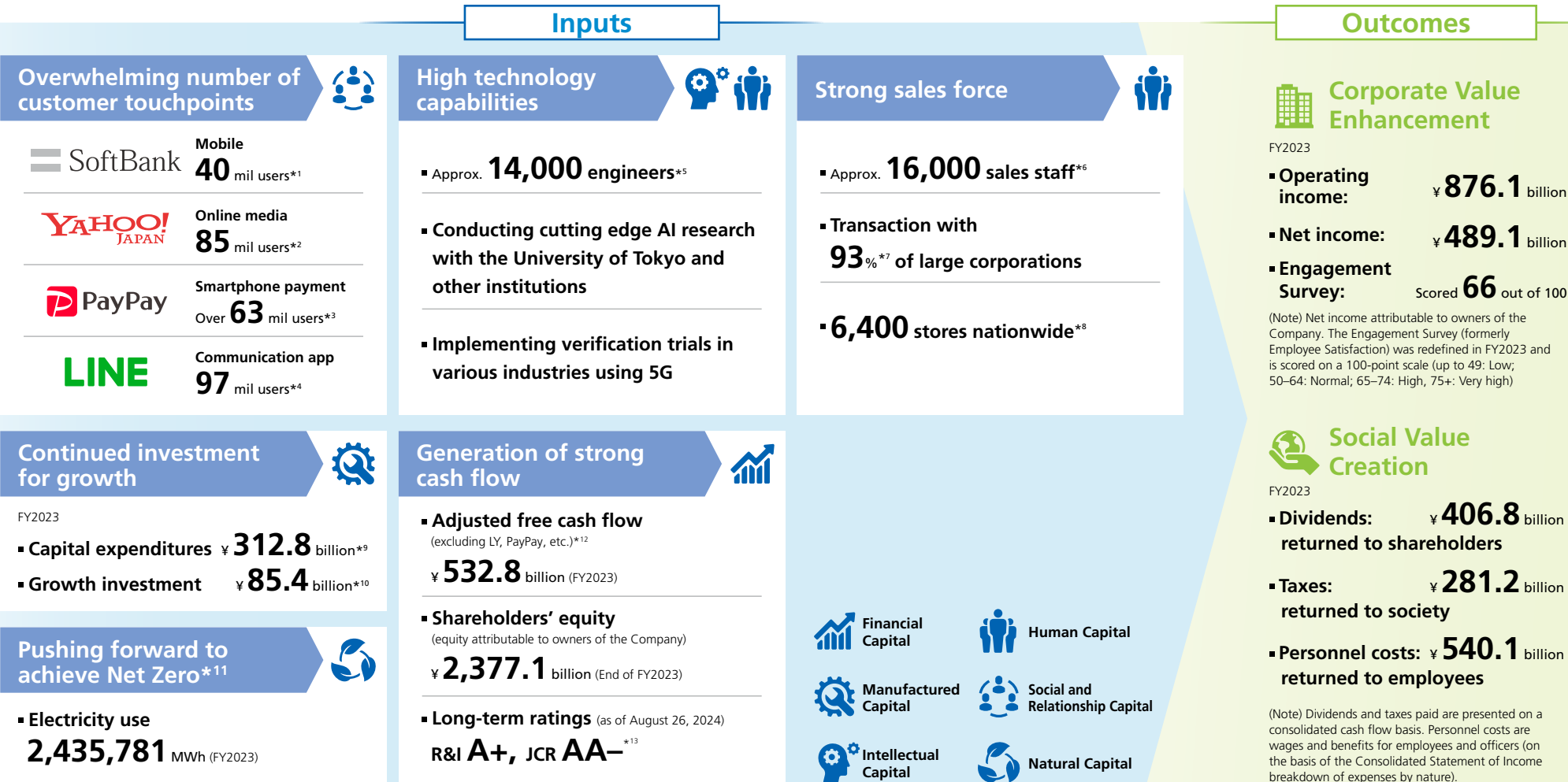
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SoftBank's Strengths, Inputs and Outcomes

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.



*1 The figure for SoftBank is cumulative number of mobile main subscribers (as of March 31, 2024)
*2 The figure for Yahoo! JAPAN is average monthly users from January to September 2023, based on Nielsen's "TOPS OF 2023: DIGITAL IN JAPAN, Top 10 by Total Digital Reach in Japan." Does not include overlap of smartphone and PC users
*3 The figure for PayPay is registered users (as of March 31, 2024)
*4 The figure for LINE is active monthly users (MAU in Japan) (as of March 31, 2024)
*5 Total of the engineers in SoftBank Corp., LY Corporation, PayPay Corporation, ZOZO, Inc., SB Technology Corp., etc. (as of April 1, 2024)
*6 Number of SoftBank Corp.'s sales staff (as of March 2024)
*7 The percentage of listed companies in Japan with annual sales exceeding ¥100 billion that conducted business with SoftBank Corp. in FY2023
*8 Total of SoftBank and Y!mobile brands' directly managed stores, agents, mass merchandisers and other retail channels (as of March 31, 2024)

*9 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"
*10 Includes ¥74.9 billion in long-term growth investments that will take a considerable time to recover (¥67.5 billion in investment in Cubic Telecom Ltd. and ¥7.3 billion in investment related to generative AI such as SuperPOD)
*11 "Carbon Neutral 2030" declaration applies to Scope 1, 2; "Net Zero" applies to Scope 1, 2, 3; each scope continues to expand from SoftBank Corp. to its Group companies (consolidated subsidiaries)
*12 Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof); excludes free cash flow of the A Holdings Corporation, LY Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, PayPay Securities Corporation, etc., as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation
*13 R&I: Japan Rating & Investment Center; JCR: Japan Credit Rating Agency



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Material Issues

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.

(Please refer to “Material Issues” on [P105](#) for details on material issues, including risks and opportunities and SoftBank’s initiatives.)

Six material issues

| | Material issues | Value creation | Target KPIs in FY2024 (Note) | FY2023 results | Related pages |
|--|---|--|--|--|--|
| Solving social issues through business activities |  <div>ACTION 01 Building society and industry through DX</div> Create new industries and provide solutions for transforming various businesses in society by utilizing cutting-edge technologies such as 5G and AI. | (1) Expand and enhance the efficiency of the industrial base through cutting-edge technologies (2) Create new industries through DX*1 (3) Revitalize local communities (regional revitalization) | Revenue from business solution and others • CAGR*2 10% | CAGR: 16% | Enterprise segment P36 |
| |  <div>ACTION 02 Connecting people and information to create new excitement</div> 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. | (1) Realize attractive customer value through the spread of smart devices (2) Provide an environment in which everyone can access information (3) Leveraging ICT to create new lifestyles and enhance the foundations for daily life | 1) Smartphone cumulative subscribers • Annual net additions approximately one million 2) Cumulative registered PayPay users*3 • 70 million (Reference) Target KPIs in FY2023 (1) 30 million (2) 60 million users | 1) 30.73 million 2) 63.04 million | Consumer segment P34 Financial segment P40 |
| |  <div>ACTION 03 Creating new business through open innovation</div> Develop 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. | (1) Develop new businesses with cutting-edge technologies (2) Incubate and spiral-up cutting-edge businesses overseas (3) Build systems to recruit and develop human resources to lead growth and create new businesses | Construction of a homegrown LLM*4 with 390 billion parameters (Reference) Target KPIs in FY2023 Promote initiatives for HAPS commercialization • 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) | Implemented the following initiatives for commercialization realization: • Battery: commercialization of high-performance lightweight batteries • Motor: new design prototype motor (Nidec) design completed • Stratosphere-compatible wireless device: -successful demonstration of area optimization technology using cylindrical antennas -successful 5G communication tests from the stratosphere conducted in Rwanda | Long-term growth strategy P44 |
| Solving social issues through corporate activities |  <div>ACTION 04 Contributing to the global environment with the power of technology</div> 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. | (1) Contribution to climate change policy/ measures through technology and business (2) Promote a recycling-based society (circular economy) (3) Contributing to biodiversity conservation (4) Realize a prosperous society through the spread of renewable energy | • Net zero emissions (Scope 1, 2, 3*5) (FY2050)*6 • Carbon neutrality (Scope 1, 2*5) (FY2030)*6 | • Promotion of transitioning to renewable energy • Consideration of energy-saving measures utilizing technology/ consideration of introduction of renewable energy with additionality*7 • Establishment of internal system for promoting Scope 3 reduction | Disclosure based on TCFD recommendations P86 Disclosure based on TNFD recommendations P89 |
| |  <div>ACTION 05 Building high-quality social infrastructure</div> We are committed to maintaining a constantly connected and stable communication network, while also protecting our customers' important data. In addition, we will promote the construction of a "Next-generation Social Infrastructure" with a structure that can meet demands for data processing and electricity, which is expected to increase rapidly due to the accelerated evolution of AI. | (1) Prepare sustainable life infrastructure (2) Construct robust communications infrastructure to contribute to disaster prevention and mitigation (3) 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) | Completion in three cities: Tokyo, Osaka, and Nagoya | Information security/ AI governance P82 |
| |  <div>ACTION 06 Developing a resilient management foundation</div> 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. | (1) Enhance corporate governance and ensure its effectiveness (2) Sustainable growth through cooperation with stakeholders (3) Promoting employee well-being and advancing DE&I to maximize human capital (4) 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) | 9.2% | Human resource strategy P54 Corporate governance P62 |

(Note) Unless otherwise specified, the KPI metrics and targets, as well as results, are for SoftBank Corp. on a standalone basis.
*1 DX: Digital Transformation
*2 CAGR: Compound Annual Growth Rate, calculated by the Group
*3 Figure for PayPay Corporation only, mid-term target

*4 LLM: Large Language Models
*5 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)

*6 Covers the SoftBank Group
*7 Examined measures to contribute to the expansion of new renewable energy sources, in addition to the utilization of conventional renewable energy sources

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Material Issues

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*¹ 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*², in our material issues and the value we create.

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*³ are considered with respect to both positive and negative impacts on each stakeholder.

Materiality map

| External importance | Internal importance |
|--|---|
| Based on the requests for various issues from international guidelines (GRI, SASB, SDGs, etc.), international reports (WBCSD Vision 2050, etc.), stakeholders such as experts (university professors, industry celebrities, etc.) and investors, and external initiatives such as ESG ratings, we identify our materiality considering both the impact of society and the environment on the Company and the Group, as well as the impact of the Company and the Group on society and the environment. | Based on our and our Group's short- and medium-term plans and their importance in the long-term future, as well as international reports such as WBCSD Vision 2050 (Macro Trends and Disruptions Shaping 2020-2030) and future forecast reports issued by the Japanese Cabinet Office, importance is determined considering the impact of society and the environment on the Company and the Group, we identify our materiality after discussions by the ESG Promotion Committee. |

Category



20 Value creation items

- Expand and enhance the efficiency of the industrial base through cutting-edge technologies
 - Create new industries through DX
 - Revitalize local communities (regional revitalization)
 - Realize attractive customer value through the spread of smart devices
 - Provide an environment in which everyone can access information
 - Leveraging ICT to create new lifestyles and enhance the foundations for daily life
 - Develop new businesses with cutting-edge technologies
 - Incubate and spiral-up cutting-edge businesses overseas
- Build systems to recruit and develop human resources to lead growth and create new businesses
 - Contribution to climate change policy/measures through technology and business
 - Promote a recycling-based society (circular economy)
 - Contribution to biodiversity conservation*⁵
 - Realize a prosperous society through the spread of renewable energy
 - Prepare sustainable life infrastructure
 - Construct robust communications infrastructure to contribute to disaster prevention and mitigation
 - Promotion of data security and privacy protection initiatives
 - Enhance corporate governance and ensure its effectiveness
 - Sustainable growth through cooperation with stakeholders
 - Promoting employee well-being and advancing DE&I to maximize human capital
 - Enhance productivity with advanced workplace environments

*1 The importance of climate strategy and natural capital (including biodiversity), information security and the protection of data and personal information, and human capital are all increasing.

*2 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; advancement of AI Governance, and the increased importance of coordination with Group companies and strengthening of synergy.

*3 Please refer to "Identifying material issues" on our website for details.

*4 Refer 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.

*5 The adoption of the international target "Nature Positive" at the Conference of the Parties to the Convention on Biological Diversity (COP15), the publication of the final recommendations of TNFD, and other international efforts aimed at enhancing global significance are evaluated. Starting from the FY2024, we will position "Contribution to Biodiversity Conservation" as an important materiality and manage its value creation.

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

Long-term Vision

"Provide Next-generation Social Infrastructure essential for development of a digital society"

Challenges in realizing a "society that coexists with AI"

Since the release of the interactive AI-powered *ChatGPT* in November 2022, generative AI has increasingly spread. We predict the arrival of a society that coexists with AI in which AI will be incorporated into various products and services, enabling people to enjoy convenient and comfortable lifestyles.

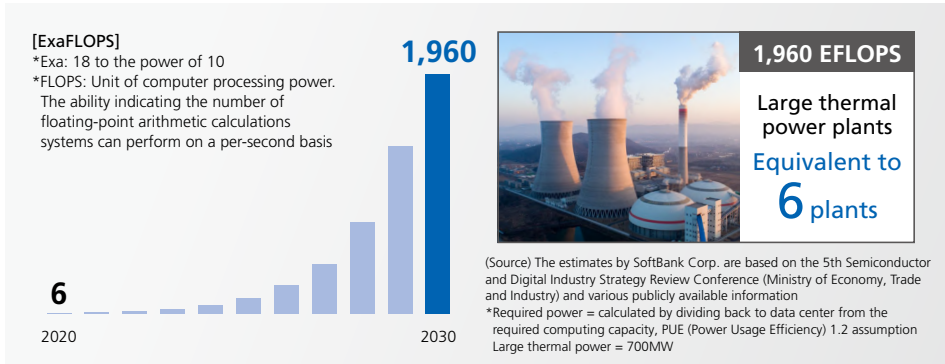
Meanwhile, the use of AI requires significant data processing and power consumption at data centers. The graph on the right shows the outlook for data processing demand in Japan. Against the backdrop of the spread of generated AI, we expect that by 2030, there will be more than 300 times as much data processing as in 2020, with a corresponding enormous demand for power. To achieve a society that coexists with AI and is also sustainable going forward, this demand for power must be met by renewable energy sources that do not emit greenhouse gases. In addition, data centers that process the vast amount of data pertaining to the use of AI are currently concentrated in Tokyo and Osaka. If the number of data centers continues to increase as the use of AI expands in the future, the demand for power will be strained, which could lead to large-scale power outages.

Providing solutions through building "Next-generation Social Infrastructure"

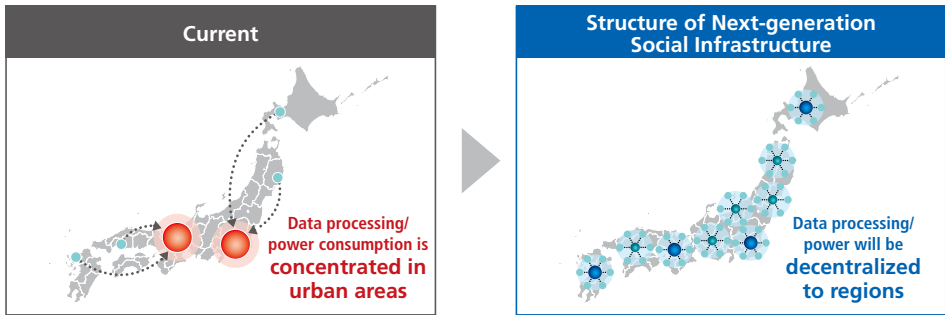
To address these issues, in May 2023, we announced our long-term vision of becoming "a company that provides Next-generation Social Infrastructure essential for development of a digital society." This long-term vision includes the construction of sustainable, distributed AI data centers where renewable energy generated in each region will be consumed in each regional data center. Through these efforts, we aim to become an essential part of a society that coexists with AI, thereby realizing a sustainable society and enhancing our corporate value.

(Please refer to [E&S P45](#) for an overview of "Next-generation Social Infrastructure" and our technology strategy for its realization.)

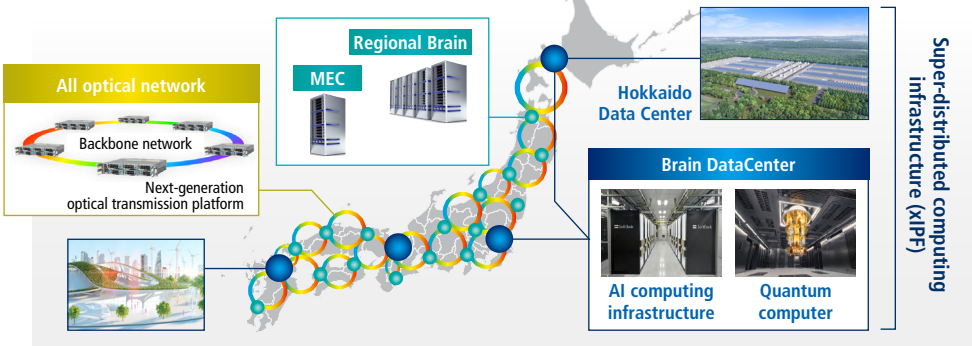
Demand for data processing and power requirements in Japan



Issues in the current infrastructure



"Next-generation Social Infrastructure" that we aim to build



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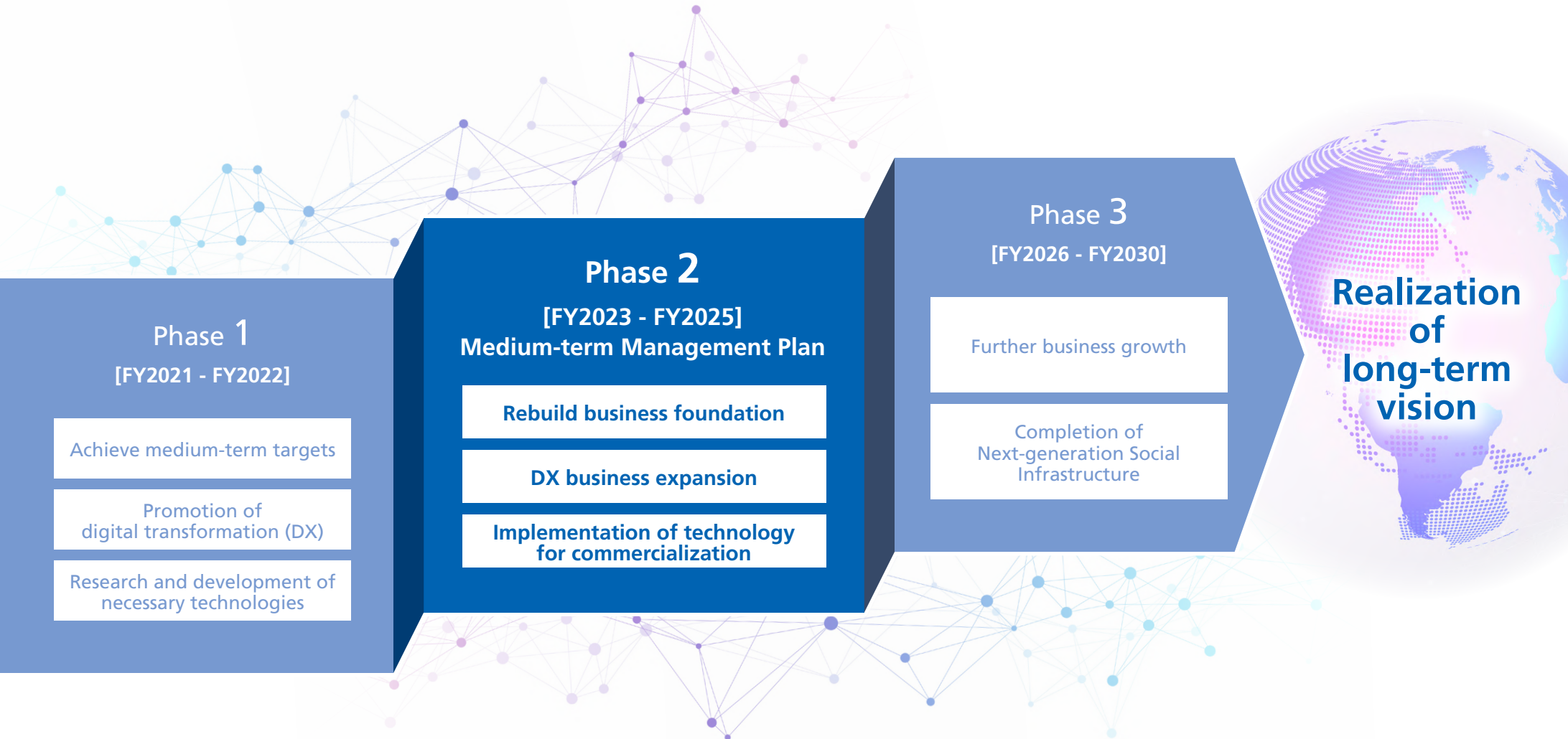
Roadmap to realizing the long-term vision

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 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 Medium-term Management Plan. During this phase we are rebuilding the business foundation affected by the mobile service price reductions, 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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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**

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%**

Shareholder returns

Continue to generate high level of adjusted free cash flow and **maintain high level of returns**
(Dividend of ¥86 per common share planned for FY2024)

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.

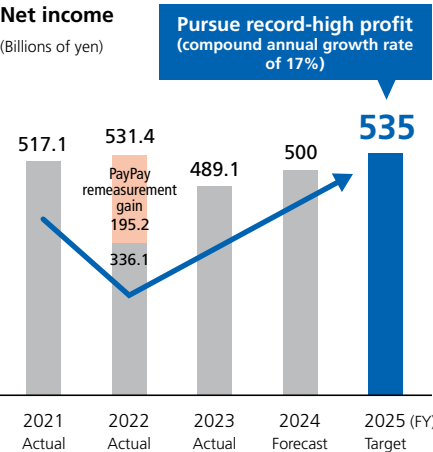
To achieve this target, we aim to restore FY2025 operating income to FY2021 level of ¥970 billion (before mobile service price reductions). To achieve this operating income target, we will put the Consumer segment on a profit growth trajectory starting in FY2023, while continuing to grow the Enterprise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

ing the Financial segment profitable.

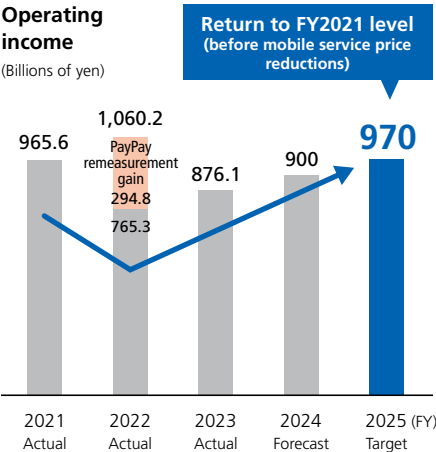
Furthermore, we have set a target for the ratio of renewable energy*2 of electricity consumption by the Company*3, aiming for 50% by FY2025 and 100% by FY2030 (of which more than half will be procured from power generated from renewable energy sources). To achieve this target, we will not only use non-fossil 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.

(Please refer to “Medium-term Management Plan” in “CFO Message” on [P26](#) for our progress in our Medium-term Management Plan.)

Net income
(Billions of yen)



Operating income
(Billions of yen)



| | |
|--|--|
| Business targets (Please refer to “Business Strategies by Segment” on P34 for our progress in each segment.) | |
| Consumer | ■ Mobile service revenue: To hit bottom in FY2023 and return to growth ■ Segment income: To hit bottom in FY2022 and return to growth |
| Enterprise | ■ 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 | ■ Segment income: ¥30 billion in FY2025 |
| Media & EC | ■ Improvement of business efficiency and renewed growth of media, search, and commerce business from FY2024 and beyond |
| Financial | ■ Turn profitable by FY2025 |

*1 Net income attributable to owners of the Company
*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)



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We aim to achieve the goals set forth in our Medium-term Management Plan, while also pursuing initiatives for medium- to long-term growth to sustainably enhance our corporate value. In this section, management discusses the progress of the Medium-term Management Plan, our vision, and strategies going forward in their own words.





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Junichi
Miyakawa
President & CEO



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Evolving into a technology company supporting a society that coexists with AI



Review of the first year (FY2023) of the Medium-term Management Plan

The entire Company came together to overcome the impact of mobile service price reductions and achieve a significant increase in profit

Consolidated results for FY2023 exceeded our upwardly revised forecast (announced in February 2024) for both revenue and profits, making for a very strong start as the first year of our Medium-term Management Plan. Excluding the impact of the one-time gain from making PayPay a subsidiary in FY2022, operating income increased 14% and net income attributable to owners of the Company increased 45% year on year, both representing a significant increase of more than ¥100 billion.

A particularly significant event was the turnaround in mobile service revenue in the Consumer segment, which was first impacted by mobile service price reductions in the spring of 2021. We were able to achieve revenue growth one year ahead of schedule, thereby increasing profits across the business as a whole. We also achieved double-digit increases in profits in the Enterprise segment and the Media & EC segment, and were able to significantly reduce losses in the Financial segment.

In retrospect, at our monthly all-hands morning assemblies, I expressed in my own words a sense of crisis about the mobile service price reductions and rallied the employees to take action. At management meetings as well, I raised issues such as whether the current profit margins for each product were truly appropriate, and whether the sales structures were really the right ones, and urged those in our Company to take drastic measures to reduce costs. I believe that this year's results reflect how our employees fully embraced these initiatives and worked together as a team.



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Consumer segment

Initiatives to expand the customer base and improve ARPU lead to a turnaround in mobile service revenue

In the Medium-term Management Plan, the goal for mobile service revenue was to bottom out and then start increasing in FY2024. Fortunately, the net increase in smartphone subscribers remained strong, and the decline in ARPU narrowed faster than expected, resulting in a turnaround in revenue starting in FY2023.

One of the factors behind the strong net increase in subscribers was that we maintained our store network, which is an important point of contact with our customers. Over the past three years, we have been in a situation where drastic cost reductions were necessary due to the impact of the mobile service price reductions and the COVID-19 pandemic, so we thoroughly discussed whether we should reduce our store network as a short-term cost-cutting measure. However, when we considered our medium- to long-term strategy, we decided that it should be maintained.

The reason behind the decision to maintain the store network is that although their form may change with the advent of a society that coexists with AI, smartphones will continue to be one of the most familiar tools for people. There were concerns that if people were unable to easily access the benefits of smartphones, a digital divide would arise, which would then lead to disparities in wages and living standards. Understanding these concerns, we made efforts to thoroughly communicate the benefits of smartphones to as many people as possible. Currently, our stores and other locations hold about one million “smartphone classes” per year, teaching people about useful smartphone functions and how to use them, as part of our efforts to bridge the digital divide. We also began offering a flat-rate “in-store smartphone support service” in September 2022 which allows customers to receive various types of smartphone assistance at stores for a fixed monthly fee, and this service is being expanded based on user needs. This service has been well received by users and has contributed both to higher revenue for the distributors that operate the stores and to increasing our ARPU.

In FY2023, as part of efforts to increase ARPU and expand the Group ecosystem, we announced a new price plan called *Pay-toku* under the *SoftBank* brand. This price plan allows customers to use unlimited or high-capacity data plans at a discount when combined with *PayPay*, helping to differentiate the *SoftBank* brand from its competitors and segregate it from the *Y!mobile* brand (E3 P35).

We will continue to work to expand our customer base and increase ARPU to maximize our mobile service revenue.

Enterprise segment

Strengthening human resources and investing in new business fields to achieve further growth

Riding the wave of corporate DX, the Enterprise segment, which provides a wide range of IT solutions combined with mobile services, has continued to grow profits at a double-digit average annual rate since FY2018, doubling its operating income in five years. We expect business solution revenue to continue to grow on a double-digit basis, but we will focus on two key areas to achieve further growth.

The first is strengthening human resources. The future will bring the widespread practical deployment of AI, accelerating the trend toward greater autonomy and efficiency in every aspect of people’s lives. I expect the Enterprise segment to play a leading role in this and to achieve growth through the transformation of various industries by combining AI with the data and systems owned by a wide range of client companies. As I will explain in more detail later, SoftBank is developing a solution to automate call centers using AI. We would like to introduce the system in-house first, verify the results, and then offer it to our clients in due course. A lot of engineering resources will be needed to support client companies that adopt such a service, so we are now working to strengthen our capabilities in advance.

In April 2024, we announced a tender offer (TOB) for SB Technology Corp., which has abundant engineering resources and high technical capabilities. The company was originally a listed subsidiary in which the Company held 52.81% of shares (as of April 25, 2024), but in September 2024 we invested ¥27.1 billion to make it a wholly owned subsidiary. This decision was prompted by the company’s strengths in cloud computing, security, and AI, and I believe that further synergies with the Enterprise segment can be generated for the widespread practical deployment of AI going forward.

The second area of focus is investment in new business fields. In March 2024 we acquired 51.0% (post-dilution) of the shares in Cubic Telecom, a global IoT platform provider for connected cars and SDCVs*1, for ¥76.1 billion, making it a subsidiary. As the shift to EVs and autonomous cars progresses, software-based control of automobiles will expand, and “communications” will become the key to managing and deploying that software. This investment is a strategic move driven not only by the company’s value as an IoT platform for automobiles, but also by its potential as a platform for globally deploying software (E3 P37).

Due in part to this upfront investment, I expect Enterprise segment income to grow 7% in FY2024 on an actual basis. While growth will be in the single digits for a time, we will strive to return to double-digit growth in the medium-term as a result of these investments.

*1 SDCVs (Software-Defined Connected Vehicle): a vehicle whose functions can be updated primarily through software connected to the Internet



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Media & EC segment

Combining the strengths of online and offline to achieve significant growth

In October 2023, LY was launched after an intra-group reorganization centered on Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation. In FY2023, after better-than-expected progress in streamlining its operations, which had been a theme of focus, the segment was able to achieve a 24% increase in profit (📊 P39).

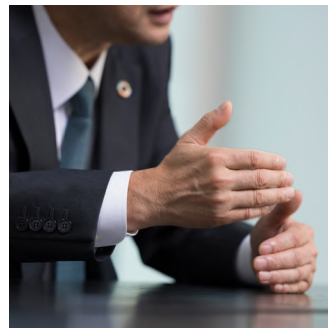
However, in November 2023, LY announced an information leakage incident due to unauthorized access, which is a matter that SoftBank takes very seriously. LY received administrative guidance from Japan's Ministry of Internal Affairs and Communications (MIC) in March and April 2024, and request for reports, etc. and recommendations from Japan's Personal Information Protection Commission in March 2024. It is my understanding that the administrative guidance from the MIC concluded that LY failed to properly manage an outsourcing partner, a subsidiary of NAVER Corporation ("NAVER"), which owns a large stake in LY. In response to this criticism, LY announced that it will gradually wind down its outsourcing of operations to NAVER and will not outsource any new business operations to them, and SoftBank intends to respect this decision of the company. As LY's parent company, SoftBank will continue to cooperate with LY to ensure even more effective security governance.

As of March 31, 2024, SoftBank and NAVER own 64.4% of LY's shares through A Holdings Corporation, in which both companies hold 50% of the shares respectively. Recognizing that revising this capital relationship is not feasible in the short term, we will continue to hold discussions based on the future of LY and the business strategies of NAVER and SoftBank.

SoftBank, which has a nationwide store network and approximately 16,000 sales employees, has an advantage in offline operations, which makes LY, with its strength in online operations, a perfect fit and an important partner. There are many things I would like to accomplish by leveraging the strengths of both companies. A representative success story is *PayPay*, where SoftBank supported the offline aspects, such as merchant sales development, while LY provided the online

aspects, such as system development. Today, with AI poised for widespread deployment, the timing is right for a major change in the competitive environment. We are working to promptly overcome security governance issues, and aiming to co-create a second and third type of business like *PayPay* to achieve significant growth together.

The other day, I gave a presentation at the annual Employee Town Hall meeting for all Group company employees on the story of five young men (the Choshu Five) who made a major contribution to the modernization of



Japan in the 1800s. These five young men studied abroad in Europe, mastering various specialized fields such as modern constitutions, parliamentary cabinet systems, railway technology, minting technology, modern industry, and diplomacy. It was precisely because these five individuals brought their respective strengths together under the vision of modernizing Japan that the subsequent development of Japan occurred. SoftBank too possesses strengths in a range of fields including telecommunications, e-commerce, media, payments, and finance, and I believe that these business areas will play an important role in the future of Japan, I want us to accomplish great things by joining forces under our common corporate philosophy of "Information Revolution — Happiness for everyone."

Financial segment

Aiming to further expand *PayPay* as a financial platform

PayPay, the core company of the Financial segment, increased its gross merchandise value by 22% year on year to ¥12.5 trillion in FY2023 thanks to its seamless integration of QR code and credit card payments. As of the end of March 2024, the number of registered users increased 11% year on year to 63.04 million, and even at this scale, growth continues at a double-digit rate (📊 P41).

In Japan, *PayPay* has maintained its position as number one in terms of gross merchandise value and number of payments. Going forward, we will leverage this advantage to further expand *PayPay* as a financial platform. In addition, we will further strengthen ties with financial services within the Group, and leverage our mobile business infrastructure to promote the expansion of our customer base for *PayPay Card* and other services.

PayPay achieved its first positive consolidated EBITDA in FY2023. In FY2024, we are working to achieve profitability on an operating income basis as well, and I am highly confident that *PayPay*'s management will achieve this goal.

Since *PayPay* was launched in October 2018, we have prioritized the expansion of its customer base and have continued to make upfront investments without fear of losses, but I am very pleased to see that we are now on track to achieve positive operating income. I want people to highlight that a startup launched in Japan can achieve such a remarkable level of growth.



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Thoughts on the targets set in the Medium-term Management Plan

Balancing achievement of targets with upfront investment for medium- to long-term growth

As I noted earlier, I view FY2023, the first year of the current Medium-term Management Plan, as a very good start. Our Medium-term Management Plan sets a target of ¥970 billion in operating income in FY2025, but our business foundation has become solid enough to generate more than ¥1 trillion on an actual basis. Thus, although we could have revised the targets in the Medium-term Management Plan upward, to become a market leader in the rapidly expanding field of generative AI, we decided to adopt a policy of balancing upfront investments for medium- and long-term growth with the achievement of the targets set forth in the current Medium-term Management Plan.

One specific investment for medium- to long-term growth is the building of AI computing infrastructure. We have decided to invest approximately ¥110 billion (after taking into account subsidies from Japan's Ministry of Economy, Trade and Industry's "Cloud Program") to increase the computing power of our AI computing infrastructure to 37 times its current level. There is very robust demand from governments, universities, and companies wanting to use AI computing infrastructure with high computing performance, and I believe that the investment can be recouped simply by providing it in the form of Infrastructure as a Service (IaaS). We will first utilize this AI computing infrastructure to build our own Japanese-based Large Language Model (LLM) with approximately 1 trillion parameters. This LLM is intended to be offered as a Platform as a Service (PaaS) and will be rapidly deployed to companies and municipalities (P48).

We will also invest in developing generative AI-based Software as a Service (SaaS). In March 2024, we made a joint announcement with Microsoft Japan regarding the joint development of a solution for call center automation using generative AI. We aim to create a solution that goes

beyond simple question-and-answer capabilities based on pre-learned information to one where the AI can respond autonomously by understanding changing situations in real time.

As we develop various business models in this way, there will be temporary costs associated with initial investments, but we will strive to achieve a higher growth trajectory over the medium- to long-term.

The need for AI data centers

Building social infrastructure that enables coexistence with AI

In November 2022, *GPT-3.5*, developed by the US-based OpenAI, made its debut, causing a global sensation. Almost overnight, we found ourselves in an era where we can simply type in text and the generative AI to draw images or create videos for us. And AI is evolving at an astonishing pace; for example, with *GPT-4o*, which the company announced in May 2024, a single neural network is now able to input and output text, images, videos, and audio. I had assuredly anticipated that such an era would come someday, but it came sooner than I thought, and I think SoftBank must also increase its pace of evolution.

AI is becoming more present in our lives, and a society that coexists with AI is about to begin in earnest. In this context, an AI data center can be compared to the brain in the human body. I want SoftBank to take on the role of providing a stable supply of power to this critically important "brain" and making it smarter, and we are getting started on this task as soon as possible.





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In November 2023, we announced the construction of an AI data center in Tomakomai City, Hokkaido Prefecture. The data center is expected to have a maximum capacity of 300 megawatts when completed, and we intend to operate it solely with renewable energy. We are aiming to complete the first phase of construction and commence operations in FY2026, with an expected scale of 50 megawatts at the time of opening (📄 P46).

Additionally, in June 2024, we announced a memorandum of understanding with Sharp Corporation (“Sharp”) regarding the construction of a large-scale AI data center that utilizes Sharp’s Sakai Plant. Negotiations are underway to acquire the plant’s land, buildings, electric power supply facilities, cooling systems, and other assets. To establish a new data center, it is necessary to choose and purchase land, construct buildings, and set up power facilities, among other things. This takes three to four years at the earliest, and more likely five to six years when taking into account Japan’s current labor shortage. However, if the existing facilities at the Sharp Sakai Plant can be repurposed, we expect to be able to get the data center up and running quickly to meet rapidly growing needs.

I founded an ISP (Internet Service Provider) in 1991 and have been involved in the IT industry since the dawn of the Internet. When paradigm-shifting technologies like the Internet and smart-phones come out, the companies that are able to achieve great success are those that take the lead by anticipating specifically how that technology will fit into people’s lives. Now, AI technology is set to initiate the greatest paradigm shift in history. Under such circumstances, AI data centers will surely become an indispensable part of social infrastructure as we anticipate how people will interact with AI and how the world will change with AI. I intend to make thorough preparations during the current Medium-term Management Plan so that we can delineate specific targets and strategies in our next Medium-term Management Plan.

ESG management

Engaging in ESG management through the realization of our “Long-term Vision”

When I became CEO, I thought seriously about what kind of vision I should set for management. At that time, I recognized the importance of the ESG management approach, which aims to achieve both a sustainable society and improved corporate value, and incorporated it into our management plan as a guiding principle from the very beginning of my term. This ultimately led to our “Long-term Vision” to address not only AI’s increasing demands for data processing and power but also to mitigate global warming, as well as the “Next-generation Social Infrastructure” concept that will make the vision a reality (📄 P45).

For the second consecutive year, SoftBank has been selected as a constituent stock of the world’s leading ESG index, the “Dow Jones Sustainability Index (DJSI) World Index,” demonstrating that we take ESG management seriously. SoftBank also received the highest score among all selected Japanese companies for the second consecutive year. In addition, in November 2023, we were awarded the Grand Prize from among 899 other companies in the “5th Nikkei SDG Management Awards,” which recognizes efforts toward the United Nations’ Sustainable Development Goals (SDGs).

While I am very pleased to receive such high praise, we have not been practicing ESG management just to gain recognition. Precisely because the direction of our Long-term Vision aligns with our ESG management approach, I believe that working toward achieving this vision will ultimately lead to recognition now and in the future.

Environmental initiatives

Addressing AI’s voracious power demands with “Distributed AI Data Centers”

I believe that it is our responsibility as a company to help resolve climate change issues in order to create a sustainable society. The Medium-term Management Plan sets a target for the ratio of renewable energy of electricity consumption by the Company*2, aiming for 50% by FY2025 and 100% by FY2030 (of which more than half will be procured from power generated from renewable energy sources). In FY2023, this ratio was 48%, showing steady progress versus the target.

In the future, as AI becomes a part of everyday life, the large-scale data processing required to run AI systems will create voracious demand for electricity. Estimates from various publicly available information sources suggest that in 2030, the scale of data processing in Japan will be several hundred times larger than it was in 2020. Assuming a 300-fold increase in AI data processing compared to 2020, as many as six new large thermal power plants would need to be built. However, expanding the use of thermal power plants, which emit carbon dioxide, a cause of global warming, is not a realistic option. Furthermore, large cities such as Tokyo and Osaka would have difficulty accommodating the introduction of renewable energy required to power data centers for AI data processing. Given these circumstances, we hope to help mitigate climate change by distributing AI data centers in areas with abundant potential for introducing renewable energy and, in the future, by being involved in renewable energy generation (📄 P14).

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



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Diversity, Equity & Inclusion (promoting the active participation of women)

Taking the lead in creating an environment where women can actively participate

We promote 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.

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 established the Committee for the Promotion of Women in the Workforce, which I personally chair, to take the lead in creating an environment where women can actively participate. In April 2024, the ratio of women in management positions reached 9.2%. It takes a considerable amount of time to develop human resources, but we are approaching it with a long-term perspective (📖 P57).

Governance (approach to parent-subsidiary listings)

Strengthening the governance system by increasing the number of independent external directors to a majority

Directors were appointed at our 38th Annual General Meeting of Shareholders held on June 20, 2024, and for the first time since our listing, independent external directors now make up the majority of all directors (6 out of 11) (📖 P62).

Our parent company, SoftBank Group Corp., owns 40.7% of our voting rights, which means we have a controlling shareholder. We have therefore long recognized that we need to have a stricter governance system in place to protect minority shareholders. On the other hand, we never thought that simply having a sufficient number of external directors was enough; we were looking for people with specialized knowledge who could contribute to enhancing our corporate value. Now, we are pleased to announce the appointment of two new independent external directors: Maki Sakamoto, who has extensive knowledge and experience in AI and other technologies, and Hiroko Sasaki, who has knowledge and experience in corporate transformation and the promotion of diversity. Under this new governance structure, we will continue to strive to enhance corporate value.

Execution of stock split and establishment of shareholder benefits program

Increasing the number of young individual shareholders to enhance corporate value from a long-term perspective

SoftBank decided to conduct a 10-for-1 stock split of its common stock with effect on October 1, 2024. The reason for this is that we wanted to reduce the investment unit threshold to increase the number of young individual shareholders who are willing to join us in thinking about the management of SoftBank over a long-term timeline of 10 to 20 years. We adopted this policy after researching a trading unit that would be accessible for young individual investors and determining that it would be around ¥20,000. With the introduction in 2024 of the new Nippon Individual Savings Account (NISA) intended to encourage more Japanese households to invest, the investor base is expected to further grow, and I hope that 10 or 20 years from now, the young people who will drive Japan’s economy will say, “The first stock I bought was SoftBank,” and that this purchase will be a catalyst for them to support SoftBank over the long-term. We also decided to establish a new shareholder benefits program, which we hope will encourage more people to take an interest in purchasing our shares and services. Under this program, shareholders who have held at least 100 shares of SoftBank’s common stock for at least one year*3 will receive *PayPay points* worth ¥1,000. We expect the total cost of this shareholder benefits program to be around ¥1 billion, and we hope it will lead to an increase in corporate value over the medium- to long-term as a strategic initiative to expand the number of individual shareholders and the PayPay ecosystem.



*3 Shareholders who have been entered or recorded in the Company’s shareholder register for at least one year and who hold at least 100 shares (one trading unit) of the Company’s common stock are eligible. The holding period shall be from March 31 to March 31 of the following year, with the initial holding period being from March 31, 2025 to March 31, 2026. The clause “entered or recorded in the Company’s shareholder register for at least one year” refers to a shareholder who has been entered or recorded in the Company’s final shareholder register with the same shareholder number at least three consecutive times on March 31 and September 30 of the relevant year.



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Shareholder return policy

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

Considering that mobile service revenue began to turn around in the summer of 2023 and that overall performance has recovered better than expected, I feel that shareholders and investors' concerns about whether we will be able to maintain this high level of shareholder returns in the face of the mobile service price reductions have receded. I believe they have shifted their interest to securing new growth opportunities and how the company will grow in the medium- to long-term.

How should we address medium- to long-term growth opportunities such as generative AI and AI data centers while continuing to meet continued expectations for high shareholder returns? We decided to pursue these two goals, which are normally contradictory, at the same time, and in November 2023 we listed Bond-type Class Shares on the Tokyo Stock Exchange Prime Market, the first Japanese company to do so, raising ¥120 billion of growth capital (P29). Bond-type Class Shares have the characteristics of both corporate bonds and shares, and can increase equity capital without diluting the voting rights of ordinary shares. We decided to use the funds raised for the aforementioned growth investment in the AI computing platform. These Bond-type Class Shares



are eligible to be acquired for a cash consideration (a call option) five years after issuance. I would like to see these growth investments bear fruit as soon as possible, increase net income, and increase room for future shareholder returns and growth investments.

Based on this approach, we kept our dividend per common share forecast for FY2024 at ¥86. At this time, we have not decided on our shareholder return policy for FY2025 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 by continuing to focus on both medium- to long-term growth and shareholder returns.

Lastly

Evolving into a technology company that supports a society that coexists with AI to enhance corporate value

Now that we have managed to overcome the very steep challenge of mobile service price reductions, I truly feel that the entire Company has become much stronger. The telecommunications business remains the backbone of SoftBank, and viewing this moment positively, I see it as a good opportunity to comprehensively revisit every aspect of our business.

AI continues to evolve, and a society in which humans and AI coexist is becoming a reality. I believe that, because we have been driving the Information Revolution as a leader in the telecommunications business, we are uniquely positioned to tackle society-wide issues, and this includes what I call "Next-generation Social Infrastructure," specifically the infrastructure capable of handling the massive amount of data processing and accompanying energy consumption required by AI. Since assuming the position of CEO, I have been making various preparations and drawing up a blueprint for this. We are now entering the building phase according to that blueprint. By building this Next-generation Social Infrastructure and evolving into a technology company that supports a society that coexists with AI, SoftBank aims to realize its vision of becoming "the corporate group needed most by people around the world" and to further enhance its corporate value.

SoftBank has always used technology to help solve a wide range of emerging social issues. We are also looking ahead to the specific impact that the evolution of AI will have on society, and working to resolve social issues that may arise in the future. Since June 2024, we have been working to communicate these initiatives and our intentions to the world under the slogan "Providing Answers to Social Issues."

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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Achieving the current Medium-term Management Plan targets while balancing growth investments such as generative AI for the next Medium-term Management Plan

Kazuhiko Fujihara
Board Director
Executive Vice President
& CFO

Medium-term Management Plan

Review of FY2023 and outlook going forward

In FY2023, consolidated revenue reached a record high of ¥6,084.0 billion. Although consolidated operating income decreased due to the absence of the PayPay remeasurement gain of ¥294.8 billion, in terms of actual figures excluding this impact, we achieved double-digit growth of ¥110.7 billion (+15%) year on year. In addition to the core Consumer segment returning to profit growth, all segments reported higher profit. I believe we were able to achieve this growth because

we pulled together as a team. In particular, I believe the market responded positively to the fact that we were able to turn around and get mobile service revenue back on a growth trajectory one year ahead of plan. We made a strong start in the first year of our Medium-term Management Plan, but we have not changed our final-year targets. This is because the business environment surrounding the Company is full of new growth opportunities, such as in the field of generative AI, and we want to lay the groundwork for the future. For the last three years, we had been curbing upfront investments partly due to the impact of mobile service price reductions and movement restrictions associated with the COVID-19 pandemic. We have finally emerged from this period of perseverance, and would

like to use the anticipated profit growth as upfront investments to achieve substantial growth during the next Medium-term Management Plan period and beyond. Of course, we will firmly secure our current Medium-term Management Plan targets and balance them with growth investments.

The targets of our current Medium-term Management Plan, based on actual figures excluding the impact of the PayPay remeasurement gain, are a compound annual growth rate of 8% in operating income and 17% in net income from FY2022 (actual) to FY2025. These growth rates are by no means low, but our FY2023 results surpassed these target figures. I believe that our efforts have enabled us to further expand our options for future growth.

Medium-term Management Plan financial targets and actual

| (Yen) | Forecast announced in May 2023 | FY2023 Actual | FY2024 Forecast | FY2025 Medium-term Management Plan financial targets |
|------------------|--------------------------------|-----------------|-----------------|--|
| Revenue | 6,000 billion | 6,084.0 billion | 6,200 billion | 6,500 billion |
| Operating income | 780 billion | 876.1 billion | 900 billion | 970 billion |
| Net income*1 | 420 billion | 489.1 billion | 500 billion | 535 billion |
| Adjusted EBITDA | 1,570 billion | 1,667.7 billion | 1,680 billion | 1,750 billion |

*1 Net income attributable to owners of the Company



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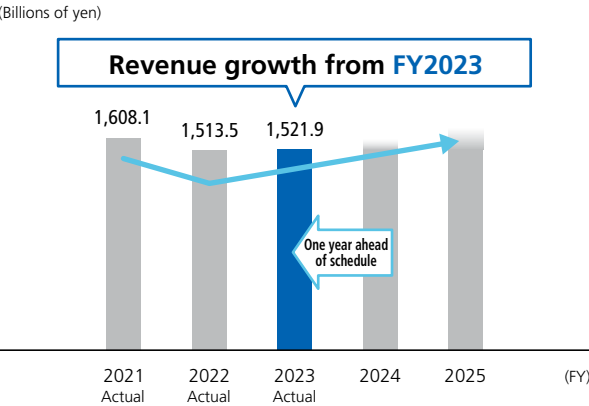
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Consumer segment

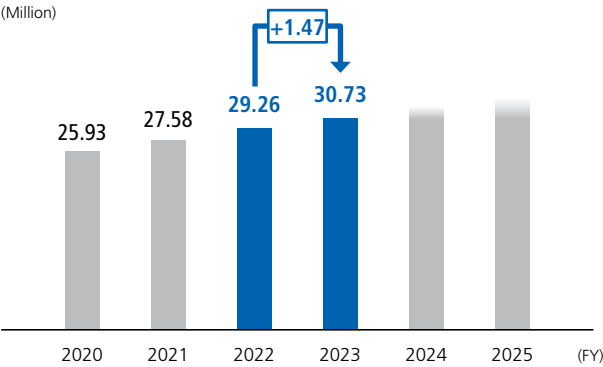
Achieved profit growth of ¥30 billion through mobile service revenue returning to growth trajectory one year ahead of schedule

When we announced our Medium-term Management Plan, we planned to achieve profit growth by offsetting the drop in mobile service revenues resulting from mobile service price reductions with cost reductions, including reductions in depreciation and amortization. However, with people gradually going out more after the movement restrictions associated with the COVID-19 pandemic were lifted in May 2023, we were able to fully leverage our strength in sales. As a result, we achieved net additions of 1.47 million smartphone subscribers in FY2023, reaching our smartphone cumulative subscriber target of 30 million in November 2023. In addition to acquiring new subscribers, we also worked to promote uptake of our value-added services through various sales efforts, and the number of customers switching from *SoftBank* to *Y!mobile* also decreased, resulting in a greater-than-expected slowdown in the drop in ARPU. As a result of these initiatives, mobile service revenue returned to growth one year ahead of schedule, with a profit increase of ¥33.1 billion (+7%) also aided by cost improvements.

Mobile service revenue



Number of smartphone subscribers



Following the amendments to the Telecommunications Business Act in December 2023, the maximum discount on mobile devices (excluding tax) has been set to ¥40,000 even without line contracts. As a result, we expect to see a short-term boost in gross profit of mobile device sales, owing to lower mobile device discounts which are part of customer acquisition expenses. On the other hand, the effect of marketing measures related to mobile devices has weakened slightly, and this may have some impact on net additions of smartphone subscribers, but we will continue to work toward achieving net additions of 1 million smartphone subscribers per year, as we outlined in our Medium-term Management Plan.

Enterprise segment

Double-digit growth in recurring revenue from business solution and others

In FY2023, operating income in the Enterprise segment increased 11% year on year, excluding one-time factors. This was mainly attributable to a 16% increase in the business solution and others revenue, driven by customer digitalization initiatives. We will continue to pursue double-digit compound annual growth rate in the business solution and others revenue during the current Medium-term Management Plan period. In FY2024, we will further promote initiatives in new business

fields such as generative AI services, data centers, and cloud services, while pursuing growth through the synergy generated by making SB Technology Corp. a wholly owned subsidiary.

Media & EC segment

Achieved renewed growth by improving business efficiency and enhancing service origins

In the Media & EC segment, alongside an increase in account advertising revenue, efforts of cost optimization centered on the commerce business and selective focus in strategic businesses proved successful, with segment income increasing 24% year on year in FY2023. This substantially contributed to the increase in the Company's consolidated operating income. In FY2024, we expect to continue boosting profits by approximately ¥30 billion year on year, mainly by enhancing service origins such as by revamping the *LINE* and *Yahoo! JAPAN* apps, in order to drive renewed growth in search, advertising, commerce, and other services.

In response to the information leakage due to unauthorized access disclosed in November 2023, LY plans to allocate approximately ¥15 billion in FY2024 for robust security enhancements. As the parent company, we will also examine and promote measures to ensure effective security governance.





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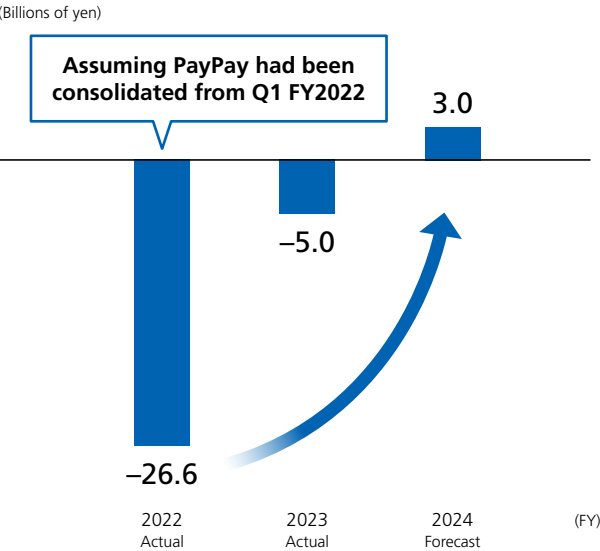
Financial segment

Aiming to turn profitable in FY2024 by pursuing a balance between growth and profitability

In FY2023, the Financial segment recorded segment loss of ¥5 billion. However, it marked profit improvement of ¥7.4 billion year on year, which greatly contributed to the upward revision of consolidated results. Assuming PayPay, which was consolidated from the second half of FY2022, had been consolidated from the beginning of FY2022, the increase in profit would have been even larger at ¥21.6 billion.

Consolidated gross merchandise value (GMV) for PayPay increased 22% year on year to ¥12.5 trillion. While it may seem that growth has slowed compared to the 34% growth seen in

Financial segment operating income



FY2022, the growth rate in FY2023 remained elevated when adjusted for the uplift from the Japanese government's My Number Points campaign implemented in FY2022. PayPay registered users grew 11% year on year to 63.04 million, with the number of payments and the transaction unit price per user also steadily increasing. PayPay has already secured two-thirds of the market share in the solidly growing code payment domain, and with the addition of credit card payments from PayPay Card Corporation, GMV is continuing to grow. The future looks increasingly promising. We will not content with holding the "No. 1 position in code payments," and aim to further enhance lineup of financial services by combining PayPay with credit card transactions, thereby increasing our earning power. Furthermore, the GMV of SB Payment Service Corp., which provides settlement services, increased 19% to approximately ¥8 trillion. This growth was largely driven by a 25% increase in non-telecommunications areas.

With the growth of PayPay and SB Payment Service Corp., we are expecting the Financial segment to turn profitable in FY2024.

Cost management

Relentless cost-cutting efforts helped secure profits

We are successively launching businesses in growth areas, but our basic cost management policy is to "keep costs flat" by maintaining fixed costs at a certain level while sourcing capital for growth from within the Group.

In FY2023, our consolidated operating income increased by ¥110.7 billion, but this actually included approximately ¥60 billion in cost reduction at SoftBank on a standalone basis, surpassing top-line growth. In addition to an approximate impact of ¥40 billion brought by the reduction in depreciation and amortization in the Consumer segment, our relentless cost

reduction efforts are steadily paying off even as prices rise. For example, we thoroughly implemented measures such as stepping up our centralized purchasing functions, where we carefully examine how much of each item we truly need across the entire Group, then purchase them in bulk. We believe that rolling out the cost management expertise cultivated at the Company over to LY also helped boost profits in the Media & EC segment to a certain extent. In addition, since human resource productivity has a major impact on profitability, we are also working to optimize personnel allocation and streamline operations using AI.

On the other hand, in order to reduce the costs associated with the rollout of our 5G network, we released a joint announcement on May 8, 2024 with KDDI Corporation to expand the scope of our collaboration for the joint build-out of 5G networks. Specifically, we will expand the scope of our collaboration from rural areas to areas nationwide. In addition to collaboration efforts for 5G, we will also move forward with discussions on mutually utilizing 4G base station assets. By expanding the scope of this collaboration, we expect to achieve cumulative cost reductions of ¥120 billion by FY2030. In this way, we will enhance our cost competitiveness by collaborating even with competitors where possible. Furthermore, in FY2024, we also expect to see a reduction in network operating costs following the termination of services such as 3G, ADSL and PHS.



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Financial strategy

Diversification of capital allocation and fundraising

As mentioned earlier, we are seeing improvements in the profitability of our mobile business ahead of schedule, and initiatives in other businesses are also progressing smoothly. Accordingly, we expect adjusted EBITDA and operating cash flow to increase steadily going forward. Meanwhile, we have completed the rollout of 5G coverage, and for the time being we expect to be able to keep annual capital expenditures in the Consumer segment and Enterprise segment at around ¥330 billion. As a result, we believe that we will be able to maintain primary free cash flow, which refers to adjusted free cash flow before making growth investments in generative AI, Next-generation Social Infrastructure, and other areas, will continue to significantly exceed the current total shareholder returns of approximately ¥400 billion. We will continue to focus on generating this primary free cash flow, as it is the source of funding for maintaining a high level of shareholder returns.

Our basic capital allocation approach is to secure a high level of primary free cash flow each year, and to have several tens of billions of yen left over after deducting base station leasing fees and dividends paid from financing cash flow, so that we have options for additional growth investments and financial improvements. In FY2023, we prioritized additional growth investments. Specifically, we made Ireland-based Cubic Telecom a subsidiary by acquiring a 51% stake in the company for ¥76.1 billion in March 2024. Cubic provides an IoT platform for connected cars and software-defined connected vehicles (SDCVs), and we believe it has great potential. From the perspective of long-term capital management and operation, we financed the acquisition of Cubic by taking out long-term loans of ¥38 billion from the Japan Bank for International Cooperation (JBIC) and ¥38 billion from four Japanese financial institutions. Although this was our first loan from JBIC, it was recognized as an investment contributing to the healthy development of both the Japanese and international economic

society, leading to a loan with a very long-term. Cubic's business is linked to the development cycle of automobiles, and will require a certain amount of time before producing results. Accordingly, we thought that we should finance it over a long-term. The loan matches our needs and we are very grateful for receiving it.

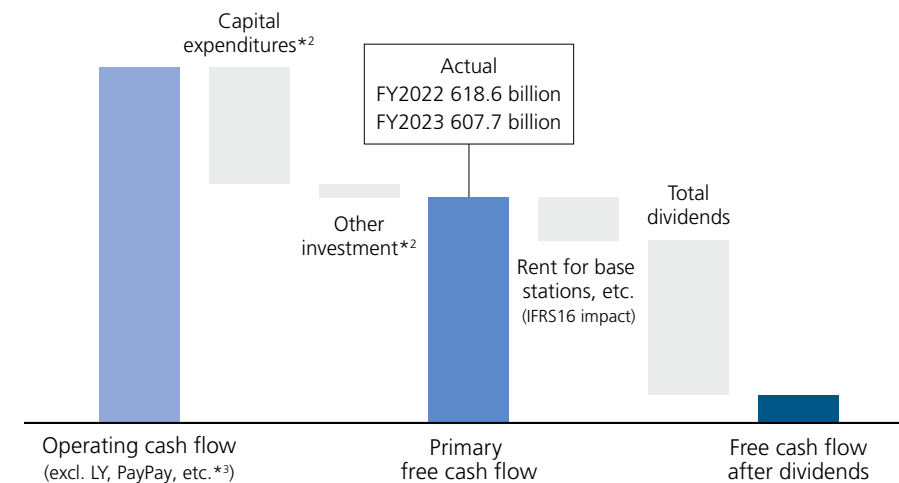
In the future, we plan to flexibly utilize fundraising methods such as Bond-Type Class Shares and long-term loans to meet the need for major long-term funds, mainly for growth investments in generative AI and Next-generation Social Infrastructure, while also continuing to provide shareholder returns of around ¥400 billion. The Series 1 Bond-Type Class Shares issued in November 2023 (¥120 billion) have a call (repurchase) option that can be exercised after five years, and they are considered 100% equity from an accounting perspective without diluting the voting rights of common shares. As such, it is a good fit for long-term growth investments, and of the funds raised in this series, approximately ¥110 billion (after taking into account subsidies from Japan's Ministry of Economy, Trade and Industry's "Cloud Program") will be allocated to AI computing

infrastructure. We believe that the capital expenditures needed to maintain and improve the competitiveness of our existing mobile service business, as well as dividends, should be covered by operating cash flow each fiscal year. However, we also believe that it is crucial to strategically combine a variety of fundraising methods for growth investments aimed at generating additional earnings, while taking into account the amount and repayment period.

Financial discipline and cost of equity

We are making full use of financial leverage while maintaining high credit ratings of "A+" from Rating and Investment Information, Inc. (R&I) and "AA-" from Japan Credit Rating Agency, Ltd. (JCR). As a result, our ROE has remained high at 21% (FY2023 actual) and our P/B ratio has been well above 1.0x, at 3.9x (as of the end of FY2023). Financial discipline is important in maintaining a high credit rating while ensuring financial

Primary free cash flow



*2 Excludes investments which take longer to recoup, such as those in AI computing infrastructure
*3 Excludes free cash flow of A Holdings Corporation, LY Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation and PayPay Securities Corporation, etc. as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation and investment in PayPay Securities Corporation



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soundness. We focus on the adjusted net leverage ratio (NLR)*⁴, which is the ratio of net interest-bearing debt to adjusted EBITDA, and aim to maintain it in the mid-2x range. Although there may be a temporary increase in the adjusted NLR figure as a result of borrowing for upfront investment, we will continue to focus on keeping it at the 2x level. As of the end of FY2023, our shareholders' equity stood at approximately ¥2.4 trillion, which is a fairly substantial level in absolute terms, but our equity ratio was in the 15% range, which is somewhat lower than that of our competitors. Going forward, we aim to maintain a high level of dividends while steadily increasing net income and building up our shareholders' equity.

We are taking full advantage of debt to reduce our weighted average cost of capital (WACC). The WACC for the Company as a whole is around 5%, and we regularly review this figure. Meanwhile, in new businesses that differ in nature from our existing telecommunications business, the business risks vary significantly. Therefore, when we make investment decisions, we look for returns that substantially exceed 5%. In particular, as investments in the aforementioned new business related to generative AI are large, we will work closely with the business department to review and monitor the business plan properly in order to make it a pillar of earnings as soon as possible.

*4 Excludes net interest-bearing debt and adjusted EBITDA of A Holdings Corporation, LY Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, and PayPay Securities Corporation, etc., as well as the interest-bearing debt of securitization of installment sales receivables, and cash reserve for securitization of sales receivables

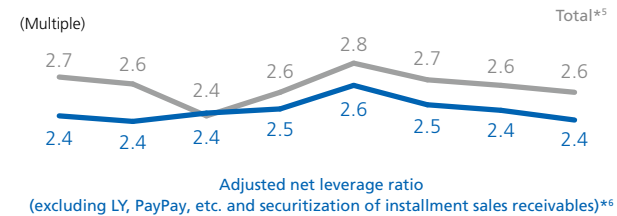
Equity story

Balancing medium- to long-term growth with high levels of shareholder returns

We place great importance on engaging in dialogue with our shareholders and investors, and I myself conduct dozens of meetings each year. Previously, there was a lot of focus on whether we would be able to continue providing high levels of shareholder returns. Recently, I can really feel the high expectations for our growth, based on the business opportunities presented in the rapidly evolving field of generative AI. We will be continuously committed to delivering high levels of shareholder returns while meeting those expectations.

The Company upholds the balance of business growth and shareholder returns as our equity story. We focus on total shareholder return (TSR) as a management indicator that clearly highlights this, and it is tied to medium-term remuneration of Board Directors. Specifically, the remuneration is designed to be linked to a coefficient calculated based on the Company's actual three-year TSR and TOPIX comparisons, creating a system that enables management to share a common perspective with shareholders (📄 P69).

Net leverage ratio*⁵



| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|--------|----|----|----|--------|----|----|----|
| FY2022 | | | | FY2023 | | | |

*⁵ Net leverage ratio = Net interest-bearing debt / Adjusted EBITDA (last 12 months for the relevant quarter)

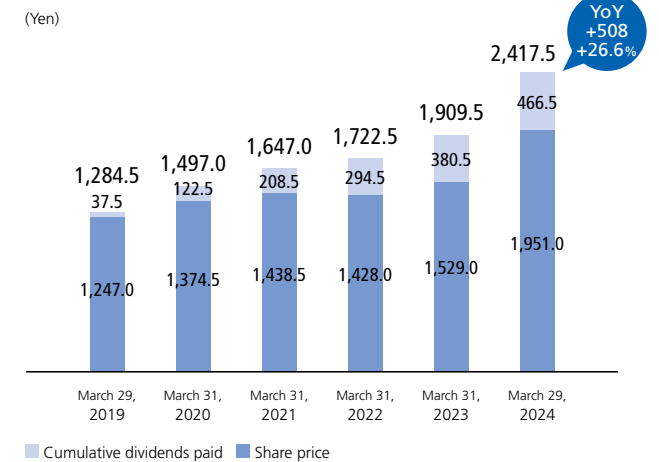
*⁶ In the second quarter of FY2023, the definition has been changed and PayPay Securities Corporation and PPSC Investment Service Corporation have been included in "LY, PayPay, etc." In accordance with this change, figures for the first quarter of FY2023 have been retrospectively adjusted.

Message to the equity market

Conveying the future through numbers to evaluate our growth strategy

In FY2023, mobile service revenue returned to growth one year ahead of schedule, which I believe alleviated concerns about the sustainability of shareholder returns. This also has contributed to the recent rise in our share price, and, as a result, led to a significant increase in TSR. While we feel that appreciation for the *Beyond Carrier* strategy is gradually rising, I also believe that we need to work to gain the understanding of our shareholders and investors regarding our growth strategy centered on Next-generation Social Infrastructure. As the CFO responsible for navigating the Company onto a growth trajectory, I aim to convey numbers in a future-oriented way, ensuring that shareholders and investors can properly evaluate our growth potential.

Share price and cumulative dividends paid





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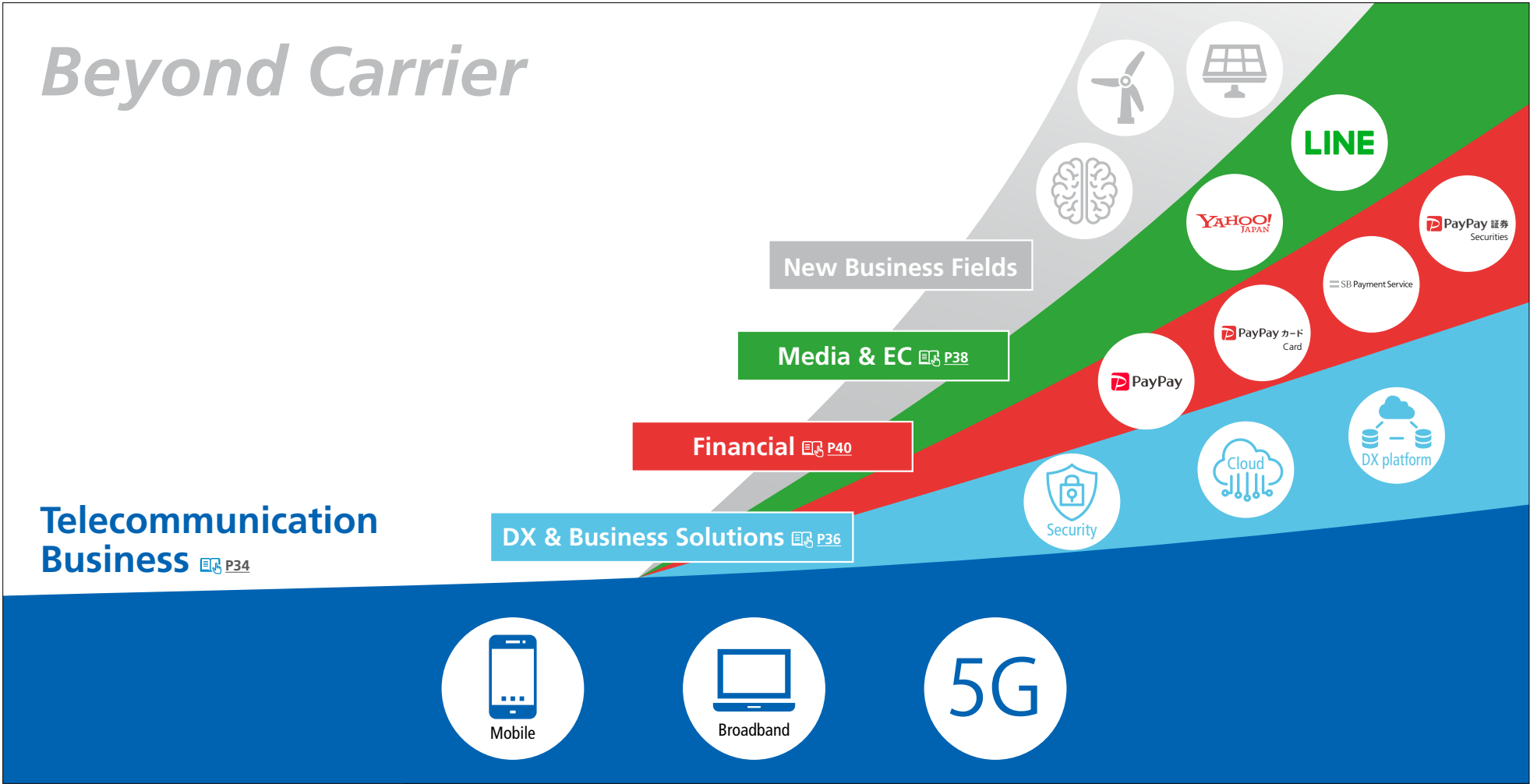
This section provides an overview of the *Beyond Carrier* growth strategy and each segment, together with the efforts of each segment to achieve the goals of our Medium-term Management Plan. It also explains how we are trying to create synergies across the Group by strengthening ties with services that boast one of the largest user bases in Japan, including *LINE*, *Yahoo! Japan*, and *PayPay*.



Growth Strategy

Maximize corporate value by creating businesses that go 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 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 such as *Ouchi Denki* primarily to individual customers in Japan. We also procure mobile devices from mobile device manufacturers 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 provide optimal plans to our customers, including existing customers, 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 contact points in Japan, we provide our customers with everyday benefits outside of telecommunications, such as for shopping, payments, and finance.

Value creation process

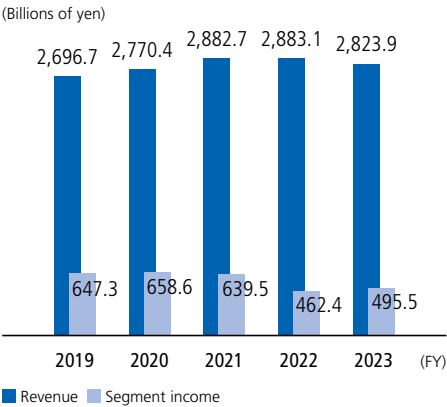
| Inputs | Outputs | Outcomes |
|--|--|---|
| (End of FY2023) ■ Smartphone subscribers: 30.73 million ■ <i>SoftBank Hikari</i> subscribers: 7.78 million ■ Electricity subscribers: 2.02 million ■ Number of stores: 6,400 ^{*1} | (Main services and products) ■ Mobile services (<i>SoftBank</i> , <i>Y!mobile</i> , <i>LINEMO</i>) ■ Broadband service (<i>SoftBank Hikari</i> , <i>SoftBank Air</i>) ■ Trading and supply of electric power and provision of electric power trading agency services (<i>Ouchi Denki</i>) | (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 (FY2023 actual) ■ Revenue: ¥ 2,823.9 billion, segment income: ¥ 495.5 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

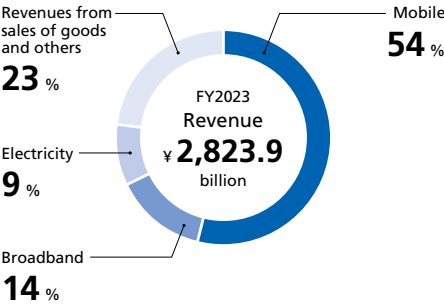
Recognition of the business environment

| | |
|---------------|--|
| Risks | <ul style="list-style-type: none">■ Decline in profitability from 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">■ Increased revenue following 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">■ Differentiation through linkage of telecommunication services with leading services in Japan such as <i>LINE</i>, <i>Yahoo! JAPAN</i>, and <i>PayPay</i>■ Extensive and high-quality telecommunications network with 5G population coverage rate of over 95% (as of March 31, 2024) |

Revenue and segment income



Revenue composition





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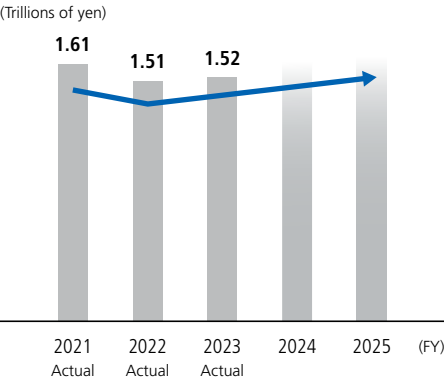
FY2023 performance and initiatives toward further growth

The Consumer segment recorded revenue of ¥2,823.9 billion (2% decrease year on year) and segment income of ¥495.5 billion (7% increase year on year) for FY2023. The segment had initially aimed for mobile service revenue to bottom out in FY2023, but was able to achieve this target one year ahead of schedule. This was primarily due to improvement in the average revenue per user (ARPU) per month, as well as an increase in the number of smartphone subscribers. Segment income exceeded the upwardly revised forecast of ¥490 billion in February 2024, an increase of ¥20 billion from the initial forecast, mainly as a result of strong mobile service revenue. The number of smartphone subscribers exceeded the target of 30 million in FY2023, reaching 30.73 million at the end of FY2023. We will continue to aim for net additions of 1 million subscribers per year.

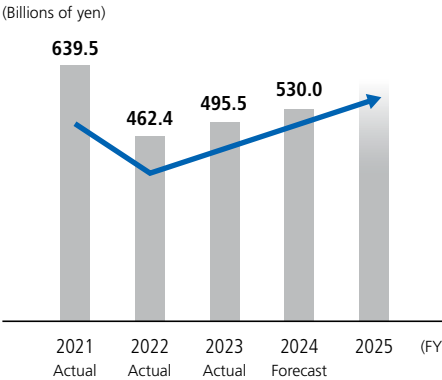
For further growth going forward, we will strengthen cooperation with group services, expand our customer base and value-added services, and work to expand our standalone*¹ 5G network.

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

Mobile service revenue



Segment income



Launched new price plans under both
SoftBank and Y!mobile brands

We have three brands—in addition to the *SoftBank* brand for high-volume data users and frequent users of *PayPay*, we operate both the *Y!mobile* brand for small to medium data users and the online-exclusive *LINEMO* brand, as part of our multi-brand strategy to address our customers’ diversifying needs.

In October 2023, we began offering new price plans under both the *SoftBank* and *Y!mobile* brands. *SoftBank* offers the *Pay-toku* plans (*Pay-toku 30/Pay-toku 50/Pay-toku Unlimited**³), which grant *PayPay points**² according to the plan of choice upon making payments using *PayPay* (Credit/Balance/Points). Signing up for *Pay-toku Unlimited* enhances earning of *PayPay points* at a rate of +5% of day-to-day purchases (capped at a maximum grant of ¥4,000/month). As such, by linking with *PayPay*, we are improving the attractiveness of the *SoftBank* brand and differentiating from competitors (P42). In addition, *Y!mobile* offers the *Simple 2 S/M/L* plans tailored to address the needs of customers who want higher data allowance. As a driver to attract new customers while maintaining a simple pricing structure, we have increased the data volume in our plans and reduced per-gigabyte prices in reflection of the yearly increasing trend of data usage by our customers (applicable for *Simple 2 S/M* plans).

Moving forward, we will continue to provide services tailored to our customers’ needs and enhance the appeal of the Group’s ecosystem, including *PayPay*, as part of our efforts to expand our customer base and improve ARPU.

*² *PayPay points* cannot be withdrawn or transferred. *PayPay points* can also be used at the *PayPay/PayPay Card* official stores. There is a capping on the points that can be granted.

*³ The basic charge is ¥9,625/month. Speed may be controlled during certain hours. If the data usage exceeds 200 GB/month including tethering, speed may be controlled within a range that does not affect normal use (maximum 4.5 Mbps). Data sharing is limited to 50 GB.



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Business Strategies by Segment

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



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

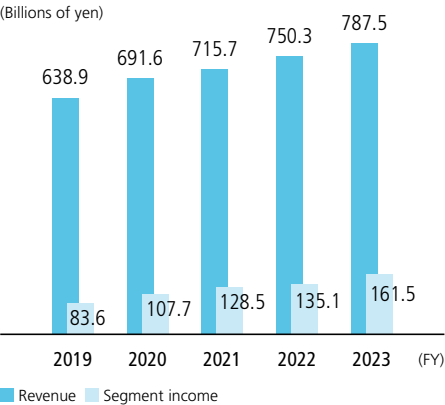
| Inputs | Outputs | Outcomes |
|---|--|---|
| (End of FY2023) ■ Sales personnel: 3,350 ■ Business with 93 % of large corporations*1 | (Main services and products) ■ Mobile services ■ Fixed-line communications services ■ Cloud, security, IoT, and other solution services | (Medium-term Management Plan targets) ■ Business solution and others revenue: Pursue double-digit compound annual growth rate*2 ■ Segment income: Pursue double-digit compound annual growth rate*2 (FY2023 actual) ■ Revenue: ¥ 787.5 billion, segment income: ¥ 161.5 billion (Creation of social value) ■ Labor productivity improvement through DX, revitalization of local communities |

*1 The percentage of listed companies in Japan with annual sales exceeding ¥100 billion that conducted business with SoftBank Corp. in FY2023 *2 Compound annual growth rate from FY2023 to FY2025

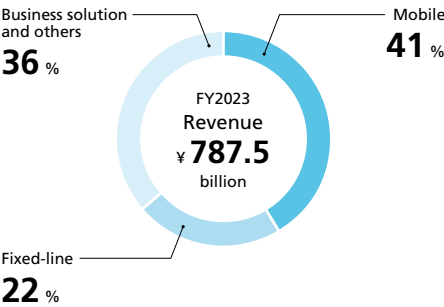
Recognition of the business environment

| Risks | ■ 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 | ■ 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 | ■ Provision of total solution utilizing Japan’s largest BtoC 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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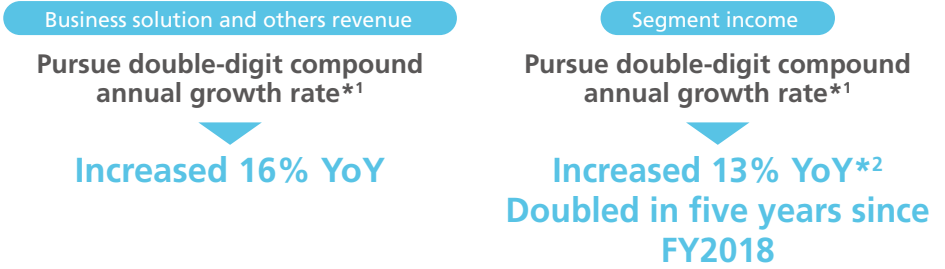
Long-term Growth Strategy

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Medium-term Management Plan targets and their progress



*1 Compound annual growth rate from FY2023 to FY2025
*2 Excludes one-time factor due to reversal of provision for litigation

FY2023 performance and initiatives toward achieving our targets

The Enterprise segment recorded revenue of ¥787.5 billion (5% increase year on year) and segment income of ¥161.5 billion (20% increase year on year) for FY2023. This is mainly from the strong performance of cloud services and security solutions, etc. When excluding the one-time factor that occurred in FY2023 (reversal of provision for litigation: +¥9 billion), the increase in profits was 13% year on year.

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. Additionally, we have implemented measures in earnest to develop the small- and medium-sized enterprise market, which accounts for the majority of the number of companies in Japan, as new customers. As part of our efforts to generate new businesses, we pursued alliances with other companies across various areas in FY2023. One of these is the establishment of Synap-Spark Ltd., which will construct smart buildings that continue to evolve autonomously by utilizing data, with NIKKEN SEKKEI LTD, Japan’s largest design firm, to jointly develop the autonomous building business domain. Another is the capital and business alliance between our subsidiary HEALTHCARE TECHNOLOGIES Corp., which provides the healthcare app *HELPO*, and Sumitomo Life Insurance Company to jointly promote the creation of new businesses and services in the well-being domain. Our aim remains twofold: to contribute to promoting of DX in Japan and to expand the revenue of the Enterprise segment.

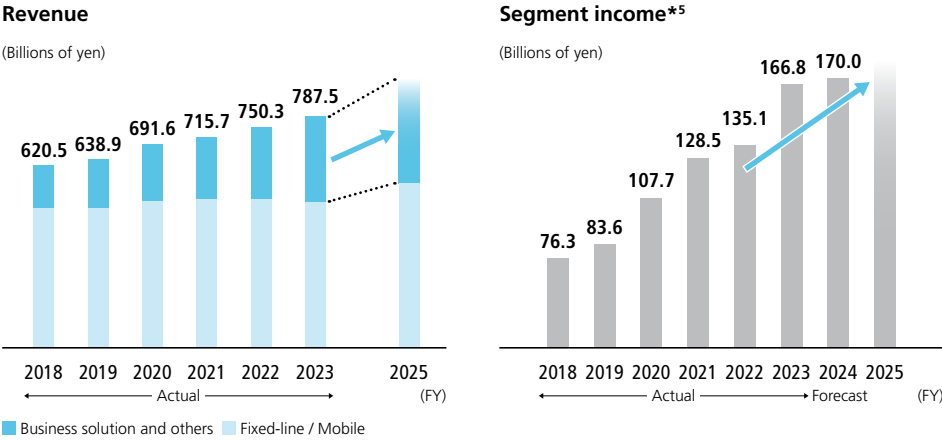
Announcing our investment in Cubic Telecom

We have made an investment of ¥76.1 billion in Cubic Telecom Ltd., a global provider of software-defined connected vehicle (SDCV)*3 solutions, acquiring a 51.0%*4 equity stake leading to its consolidation as our subsidiary. Cubic Telecom is a leading global provider of IoT platforms not just for automobiles, but also for transportation vehicles and agricultural equipment.

Since completing the acquisition of Cubic Telecom as a subsidiary in March 2024, we have been implementing sales cooperation mainly in the Asia-Pacific (APAC) region, with the results becoming rapidly evident. SoftBank and Honda Motor Co., Ltd. (hereinafter referred to as “Honda”) have reached an agreement whereby Honda will consider introducing Cubic Telecom’s connectivity platform to Honda vehicles in approximately 70 countries and regions worldwide, excluding North America and China.

We will continue to collaborate closely with Cubic Telecom to expand deployment of its global connectivity platform for SDCVs and adjacent markets. We will also aim to leverage Cubic Telecom’s platform to deploy various SoftBank services in the future.

*3 Vehicles that can update their features and functions primarily through software connected to the Internet
*4 After dilution



*5 From FY2024, SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which were previously classified under Other, have been transferred to the Enterprise segment. As a result, the figures for FY2023 have been retrospectively adjusted.



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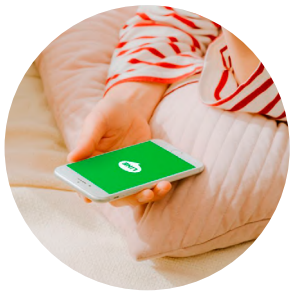
Technology Strategy for Realizing “Next-generation Social Infrastructure”

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Business Strategies by Segment

Media & EC Segment

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



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

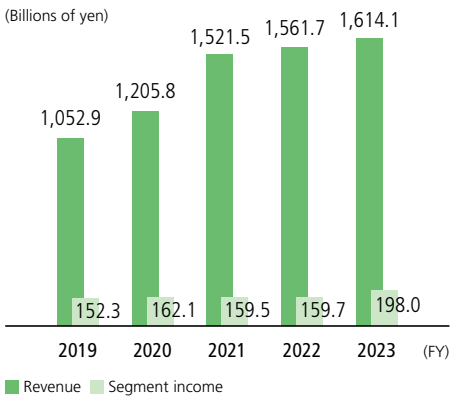
| Inputs | Outputs | Outcomes |
|--|---|---|
| <ul style="list-style-type: none">■ Number of <i>Yahoo! JAPAN</i> monthly users 85 million*¹■ Number of <i>LINE</i> monthly active users 97 million*² | <p>(Main services and products)</p> <ul style="list-style-type: none">■ Media-related services such as advertising, searches, etc.■ E-commerce platforms (<i>Yahoo! JAPAN Shopping</i>, <i>ZOZOTOWN</i>) | <p>(Medium-term Management Plan target)</p> <ul style="list-style-type: none">■ Improvement of business efficiency and renewed growth of media, search, and commerce businesses from FY2024 and beyond <p>(FY2023 actual)</p> <ul style="list-style-type: none">■ Revenue: ¥ 1,614.1 billion, segment income: ¥ 198.0 billionEC transaction value: ¥ 4.2 trillion, total advertising revenue: ¥ 606.4 billion <p>(Creation of social value)</p> <ul style="list-style-type: none">■ Increased convenience due to the spread of online shopping, etc. |

*1 Average monthly users from January to September 2023, based on Nielsen’s “TOPS OF 2023: DIGITAL IN JAPAN, Top 10 by Total Digital Reach in Japan.” Does not include overlap of smartphone and PC users. *2 End of FY2023

Recognition of the business environment

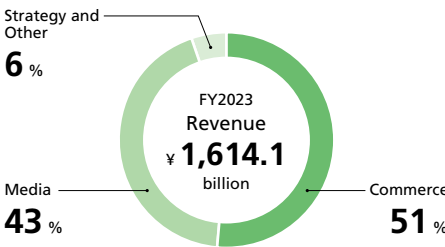
| Risks | <ul style="list-style-type: none">■ Decline in profitability due to intensifying competition of EC, mismatch with customer needs and deterioration of advertising market conditions■ Loss of market share due to the rise of competitors’ services and platforms■ Deterioration of trust or loss of users due to information leakage |
|---------------|--|
| 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, major social media services/applications, etc. with the No. 1 usage rate in Japan■ Linkage with telecommunications services and group services such as <i>PayPay</i> |

Revenue and segment income*³



*3 The Company has changed the accounting policies 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 adjusted.

Revenue composition





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Medium-term Management Plan target and its progress

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

FY2023 segment income increased 24% YoY due to improved business efficiency Aiming for double-digit growth in FY2024, with revenue growth contributing

FY2023 performance and initiatives toward achieving our targets

The Media and EC segment recorded revenue of ¥1,614.1 billion (3% increase year on year) and segment income of ¥198 billion (24% increase year on year) for FY2023. This reflects an increase in commerce revenue due to growth in the ASKUL Group (ASKUL Corporation and its subsidiaries) and the ZOZO Group (ZOZO, Inc. and its subsidiaries), as well as an increase in media revenue due to growth in account advertising.

In October 2023, the procedures related to an intra-group reorganization centered on Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation, were completed as scheduled, and LY started anew. This transition aims to accelerate the pace of synergy creation, improve product development capabilities and profitability, and create new values.

The same month also marked the initiation of linking the accounts of *LINE* and *Yahoo! Japan*. In November of the same year, we started offering a cross-Group membership program called *LYP Premium Membership*. These initiatives strive to promote cross-use of services across the Group, further propelling the expansion of our businesses and an enhancement of various services.

With regard to the information leakage due to unauthorized access announced in November 2023, LY received administrative guidance from Japan’s Ministry of Internal Affairs and Communications in March and April 2024, and a request for reports, etc. and recommendations from Japan’s Personal Information Protection Commission in March of the same year. LY is taking the administrative guidance and recommendations/guidance with utmost seriousness and will proceed to fundamentally review and strengthen its security management measures and contractor management. Additionally, LY will thoroughly review and strengthen its security governance, while sequentially implementing measures to prevent recurrence. As its parent company, SoftBank will continue to cooperate with LY to ensure effective security governance.

Promoting cross-use of *Yahoo! JAPAN Shopping* by revamping the *LINE* tab

As a measure to create synergies by linking *LINE* and *Yahoo! JAPAN* accounts, we are planning for the revamping of *LINE* by the end of FY2024. This update primarily aims to promote cross-use of *Yahoo! JAPAN Shopping* by *LINE* users. Specifically, “Shopping” will be newly established as a tab within *LINE* to provide an e-commerce experience originating from the *LINE* app. By directing *LINE*’s user base, which has 97 million monthly active users, toward *Yahoo! JAPAN Shopping*, we aim to increase the number of users and further expand the e-commerce transaction value.

Further enhancement of account advertising and the *Connect One* concept

Under the unified management of LY, we continuously strive to enhance functions, particularly in the field of *LINE Official Account* for businesses and stores. For example, in October 2023, we began offering a trial service for “AI Prompt Manager,” a function that uses generative AI to suggest replies to user inquiries. In December of the same year, we reinforced the linkage between *Yahoo! JAPAN Maps* and *Yahoo! JAPAN Search* so that the Add Friend button of the *LINE Official Account* of a store or facility is displayed at the top of the facility detail page when the user searches on *Yahoo! JAPAN Maps* and *Yahoo! JAPAN Search*. This will help send customers from the above two services to *LINE Official Account*, and we aim to increase the number of customers by enhancing the value of *LINE Official Account* as a marketing tool and to increase advertising revenues through migration to higher plans. In addition, we have announced the *Connect One* concept to be developed going forward. This is a cross-business platform concept in which *LINE Official Account* serves as the hub of all of LY’s business services, ranging from attracting customers to processing reservations, purchasing, and performing customer relationship management (CRM). This will enable advertisers to seamlessly start using LY-related corporate services simply by opening a *LINE Official Account*. Through these initiatives, LY aims to drive revenue growth for its entire business service suite.



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Business Strategies by Segment

Financial
Segment

We provide cashless payment services such as QR and barcode 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 FY2023) ■ <i>PayPay</i> registered users: Over 63 million*1 ■ Active <i>PayPay Card</i> cardholders: 11.62 million | (Main services and products) ■ Cashless payment service (<i>PayPay</i>) ■ Credit card (<i>PayPay Card</i>) ■ Payment processing services ■ Smartphone-based securities services | (Medium-term Management Plan target) ■ Turn profitable by FY2025 (FY2023 actual) ■ Revenue: ¥ 232.8 billion (segment loss: ¥5.0 billion) ■ <i>PayPay</i> consolidated GMV: ¥ 12.5 trillion*2 ■ SB Payment Service Corp. GMV: ¥ 8.0 trillion (Creation of social value) ■ Increased convenience through spread of cashless payments |

*1 Number of users who have registered for a *PayPay* account. *2 The use of the “Send/Receive” function of “*PayPay Balance*” between users is not included. Payments via *Alipay* and *LINE Pay*, etc. and payments through *PayPay Credit* (formerly *Atobarai*) are included.

Recognition of the business environment

| | |
|---------------|---|
| Risks | ■ 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 ■ Deterioration of trust or loss of users due to IT system failures, leakage of personal information, human error, etc. |
| Opportunities | ■ Increased competitiveness due to entry into new business fields and new service offerings ■ Expansion of financial markets due to new technologies and deregulation |
| Strengths | ■ 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

The Financial segment includes *PayPay*, which provides smartphone-based cashless payment services; *PayPay Card Corporation*, a wholly owned subsidiary of *PayPay* that provides credit card services integrated with *PayPay*; *PayPay Securities Corporation*, which provides smartphone-based securities services; and *SB Payment Service Corp.*, which provides payment processing services.

Financial segment

PayPay

PayPay カード
Card

Provision of cashless payment services

PayPay 証券
Securities

Provision of smartphone-based securities services

SB Payment Service

Provision of payment processing services

Business Strategies by Segment / Financial Segment

Medium-term Management Plan target and its progress

Turn profitable by FY2025

Loss reduced significantly in FY2023
Aim to turn profitable in FY2024

FY2023 performance and initiatives toward achieving our targets

The Financial segment recorded revenue of ¥232.8 billion (64% increase year on year) and operating loss of ¥5 billion (improvement of ¥7.4 billion year on year) for FY2023. This increase was primarily attributable to the consolidation of PayPay on the third quarter of FY2022. Additionally, assuming that PayPay had been consolidated from the beginning of FY2022, the operating loss would have been significantly reduced from ¥26.6 billion recorded in FY2022.

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, stamp cards and financing, and strengthening of linkages with the Group's financial services such as asset management and insurance. In addition, PayPay was designated by Japan's Minister of Health, Labour and Welfare as the first Fund Transfer Operator to support digital salary payments in August 2024. We aim to launch *PayPay Paycheck* for

all users by the end of 2024, pursuing to enhance convenience. Furthermore, PayPay Securities Corporation, which is growing rapidly on the strength of its partnership with PayPay, will continue to efficiently expand its user base by utilizing the *PayPay* customer base. For the payment processing services provided by SB Payment Service Corp., we not only incorporate telecommunication charges, but also aggressively capture payment settlement opportunities in the rapidly evolving e-commerce sector to maximize GMV. Concurrently, we will aim to further increase the number of merchants by offering a wide variety of settlement services to our corporate clients and the merchants of our Group companies.

Number of registered PayPay users exceeds 60 million

In October 2023, the cashless payment service *PayPay* surpassed 60 million registered users, five years after the service was launched (in October 2018). This is equivalent to about half*² of the Japanese population, or about two-thirds*³ of Japan's smartphone users. In 2023, the value and number of *PayPay* code payments reached ¥9.6 trillion and 6.11 billion times, respectively, which is equivalent to approximately 65% of the domestic code payment market in Japan in terms of both value and number of transactions during the same period.*⁴ In this way, *PayPay* will leverage the solid business foundation it has established in payment services to further achieve growth for its value-added services for merchants and financial services.

*² Calculated based on "Population Estimates - August 2023 Report," Statistics Bureau, Ministry of Internal Affairs and Communications

*³ Calculated based on "Population Estimates - December 2022 Report," Statistics Bureau, Ministry of Internal Affairs and Communications; and "1. Ownership of Information and Communications Equipment" in the "2022 Survey of Communications Usage Trends," Ministry of Internal Affairs and Communications

*⁴ Calculated based on "Survey on Code Payment Usage Trends, March 25, 2024," published by Payments Japan Association

Future initiatives of PayPay

Pursue high growth with diversified revenue sources



Financial services

Asset management, insurance, personal and corporate loans, etc.



Value-added services for merchants

Sales promotion services for merchants such as coupons and stamp cards, etc.

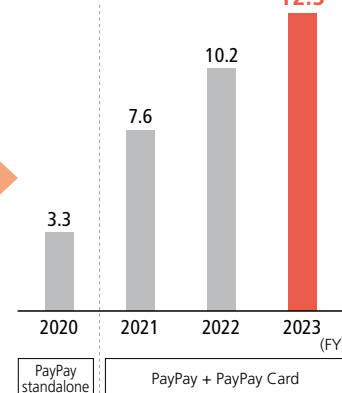


Payment services

Code payment (balance payment and credit) and Card payment

Maximize consolidated GMV*¹

(Trillions of yen)



Future initiatives of SB Payment Service Corp.

Growth strategy

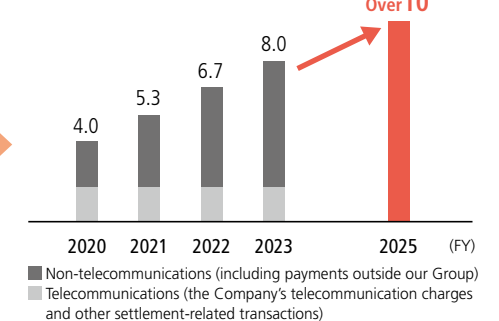
Increase in number of merchants through utilization of Group assets, etc.



Increase in transaction volume per merchant by strengthening in-house solutions, etc.

Gross merchandise value (GMV)

(Trillions of yen)



*¹ PayPay Corporation consolidated GMV: the use of the "Send/Receive" function of "PayPay Balance" between users is not included. From the forth quarter of FY2021 onward, payments via *Alipay* and *LINE Pay*, etc. are included. Payments through "PayPay Credit (formerly Atobarai)" launched in February 2022 are included. GMVs of PayPay Corporation and PayPay Card Corporation have been retrospectively totaled since FY2021, with internal transactions between the two companies eliminated.



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Creation of Group Synergies

Creating a virtuous cycle: strengthening core business competitiveness and accelerating group services growth

Since our listing in 2018, we have expanded our non-telecommunications area through the acquisition of Yahoo Japan Corporation*1 as a subsidiary, the business integration of Z Holdings Corporation*1 and LINE Corporation,*1 and the acquisition of PayPay as a subsidiary. As a result, we possess one of the largest customer bases in Japan in the information and technology fields, including e-commerce, media, communications, and cashless payment. By linking these group services with our core Consumer and Enterprise segments, we are not only strengthening the competitiveness of both segments but also creating a virtuous cycle that accelerates the growth of group services by encouraging existing customers of both segments to utilize these services.

Enhancing mobile service competitiveness with value-adding group services

In the mobile market, customer liquidity has been increasing due to several factors, including the mobile service price reductions implemented by carriers in the spring of 2021, and the initiatives by Japan’s Ministry of Internal Affairs and Communications to promote the spread of eSIMs and to review cancellation fees and mobile number portability (MNP) fees to make switching between carriers easier. To remain the preferred choice of customers under these circumstances, we believe it is important not only to offer a wide variety of data allowance plans, but also to provide high added value. Our strength is that LY and PayPay, two of Japan’s leading service providers, are part of our Group, and by combining their services with ours, we provide a unique added value. Specifically, we grant additional *PayPay points* when using *Yahoo! JAPAN Shopping* to our *SoftBank* and *Y!mobile* users, and also provide *LYP Premium*, which gives access to various benefits offered by *LINE* and *Yahoo! JAPAN*, at no additional charge.

In October 2023, we began offering *Pay-toku*, a plan that adds additional *PayPay point**2 rates when making payments with *PayPay* (Credit/Balance/Points). Customers will be able to lower the actual costs by applying the *PayPay points* granted through these payments in combination with various discounts to the payment of their basic monthly fee. This *Pay-toku* plan has been well received by *PayPay* users and has led to customer acquisition for mobile services, as well as a high level of satisfaction after subscription, which we anticipate will suppress contract cancellations going forward. In addition, the payment transaction volume of *PayPay* users who subscribed to *Pay-toku* has increased significantly compared to the volume before they joined, contributing to the growth of group services.

*1 Currently LY Corporation
*2 *PayPay points* cannot be withdrawn or transferred. *PayPay points* can also be used at the *PayPay/PayPay Card* official stores. There is a capping on the points that can be granted.
*3 When *Pay-toku Unlimited* (basic charge of ¥9,625/month) is applied. Speed may be controlled during certain hours. If the data usage exceeds 200 GB/month including tethering, speed may be controlled within a range that does not affect normal use (maximum 4.5 Mbps). Data sharing is limited to 50 GB.
*4 When *Pay-toku Unlimited* is applied. Point grant rate for *PayPay* (Credit/Balance/Points) payments: +5% (maximum ¥4,000 worth/month)

Lead planner reveals *Pay-toku*’s background and goals

Reversing the decline in mobile service revenue became a company-wide challenge due to the impact of the mobile service price reductions in the spring of 2021. The conventional strategy would have been to increase the value added by expanding data allowance and aim for a price raise. However, since we were already offering an unlimited data plan, it was difficult to adopt this approach. To resolve this, we conceived *Pay-toku*, a plan designed to shift the perception of mobile phone fees by providing a different kind of value-added service. *Pay-toku**3 increases the basic fee by ¥2,000 compared to the existing unlimited plan, but grants up to ¥4,000 worth of *PayPay points**2 per month*4 based on the amount of *PayPay* usage. In other words, with frequent use of *PayPay* for everyday purchases, customers can enjoy savings on the unlimited plan, making it an attractive offer. We conducted an extensive number of simulations to determine the optimal fee structure and *PayPay points* incentive rate that would ensure profitability while appealing to customers. This process was perhaps the most challenging step of developing *Pay-toku*. In addition, the aim of *Pay-toku* goes beyond improving mobile business profitability. By the benefit of granting *PayPay points*, we aim to make it easier for customers to take full advantage of the Group ecosystem. For example, customers can use *PayPay points* granted from *Pay-toku* to shop at *Yahoo! JAPAN Shopping* or purchase stocks through *PayPay Securities*. Given that this was born from such new ideas, we were initially concerned about how well it would be accepted by customers, but our customer acquisition has been progressing largely as planned.

In the medium- to long-term, we believe that our ideal is to provide seamless services that align with the evolving needs of customers at each stage of their lives. In this context, having some of Japan’s largest services, such as *LINE*, *Yahoo! JAPAN* and *PayPay*, within our Group is a significant advantage. By bundling these services, we aim to build a Group ecosystem of choice and achieve further growth.



Masamichi Goji
Vice President, Consumer Business Promotion Unit
MOBILE Business Division Head

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Creation of Group Synergies

Weaving the Group's connections for Group synergies

In 2021, under the leadership of former Chairman Miyauchi, we launched the Synergy Drive Center. The mission of this division is to strengthen cooperation among Group companies (i.e. weaving connections) and promote synergy creation across the Group. Specific initiatives include the "Group CEO Synergy Meeting," which brings together the CEOs of more than 50 Group companies, and the "Ambassador Meeting," which brings together "ambassadors" responsible for promoting synergies from each company, both held regularly. At these meetings, information of each company is shared, and synergies are proposed, agreed upon, and implemented. Through these efforts, each company has achieved increased revenue and reduced costs, thereby enhancing corporate value.

In the three years since its establishment, approximately 100 synergy-creating projects have emerged. For example, the developments of new solutions that combine services from different Group companies and the selling of products through other Group companies' distribution channels have led to increased revenues. In addition, to reduce costs, we are actively promoting joint procurement across the Group and using each company's products within Group companies to curb external cash outflows.

Furthermore, beyond these initiatives, we are also working to share information and know-how possessed by each company and utilize them within the Group.

Promoting the generation of Group synergies from various angles



Examples of synergy created at Group CEO Synergy Meeting

Boosting the Group's in-house payment ratio, led by PayPay

At the 2nd Group CEO Synergy Meeting, PayPay proposed increasing the ratio of in-house payments across the Group. Subsequently, an "In-house Settlement Subcommittee," involving participation from various Group companies, was formed and began activities in February 2022. Led by PayPay, the initiative aims promote the use of services provided by the Group's financial and payment companies, including PayPay, PayPay Card Corporation, and SB Payment Service Corp., among the subcommittee's member companies. Participating companies have set targets for in-house payment ratio through FY2025 and are implementing measures to achieve these targets. If each company can achieve the targets they have set, it is expected to result in significant cost reduction for the entire Group, as well as increased sales for the financial and payment companies.

Doubling membership in about two years leveraging PayPay and LINE mini apps

HELLO CYCLING, provided by OpenStreet Co., Ltd., is a bicycle sharing platform launched in November 2016. As of April 2024, it boasts one of the largest number of stations and members in the bicycle sharing industry. Their mini app strategy, which was initiated by the Group CEO Synergy Meeting, significantly contributed to the acquisition of new users for this service.

Since the release of the service on the PayPay mini app from July 2022, they have successfully acquired light users. Similar efforts are also being made on the LINE mini app. With both mini apps, there is no need to install a separate app or register as a member, and user can complete bicycle reservation, payments, and return procedures within the mini apps. By delivering such a smooth service experience to users, they have succeeded in doubling the number of members in about two years.

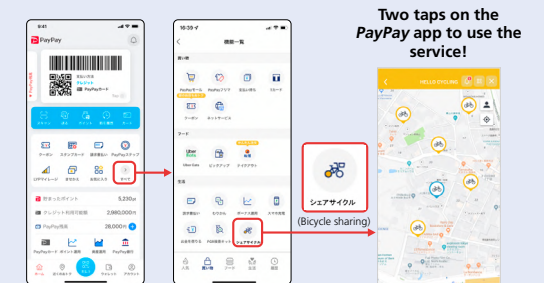


Image of the PayPay mini app



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Long-term Growth Strategy

Our long-term vision is to become “a company that provides Next-generation Social Infrastructure essential for development of a digital society.” This section provides an overall picture of this vision and the various technological initiatives to achieve this in a manner that is easy to understand for non-engineer readers.



Technology Strategy for Realizing “Next-generation Social Infrastructure”

Advancing research and development to realize the “Next-generation Social Infrastructure” supporting a “society that coexists with AI”

We predict the arrival of a society that coexists with AI in which AI will be incorporated into various products and services, enabling people to enjoy convenient and comfortable lifestyles. Meanwhile, the use of AI requires significant data processing and power consumption at data centers. This section presents an overview of the technology strategy we are pursuing and its progress toward realizing the “Next-generation Social Infrastructure” that will address these issues and enhance our corporate value.

Overall picture of “Next-generation Social Infrastructure”

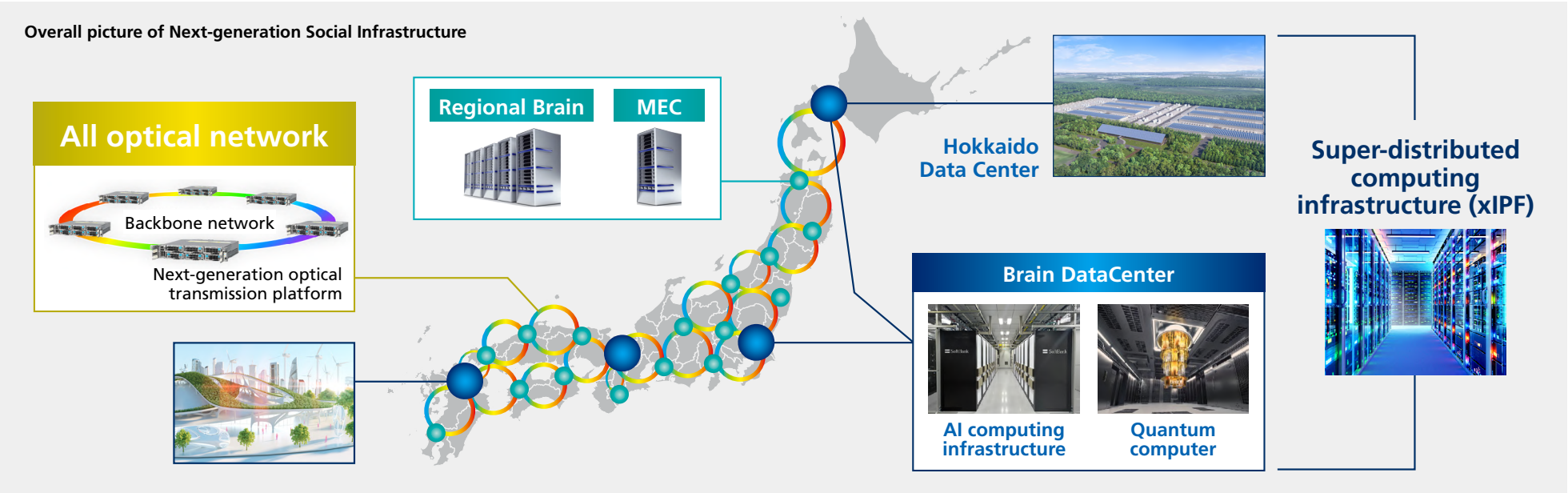
To meet the significant data processing demands generated by AI, the large-scale data center “Brain DataCenter” (P46) and the medium-scale data center “Regional Brain” will be distributed and deployed. The “Brain DataCenter” will be equipped with a AI computing infrastructure (P48) and quantum computers (P47). These data centers will be “locally produced for locally consumed” sustainable data centers (green data centers) where renewable energy generated in each region will be consumed in each regional data center.

By incorporating US-based NVIDIA’s cutting-edge superchip, the *Grace Hopper Superchip*, into our mobile service base stations, we will be able to not only efficiently deploy “MEC*1” but also deploy “AI-RAN*2” (Please refer to “Integrated Report 2023,” P39, Technology Strategy for details).

In addition, we plan to introduce a “super-distributed computing infrastructure” (P46) that will run physically distributed data centers in different regions in parallel, virtually operating as a single data center.

We have already deployed the nationwide “all optical network” (P47), a power-efficient, low-latency, high-capacity network that connects distributed data centers.

We have expertise in data centers and telecommunication networks that we have cultivated, human resources who have been involved in the development of generative AI, and security-related know-how that we have accumulated in operating telecommunication infrastructure. By further developing these resources, we will build a “Next-generation Social Infrastructure” and enhance our corporate value over the medium- to long-term.



*1 MEC: abbreviation for Multi-access Edge Computing. Computing infrastructure installed near devices requiring real-time processing, such as autonomous cars and robotics
*2 AI-RAN: a radio access network (RAN) consisting of antenna equipment and base stations integrated with AI processing infrastructure

Technology Strategy for Realizing “Next-generation Social Infrastructure”

Construction of the “Hokkaido Data Center”

In November 2023, SoftBank announced the construction of the “Hokkaido Data Center,” which will be one of the “Brain DataCenter” facilities. The data center plans to cover all its power needs with renewable energy from within Hokkaido Prefecture, making it a model case of “locally produced for locally consumed” data center. We are aiming to complete the first phase of construction of the data center and commence operations in FY2026, with an expected scale of 50 megawatts at the time of opening. The total project cost is expected to be approximately ¥65 billion, with up to ¥30 billion to be covered by subsidies from Japan’s Ministry of Economy, Trade and Industry.

In addition to being used for in-house generative AI development and other AI-related projects, the data center will also be made available to a wide range of universities, research institutes, and companies to meet the growing need for AI-related usage.

In the future, we plan to expand the capacity of the data center to a maximum of 300 megawatts, making it one of the largest data centers in Japan.

Scheduled completion of the first phase of construction
and start of operations: FY2026
Plans to gradually expand toward 300 megawatts
(one of the largest data centers in Japan)

Operated
entirely on
renewable
energy

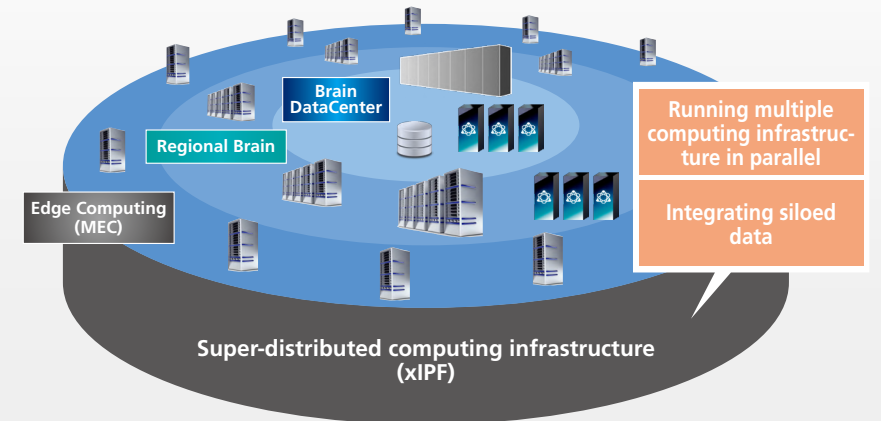


Development of “super-distributed computing infrastructure”

SoftBank is currently developing a “super-distributed computing infrastructure.” This platform allows data centers distributed across various regions, including Hokkaido, to operate virtually as a single data center. This eliminates the isolation of data within each data center (commonly referred to as “silo”), thereby enhancing convenience. It also reduces the risk of important data being corrupted or lost in the event of damage to a data center caused by a natural disaster or other incidents.

The platform is also anticipated to integrate data from IoT devices, sensors, and other instruments, in addition to data held by companies, governments, municipalities, universities, and other institutions. By handling this information in an integrated manner on the platform, we believe that it will lead to overall optimization of society through DX. We anticipate this platform to be widely adopted given that integrating vast amounts of data is crucial for applications such as autonomous cars and smart cities, as well as simulations in various fields such as road construction, urban planning, and disaster prevention. Additionally, we plan to offer in-house developed cloud services featuring AI capabilities (e.g., generative AI, quantum computing functions) on this platform for enterprise customers. Through these services, we expect to generate revenue opportunities such as flat-rate subscription fees for platform usage and pay-per-use API (Application Programming Interface) usage fees.

Integration and equalization of data processing nationwide
Toward overall optimization of society through DX



Technology Strategy for Realizing “Next-generation Social Infrastructure”

Research and development on a “quantum/supercomputer collaborative platform”

In the future, we envision integrating quantum computers into our “Brain DataCenter” to meet the significant data processing demands associated with the implementation of autonomous cars and smart cities, as well as various simulations, as previously mentioned.

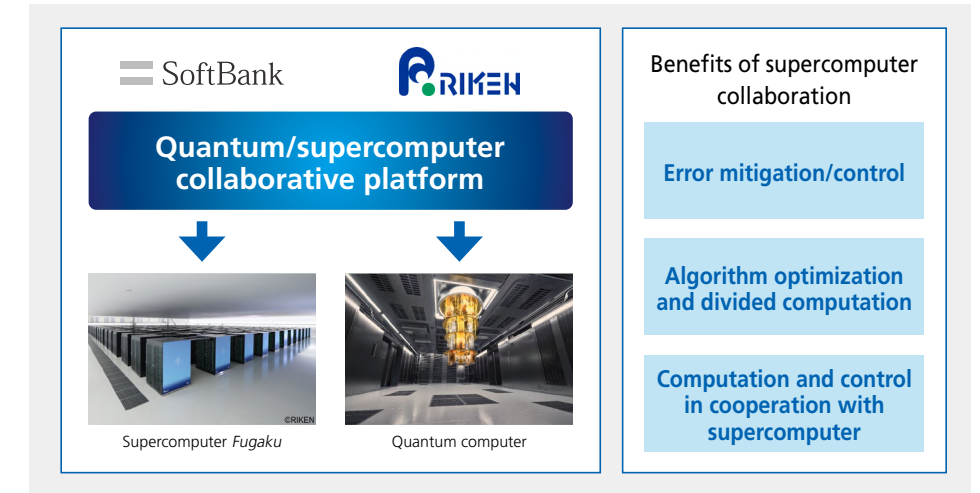
By applying quantum mechanics, quantum computers can perform more advanced calculations in a shorter period of time than conventional computers, which is why they are of great interest to us.

At present, however, running a quantum computer by itself faces numerous technical challenges, including scaling up and ensuring computational accuracy. For this reason, utilizing quantum computers in combination with supercomputers to expedite practical use is considered a promising approach.

As the first step in our research and development on a “quantum/supercomputer collaborative platform,” we are developing software that will link quantum computers and supercomputers. After that, we will build platforms and develop applications to operate various quantum computers and supercomputers in combination. Through these efforts, we will work to accelerate the practical application of quantum computers.

This research and development is being conducted in collaboration with RIKEN, which developed *Fugaku*, one of the world’s most powerful supercomputers. The project was also selected as a development theme publicly solicited by Japan’s Ministry of Economy, Trade and Industry and the New Energy and Industrial Technology Development Organization (NEDO), who are covering all necessary expenses related to research and development as a contract project.

Development of “quantum/supercomputer collaborative platform”



Nationwide deployment of “all optical network”

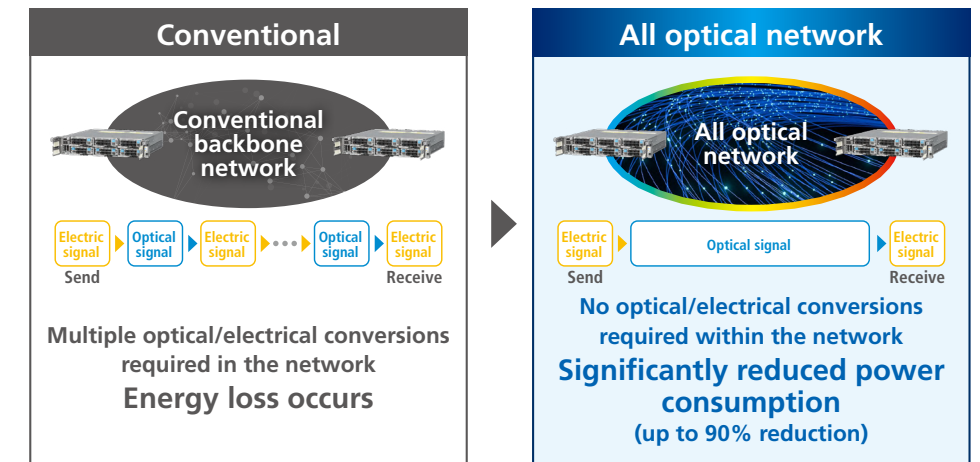
In October 2023, we completed the nationwide deployment of an “all optical network” in core areas of Japan. This deployment has not only significantly increased the capacity of the nationwide transmission network to handle huge amounts of data, but also transformed it into a power-efficient, low-latency network.

The greatest feature of this network is that by using optical technology, power consumption has been reduced to one-tenth of that of conventional networks. Here is a brief overview of how it works.

In a conventional network, data has to pass through multiple routers to get from the sender to the receiver. During this process, optical and electrical signals are converted multiple times, resulting in a large amount of energy loss. However, “all optical network” enables communication with no conversion from optical signals to electrical signals in the network, resulting in a significant reduction in power consumption.

The practical deployment of this network has made it possible to reduce power consumption, electricity fees, and other costs while meeting the growing demand for data communications through “Beyond 5G/6G” and “Next-generation Social Infrastructure.”

Features of the all optical network



Technology Strategy for Realizing “Next-generation Social Infrastructure”



Q: What is the mission of SB Intuitions Corp.?

As a wholly owned subsidiary of SoftBank, our mission is to develop technology centered on generative AI. Currently, we are working to complete a multimodal*¹ large language model (LLM) with approximately 390 billion parameters*² developed using Japanese datasets*³ by the end of FY2024. In the medium- to long-term, we aspire to develop models with approximately 1 trillion parameters.

*¹ An AI system that collects information from two or more different modes of data, such as text, audio, image, video, and sensor information, and processes them in an integrated manner

*² An indicator expressing the complexity and learning capacity of a language model

*³ Collection of data used for training large language models

Q: Why are you working on developing a Japanese-based LLM?

When we look ahead to the future, if generative AI becomes a core part of digital services, I believe having a Japanese-based LLM domestically is crucial. Currently, we rely on overseas companies for the majority of digital services, such as operating systems and cloud services. The digital trade deficit is growing each year and reached ¥5.5 trillion in 2023. If all the commonly used generative AI also comes from overseas, I fear that this deficit will continue to grow as a result of paying license fees and other related expenses. Through the LLM we are developing, we hope to create a structure that keeps the national wealth within Japan while contributing to the growth of SoftBank.

Q: What advantages will this have over LLMs developed by overseas companies?

We expect our LLM to have the competitive advantage of accurate responses taking into account Japanese business practices, cultural, and linguistic nuances. LLMs could be described as “collections of knowledge with linguistic structures,” but our LLM will be trained on “information written in Japanese that exists in the Japanese-speaking world.” Therefore, the linguistic structure of Japanese is reflected in the model, resulting in high accuracy.

LLMs developed by overseas companies are trained on “information written in English that exists in the English-speaking world.” Although they can also handle requests in Japanese, the knowledge and linguistic structures acquired from English data are strongly reflected within these LLMs. As a result, Japanese output may appear translated and feel unnatural to native Japanese speakers.

In addition, there are major differences in culture and business practices between the English-speaking and Japanese-speaking worlds. To take the banking industry as an example, in Japanese, a bank account that has been dormant for a long time is written using the Chinese character for “sleep.” If this is translated as “sleeping account” instead of “dormant account,” it may undermine customer trust. To take an example from the travel industry, while traveling by private cars is the norm in the US, in Japan it is more common to use trains and tour buses. When providing a solution for creating travel plans using an LLM developed by an overseas company, if the only response customers get is something like “we have booked a hotel in that direction, here are the famous tourist spots, please use your own car to get there,” the satisfaction level of customers in the Japanese-speaking world will probably drop.

Of course, you can feed this kind of information one-by-one to train LLMs developed by overseas companies, but it is difficult to cover all of the business practices, cultural, and linguistic nuances. Recently, there have been some initiatives by Japanese companies to enhance foreign LLMs with additional Japanese learning, but I believe the same issues remain.

We would like to differentiate ourselves by developing a Japanese-based LLM that can respond more naturally and accurately, providing it to companies in Japan.



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Q: What are the strengths of SB Intuitions Corp. in developing a Japanese-based LLM?

I believe we have three strengths: human resources, Japanese data volume, and SoftBank’s AI computing infrastructure.

First of all, in terms of human resources, developing a Japanese-based LLM requires that we correctly process Japanese data, and accurately reflect the structure and knowledge into the model. This calls for experts in natural language processing, and fortunately, we have many such experts within the Group. This is because we have the *Yahoo! JAPAN* search service where we have been performing extensive natural language processing in order to return appropriate search results based on Japanese queries. We have brought together these experts at SB Intuitions Corp. to expedite development.

Next, with regard to Japanese data volume, we benefit from the vast amount of Japanese data accumulated at *Yahoo! JAPAN*, used to provide appropriate search results. This information does not contain personal information and the rights have been processed, so it can be used as a dataset. If we were to try to collect this amount of information from scratch, it would take several years, so I view this as a major strength.

Finally, we expect the scale of SoftBank’s AI computing infrastructure to be the largest among Japanese companies and one of the leading ones in Asia. In the fall of 2023, we started running the *NVIDIA DGX SuperPOD™* AI computing infrastructure, which has a computing capacity of 0.7 exa*⁴ FLOPS*⁵. This AI computing infrastructure is equipped with the *NVIDIA A100 Tensor Core GPU (A100)*, and we invested approximately ¥13 billion (after taking into account subsidies of approximately ¥5 billion from Japan’s Ministry of Economy, Trade and Industry (METI)’s “Cloud Program”). Furthermore, in May 2024, we announced an additional investment in AI computing infrastructure with a capacity of 25 exaFLOPS. This AI computing infrastructure will be equipped with the *NVIDIA H100 Tensor Core GPU (H100)*, a high-end model of the *A100*, as well as the *NVIDIA B200 Tensor Core GPU (B200)*, the world’s most advanced model announced by US-based NVIDIA in March 2024. We expect the additional investment to be approximately ¥110 billion (after taking into account subsidies of up to ¥40 billion from the METI’s “Cloud Program”). This combined capacity of 25.7 exaFLOPS is anticipated to enable us to pioneer the development of Japanese-based LLMs with 390 billion to 1 trillion parameters, granting us the advantage of being a frontrunner.

*4 Exa: 10 raised to the power of 18

*5 FLOPS: a measure of computer processing power expressed in terms of floating point operations per second



Q: Your competitors in Japan are rushing to launch lightweight models. What is the view of SB Intuitions Corp. on this?

Once we create a large parameter model, we can take flexible approaches tailored to various purposes, so we would like to prioritize creating a large parameter LLM first, even if it takes a bit longer to launch.

The current trend in creating generative AI models is to take an approach called “model distillation,” which involves taking a large parameter LLM and reducing it to a smaller, optimized version tailored to the intended use case. Our policy is to take the same approach. By distilling an LLM according to the intended use case, we can create a small language model (SLM), such as one specializing in conversation or medical care. These SLMs can inherit some of the capabilities of the LLM, meaning they can maintain high Japanese accuracy while also providing quick responses and consuming less power. When creating a small parameter LLM from scratch, often it will be designed to be specialized for a particular field. This makes it difficult to apply it to other fields. For example, an SLM that can answer questions about Japanese statutory law while also being able to handle everyday conversation to a certain extent by inheriting the capabilities of the LLM would probably better capture customer needs, rather than an LLM that can answer questions about Japanese statutory law but has difficulty handling everyday conversation.

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Q: How will you monetize your Japanese-based LLM?

Rather than monetizing the Japanese-based LLM on its own, we aim to create added value for enterprise customers and monetize it either by “providing a platform for using the LLM” or “incorporating the LLM into solutions and providing them as a service.”

By “providing a platform for using the LLM,” I mean a platform-as-a-service (PaaS) business that enables customers to use our Japanese-based LLM as one of the functions on our cloud service platform. For example, let’s say we want to build a service on SoftBank’s cloud service that can show drivers of electric vehicles where they can recharge their batteries on the highway. With conventional digital services, the location of charging stations would be displayed on a screen and drivers would be advised to charge their electric vehicles when their batteries run low. However, if we can use the functions of the Japanese-based LLM to autonomously determine which charging station will be most cost-effective for the driver and guide them there in natural Japanese, this will be an added value for the customer.

By “incorporating the LLM into solutions and providing them as a service,” I am referring to developing a software-as-a-service (SaaS) solution in-house that incorporates the Japanese-based LLM and providing it to enterprise customers. SoftBank is developing an automated call center

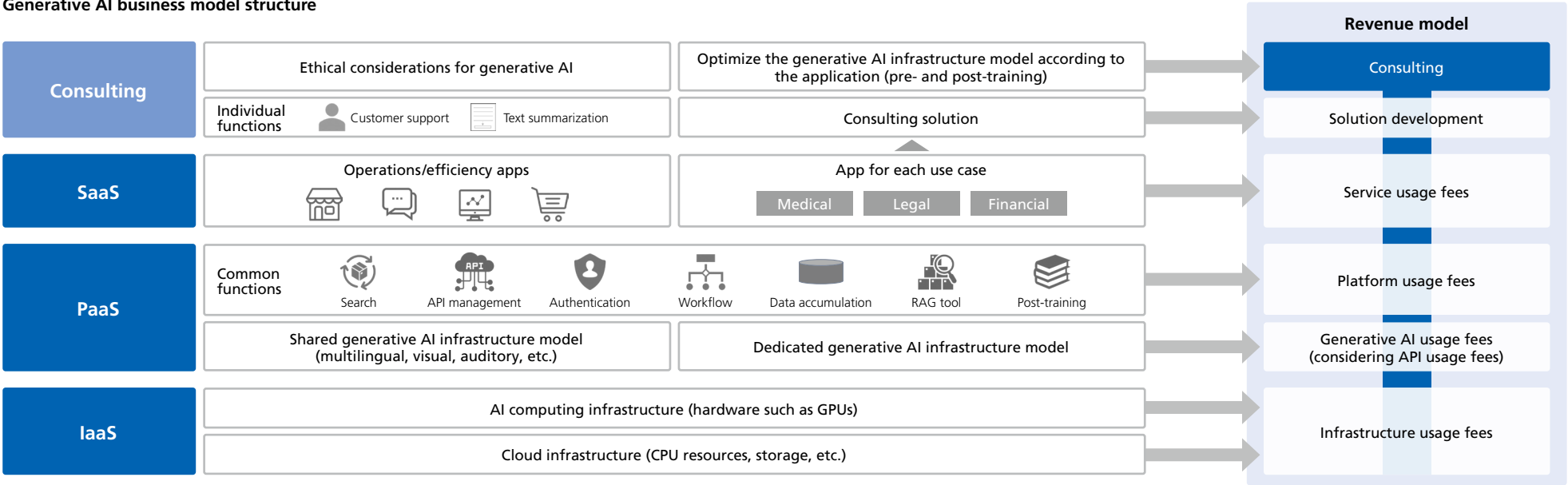
solution that uses generative AI. If the Japanese-based LLM can instantly provide responses to customer inquiries in natural Japanese, it would be immensely beneficial for call center staff, improving retention rates and reducing recruitment costs, thus adding value for clients. If we can create added value like this, it will translate into a commensurate share of SoftBank’s earnings.

In addition, leasing the AI computing infrastructure an infrastructure-as-a-service (IaaS) solution to governments, municipalities, and private companies, as well as consulting on the implementation of generative AI, are expected to generate revenue.

In the short- and medium-term, I expect that our Japanese-based LLMs will help boost the value of PaaS and SaaS solutions. In the long-term, I expect that the generative AI system itself will “generate” value beyond human capabilities. Let’s say that human being spends five years verifying the effectiveness of 10,000 potential drug ingredients in order to develop a medicine that treats a new disease. If generative AI could narrow down the number of potential ingredients to 100 and verify its effectiveness in a year, it would add immense value. Similarly, if generative AI could find potential materials for building a lighter aircraft or potential electrodes for a new type of battery, that would also yield tremendous value.

In this way, we hope to create added value by building platforms and services that leverage LLM in order to contribute to earnings for SoftBank as well as the entire Group.

Generative AI business model structure





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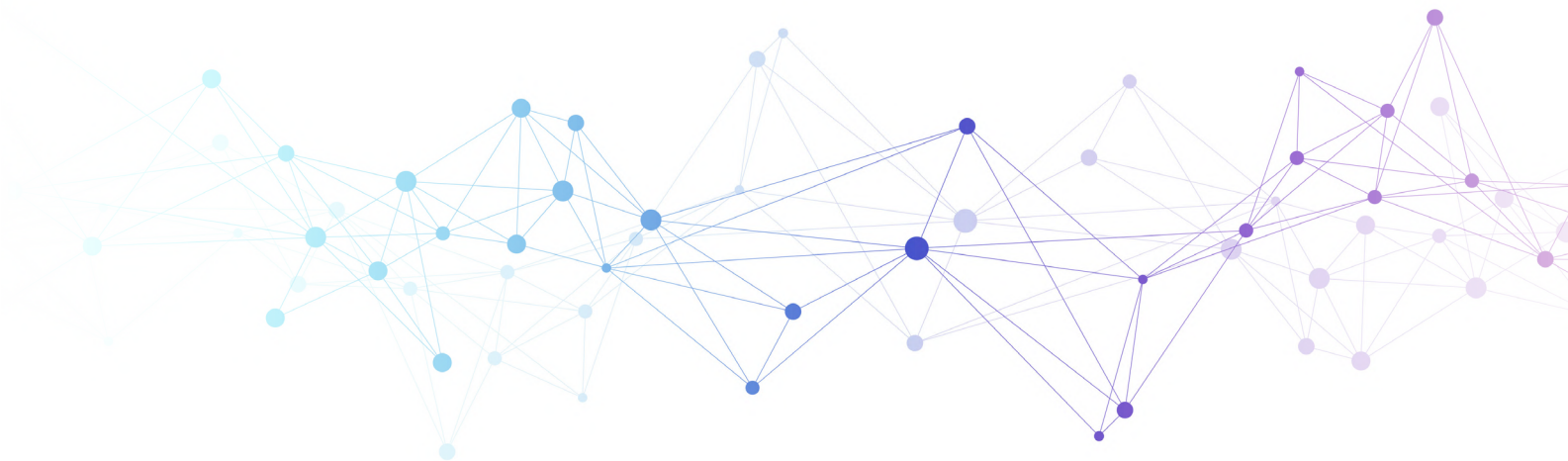
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Q: Several companies, including overseas, are developing LLMs. What is your outlook for the future?

As a basic approach, different LLMs will be used for different purposes, ultimately benefiting users. Amid such differentiation, we aim to provide the essential Japanese-centric LLMs.

We are seeing a variety of LLMs emerging with different features, and I expect that going forward, people will be able to understand the strengths and weaknesses, as well as what each LLM knows and does not know, and people will combine them to offer services. In the future, I believe generative AI could decide on which generative AI to use. Taking medical care as an example, we would first prepare a high-capacity LLM with strong Japanese language skills that can accurately understand the symptoms described by the patient. Next, we will have smaller specialized LLMs providing expertise in fields such as surgery, internal medicine, and image diagnostics. Then, the LLM with strong Japanese language skills will discuss the treatment plan according to the patient's symptoms with the specialized LLM in a particular field. Since the discussion will be between computers and is specialized in a particular field, it will probably be over very quickly. Finally, the LLM with strong Japanese language skills will explain the outcome to the patient in appropriate terms. When considering such a use case, I think the specialized LLMs do not necessarily need to be developed in-house, but the LLM with strong Japanese language skills that can accurately grasp the content of the patient's explanation will always be necessary. I believe our Japanese-based LLM will play a central role in such use cases and make a significant contribution.

We are working on this with a sense of urgency, fearing that if LLMs become the central focus of all digital services in the future, missing the current challenge may mean losing the final opportunity. For the time being, our R&D phase will continue, but we want to continue taking on challenges so that we can use the results as stepping stones for SoftBank's next leap in growth.





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Human Capital Strategy

We believe that “human resources are the drivers of business growth,” and have positioned human resource strategy as an important management strategy. This section explains how our human resource strategy contributes to the enhancement of our corporate value, together with introducing our philosophy and initiatives.



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Human Resource Strategy

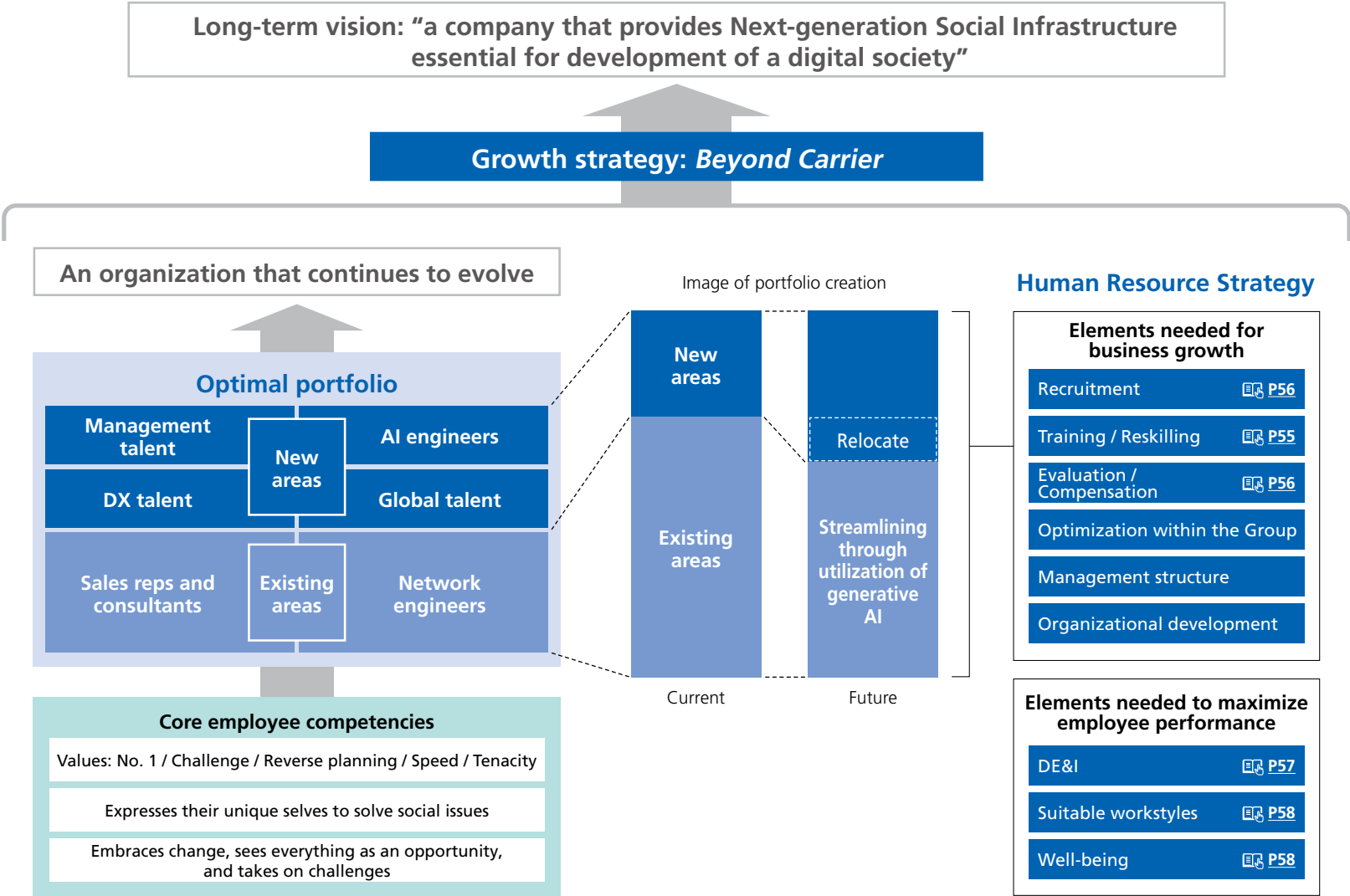
SoftBank’s HR strategy: Information Revolution — Happiness for everyone

Our human resources mission is to connect people to business and achieve growth in both. Talent is key to driving the Company’s business growth, and we believe it is important to facilitate the creation of opportunities and an environment where every employee can showcase their individuality and capabilities. In addition, our Medium-term Management Plan calls for the provision of Next-generation Social Infrastructure that supports a society that coexists with AI, meaning our immediate challenge is to secure the human resources and develop the organizations needed for

this. We believe that closely integrating our business strategies with a human resource strategy starting with an optimal HR portfolio will become the driving force powerfully advancing our Medium-term Management Plan.

Going forward, we will proceed with our human resource strategy aimed at creating a positive cycle of employee growth and Company growth, striving to be a corporate group that is constantly evolving.

HR strategy overview





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Human Resource Strategy

Measures Supporting Autonomous Growth Training / Reskilling

Becoming Japan’s leading company in utilizing generative AI

Generative AI is of paramount importance to the Company for future business growth, and tools that utilize generative AI have become indispensable in our operations. In May 2023, we launched our proprietary generative AI service, *Smart AI-Chat*, and established guidelines for AI governance to create an environment where all employees can fully utilize generative AI. We also provide learning opportunities through instructional videos and seminars on how to use AI.

We also hold Generative AI Utilization Contests, which awards ¥10 million to the best idea. We have already received approximately 160,000 proposals, and some of these many unique ideas from our employees are actually put into practical use to improve operational efficiency. In addition, for the purpose of exploring the commercialization of ideas submitted to the contest, we have established a new organization, the AI Project Promotion Office, that reports directly to the CEO, as well as worked closely with SoftBank InnoVenture. Through these initiatives, we aim to become the leading company in Japan in utilizing generative AI.

Various initiatives

| |
|---|
| Building a platform for effective use of AI |
| Smart AI-Chat Establishment of governance rules |
| Generative AI learning opportunities |
| Expansion of training programs and learning content |
| Utilization contest |
| Total of 160,000 ideas submitted |



Taku Hiraoka

Vice President, Head, iPaaS Business Development Division, IT Unit

The main purpose of the Generative AI Utilization Contest, for which I serve as a judge, is to foster a culture within SoftBank of contemplating how to utilize generative AI. When the contest first started, many of the ideas from employees were difficult to realize, possibly because it was not clear what could be done with generative AI. However, with each iteration of the contest, employees became more familiar with how to use generative AI, and we have seen an increase in the number of ideas that should be put to immediate use. Also, a breakdown of the ideas submitted indicates that 80% are related to new business development, while 20% are focused on operational improvements. I feel this is a result unique to SoftBank, which encourages challenges. The iPaaS Business Development Division also considers the utilization of generative AI to be a crucial mission. We are focused on developing products that anyone can easily use and aim to help build a society in which generative AI is broadly utilized.

In-house entrepreneurship program

Through our in-house entrepreneurship program, “SoftBank InnoVenture,” we encourage employees who aspire to tackle social issues with their own ideas to propose new business ventures. We also offer a program called “Innoventure Lab,” where employees can acquire a broad knowledge of new businesses. This program allows Group employees to come together and form teams.

[Registered users]

Over **5,800**

22 ideas already commercialized

(as of March 31, 2024)

SBU Tech

SBU Tech (SoftBank University Tech) provides technology-focused learning content to ensure that not only engineers but all employees can acquire digital literacy. This enables them to perceive the *Beyond Carrier* growth strategy as their personal goal and take action towards transformation. Drawing on Japan’s Ministry of Economy, Trade and Industry’s guidelines for developing digital talent, we have systematized training in the categories of IT, AI, and statistics. We also support learning for the “JDLA Deep Learning for GENERAL” and “JDLA Deep Learning For ENGINEER” certifications of the Japan Deep Learning Association, as well as host seminars by external experts.

Providing career development opportunities

We offer various opportunities to support career development, fostering an environment where employees can achieve personal growth and self-fulfillment. We have a number of schemes that employees across the Group can utilize. For example, our job posting system recruits members when a new business or company is launched, while our free-agent system allows employees to request transfers to their desired departments or Group companies. In addition, in February 2021 we launched the SoftBank-style internal secondary job system to match the needs of employees eager for growth opportunities and chances to demonstrate their abilities with organizations requiring external perspectives, experiences, and expertise. Moreover, with the aim of acquiring a wide range of experiences and skills that can contribute to one’s primary role, employees are allowed to have another job, providing that it does not affect their work at SoftBank.

Other measures

[Group-wide JP and FA schemes]

Cumulative **2,791** employees transferred

[Second job outside of the Group]

Cumulative **1,699** employees

[SoftBank-style internal secondary job]

Cumulative **363** employees

(as of March 31, 2024)

(Note) JP: job posting; FA: free agent

Human Resource Strategy

Recruitment

Recruitment

New graduate recruitment initiatives

In Japan, the labor shortage has worsened, and the job market continues to be a seller's market for talent. The competition has become increasingly intense especially in the IT industry. Given this situation, our approach to new graduate recruitment is proactive, focusing on targeted individual outreach rather than simply expanding the applicant pool and waiting for responses. In particular, we are focused on internships, as data indicates they help minimize mismatches, reduce turnover rates, and increase active participation rates. With the COVID-19 pandemic now behind us, in FY2023 we took in a record number of internees under our "JOB-MATCH internship program," which are directly linked to employment. On top of this, we continue to implement our "regional development internship program" aimed at solving issues in regional communities.

JOB-MATCH internship program
Work experience + direct hiring

Applications: Approx. **6,900**
Participants: **439**

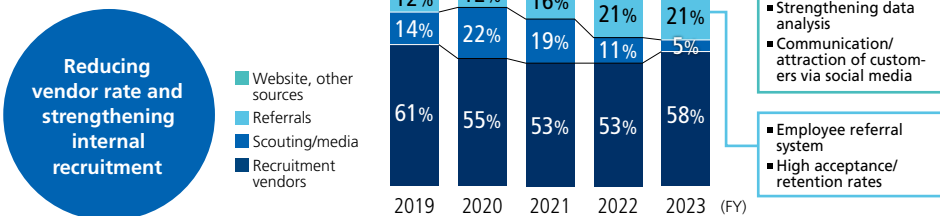
Regional development internship program
Regional development + solving issues

Applications: Approx. **2,600**
Participants: **31**
(FY2023 figures)

Mid-career recruitment initiatives

To recruit experienced workers (mid-career recruitment), we are strengthening our internal recruiting capabilities. In particular, we are expanding "referral recruitment," where employees introduce potential candidates. Given the difficulty of finding personnel with high-potential and immediately impactful talent, having employees recommend candidates suitable for the job increases the quality of the applicant pool, helps prevent post-hire mismatches, and reduces the cost of mid-career recruitment. At the same time, we are actively engaging in direct sourcing, a recruitment method where recruiters directly approach candidates. Also, by analyzing data, we refine the content that candidates are interested in, and enhance our recruitment website.

Proportion of mid-career recruitment methods



(Note) In FY2023, the proportion of vendor recruitment temporarily increased due to a reorganization of our recruitment structure.

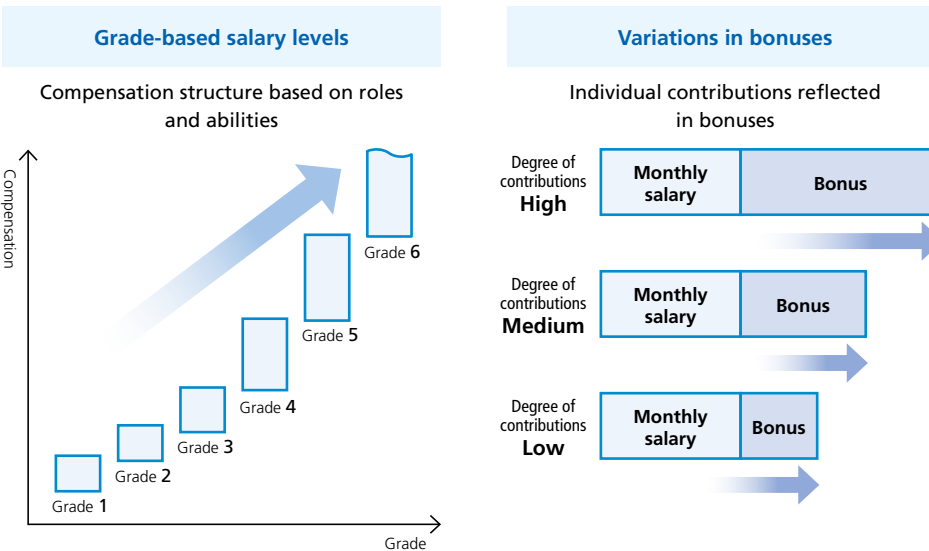
Rewarding High Market Value Employees

Evaluation / Compensation

Compensation and evaluation

We have adopted a mission-grade system whereby each employee's scope and grade are based on their mission and work style, rather than personal factors such as age or gender. We evaluate employees based on three aspects: the mission they undertake, their daily work performance (process), and their achievements and contributions to the organization. These evaluations determine their grade and compensation.

On the other hand, certain roles such as AI engineering, business development, and investment planning have seen a significant increase in market value, with the job-to-applicant ratio in Japan for these jobs currently at 13 times. For these high market value employees, we set individualized competitive compensation packages, even for new graduates. We have also introduced a professional contract system so that we can offer a high level of compensation on fixed-term contracts for projects requiring advanced skills and experience.



Human Resource Strategy

Promotion of DE&I

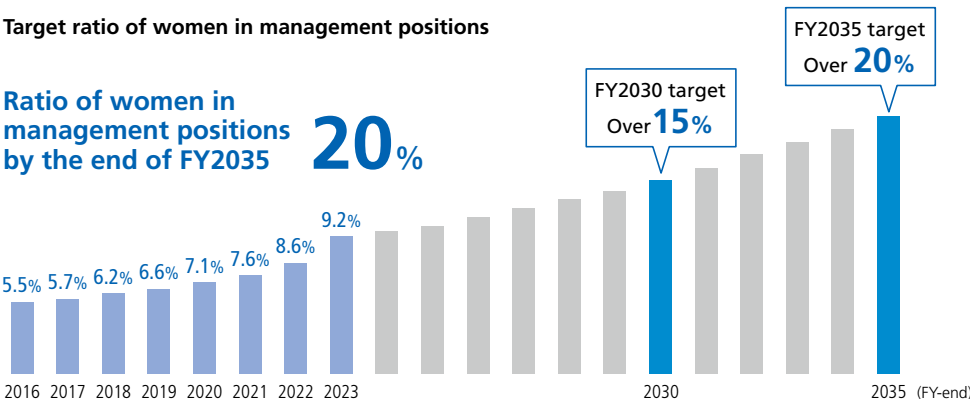
DE&I

Empowerment of women

We embrace individual diversity, regardless of age, gender, sexual orientation, gender identity, gender expression, nationality, or disability, and aim to promote diversity, equity, and inclusion (DE&I) so all employees can fully harness their abilities. As a first step, we are particularly focused on promoting the active participation of women. To that end, we have set a target of over 20% for the ratio of women in management positions by the end of FY2035. To achieve this goal, we have established the “Committee for the Promotion of Women in the Workforce,” to be chaired by the President & CEO and comprising external directors Naomi Koshi and Hiroko Sasaki, as well as some external experts as advisors. This committee deliberates on Company-wide policies for promoting women’s advancement. We are continuously taking measures from multiple perspectives to empower women in the workplace, and the progress of each initiative is monitored in meetings spearheaded by those on the frontline. Successful cases from each department are also shared during these meetings. For example, a Company-wide survey revealed that the percentage of women who aspire to hold a management position is lower than that of men. We are therefore running workshops to encourage women to take on the challenge of a managerial role, as well as a mentor program that provides opportunities for female employees to consult with role models. As a result, the number of female employees aspiring to managerial positions has gradually increased. In addition, to eliminate unconscious bias in evaluations and assignments, we conducted training for managers in FY2023 on the topics of nurturing female subordinates and addressing unconscious bias. During our annual promotion assessment, we have a process in place to check for any disparities in promotion rates between men and women in an effort to ensure that unconscious bias does not hinder growth opportunities for women. As a result of these initiatives, while our initial simulation suggested that the percentage of women in management positions would be around 15% by the end of FY2035, the degree of women’s advancement is rising annually, making the 20% target increasingly attainable.

Target ratio of women in management positions

Ratio of women in management positions by the end of FY2035 **20%**



Paternity leave

At SoftBank, we support motivated employees who wish to balance their work and parenting responsibilities at home. This is why we have agreed with the declaration organized by Work-Life Balance Co., Ltd. to encourage paternity leave of 100%. We are creating a workplace environment where all employees can easily take childcare leave, primarily by having senior management strongly recommend paternity leave in their official messages to employees, and also by providing training to managers about the significance of such leave and how best to manage subordinates when leave is being taken.

For employees, we have put together a handbook that contains childcare support information and provides details about schemes and application procedures. We also post testimonials from employees who have taken childcare leave on the Company’s internal portal site, while the HR division reaches out individually to employees who have recently become parents and proactively encourages them to take childcare leave.

Also, many of our childcare support systems go beyond Japan’s statutory requirements, including paid leave when a spouse gives birth, childcare leave, kids’ leave, and shorter and flexible work hours for childcare. As a result of these initiatives, the percentage of male employees taking childcare leave reached 68% in FY2023, with the number of takers increasing yearly. Going forward, we will continue with various efforts to build a workplace environment that makes it easier for male employees to take childcare leave.

I took one year of childcare leave starting in September 2022. Paternity leave is encouraged Company-wide, so I was able to consult my supervisor about it without hesitation. As for my work, I transitioned to a supportive role shortly before going on childcare leave and handed over my main responsibilities to other team members. You would think that childcare leave is mostly about looking after one’s child, but I realized how hard the household chores can be—which I hadn’t been involved with much before. At first, the days would fly by really quickly as I was unfamiliar with these tasks, but my wife and I managed to share the burden of household chores and childcare, making me grateful that I took the leave. After returning to work, I have been making use of flexible work hours and working remotely when needed for child care. Having access to these systems means I can work with peace of mind and maintain a better work-life balance.



Yasuhiko Kitagami
Mobile & Network Division,
Technology Unit

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Human Resource Strategy

Well-being & Engagement

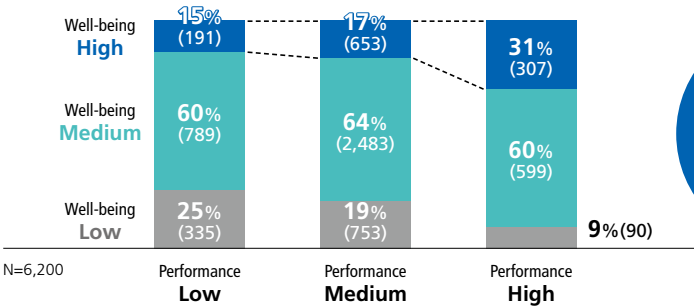
Well-being

Suitable workstyles

Engagement surveys

It is said that employees with a high level of well-being not only exhibit higher levels of creativity, productivity, and sales, but also have lower turnover rates and fewer workplace accidents. We have confirmed that a state of well-being leads to improved performance for SoftBank employees as well. In August 2023, to further promote employee fulfillment and workplace engagement, we combined and revamped our annual employee satisfaction (ES) survey and monthly pulse survey into a single “engagement survey” to be conducted both annually and monthly. By continuously monitoring the survey results, we can link employee vitality to the improved performance of the Company and the retention of talented human capital that supports the sustained growth of our businesses.

Well-being and performance



It is clear that employees with a high level of well-being perform better



Orie Harada
HR Division,
Corporate Unit

We have significantly overhauled the previous ES survey and pulse survey and combined them into a new engagement survey, which now allows us to monthly visualize whether employees feel fulfilled, both personally and professionally, and whether the organization is energized. This survey was independently developed by SoftBank, taking into account our core values in light of current trends. While the survey still retains its original functionality, by measuring organization status monthly, it will allow us to swiftly analyze issues and take actions for improvement. We will continue to promote the use of the survey so that its results can benefit employee self-management and dialogue-based management. It will also help us to identify and address organizational issues to accelerate our businesses, and enhance both organizational and individual engagement.

Health and productivity management initiatives

Our health and productivity management philosophy is to be a vibrant organization in which every single employee is both physically and mentally healthy. Guided by this, we support the maintenance and improvement of employee health by monitoring health management indicators with the following three approaches: (1) health management; (2) safe and secure workplace environments; and (3) maintaining and improving health. More specifically, from a health management point of view, not only do we endeavor to have employees undertake a regular health checkup once a year, but we also recommend that they undergo stress checks in order to detect and prevent any issues at the earliest possible time. And in terms of safe and secure workplace environments, we have established a Wellness Center, developed a healthy office environment, launched a peer supporter system, and provided onsite influenza vaccinations. To maintain and improve health, we support the health of employees by promoting a number of initiatives. For example, we aim to improve diet, encourage regular exercise, lower the percentage of smokers, improve mental health, address sleep issues, improve women's health issues, and raise the level of health literacy.

We look at employee health management from a business perspective as well, and as a company actively engaged in promoting health management, we have been selected for the second year running in the “Health & Productivity Stock Selection” by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. Also, for the sixth year in a row, we have been recognized in the “White 500 in the large enterprise category” of the “Certified Health & Productivity Management Outstanding Organizations Recognition Program.” The companies listed in the White 500 are jointly curated by METI and Nippon Kenko Kaigi. Furthermore, our health initiatives have been ranked the highest in the DBJ Employees' Health Management Rated Loan Program of the Development Bank of Japan.

SoftBank's workstyle reforms

To maximize results by working efficiently and effectively, the Company has implemented the “Super Flextime System” and promotes flexible working styles, unconstrained by time or place, such as remote working and using satellite offices throughout the country. Even after the COVID-19 pandemic, around 70% of employees continue to work remotely. At the same time, recognizing the importance of workplace interactions for teamwork and innovative discussions, we aim to maximize individual and organizational performance through a best-mix approach combining office, home, and satellite office work.

In the “Nikkei Smart Work Award 2024,” we garnered a significantly higher score for our efforts to implement diverse and flexible working styles, and as a result, we received the Human Resources Utilization Award. The Nikkei Smart Work Awards recognize companies that are implementing workstyle reforms to lead the way in sustainable growth.

[Work location options]

Offices across Japan
+
More than **600** satellite offices

[Percentage of employees working remotely]

Around **70%** of all employees



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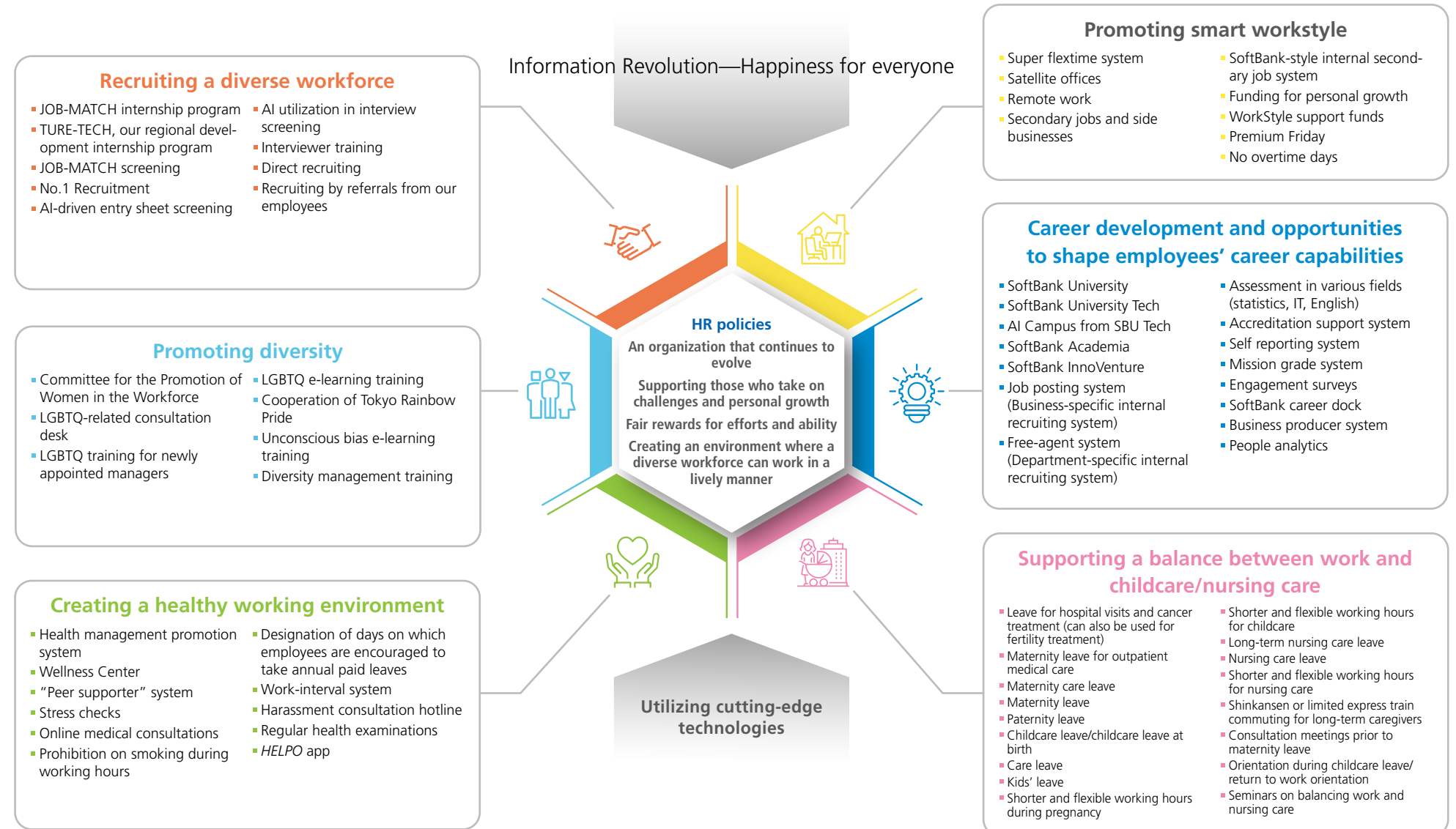
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In addition to achieving sustained business growth and success, we aim to build a work environment conducive to employee growth and personal fulfillment. To this end, we have established HR policies that we value as a company and promote various personnel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





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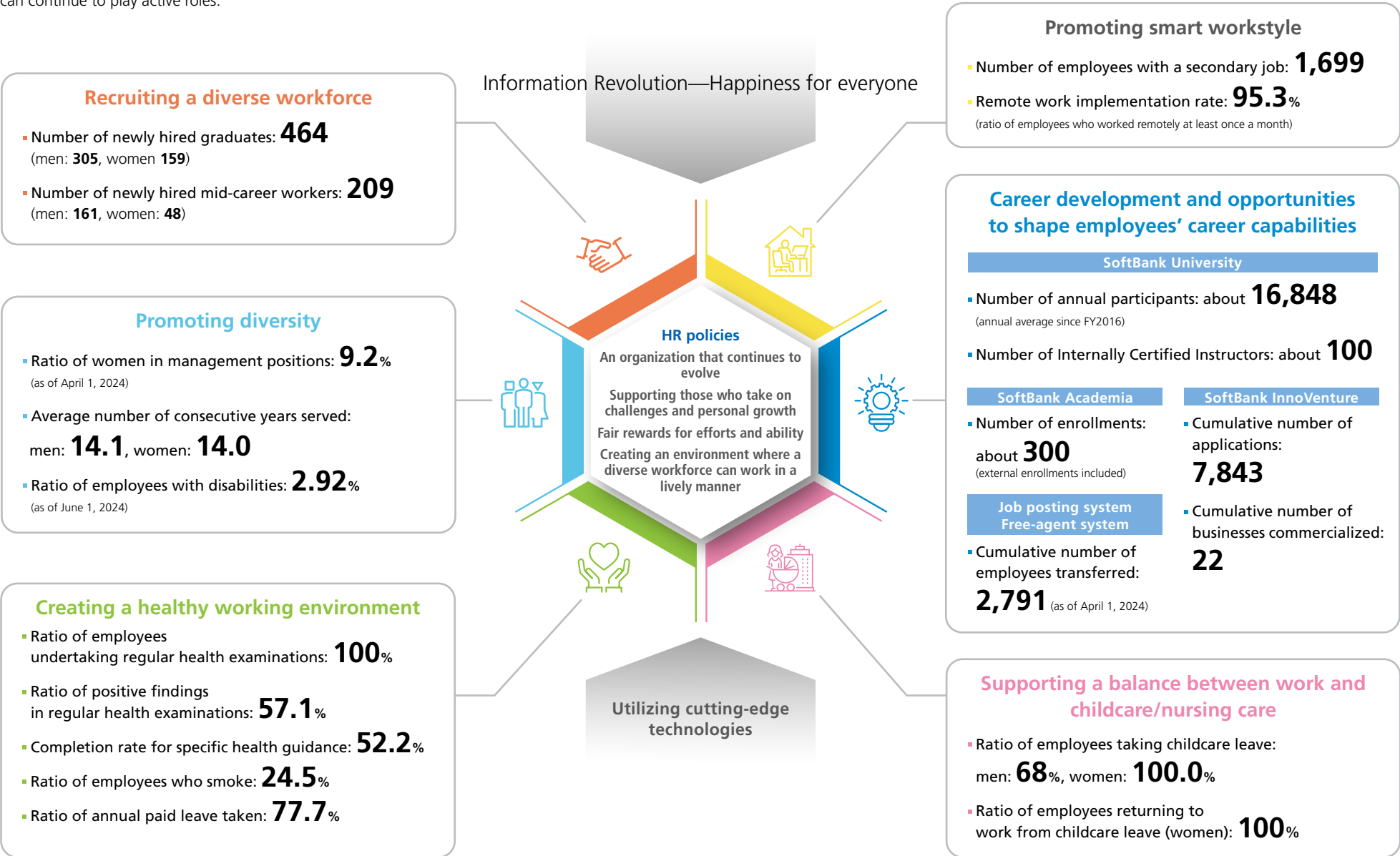
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By executing HR initiatives unique to SoftBank, we aim to be a company in which employees who implement the *Beyond Carrier* strategy can continue to play active roles.



(Note) Figures are as of March 31, 2024 or for FY2023 unless otherwise indicated; except for "Development of careers and professional capabilities," figures are for SoftBank Corp.



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Establishing Effective Governance

Establishing effective corporate governance is essential to sustainably enhancing our corporate value. Effective June 2024, we have further strengthened our corporate governance by appointing independent external directors to constitute the majority of our Board of Directors. In this section, an external director will explain the background to this initiative, as well as elucidate our efforts in areas such as risk management and human rights.





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Corporate Governance

Message from External Director

(Note) Please see the video “Interview with External Director” on our website for details.



Q: What topics are being discussed by the Nominating Committee?

The Nominating Committee is continuously discussing the importance of ensuring an appropriate and stable corporate governance system and the corresponding composition of the Board of Directors. In the course of this process, we consider the balance of knowledge, experience, and abilities of each director, and take into consideration the Corporate Governance Code stipulated by the Tokyo Stock Exchange, as well as the requirements of proxy advisory firms and ESG rating agencies.

Q: Why did Mr. Ken Miyauchi step down as Chairman of the Board in June 2024?

In December 2020, the Nominating Committee recommended to the Board of Directors that Mr. Miyakawa, who was CTO at the time, should be appointed as the new CEO as SoftBank focused on new areas such as AI and 5G going forward. Subsequently, in April 2021, Mr. Miyakawa replaced Mr. Miyauchi as CEO. We felt it was necessary to preserve the strengths of the management structure that had existed at that time, so we asked Mr. Miyauchi to continue overseeing the entire Group as Director & Chairman. I believe it is important for a smooth management transition to have this kind of support structure in place, rather than the sudden departure of a leader who had previously held decision-making authority. In June 2024, three years after the Miyakawa regime took over, Mr. Miyauchi stepped down as Director & Chairman completing the transition of the management structure.

Q: What is the background behind external directors becoming the majority of SoftBank’s Board of Directors?

As discussions continued on the Board of Directors structure, including the appointment of additional external directors, at our December 2023 meeting, the Nominating Committee reaffirmed our policy of increasing the ratio of external directors to a majority. At the shareholders’ meeting held in June 2024, a proposal to appoint six out of 11 directors as independent external directors* was approved, resulting in 54.5% of all directors being independent. In addition, three of the six external directors are women, ensuring a good balance in terms of diversity. To implement this change in the Board of Directors structure, we conducted vigorous and thorough discussions to identify requisite abilities and skills for the Company’s directors and the type of talents necessary for enhancing the corporate value of the Company.

* In accordance with the independence standards set by the Tokyo Stock Exchange

Q: What is important for strengthening the governance system?

To achieve a stable corporate government system it is necessary to avoid losing all of your external directors at once, so the interval at which external directors are replaced is an important point. And with regard to the selection of external directors, I believe it is important not only to focus on reinforcing skills not found within the Company, but also to select those who can express their opinions as an advisor with a third-party perspective based on their area of expertise and experience, thereby broadening the perspective of the entire Board of Directors.

Furthermore, with regard to governance, recognizing that there are concerns about the listing of the parent company and its subsidiary in particular, we have been expressing our opinions at meetings of the Board of Directors and committees from the perspective of avoiding any suspicion of a conflict of interest. Going forward, as SoftBank builds the next-generation of social infrastructure to support a digital society, our social responsibilities will become even greater. For that reason, I think it is important to go back to the basics of governance by ensuring that each and every employee has a strong awareness of the responsibilities.

Q: What is important for enhancing corporate value?

While shareholder returns are extremely important for us as a publicly listed company, I believe that growth investments in AI and 5G, which we are focusing on, are equally important, and an appropriate balance between shareholder returns and growth investments is the key to enhancing corporate value. With regard to AI, all employees, not just those in the R&D Department, should be aware of “what AI means to SoftBank,” and the entire Company should work together to keep pace with the world’s needs.



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Messages from New External Directors



Maki Sakamoto
Independent External Director

Vice-president, The University of Electro-Communications
Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications

As a specialist in informatics, I have been dedicated to the research and development in AI that understands human language and emotions since 2000. My activities extend beyond research and development, including serving on the board of directors of the Japanese Society for Artificial Intelligence and pursuing a deeper understanding of cognitive information processing. This includes studying the human brain and psychology as part of my approach to achieving AI that can comprehend human emotions. With a profound respect for using technology to enrich society and industry, I have engaged in joint research with many companies and licensing of patented technologies. In 2018, I founded a university spin-off venture jointly funded by Keio Corporation and myself, where I gained experience in managing a company as its Director COO.

In the future, where everything is connected to the internet and AI is widely adopted, a vision that transcends the conventional perspective of a telecommunication carrier becomes essential, as depicted in SoftBank’s *Beyond Carrier* strategy. I believe that the further strengthening of the telecommunications business, together with unprecedented collaboration, knowledge and ideas across business and technology, would catalyze SoftBank’s medium- to long-term growth. It is quite challenging to stay ahead in the ever-changing landscape of AI. However, I am confident in SoftBank’s ability to accomplish this due to their determination to continuously embrace advanced challenges. Although I am relatively new in my role as an external director, I am energized by the tremendous expectations from shareholders and other stakeholders for the AI area. It is my ambition to utilize the AI knowledge I have cultivated over the years to contribute to enhancing SoftBank’s corporate value.



Hiroko Sasaki
Independent External Director

President & CEO, ChangeWAVE Group, Inc.
President & CEO, HYS Corporation
Representative Director of Human Capital Management Promotion Association

Throughout my professional career, I have consistently engaged in “transformation” amidst rapid structural shifts. At the Bank of Japan, I dealt with the disposal of non-performing loans during the financial crisis, and at a foreign consulting firm, I supported corporate reforms to weather Japan’s “lost 30 years.” Then, after working in the Transformation Office of Sony Corporation (currently Sony Group Corporation), I became convinced that the so-called “outsider’s element” could be the first drop that triggers the ripple effect of breaking fixed concepts and altering behaviors. Ever since, I have established my own companies and have worked with more than 400 companies on corporate transformation, human capital management, and DE&I initiatives over the last 15 years.

The primary role of an independent external director is to contribute to better decision-making by providing a different perspective to the board of directors as part of the inclusive “diversity” and thereby reducing blind spots in management decisions. In particular, with regard to the creation of innovation and the enhancement of corporate value through the promotion of DE&I, I have continued to take on challenges in the field over an extended period, hovering between the perspectives of the nation and local governments, the perspectives of corporate managers, and the perspectives of the parties involved. By continuously raising unbiased questions from such standing and sharing my real-life experiences, I aim to contribute to SoftBank’s further evolution and enhanced corporate governance.

Despite being recently appointed, I perceive SoftBank to be an organization penetrated by a crystal-clear managerial vision and unmatched execution speed, forming a corporate group with exceptional managerial and organizational strengths. Alongside anticipating SoftBank’s ambitious endeavors to further enhance such organizational capabilities and drive accelerated self-innovation that encapsulates increased diversity, I aim to contribute to this transformative journey.

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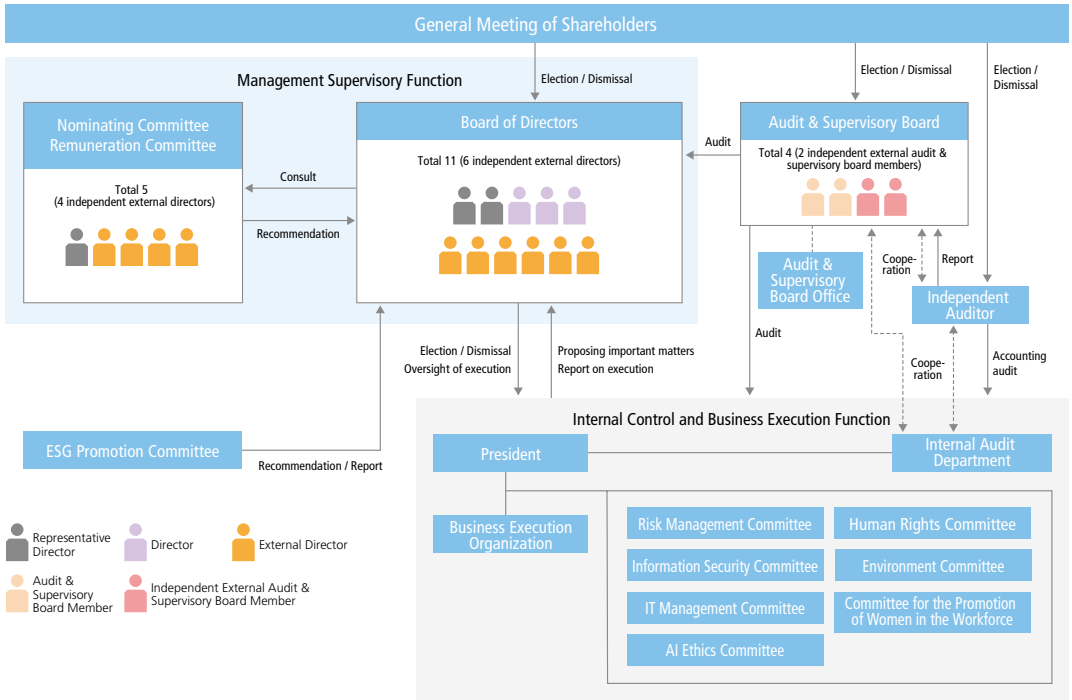
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Corporate governance system (As of June 20, 2024)



Nominating Committee and Remuneration Committee

Number of meetings in FY2023
Nominating Committee **4**
Remuneration Committee **3**

Each committee is composed of the President & CEO and at least three 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. [P68](#)

ESG Promotion Committee

Number of meetings in FY2023 **4**

Chaired by the President & CEO, the committee is made up of independent external directors and executive officers appointed by the chairperson. 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. [P86](#)

Board of Directors

Number of meetings in FY2023 **13**

The Board of Directors consists of 11 Board Directors, six of whom are independent external directors, with a majority of the Board Directors consisting of independent external directors. It 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. [P66](#)

Audit & Supervisory Board

Number of meetings in FY2023 **17**

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. [P75](#)

Internal Audit Department

Number of meetings in FY2023 **19**

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 and affiliates (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." [P75](#)

Risk Management Committee

Number of meetings in FY2023 **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. [P76](#)

(Note) The Special Committee was abolished on June 20, 2024, after the Company's Board of Directors became comprised of a majority of independent external directors.



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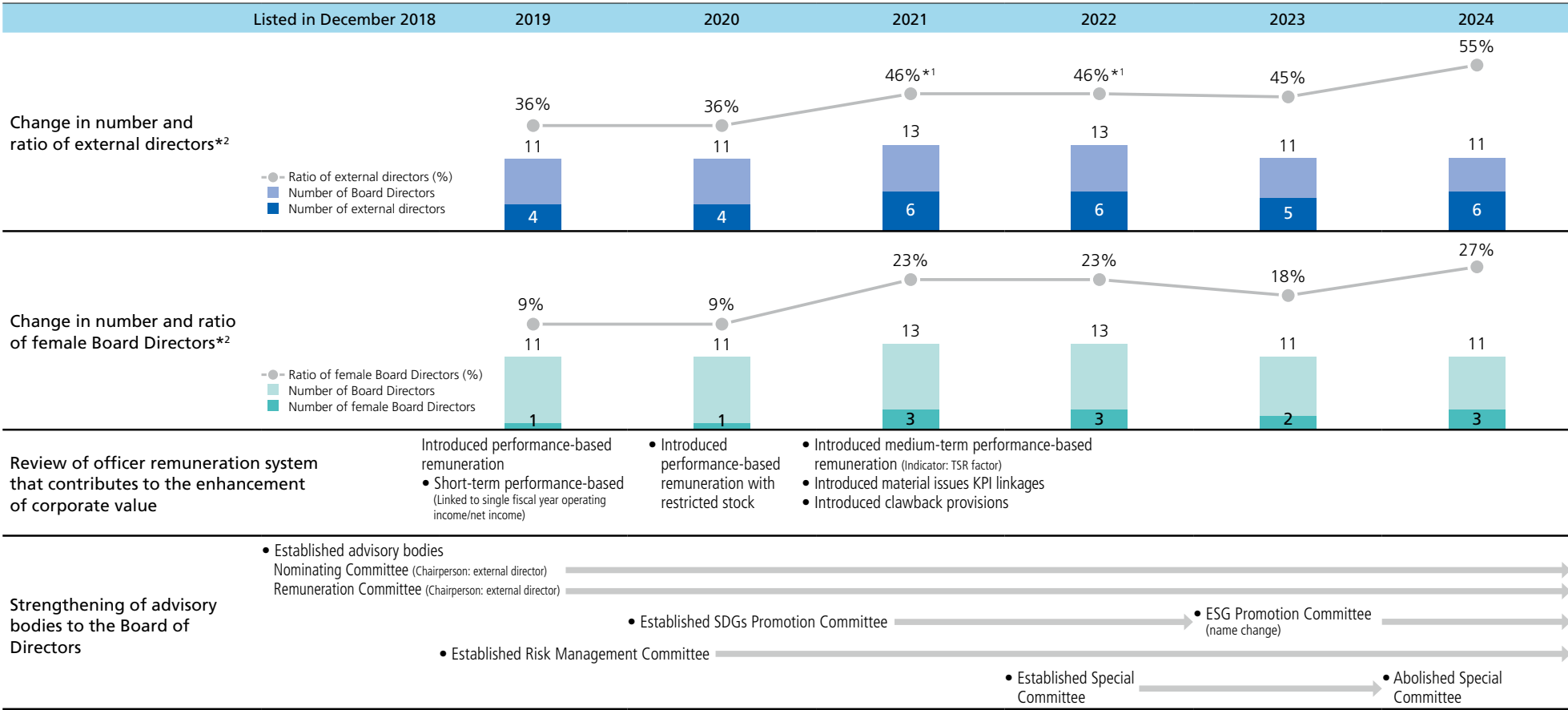
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Evolution of Corporate Governance System

Since being listed in December 2018, the Company has been constantly working to strengthen its corporate governance. 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. Furthermore, 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 order to promote the integration of our growth strategy

and sustainability, we established the ESG Promotion Committee (formerly SDGs Promotion Committee) in 2020, 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.

In 2024, we made six of the 11 Board Directors (including three women) independent external directors in order to ensure fairness and transparency in management, maintain the soundness of the Company, and make accurate and timely decisions.



*1 Five members are independent external directors, ratio of independent external directors is 38%.
*2 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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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 2024, there are 11 Board Directors serving, including six 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 FY2023

- Corporate management
- Financial matters
- Matters related to the construction of new data centers
- Matters related to investment in the construction of AI computing infrastructure
- Matters related to results and forecasts of business performance and business KPIs
- Matters related to affiliated companies
- 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 FY2023.

Evaluation process

| Subjects of evaluation |
|---|
| Six internal directors, five external directors, and four Audit & Supervisory Board Members |
| Method of evaluation |
| Method of evaluation: Questionnaire-based survey (in a signed form) and/or interview Evaluation period: December 2023 to June 2024 |

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

Status of the response to issues in FY2022

In terms of the recommendation to further deepen the discussions on medium- to long-term priority issues, we were able to set the annual activity plan of the Board of Directors, improve the frequency and granularity of information sharing, and deepen our discussions on priority themes including the business portfolio and medium- to long-term financial and human capital strategies. As for strengthening the monitoring of the Group's governance and risk management systems, we conducted a systemic reorganization of potential risk, after which the status of the Group subsidiaries was clearly and systematically reported, including prior explanations. Also, to utilize the knowledge of the external directors and Audit & Supervisory Board Members, we held “friendly get-togethers,” where relevant officers participated according to the theme being discussed, and facilitated a proactive exchange of opinions. As a result, we were able to deepen the understanding and raise awareness of the essential issues and the ever-changing business environment that are the basis for the discussions at the board meetings.

Overview of the results of the FY2023 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 FY2023 evaluation of the effectiveness of the Board of Directors, there was confirmation of the status of the response to the issues raised in the FY2022 effectiveness evaluation and priority issues to be addressed going forward. 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

- **Medium- to long-term strategies:**
 - (1) Overall Group strategy (continue the overall Group strategy that pursues medium- to long-term synergy and discuss such Group strategy relative to financial strategies on future investments)
 - (2) Post-evaluation of investments (strengthen the board's post-investment oversight by providing information required for post-investment management metrics and exit decisions in a more organized manner)
- **Next-generation human resources strategies:**
 - (1) Strengthen investments in human capital and deepen discussions on hiring and nurturing next-generation, core human resources and ensuring diversity, to secure talent with state-of-the-art technical expertise who will the next generation of business
 - (2) Confirm the specific action plan for succession planning at the board, in order to discover and nurture appropriate talent capable of leading a broad range of businesses at an early stage
- **Group governance and risk management:**
 - (1) Continue discussions on the capital relationships with alliance partners and confirm the status of responses to the problem of information leakages at the board
 - (2) Have discussions at the board by sorting through information on new risks emerging as a result of the changing times, as well as geopolitical and economic security



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Guidelines on transactions with the controlling shareholder

The Group conducts transactions with each company in the parent company group. To ensure an 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. In addition, with regard to related party transactions that do not fall under the category of 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 (now the Prime Market) 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 investment company that aims to maximize the corporate value of the entire SoftBank Group through global investment activities including the SoftBank Vision Fund. SoftBank Group Corp. invests in companies with excellent AI business models and services from around the world, focusing on the impact of AI on creating new industries. The Company, on the other hand, operates various businesses built on a relatively stable telecommunications business, mainly in Japan. As the nature of the two businesses differ, the expected investment results from investing in each company

will also differ. By listing our shares independently, we believe we will be able to provide investment opportunities that balance stable shareholder returns with growth as an operating company that leverages its position as a SoftBank Group company. In addition, since SoftBank Group Corp. is an investment company and does not have any operating division, we believe there is little possibility of a conflict of interest arising between the Company and SoftBank Group Corp.

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 FY2023, 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.

Abolition of the Special Committee and implementation of the Independent External Directors’ Meeting

With SoftBank Group Corp. as our parent company, we have ensured that at least one-third of the Board of Directors is made up of independent external directors, and had previously established a Special Committee comprised solely of independent external directors to deliberate and examine important transactions that could potentially lead to conflicts of interest between the controlling shareholder and minority shareholders, while ensuring independence and transparency.

In June 2024, we appointed six independent external directors, who now constitute a majority of the Board of Directors. Anticipating a fundamental improvement in the Board of Directors’ supervisory function, particularly in protecting minority shareholders, we have abolished the Special Committee. Moving forward, we will newly implement the “Independent External Directors’ Meeting.”

The purpose of the “Independent External Directors’ Meeting” is to further stimulate discussion at the Board of Directors meetings, including from the perspective of protecting the interests of minority shareholders. As with the former Special Committee, the Independent External Directors’ Meeting will involve preliminary discussions from the perspective of protecting the interests of minority shareholders, while also providing a forum for all independent external directors to exchange opinions and share information openly, with the aim of improving the effectiveness of the Board of Directors.

Special Committee Number of meetings in FY2023: 2



5 Independent External Directors

- Atsushi Horiba (Chair)
- Takehiro Kamigama
- Kazuaki Oki
- Kyoko Uemura
- Naomi Koshi

Observers

- Shuji Kojima (Independent External Audit & Supervisory Board Member)
- Yoko Kudo (Independent External Audit & Supervisory Board Member)

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Nominating Committee and Remuneration Committee

The Company has voluntarily established the Nominating Committee and the Remuneration Committee. As of June 30, 2024, each committee is composed of the President & CEO and four 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.

Main topics discussed at the Nominating Committee and the Remuneration Committee

(From September 2023 to May 2024)

[Nominating Committee]

Structure of the Board of Directors, election of Board Directors, nomination of Representative Directors, Board Director expertise in relation to skill matrix

[Remuneration Committee]

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

Composition of the Nominating and Remuneration Committees (FY2023)

Ratio of Independent External Directors:

83%

5 Independent External Directors

Atsushi Horiba (Chair)

Takehiro Kamigama

Kazuaki Oki

Kyoko Uemura

Naomi Koshi

1 External Directors

Junichi Miyakawa (President & CEO)

Number of meetings held in FY2023

Nominating Committee

4

Remuneration Committee

3

Determination process of remuneration and others

| Meeting body | Remuneration Committee | | | Board of Directors |
|--------------|--|---|--|---|
| Date | February 21, 2024 | March 25, 2024 | April 25, 2024 | May 23, 2024 |
| Agenda | Confirmation of short-term performance-based indicators Confirmation of medium-term performance-based indicators Determination of the remuneration for the Director & Chairman | Confirmation of short-term performance-based indicators Confirmation of medium-term performance-based indicators | 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 Director & Chairman 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

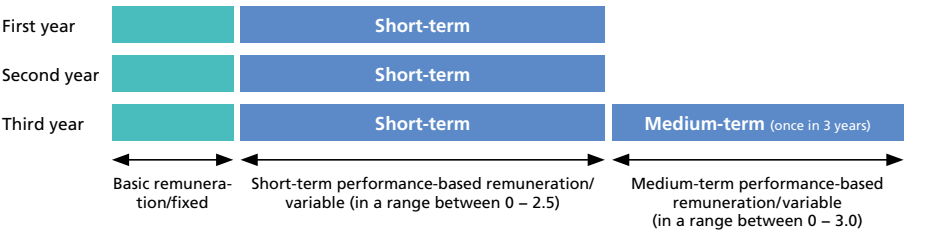
Outline of the policy and the method for determining the remuneration of Officers

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 is 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, 1:1.9 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.

$$\text{Amount of short-term performance-based remuneration} = \text{Base amount by position} \times \left(\left(\text{Net income factor} \times 50\% + \text{Operating income factor} \times 50\% \right) + \text{Material issue factor} + 0\text{--}5\% \right)$$

Performance targets (FY2023)

| Indicators | Target (Millions of yen) | Result (Millions of yen) |
|--|-----------------------------|-----------------------------|
| Net income attributable to owners of the Company | 420,000 | 489,074 |
| Operating income | 780,000 | 876,068 |

Materiality targets and results (FY2023)

| Material issues | Indicators | Target | Result |
|---|---|---------------------------|--------------------------|
| Contributing to the global environment with the power of technology | Base station renewable energy ratio*1 | 80% or more | 81.8%*2 |
| | Expansion of 5G standalone (SA) coverage: | | |
| Building high-quality social communication networks | Smartphone SA in key areas of all prefectures | Number of prefectures: 10 | Number of prefectures: 3 |
| | Number of major network accidents | Zero | 2 |
| | 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% or more | 15.7% |
| Developing a resilient management foundation | Inclusion in DJSI World | Successfully included | Successfully included |

*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, 1:1.1 to 1:2.1*3, 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. Total shareholder return (TSR) is used as 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 amount of medium-term performance-based remuneration is determined by multiplying the base amount as determined by position, by a TSR factor (0 to 3.0 times) corresponding to relative TSR in the past three years.

$$\text{Amount of medium-term performance-based remuneration} = \text{Base amount by position} \times \text{TSR factor (0 - 3.0)} \\ \text{Calculated based on relative TSR}$$

*3 From May 2024 onward

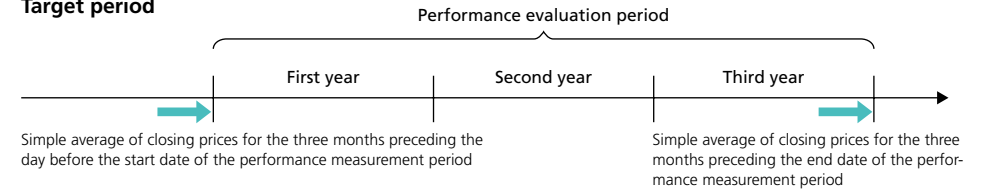
Relative TSR over performance measurement period from FY2021 to FY2023

| Indicators | Result |
|--|--------|
| (1) The Company's TSR*4 | 156.51 |
| (2) Growth rate of TOPIX stock price index including dividends*5 | 147.61 |
| (3) Relative TSR ((1) ÷ (2) × 100) | 106.03 |

*4 The Company's TSR = (Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the end date of the performance measurement period + Cumulative amount of dividends of surplus per share paid by the Company during the performance measurement period) / Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the day before the start date of the performance measurement period × 100

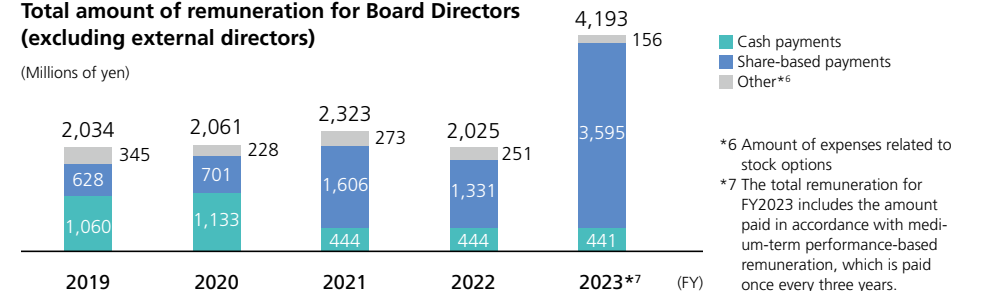
*5 Growth rate of TOPIX stock price index including dividends = Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the end date of the performance measurement period / Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the day before the start date of the performance measurement period × 100

Target period



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

(Millions of yen)



*6 Amount of expenses related to stock options

*7 The total remuneration for FY2023 includes the amount paid in accordance with medium-term performance-based remuneration, which is paid once every three years.

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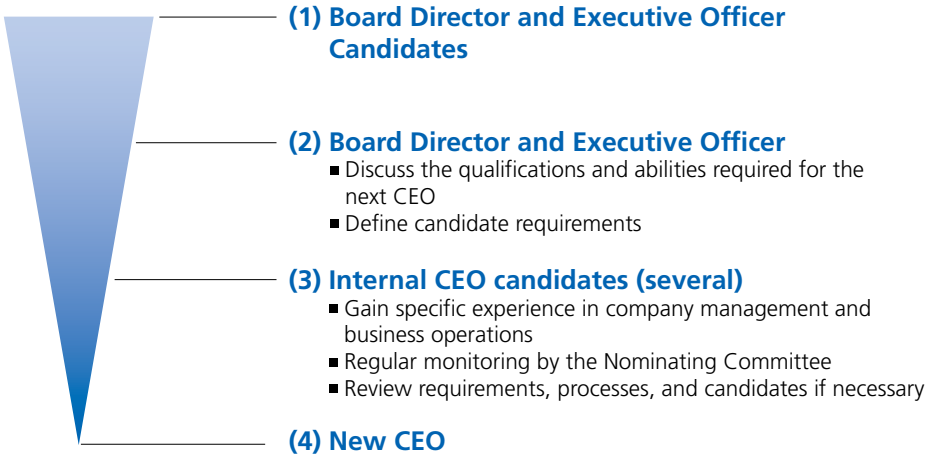
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Candidates to succeed the CEO are appointed as Board Directors and Executive Officers, whereby future successors are developed and their suitability are overseen. For CEO succession, the Nominating Committee discusses the qualifications and abilities required of the next CEO and selects several internal candidates. While allowing candidates to gain specific experience through actual company management and business operations, the Nominating Committee regularly monitors and, if necessary, reviews the requirements, processes and candidates, also taking into consideration 360-degree evaluations and internal and external communications. Through this protocol, it is ensured that the most appropriate successor can be nominated.



Discussed at the
Nominating
Committee

Skill Matrix (Skill Definition)

To achieve long-term corporate value enhancement, we have defined the skills required of Board Directors and Audit & Supervisory Board Members as follows, with a view to structuring the Board of Directors and Audit & Supervisory Board to ensure a balance of knowledge, experience, and abilities, as well as diversity in the areas of management, finance, legal/risk, digital/technology, sales/marketing, global, and sustainability.

| Item | Sub-item | Description |
|----------------------|---|--|
| Management | Corporate Management | Based on the Group’s shared corporate philosophy of “Information Revolution – Happiness for everyone,” extensive and deep knowledge and experience in corporate management are required to formulate and implement management strategies and plans over the medium- and long-term, and to supervise the effectiveness of such strategies and plans. |
| Finance | Finance / Accounting / Banking / Investment | Extensive and deep knowledge and experience in finance, accounting, banking, investment, etc. are required to achieve the financial targets set forth in the Group’s Medium-term Management Plan, to formulate and implement strategies for achieving both growth and high shareholder returns, and to supervise these strategies appropriately. |
| Legal / Risk | Legal / Risk / Labor-management / Compliance | Extensive and deep knowledge and experience in legal affairs, risk management, labor-management, compliance, etc. are required to implement and supervise appropriate risk management, including compliance with domestic and foreign laws and regulations related to the management and business of the Group. |
| Digital / Technology | Information & Communications technology / High-tech | Extensive and deep knowledge and experience in advanced technologies in the information technology field in addition to the information and communications technology as a core business are required to realize the Group’s vision of becoming “the corporate group needed most by people around the world,” and a corporation that provides Next-generation Social Infrastructure essential for the development of a digital society, as well as to promote the growth strategy <i>Beyond Carrier</i> and aim to maximize corporate value. |
| Sales / Marketing | Business Strategy / Marketing / Sales | Extensive and deep knowledge and experience in business strategy, marketing and sales are required to plan and accurately implement the Group’s various businesses both in Japan and overseas, and to improve profit. |
| Global | Global Business | Extensive and deep knowledge and experience in overseas business management and the business environment are required to plan and accurately implement the Group’s global business. |
| Sustainability | Sustainability Strategy / ESG | Extensive and deep knowledge and experience in sustainability management that supports corporate sustainability, including environment (including climate change), society, and governance, are required to contribute to the creation of a sustainable society and to formulate, integrate, and promote strategies for the Group to continue to grow sustainably, as well as to supervise these strategies appropriately. |



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Skill Matrix of Board Directors and Audit & Supervisory Board Members (As of June 20, 2024)

As the guiding force of the Company's management, the Board of Directors makes decisions on important matters and supervises the status of business operations by each Board Director by grasping issues and risks associated with the execution of strategies from multiple perspectives. The Audit & Supervisory Board confirms the appropriateness of the status of Board Directors' execution of their duties. Based on such functions, the Company appoints the 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 diversity.

◎ Primary Skills ○ Supplementary Skills

| Name | Position and Title in the Company | Major career | Gender | Management | Finance | Legal / Risk | Digital / Technology | Sales / Marketing | Global | Sustainability |
|--|---|--|-----------------------|----------------------|---|--|---|---------------------------------------|-----------------|----------------------|
| | | Major career / credentials of External Officers | 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 | Sustainability / ESG |
|  Yasuyuki Imai | Director & Chairman | | M | ○ | | | | ◎ | | |
|  Junichi Miyakawa | President & CEO | | M | ◎ | | | ○ | | ○ | ○ |
|  Jun Shimba | Representative Director & COO | | M | ○ | | | | ◎ | | |
|  Kazuhiko Fujihara | Board Director, Executive Vice President & CFO | | M | ○ | ◎ | | | | ○ | |
|  Masayoshi Son | Board Director, Founder | | M | ◎ | | | ○ | | ○ | |
|  Atsushi Horiba | Lead 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 | | ◎ | | | | ○ | |
|  Naomi Koshi | Independent External Director | Lawyer, Mayor (2 terms) | F | | | ◎ | | | ○ | ○ |
|  Maki Sakamoto | Independent External Director | Vice president, The University of Electro-Communications | F | | | | ◎ | | | |
|  Hiroko Sasaki | Independent External Director | Founder, ChangeWAVE Inc. | F | ○ | | | | | | ◎ |
|  Shuji Kojima | Full-time Audit & Supervisory Board Member (External) | President, Mizuho Dream Partner, Ltd. | M | | ○ | ◎ | | | | |
|  Eiji Shimagami | Full-time Audit & Supervisory Board Member | | M | | | ◎ | | | | |
|  Kazuko Kimiwada | Audit & Supervisory Board Member | | F | | ◎ | | | | ○ | |
|  Yoko Kudo | Audit & Supervisory Board Member (External) | Certified Public Accountant in the state of California | F | | ◎ | | | | ○ | |

(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 FY2023 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 <small>Independent Officer</small> | Lead Independent 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) | 4,100 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 | 92.3% (12/13) | 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) | 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*3 <small>Independent Officer</small> | External Director Nominating and Remuneration Committee Member Special Committee Member | 92.3% (12/13) | Nominating Committee 100% (2/2) Remuneration Committee 83% (5/6) | 2,100 shares*4 | 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. |
| Naomi Koshi <small>Independent Officer</small> | External Director Nominating and Remuneration Committee Member Special Committee Member | 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. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate. |

| 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 |
|--|---|---|--|-----------------------------------|--|
| Shuji Kojima*5 <small>Independent Officer</small> | External Audit & Supervisory Board Member | 100% (11/11) | 100% (13/13) | 2,400 shares | Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience related to human resources, compliance, risk management, and finance and accounting. |
| Yoko Kudo <small>Independent Officer</small> | External Audit & Supervisory Board Member | 100% (13/13) | 94.1% (16/17) | 2,100 shares | 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, 2024

*3 External Director Kyoko Uemura resigned on June 20, 2024.

*4 As of June 20, 2023

*5 Information on Audit & Supervisory Board Member Shuji Kojima is as of his appointment on June 20, 2023.



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- Nominating Committee Member
- Chair of Nominating Committee
- △ Remuneration Committee Member
- ▲ Chair of Remuneration Committee

Yasuyuki Imai

Director & Chairman



After a stint with KAJIMA CORPORATION that started in April 1982, Mr. Imai joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2000. Since taking office as the Company’s Corporate Officer in October 2007, he has served in prominent positions at the Company, primarily head of the Enterprise segment. Since becoming the Company’s Representative Director & COO in April 2017, he has contributed to the Company’s growth. He has supervised the entire Group as the Company’s Director & Chairman since April 2024.

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. He has extensive knowledge of cutting-edge technologies, and has contributed to the growth of the Company primarily as the head of the technology unit since taking office as Director & Executive Vice President (CTO) of Vodafone K.K. (currently the Company) in April 2006. Before joining the Group, he established and managed his own telecommunications company, and more recently, has served as President of multiple Group companies, accumulating a proven track record in management. From April 2021, he assumed a leadership role as President & CEO of the Company, directing management and business operations with the aim of further growing the Company’s core telecommunications business while expanding into areas outside of telecommunications.

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.

Kazuhiko Fujihara

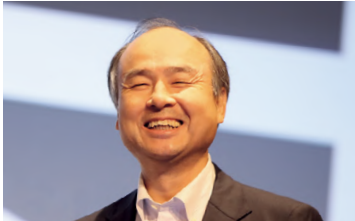
Board Director,
Executive Vice President
& CFO



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 taking office as the Company’s Managing Executive Officer (CFO) in April 2006, he has consistently played a key role in the overall management of the Company as the person responsible for the financial area, mainly management planning, finance, accounting, and purchasing, and contributed to the Company’s growth. In April 2018, he was appointed as Board Director, Executive Vice President & CFO of the Company. He is a certified public accountant in the State of Illinois in the US.

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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Atsushi Horiba



Lead Independent External Director

Independent Officer



Having served as Representative Director of HORIBA, Ltd. for 32 years since 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.

Hiroko Sasaki

External Director

Newly appointed Officer Independent Officer



Ms. Sasaki founded her own companies with a vision to transform companies and has extensive management experience, including assisting hundreds of companies with organizational transformation, management human resource development, and resolving issues facing people trying to maintain a career while burdened with nursing care. She has also served as a member of expert committees on the promotion of diversity at several large companies, and the Company expects her to 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 since 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.

Shuji Kojima

Full-time Audit & Supervisory Board Member

(External) 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.

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.

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 management. 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.

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.

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.

Maki Sakamoto

External Director

Newly appointed Officer Independent Officer



Ms. Sakamoto specializes in informatics as a professor at the University of Electro-Communications and has extensive knowledge and experience in AI and other technologies. The Company expects her to supervise the Company’s management based on her knowledge and experience and give advice on the overall management of the Company.

Yoko Kudo

External Audit & Supervisory Board Member

Independent Officer



Ms. 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 to ensure audits are performed from a more independent standpoint.

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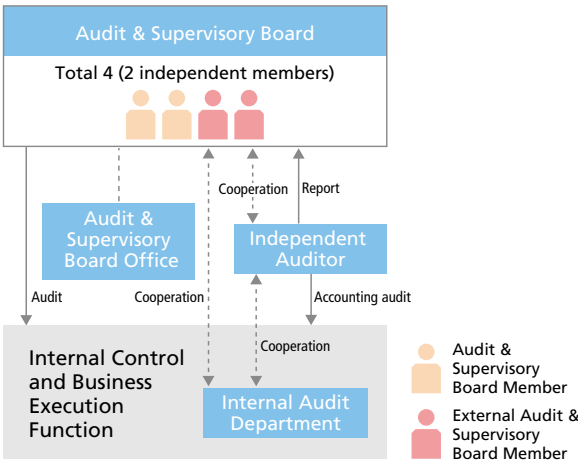
Management of the Audit & Supervisory Board

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 five dedicated personnel who act under the direction of the Audit & Supervisory Board Members to gather information, investigate matters, and provide other assistance. In addition, the external directors, Audit & Supervisory Board, and its Members work together through active discussions and exchanges of opinions as necessary at Board of Directors meetings. In FY2023, the Audit & Supervisory Board met 17 times, with each meeting taking an average of about two hours.

Structure and cooperation framework of auditing



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 and affiliates (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.”

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 59 members of management (board directors, external directors, unit heads, executive officers, division heads, etc.), but also takes into consideration the opinions of the Audit & Supervisory Board Members and Independent Auditor (Deloitte Touche Tohmatsu LLC).

In addition, at the end of the first half of the fiscal year, management interviews are conducted again to review the annual audit plan on a rolling basis, which enhances internal audits in line with changes in the management and business environment and risks surrounding the Company.

In FY2023, a total of 19 internal audits were conducted. These included an internal audit of the effectiveness of our ESG activities, which was conducted in continuation with the SDGs audit conducted in 2021, in response to the growing expectations and interest of stakeholders for companies to take on initiatives addressing social issues. Furthermore, internal audits focusing on legal compliance and operational effectiveness were also conducted.

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

The Internal Audit Department specializes in conducting internal audits (the Internal Control Division and Compliance Department are responsible for evaluating the internal control reporting system and compliance investigations, respectively). It

has a total of 26 personnel (as of the end of FY2023), all of whom are dedicated to internal audit work. In conducting internal audits, the Department complies with the International Professional Practices Framework (IPPF) established by The Institute of Internal Auditors, based on the Internal Audit Regulations approved by the Board of Directors.

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, and the results of the evaluation are reported to the Board of Directors. Moreover, in accordance with IPPF standards, the Company has undergone external quality evaluations once every five years since 2013, for a total of three evaluations, and has received a “generally conforms” (GC) evaluation for all of them.

In the most recent evaluation conducted in FY2023, there were no issues raised in any of the items checked.

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 progress or results of the audits conducted during and at the end of the fiscal year (including quarterly reviews). 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

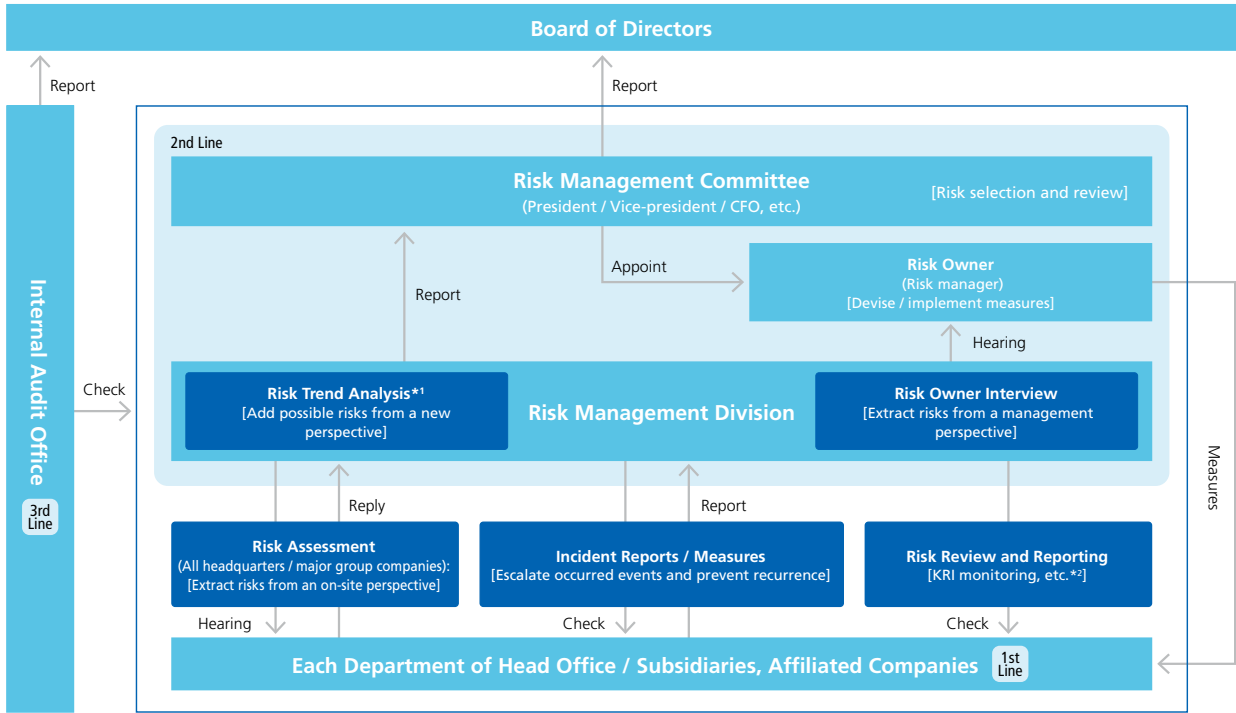
In order to identify company-wide risks from various angles and prevent the materialization of risks, we have established a management system based on the concept of a three-line model. The first line is where each department in the head office conducts reviews that includes risks when devising various measures and policies on the ground, while also carrying out risk management in their own departments. The second line is where the Risk Management Division, an organization independent from business departments, headed by a the head of the Risk Management Division charged with overseeing risk management, conducts company-wide and comprehensive identification of risks and confirmation of the status of measures taken (conducted twice a year), and reports to the Risk Management Committee. The Risk Management Committee, which includes the President, 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 the risk manager (risk owner) for each risk, gives instructions to take measures, etc. and through the head of the Risk Management Division, reports the status 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 (Representative Director, President & CEO Junichi Miyakawa) playing a central role.

The Internal Audit Office conducts an independent audits the entire risk management system and situation from a position independent from the first and second lines.

In conjunction with this, the head of the Risk Management Division reports the content of reviews by the Risk Management Committee, including the risk identification process, to external (non-executive) directors and auditors who supervise the execution of company operations, and seeks their opinion on risk management methods and points for improvement, etc., which is reflected into measures, etc. for risk management countermeasures.

In addition, we establish a reporting system for subsidiaries and affiliated companies, and conduct periodic checks of business-related risks identified by each subsidiary and affiliated company and countermeasure status, from the standpoint of risk management for the Group overall.



*1 Risk trend analysis: a technique where the latest news and public information is analyzed to provide material for identifying risks from new perspectives.

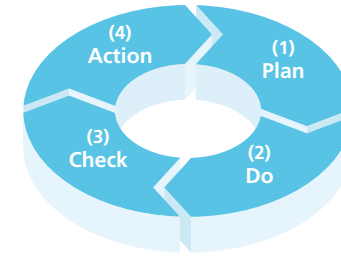
*2 KRI: Key Risk Indicators
(Note) The head of the Risk Management Division and the head of the Internal Audit Office independently report on risk management and audits to the Board of Directors based on their respective capacities.

(Note) We are working to further improve our risk management system through by outside evaluation of risk management by a third-party organization. This includes verification concerning evaluation of our risk management system and risk management process (conducted this fiscal year) in accordance with ISO 31000 (JISQ31000), as well as outside evaluation of risk management through an internal control reporting system as stipulated by the Financial Instruments and Exchange Act and evaluation of internal control (conducted once a year) that complies with SSAE18.

(Note) Please refer to “[risk management](#)” on our website for details.

Risk management methods

When devising various policies and measures, not only are we reviewing potential risks in conjunction with business opportunities, we are also implementing a PDCA cycle, as illustrated below, on a regular basis to identify, select, and assess a wide range of risks for the Group, through which we are working to uncover, mitigate, and prevent increasingly complex and diverse risks before they occur.



PDCA cycle

| | |
|------------------------------|--|
| <p>(1) Plan</p> | <p>The Risk Management Division conducts risk assessments using a risk classification table (compiled from risk scenarios relevant to SoftBank and its subsidiaries and affiliates), interviews with the heads of each division in the company and the management of our principal subsidiaries and affiliates, interviews with each risk owners for the fiscal year, and the Risk Management Committee identifies risks that have a significant impact on the Company based both on perspectives from the field and from the perspective of management and appoints risk owners. We do this to conduct a more multifaceted risk analysis aimed at identifying risks from various viewpoints by collecting information by means of providing information beforehand, such as external environment reports that include risks and opportunities, and raising questions that include short-term and medium- to long-term viewpoints.</p> |
| <p>(2) Do</p> | <p>Risk owners review and implement measures, etc. for risks based on those that the Risk Management Committee has determined to have a significant impact on the Company.</p> |
| <p>(3) Check</p> | <p>The Risk Management Division monitors the status of measures by risk owners on a monthly basis, and reports to management and the Risk Management Committee. Based on these reports, the Risk Management Committee checks the implementation status, etc. of measures, reviews risks, and checks the necessity, etc. of additional measures.</p> |
| <p>(4) Action</p> | <p>Risk owners examine and implement improvements and additional measures, etc. for any additional measures that are determined to be necessary by the Risk Management Committee.</p> |

Yearly schedule

[illegible]

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



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Addressing Risks That Have Significant Impact on the Company

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 items | Typical risk examples | | Risk reduction measures |
|--|---|--|---|
| 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▪ Amendments to laws | <ul style="list-style-type: none">▪ 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 | <ul style="list-style-type: none">▪ Adopt services, products, and sales methods that suit consumer orientation▪ Thorough quality control during manufacturing and development stages |
| 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">▪ 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 such as fraud, etc.) 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 | | | |
| (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 |
| (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 systems | <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 refer to “[addressing risks that have significant impact on the Company](#)” on our website for details.



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Risk related to management strategy

| Risk items | Typical risk examples | Risk reduction measures |
|--|---|---|
| f. Corporate acquisition, business alliances, establishment of joint ventures, organizational restructuring within the Group | | |
| ▪ Investment and loans | ▪ Risk of investee companies being unable to perform as expected; risk of business partnerships and joint ventures not producing expected results | ▪ 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 | | |
| (a) Outsourcing | ▪ Risk of outsourced companies being unable to perform work as expected | ▪ Conduct periodic audits of outsourced companies’ work |
| ▪ Inappropriate management of information by outsourced companies | ▪ 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 | ▪ Evaluate and select the supplier in accordance with our purchasing rules |
| (b) Use of other companies’ facilities | ▪ Risk of becoming unable to continue using communication line facilities owned by other operators | ▪ Use multiple operators’ communication line facilities |
| ▪ Other companies’ management resources | | |
| (c) Procurement of various equipment | ▪ Risk of supply disruptions, delivery delays, etc. in the procurement of telecommunication equipment, etc. | ▪ Build networks by procuring equipment from multiple suppliers |
| ▪ Supply disruptions | | |
| ▪ Delivery delays | | |
| h. Use of the SoftBank brand | | |
| ▪ Brand use | ▪ Risk that our actions negatively impact the trust or interests of SoftBank Group Corp. and we become unable to use the SoftBank brand | ▪ 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 | | |
| ▪ System failures | ▪ Risk of becoming unable to continuously provide service for customer-facing systems, the PayPay cashless payment service etc. due to human error, equipment/system problems, cyber attack by a third party, hacking, or other unauthorized access | ▪ Add redundancy to the network and clarify recovery procedures in case of failure or other accidents |
| j. Training and securing human resources | | |
| ▪ Human resources (hiring, training) | ▪ Risk of being unable to secure engineers or other human resources necessary for business operation as planned | ▪ Adopt a remuneration system that considers the expertise of human resources with high market value |
| ▪ Labor management (overwork, etc.) | ▪ Risk of reducing society’s trust and confidence in SoftBank due to being unable to meet social demands for consideration for basic human rights | ▪ Establish a human rights policy and human rights due diligence process; conduct risk assessments |
| ▪ 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 | ▪ Ensure company-wide awareness of efforts related to diversity; conduct training |
| ▪ Diversity | | |
| k. Climate change | | |
| ▪ Increasing damage from natural disasters | ▪ Risk of higher restoration and maintenance costs due to an increase in disaster-affected facilities and worsening of damage | ▪ Promote redundancy of core networks and secure communications in the event of a disaster, etc. |
| ▪ Biodiversity | ▪ Risk of financial losses due to impacts on supply chains from the loss of biodiversity | ▪ Conduct risk assessment on the impacts that business has on biodiversity |

(Note) Please refer to “[addressing risks that have significant impact on the Company](#)” on our website for details.



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Human Rights

We have established the “[SoftBank’s Human Rights Policies](#)” and follow international human rights principles such as the “Universal Declaration of Human Rights” and the United Nations’ “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’s Human Rights Policies” 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. Since FY2020, the “Human Rights Committee” has held annual meetings to promote 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 clarify, evaluate, and identify human rights issues that are at risk of negative impacts. This process ensures the respect for the human rights of all stakeholders affected by our business activities.

Human rights due diligence process



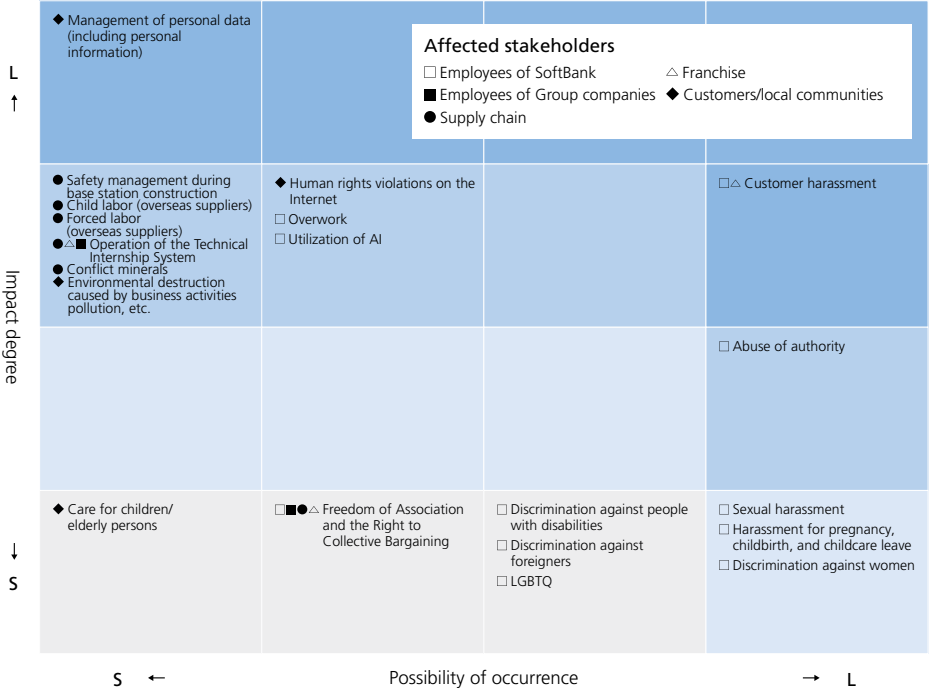
Mapping human rights risks

We have mapped human rights issues that are at risk of negative impacts due to our business activities. Based on the human rights due diligence process, we have identified and evaluated the actual and potential human rights impacts of these risks.

For human rights risks that are actually occurring, we will work to resolve the problems by removing negative impacts and, if necessary, implement appropriate remedies for victims. We will also implement appropriate measures to mitigate potential risks.

The mapping is conducted by evaluating the residual risk values after various countermeasures have been implemented for each risk item. Moreover, the mapping items will be reviewed on an ongoing basis.

Human rights risks mapping





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Identification and assessment of negative human rights impacts

As part of our human rights due diligence, we have been conducting assessments to identify human rights risks in key segments since FY2020. The key themes, targeted segments, and assessment results for the FY2023 assessment are as follows.

| Key themes in assessment | Targeted segments |
|--|---|
| <div>1. Basic attitude toward human rights and major initiatives</div> <div>2. Prohibit forced labor, trafficking in persons and child labor (avoidance of complicity in human rights abuses)</div> <div>3. Prohibition of harassment and discrimination</div> <div>4. Reduction of working hours</div> <div>5. Appropriate wages and benefits</div> <div>6. Employees’ freedom of association and right to organize</div> <div>7. Respect for the environment and local communities</div> | <div>1. Value chain</div> <div>(1) Key suppliers</div> <div>(2) Sales agents operating <i>SoftBank</i> stores and <i>Y!mobile</i> stores</div> <div>2. Our Group companies: Own business (the Group), joint ventures (affiliates, etc.)</div> <div>3. Investment targets at the time of considering investment</div> <div>4. Employees of the Company</div> |
| (Note) Please refer to “ human rights self-assessment items ” for details. | (Note) Please refer to “ list of assessment results ” for details. |

Human rights assessment by 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 key 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) Please refer to “[results of human rights assessments on the value chain](#)” for details.

Human rights assessment for Group companies

Self-assessments on human rights were conducted for our Company and 145 domestic and overseas subsidiaries, and 28 affiliated companies. As a result, no apparent human rights impacts were found. On the other hand, for the 15 companies (including 2 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 conducting human rights assessments for existing business activities, we also conduct human rights assessments from the perspective of respecting human rights when launching new

businesses. 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) Please refer to “[human rights assessment when considering joint venture investment](#)” 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 | The HR Division 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. Furthermore, since FY2022 we have held talks between the HR department head and employees at nine major business locations nationwide (a total of 166 employees have attended). We will continue to place importance on dialogue with employees to understand and improve the actual situation onsite. |
| Conducted human rights survey for employees | 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. Furthermore, we conduct an annual survey of all employees to identify any actual or potential human rights violations. In FY2023, a survey was conducted to 26,500 employees, and no responses were received requesting remedy for human rights violations in the workplace. However, based on the results of the survey, we have identified eight issues (five 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. 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. |

(Note) Please refer to “[question items in survey on human rights for employees](#)” for details.

Response to customer harassment

In order to maintain a healthy relationship with our customers and ensure an appropriate working environment for employees at both the Company and our subcontractors, we have developed “Our Approach to Customer Harassment.” Based on a manual published by Japan’s Ministry of Health, Labour and Welfare, we have defined actions that constitute customer harassment and outlined how we will respond to such actions.

We are implementing various measures to address customer harassment, including the establishment of a consultation service and the distribution of response manuals to stores and call centers.

(Note) Please refer to “[our approach to customer harassment](#)” on our website for details.

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Information security

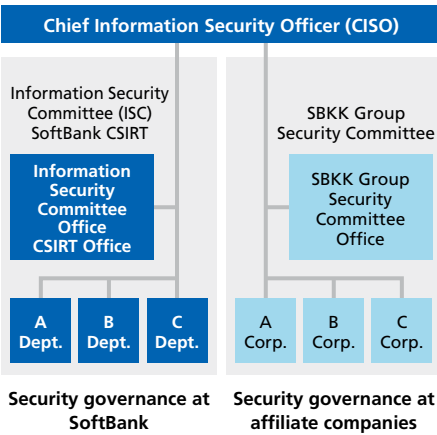
Policy

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.

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 at each affiliated company.



Security measures

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) Please refer to “[information security](#)” on our website for details.

Continuous security enhancement

In response to the spread of digital devices, advances in AI and increasingly sophisticated cyberattacks, we strive to continuously strengthen security by adopting the latest technologies, improve the security mindset of our employees through education, and train specialists in the field of security.

(1) Monitoring technology

While the early detection of incidents is becoming increasingly difficult due to the growing complexity of attack techniques in recent years, the number of detected incidents is on the rise each day. SoftBank strives to improve the quality of monitoring by continuously upgrading detection methods, implementing analysis and solutions by referring to threat intelligence (information useful to detecting and blocking attacks), and automating response operations so that no signs of attack are missed.

(2) Monitoring of threats and attacks

By monitoring communication log data collected from digital devices, such as PCs and smartphones, and machines such as servers, we anticipate and determine threats from multiple angles: suspicious communications inside or outside of our organization, potential malware infections, and others. We have built information sharing processes with security organizations we belong to and with security vendors to ensure we are aware of the latest trends by reviewing incidents at other companies and reports on vulnerabilities and attacks.

We aim to detect sophisticated and complex attacks as early as possible by implementing Security Information and Event Management (SIEM), a tool to detect the latest attacks, whereby various data logs can be collected and correlation analysis be performed.



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(3) Monitoring of telecommunication networks security

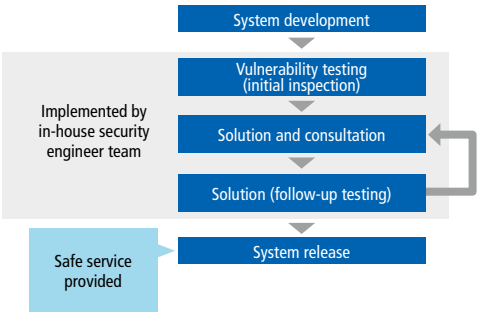
Since telecommunications networks serve as social infrastructure, expectations for their reliability and quality are higher than ever before. SoftBank, as a telecommunications provider, performs different kinds of monitoring to provide a stable telecommunications network. Monitoring security is one part of this effort.

What 5G networks can bring include not only higher speeds but also ultra-low latency and massive device connectivity. It is expected that 5G will enable a variety of use cases like remote operations and autonomous driving. SoftBank is building an even more stringent security monitoring system to respond to changes in data traffic caused by DDoS attacks and to counter cyberattackers’ attempts to access 5G equipment.

(4) Security testing

If SoftBank launches services with deficient equipment or latent vulnerabilities, our network and system could be subject to attacks, potentially resulting in harm to customers. Our security engineer team carries out complete vulnerability testing and issues instructions to address any vulnerabilities detected so that we can provide safe services.

Since new vulnerabilities can emerge even after the release of a service we continue vulnerability testing and follow-ups to minimize security risks.



(5) Enhancement of internal security environment

We are responding to sophisticated attacks by utilizing various security solutions including MDM (Mobile Device Management) and EDR (Endpoint Detection and Response). Additionally, we carry out simulation exercises on targeted attack e-mails, to help strengthen our internal network security.

Some solutions and technologies that we have internally implemented and verified effectiveness are offered to enterprise customers as security services.

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, depending on how it is used, it is possible that AI could yield discriminatory assessments or selection, disseminate misinformation or false information, and infringe on the rights of others. This highlights the need for ethical considerations and caution when using the technology.

In light of this, in July 2022, we formulated the “SoftBank AI Ethics Policy” for the purpose of ensuring the appropriate use of AI and delivering safe and reliable services to customers. More specifically, the policy sets out six main guidelines: (1) human-centeredness; (2) respect for fairness; (3) pursuit of transparency and accountability; (4) ensuring safety; (5) privacy protection and security; and (6) development of AI human resources and literacy. We will operate our business and develop services in accordance with these guidelines.

In addition, we have put in place a framework to adopt this policy adopted throughout the Group, and as of July 2024, 74 Group companies have decided to implement it.

Furthermore, in April 2024, we established the “AI Ethics Committee” comprising AI experts from within and outside the Company. This committee discusses and provides recommendations on various ethical issues concerning AI. The very first AI Ethics Committee meeting was held in July 2024 and attended by Senior Vice President & CISO Tadashi Iida, who served as chair, as well as external experts and committee members from within the Company. After sharing information about how SoftBank is utilizing AI and its governance efforts, the committee engaged in candid discussions on a wide range of topics, including AI-related risks and countermeasures, how rules are being formulated in Japan and overseas, and the application of SoftBank’s policy at Group companies.

As AI technology rapidly evolves and its associated challenges become more complex on a global scale, we will continue to incorporate the broad-ranging perspectives and insights of external experts in an effort to achieve objective and highly effective AI governance based on the perspectives of users.



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Being in the telecommunications business and other businesses that consume a lot of electricity, we believe that it is our responsibility as a company to help resolve climate change issues in order to create a sustainable society. This section provides details on our environment-related goals and explains key initiatives we are undertaking to achieve them.



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SoftBank supports the TCFD recommendations (📄 P86) and the Paris Agreement, a new international framework for reducing greenhouse gas (GHG) emissions post-2020 which replaces the Kyoto Protocol, and aims to proactively disclose information related to climate change and achieve reduction targets. In addition, the Company has set “contributing to the global environment with the power of technology” as a material issue. To achieve this goal, we will promote the efficient use of electricity by utilizing cutting-edge technology, as well as the introduction, diffusion, and expansion of renewable energy to realize a prosperous society through the widespread adoption of natural energy.

Group-wide Net Zero Initiatives

In light of the impact of global risks on the Company, SoftBank recognizes the need to actively address climate change measures, natural capital, and the transition to a circular economy. As a measure against climate change, SoftBank declared “Carbon Neutral 2030” 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 2050. Furthermore, to accelerate decarbonization across society, in June 2023 we expanded our “Net Zero” initiatives to include Group companies*.

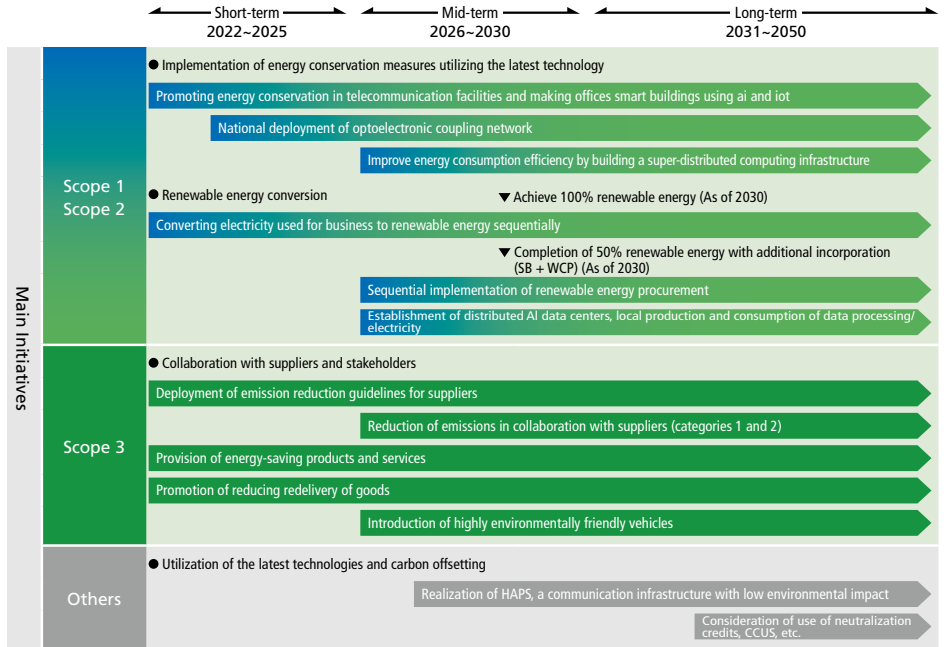
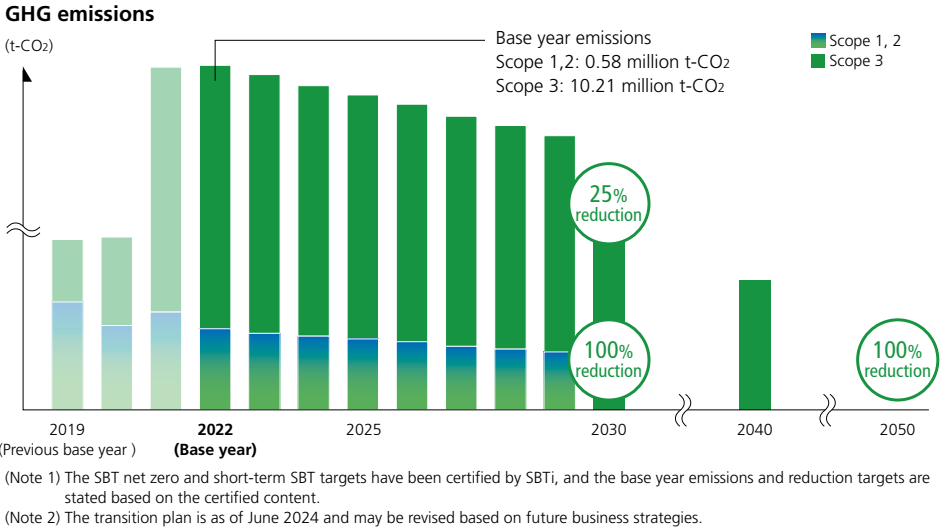
At the same time, with respect to our greenhouse gas emissions reduction targets, in addition to the short-term targets that have already been certified, our long-term targets were certified as science-based targets (SBT Net-Zero) by the Science Based Targets initiative (SBTi), an international climate change initiative.

*Covers consolidated subsidiaries

Transition plan to Net Zero by 2050

SoftBank Corp. has developed a transition plan to achieve our “Carbon Neutral 2030” and “Net Zero” targets. Our main initiatives to tackle Scope 1 and Scope 2 emissions are the implementation of energy-saving measures through cutting-edge technology and the use of renewable energy for electricity. In the case of Scope 3 emissions, we will hold briefings for suppliers and develop guide-lines to promote purchasing activities aimed at achieving net zero.

In addition to the transition plan disclosed here, we will continue to actively disclose information following the recommendations of various disclosure guidelines and initiatives.





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Disclosure Based on 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.



With the growing risk of climate change due to global warming, there is a broad trend to assess the financial impact of climate change on a company’s business. The TCFD (Task Force on Climate-related Financial Disclosures) is an international initiative established by the Financial Stability Board (FSB) in 2015 to encourage companies to disclose information on the financial implications of the risks and opportunities that climate change presents to their businesses.

We believe that assessing climate-related risks and opportunities in our business activities and proactively disclosing and enhancing information in line with the framework of “governance, strategy, risk management, and indicators and targets” recommended by the TCFD is important for the sustainable growth of the company.

Governance

Supervisory structure by the Board of Directors

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.” The ESG Promotion Committee was established in March 2020 as an advisory body to the Board of Directors to promote measures related to this materiality. The committee is chaired by the President & CEO who assumes the position of Chief ESG Promotion Officer. The committee, 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.

Role of management

The ESG Promotion Committee, chaired by the President & CEO and comprising directors and members designated by the Chair, convenes four times a year. The committee discusses important issues such as “Carbon Neutral 2030,” which calls for reducing greenhouse gas emissions from electricity and other sources used in business operations to zero by FY2030. The rate of introduction of renewable energy and other measures to achieve carbon neutrality are partially linked to executive compensation.

In addition, the Environment Committee has been established under the oversight of the Executive Officer in Charge of ESG promotion as an organization to manage climate-related risks, promote internal initiatives, and carry out business operations. The Environment Committee is chaired

by the General Manager of the CSR Division and consists of environmental managers from each of our business units and major Group companies. It promotes specific measures to achieve “Carbon Neutral 2030.”

Strategy

In order to consider strategies for adapting to future events related to climate change, we have selected business risks related to the natural environment across the entire organization and conducted two scenario analyses: the rapid achievement of a decarbonized society in the 1.5°C scenario, and the progression of global warming due to insufficient climate change measures in the 4°C scenario. We identified the financial impacts that are expected to occur by 2050, particularly those affecting businesses along the value chain, including upstream and downstream, and identified the risks involved. Additionally, by multiplying the risk intensity evaluated based on our criteria that comprehensively assess financial impact, consumer perspectives, public interest, and human life by the likelihood of these risks materializing, we evaluated the magnitude of business risks as high, medium, or low, based on the timing of occurrence. As a result, while there are no immediate significant business risks, we recognize that in the medium-term, acute physical risks from damage to telecommunications facilities and reputational risks due to inadequate information disclosure, and in the long-term, chronic physical risks from the depletion of water and other resources could have a significant impact on our financial plans.

Climate change-related risks and opportunities

Under the 1.5°C global warming scenario, we 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 found that there is a potential 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, and have set materiality KPIs regarding the promotion of renewable energy for base station power and the provision of electricity from renewable energy sources. As an interim target of the “Carbon Neutral 2030,” we set and achieved the target of completing the conversion of at least 80% of base station electricity to renewable energy by FY2023.



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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. However, we also assumed that the policies and laws and regulations for climate change countermeasures would be strengthened, and we estimated the potential impact if carbon taxes comparable to those in Europe were imposed. We will continue to monitor trends in carbon tax regulations in Japan. In the 4°C scenario, it is generally assumed that there would not be strengthening of policies and 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, assuming that there will be physical impacts of climate change, such as increased severity of extreme weather, we estimated the potential financial impact that may occur in the future based on the damage to SoftBank from torrential rains that triggered special rainfall warnings over the past 10 years. Based on our analysis of the financial impact of such disasters, including recovery costs, we have secured an appropriate budget and are prepared to respond quickly in the event of an emergency.

Identified risks and opportunities

| Classification | Business risk | Anticipated impacts | Scenario | External scenarios | Magnitude of risks*1, 2 | | | Response measures/ opportunities |
|------------------|-----------------------------------|--|----------------|---------------------|-------------------------|----------|-----------|--|
| | | | | | Short-term | Mid-term | Long-term | |
| Physical risks | Acute | Worsening damage due to intensified natural disasters associated with ecosystem degradation | 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• Improved wind pressure resistance of antenna support columns• Redundant backbone network• Construction of a highaltitude communication network in the stratosphere |
| | | | 4°C scenario | IPCC SSP5-8.5 | Small | Small | Medium | |
| Chronic | Expansion of water-stressed areas | Impact on the procurement and securing of water for business operations | 1.5°C scenario | IPCC SSP1-1.9 | Small | Small | Small | <ul style="list-style-type: none">• Conversion 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 | Medium | |
| Transition Risks | Market/reputation | Changes in customer behavior and preferences | 1.5°C scenario | IEA:NZE/ SDS/ STEPS | Small | Medium | Medium | <ul style="list-style-type: none">• Promotion of renewable energy power supply• Expansion of remote services and e-commerce markets to reduce human mobility• Expansion of businesses related to the sharing economy• Expansion of the market for energy-efficient solutions |
| | | Insufficient evaluation of information disclosure | | | Small | Medium | Medium | |
| | Policy and law | Increased costs due to the introduction of new tax systems, tightening of regulations, rising litigation risks, etc. | | | Small | Small | Small | <ul style="list-style-type: none">• Net zero emissions (Scope 1, 2, 3) (FY2050)• Carbon neutrality (Scope 1, 2) (FY2030) |
| | Technology | Increased development costs, resulting delays impacting finances, and failures in investments | | | Small | Small | Small | |
| | | | | | | | | <ul style="list-style-type: none">• Conversion to energy-saving equipment• Improve efficiency of electricity use through the use of AI and IoT |

*1 Magnitude of risks: impact is described in large, medium, and small
*2 Time horizon: short-term (-2023), medium-term (-2025), long-term (2026-)



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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 FY2023, 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.

Metrics and targets

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, 3). In FY2023, GHG emissions were 520,662 t-CO₂ for Scope 1, 2 and 9,808,155 t-CO₂ for Scope 1, 2, 3.

Targets and performance

As a target towards carbon neutrality, SoftBank aims to reduce greenhouse gas emissions from electricity used in business activities to zero by FY2030. We will promote the reduction of greenhouse gas emissions from all of our facilities and equipment to achieve net zero 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, 3 emissions. In June 2024, the greenhouse gas reduction targets of this initiative were certified as science-based targets (SBTs) by the Science Based Targets initiative (SBTi), an international climate change initiative.

| Category | | Coverage | Unit | FY2023 | | | |
|---------------------------------------|---|---------------|-------------------|-----------|-------------|--------------|--|
| | | | | Actual | Target | Evaluation*1 | Reduction rate (%) from base year (FY2022) |
| Greenhouse gas emissions | Scope 1 | FY2023: 99.5% | t-CO ₂ | 6,369 | 8,000 | ○ | 54.5 |
| | Scope 2 | | | 514,293 | 539,000 | ○ | 9.1 |
| | Scope 3 | FY2023: 92.5% | | 9,287,493 | 9,660,000*2 | ○ | 0.9 |
| | Scope 1, 2 total | FY2023: 99.5% | | 520,662 | 547,000 | ○ | 10.2 |
| | Scope 1, 2, 3 total | FY2023: 92.5% | | 9,808,155 | 10,207,000 | ○ | 1.4 |
| Greenhouse gas emissions (Scope 1, 2) | Carbon dioxide (CO ₂) from energy sources | FY2023: 99.5% | t | 519,874 | — | — | — |
| | Carbon dioxide (CO ₂) from non-energy sources | | t | 0 | — | — | — |
| | Methane (CH ₄) | | t-CO ₂ | 67 | — | — | — |
| | Nitrous oxide (N ₂ O) | | t-CO ₂ | 9.22 | — | — | — |
| | Hydrofluorocarbons (HFCs) | | t-CO ₂ | 712 | — | — | — |
| | Perfluorocarbons (PFCs) | | t-CO ₂ | 0 | — | — | — |
| | Sulfur hexafluoride (SF ₆) | | t-CO ₂ | 0 | — | — | — |
| | Nitrogen trifluoride (NF ₃) | | t-CO ₂ | 0 | — | — | — |

(Note 1) Boundary includes SoftBank Corp. and its major subsidiaries
(Note 2) Our greenhouse gas emissions (Scope 1, 2, 3), energy consumption, industrial waste, and water consumption during FY2023 were verified by the Japan Quality Assurance Organization, a third-party institution (Limited guarantee level in accordance with ISO 14064-3 and ISAE 3000).
*1 Evaluation is as follows: ○: progress as planned, △: issues remain, ×: plan not achieved
*2 Targets are set taking into account the expansion of coverage



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Disclosure Based on TNFD Recommendations

SoftBank registered early as a TNFD Adopter in December 2023. We will strive for proactive information disclosure based on the information disclosure framework indicated in the TNFD Final Recommendations.



All of SoftBank’s corporate activities rely on land and resources, benefiting from ecosystem services provided by biodiversity and natural capital, while simultaneously impacting the environment in some way. The Company recognizes the importance of biodiversity conservation and supports the international community’s goal of achieving “Nature Positive.” We consider reducing the impact of our corporate activities on ecosystems as one of our material issues and are promoting initiatives related to the conservation of biodiversity and natural capital. Furthermore, in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD), we will further assess risks and opportunities related to biodiversity through the LEAP approach*1 and engage in proactive information disclosure.

*1 The LEAP approach: an integrated assessment process for evaluating nature-related risks and opportunities as indicated by the TNFD

Governance

The Company established the ESG Promotion Committee as an advisory body to the Board of Directors, with the President & CEO assuming the role of Chief ESG Promotion Officer, holding ultimate responsibility for the overall sustainability activities under the supervision of the Board of Directors. In FY2024, the ESG Promotion Committee set the promotion of initiatives related to biodiversity and natural capital conservation as a KPI for our materiality.

Strategy

As a result of narrowing down (scoping) businesses based on their scale and ENCORE*2 (Table 1), and visualizing the evaluation results in a heatmap (Tables 2 and 3), we identified the telecommunications business as needing prioritized detailed analysis due to its high dependency and impact. We recognized that the construction and operation of base stations and other telecommunications facilities depend on the landslide prevention and soil conservation functions of forests, but also have a high potential for impacting terrestrial ecosystems.

*2 ENCORE: the dependency and impact analysis online tool featured in TNFD

Table 1: Dependence/impact considering the scale of operations of each business

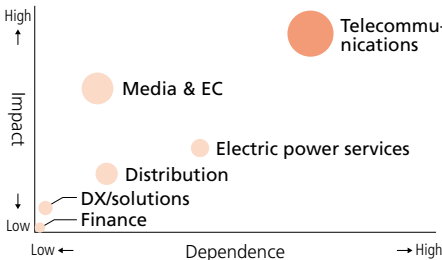


Table 2: Heatmap “Dependence”

| | Bio-remediation | Climate regulation | Dilution by air and ecosystems | Filtration | Flood and storm protection | Groundwater | Mass stabilization and erosion control | Surface water | Water flow maintenance | Water quality |
|-------------------------|-----------------|--------------------|--------------------------------|------------|----------------------------|-------------|--|---------------|------------------------|---------------|
| Telecommunication | Low | High | | | High | | Low | | | |
| Electric power services | | | | Low | | | | | | |
| DX/solutions | Low | | | | | | | | | |
| Distribution | | Low | Low | | | | | Low | | |
| Media & EC | Low | | | | | | Low | | | |
| Finance | | | | | | | Low | | | |

Table 3: Heatmap “Impact”

| | Disturbances | Freshwater ecosystem use | GHG emissions | Marine ecosystem use | Non-GHG air pollutants | Soil pollutants | Solid waste | Terrestrial ecosystem use | Water pollutants | Water use |
|-------------------------|--------------|--------------------------|---------------|----------------------|------------------------|-----------------|-------------|---------------------------|------------------|-----------|
| Telecommunication | | | | | Low | High | High | High | High | Low |
| Electric power services | Low | Low | Low | | Low | Low | Low | Low | Low | Low |
| DX/solutions | | | | | Low | Low | Low | | Low | Low |
| Distribution | Low | | Low | Low | Low | Low | Low | | Low | |
| Media & EC | | | | | Low | Low | Low | | Low | Low |
| Finance | | | | | | | Low | | | |

(Note) Tables 1 to 3 are intended for prioritizing the scoping of businesses, aiming to achieve relative and objective evaluation results based on business scale and ENCORE.



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► Environmental Initiatives

- Environmental Initiatives
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 - Disclosure Based on TCFD Recommendations
- Disclosure Based on TNFD Recommendations

Environmental Initiatives

We examined Company-wide operations and selected business risks related to the natural environment and identified businesses with high dependence on and impact on biodiversity. We conducted scenario analysis, a method for improving response to risk uncertainty, to evaluate the magnitude of these risks, aligning with the Company’s criteria that comprehensively assess financial impacts, consumer perspectives, public considerations, and human life. By combining the intensity of evaluated risks with the likelihood of their manifestation, we evaluated the magnitude of business risks considering the timing of occurrence as high, medium, or low.

Risk analysis results

| Classification | | Business risks | Anticipated impacts | Magnitude of risks | | |
|------------------|-------------------|---|--|--------------------|----------|-----------|
| | | | | Short-term | Mid-term | Long-term |
| Physical risks | Acute | Worsening damage due to intensified natural disasters associated with ecosystem degradation | Increased disaster preparedness and recovery costs for equipment, and revenue loss due to prolonged service outages | Small | Small | Medium |
| | Chronic | Expansion of water-stressed areas | Impact on the procurement and securing of water for business operations | Small | Small | Medium |
| Transition risks | Market/reputation | Changes in customer behavior and preferences | The delay in responding to market changes leads to a decline in brand image and loss of business opportunities | Small | Medium | Medium |
| | | Insufficient evaluation of information disclosure | The impact of lost orders, boycotts, as well as on talent acquisition, funding, and stock prices | Small | Medium | Medium |
| | | Resource shortage | Increased demand and depletion of raw materials such as rare metals leading to supply shortages and higher procurement costs | Small | Small | Medium |
| | Policy and law | Tightening of regulations | Increased costs due to the introduction of new tax systems, tightening of regulations, rising litigation risks, etc. | Small | Small | Small |
| | Technology | Impact on the transition to sustainable new technologies | Increased development costs, transition delay impacting finances, and failures in investments | Small | Small | Small |

Identification of priority areas

We used IBAT (Integrated Biodiversity Assessment Tool) to confirm the proximity of areas with significant biodiversity to base stations and data centers distributed across Japan, which serve as central facilities in the Next-generation Social infrastructure plan. For the evaluation, we referred to the LEAP approach, as demonstrated in the TNFD framework.

Although we have installed a large number of base stations, the scale of the facilities themselves is small. The results of the surveys on the proximity between the installation locations and areas with significant biodiversity confirmed that there are no base stations that urgently require measures from the perspectives of installation conditions, biodiversity significance, or integrity.

Given the expected surge in power demand for data centers due to the proliferation of AI, the Company is advancing a Next-generation Social Infrastructure initiative that will distribute environmentally friendly green data centers across Japan. Data centers are large in scale and require consideration of their impact on the surrounding natural environment. The data center in Tomakomai City, Hokkaido Prefecture, which is scheduled to open in FY2026, is expected to expand in the future to 700,000 m², the largest in Japan, with a capacity of over 300 megawatts. It is located approximately 3 km northeast of Lake Utonai, a Ramsar Convention wetland, and is recognized as a significant area for biodiversity. We believe it is crucial to proceed with construction with sufficient understanding and cooperation from relevant government agencies, local residents, and the community.

Risk countermeasures and opportunities

Actions taken to reduce business risk can also be significant business opportunities. It is said that by utilizing cutting-edge technologies such as AI, IoT, and big data, and by analyzing vast amounts of environmental data through AI’s learning function, it is possible to predict the impact on the global environment. The use of cutting-edge technology in environmental issues is attracting attention around the world because it enables us to take various countermeasures based on such predictions. We are striving to maximally utilize cutting-edge technologies such as AI and IoT, which are our strengths, as well as synergies between Group companies in order to contribute to the conservation of biodiversity.

Risk and impact management

Risks related to the earth environment, such as biodiversity and climate change, are integrated into Company-wide risk management. Through regular risk management cycles, we are working to reduce and prevent risks. The Risk Management Committee determines the level of importance of each risk and the persons responsible for dealing with it (risk owner), issues instructions on countermeasures, and reports the status to the Board of Directors.

Metrics and targets

To provide telecommunications services widely and stably as a social infrastructure, it may be necessary to install communication facilities such as base stations in key biodiversity areas.

To contribute to the conservation of biodiversity when installing facilities in key biodiversity areas designated by the country or international treaties, SoftBank has set a target for FY2030 to implement forest conservation in an area that is at least twice the area where the telecommunications facilities are installed in nature reserves or other areas that are important to biodiversity.

(Note) Please refer to “[mitigation of impacts associated with land development](#)” on our website for details.



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Performance Highlights (Financial)



*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, the accounting treatment for the consolidation of Yahoo Japan Corporation*1 in the first quarter of FY2019 has been retrospectively adjusted, and figures for FY2021 have been restated to reflect the retrospective adjustment.

*1 Currently LY Corporation

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

*3 Basic earnings per share is calculated after deducting dividends related to Bond-Type Class Shares.

*4 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 retrospectively applied these adjustments to FY2020.

*5 Adjusted free cash flow (SoftBank) excludes the free cash flow of the "LY Group, PayPay Corporation, etc."*9 as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation.

*6 The figure for FY2020 has been retrospectively adjusted to reflect the completion of provisional accounting treatment related to the business merger of Z Holdings Corporation*1 with LINE Corporation*1.

*7 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



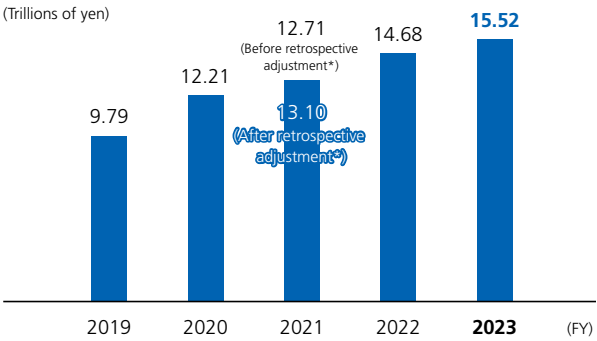
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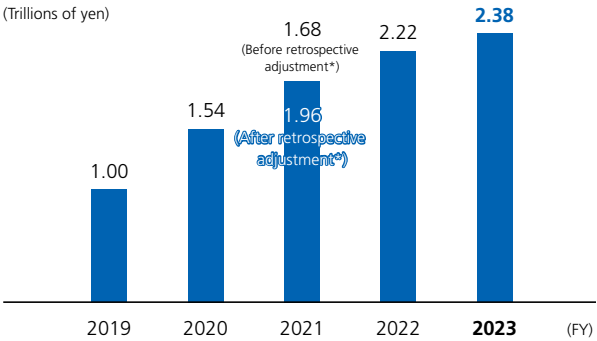
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Performance Highlights (Financial)

Total assets*6 ¥ 15.52 trillion



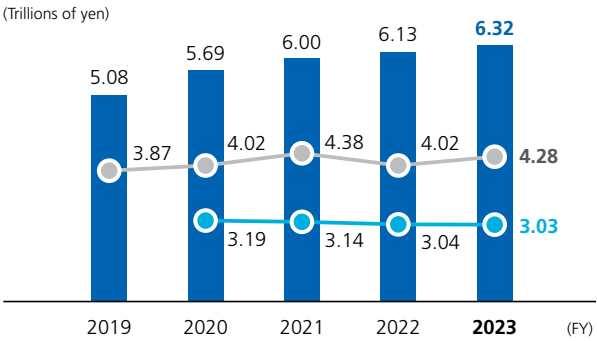
Total equity attributable to owners of the Company ¥ 2.38 trillion



Interest-bearing debt ¥ 6.32 trillion

Net interest-bearing debt** ¥ 4.28 trillion

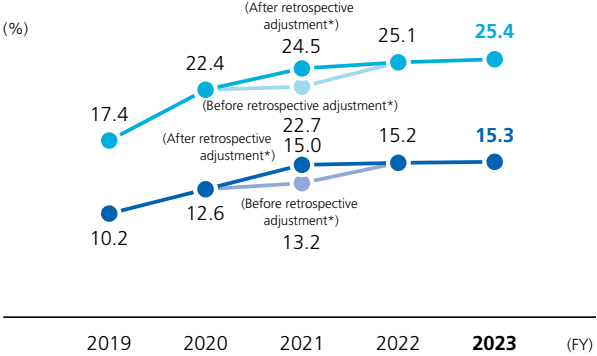
Net interest-bearing debt (excluding LY, PayPay, etc. and securitization of installment sales receivables**9) ¥ 3.03 trillion



● Net interest-bearing debt
● Net interest-bearing debt (excluding LY, PayPay, etc. and securitization of installment sales receivables)
■ Interest-bearing debt

Ratio of equity attributable to owners of the Company to total assets*6 *11 15.3%

Ratio of total equity to total assets 25.4%



● Ratio of equity attributable to owners of the Company to total assets
● Ratio of total equity to total assets

Credit ratings*10

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, the accounting treatment for the consolidation of Yahoo Japan Corporation*11 in the first quarter of FY2019 has been retrospectively adjusted, and figures for FY2021 have been restated to reflect the retrospective adjustment.

*8 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 retrospectively applied these adjustments to FY2018.

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

*10 In regard to issuer credit ratings, the Company has obtained ratings from Rating and Investment Information, Inc. (R&I) on August 26, 2024 and Japan Credit Rating Agency, Ltd. (JCR) on August 22, 2024, and maintained the same ratings respectively.

*11 Ratio of equity attributable to owners of the Company to total assets = Total equity attributable to owners of the Company / Total assets



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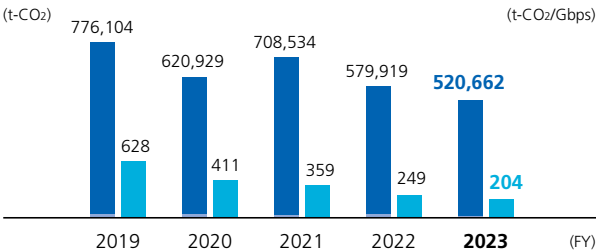
Performance Highlights (Non-Financial)

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, 3) from all business activities by FY2050. In June 2024, we obtained certification for “Science Based Targets (SBT)” by SBTi, the international climate change initiative, for our greenhouse gas emission reduction targets as part of the initiatives.

Greenhouse gas emissions
(Scope 1, 2)*1 520,662 t-CO₂

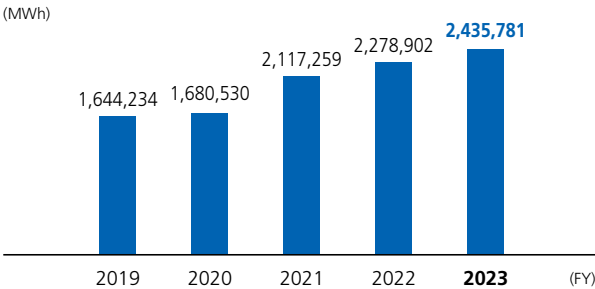
GHG emissions intensity
(emissions per communication volume in
Scope 1, 2)*2 204 t-CO₂/Gbps



■ Scope 1 ■ Scope 2
■ GHG emissions intensity (emissions per communication volume in Scope 1, 2)

*1 Total for SoftBank Corp. and major subsidiaries
*2 Greenhouse gas emissions per 1 Gbps communication volume

Energy consumption
(electric power)*3 2,435,781 MWh

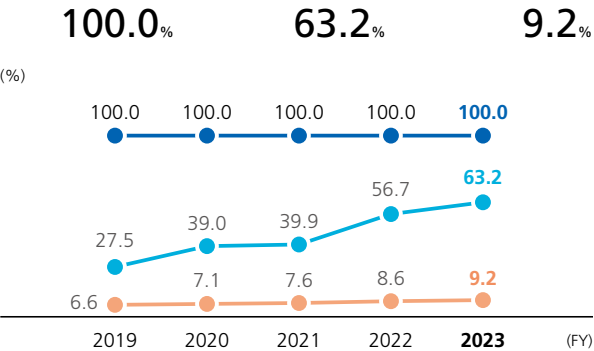


*3 Electricity consumption in FY2030 is estimated to be 3,900,000 MWh.
We set a goal to transition all of our electricity usage to renewable energy
(includes the use of non-fossil certificates designated as renewable energy).

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 Workforce so that we can work towards achieving this goal. We are encouraging male employees to take childcare leave, and the take-up rate is improving year by year.

Ratio of employees taking childcare leave (women) 100.0%
Ratio of employees taking childcare leave (men) 63.2%
Ratio of women in management positions**4 (SoftBank only) 9.2%



● 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)

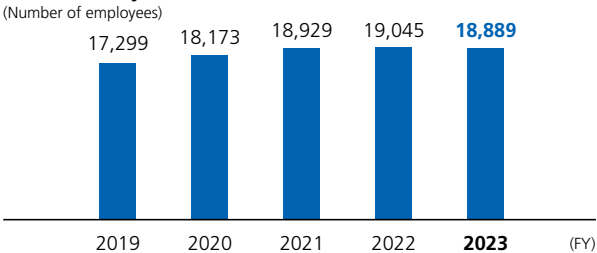
*4 As of April 1

Society-related (S)

Since FY2021, employees have been implementing remote work by utilizing various IT tools such as online conferencing systems and business chat software.

Number of employees (SoftBank only) 18,889

Ratio of remote work implementation*5 (SoftBank only) 95.3%



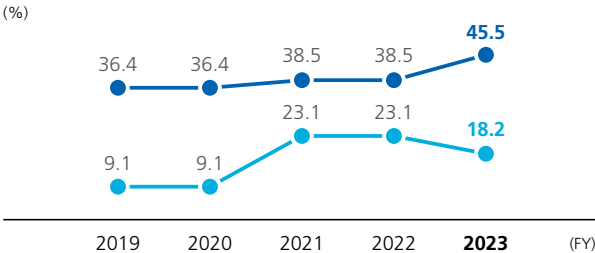
■ Number of employees (SoftBank only)
*5 Ratio of employees who worked remotely at least once a month

Governance-related (G)

Effective June 2024, SoftBank has strengthened the supervisory function of the Board of Directors by appointing six independent external directors (including three women), which is a majority of the Board of Directors comprising 11 directors.

Ratio of independent external directors 45.5%

Ratio of female directors 18.2%



● Ratio of independent external directors
● Ratio of female directors

Number of information security incidents*6 (FY)

| 2019 | 2020 | 2021 | 2022 | 2023 |
|------|------|------|------|------|
| 0 | 0 | 0 | 0 | 0 |

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

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

| 2019 | 2020 | 2021 | 2022 | 2023 |
|------|------|------|------|------|
| 0 | 0 | 0 | 0 | 0 |

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



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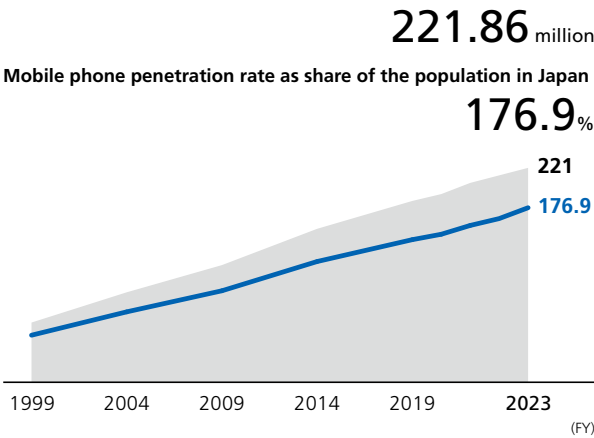
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Market Data

Japan’s telecom market

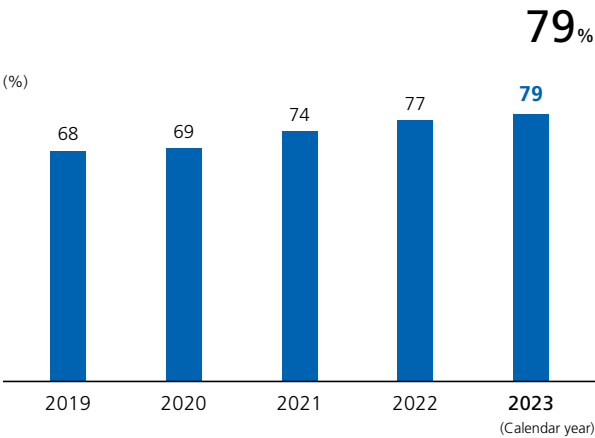
Number of mobile phone subscribers in Japan



■ Number of mobile phone subscribers (millions of subscribers)
— Penetration rate as share of population (%)

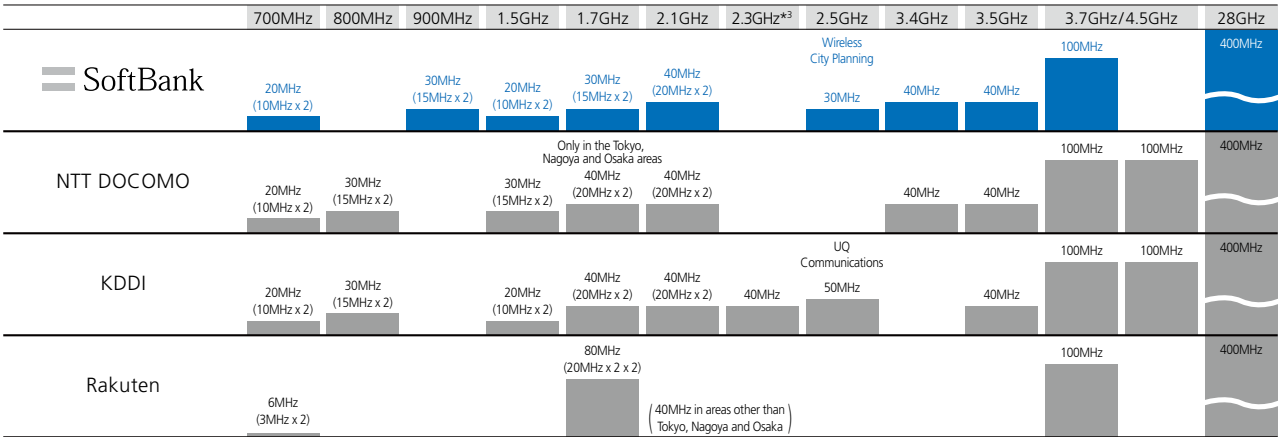
Source: Compiled by the Company based on the Ministry of Internal Affairs and Communications, “Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2023 Q4 (End of March))” and “Counts of population, vital events and households derived from the Basic Resident Registration (As of January 1, 2023)”

Smartphone penetration rate (individual)



Source: Ministry of Internal Affairs and Communications, “Communication Usage Trend Survey” (Surveyed in 2023)

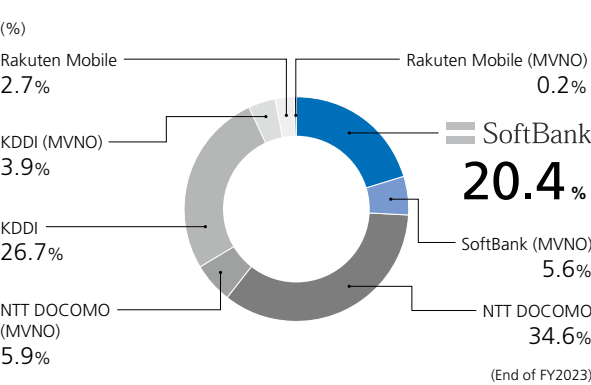
Status of frequency allocation*2



*2 Based on the disclosed materials of the Ministry of Internal Affairs and Communications and of each company as of June 2024
*3 Used for dynamic spectrum sharing with broadcasting and other public services

Competitive landscape

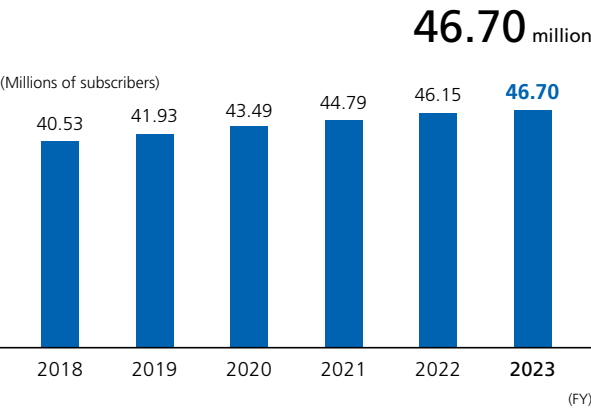
Share of mobile subscribers by operator*1



*1 Total number of mobile phone and BWA subscribers
Source: Ministry of Internal Affairs and Communications, “Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2023 Q4 (End of March))”

Broadband

Number of fixed broadband service subscribers in Japan*4



*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 (FY2023 Q4 (End of March))”



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Review and Analysis of FY2023

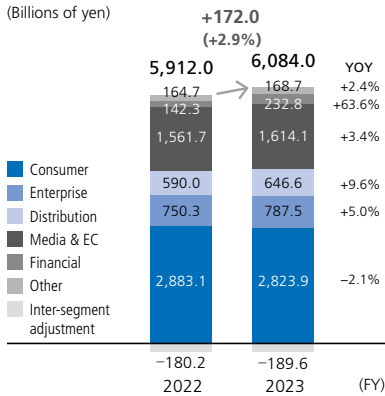
Management environment

The management environment in FY2023, despite a continued uncertain outlook due to geopolitical risks and inflation, Japan's economy followed a modest recovery trend driven by, among other factors, the normalization of economic activity from the COVID-19 pandemic and a recovery in inbound tourism demand. Meanwhile, changes in people's lifestyles, such as remote work, online shopping, and growing use of contactless payment, which were driven by the COVID-19 pandemic, as well as the worsening labor shortage have made the digitalization of companies and government essential. The Group believes that digitalization will become a driving force that will transform Japan's society in the future, by facilitating improvement in productivity and the creation of innovation, and furthermore that the emergence of generative AI, which can generate a variety of content such as text, images, and programming code, will accelerate the speed of this transformation.

Overview of consolidated results of operations and results by segment

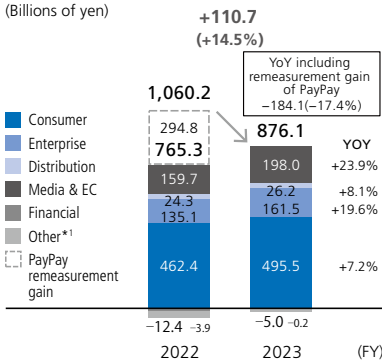
■ Revenue

For FY2023, revenue increased by ¥172.0 billion (2.9%) year on year to ¥6,084.0 billion. Revenue increased by ¥90.5 billion in the Financial segment, mainly due to the consolidation of PayPay in October 2022, by ¥56.6 billion in the Distribution segment, mainly due to a solid increase in revenue from ICT (Information and Communication Technology) related products and subscription services, by ¥52.4 billion in the Media & EC segment, mainly due to increased commerce revenue associated with the growth of the ASKUL Group (ASKUL Corporation and its subsidiaries) and the ZOZO Group (ZOZO, Inc. and its subsidiaries), as well as increased media revenue associated with the growth of account advertising, and by ¥37.2 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization. On the other hand, revenue decreased by ¥59.1 billion in the Consumer segment due to a decrease in electricity revenue, while there were increases in revenues from sales of goods and others, broadband revenue, and mobile revenues.



■ Operating income

For FY2023, operating income decreased by ¥184.1 billion (17.4%) year on year to ¥876.1 billion. This mainly reflected the absence of ¥294.8 billion associated with a gain on step acquisition in connection with the consolidation of PayPay that had been recorded in the previous fiscal year. On the other hand, operating income increased by ¥38.2 billion in the Media & EC segment, by ¥33.1 billion in the Consumer segment, by ¥26.5 billion in the Enterprise segment, by ¥7.4 billion in the Financial segment, and by ¥2.0 billion in the Distribution segment. Excluding the impact of the aforementioned gain on step acquisition, operating income for FY2023 increased by ¥110.7 billion (14.5%) year on year.

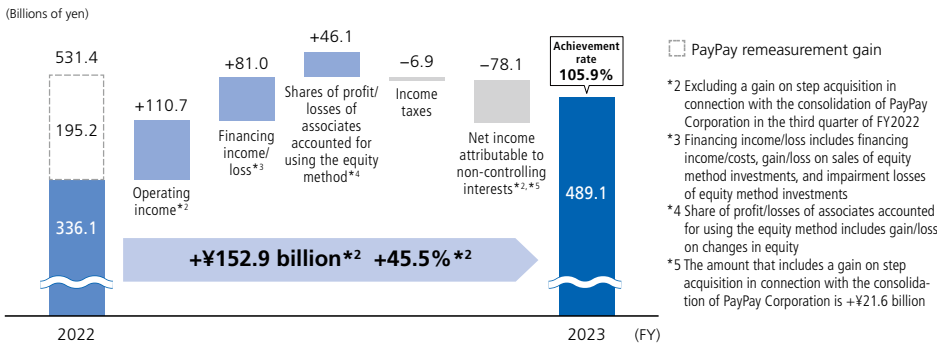


*1 "Other" includes inter-segment adjustments (FY2022: -¥1.6 billion, FY2023: ¥4.6 billion)

■ Net income attributable to owners of the Company

For FY2023, net income attributable to owners of the Company decreased by ¥42.3 billion (8.0%) year on year to ¥489.1 billion. This mainly reflected a decrease in operating income due to the aforementioned factors. On the other hand, the decrease was partly offset by, among other factors, the absence of losses on valuation of investment securities held that had been recorded in the previous fiscal year, a reversal of provisions for litigation that had been recorded in the previous fiscal year, and the recording of a gain on changes in equity interest associated with the change in the LY Group's equity interest in Webtoon Entertainment Inc. in FY2023. Excluding the impact of the aforementioned gain on step acquisition that had been recorded in the previous fiscal year, net income attributable to owners of the Company for FY2023 increased by ¥152.9 billion (45.5%) year on year. Net income attributable to non-controlling interests decreased by ¥21.6 billion (17.6%) year on year to ¥101.2 billion, mainly due to a decrease in net income at the LY Group.

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



*2 Excluding a gain on step acquisition in connection with the consolidation of PayPay Corporation in the third quarter of FY2022

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

*4 Share of profit/losses of associates accounted for using the equity method includes gain/loss on changes in equity

*5 The amount that includes a gain on step acquisition in connection with the consolidation of PayPay Corporation is +¥21.6 billion



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Adjusted EBITDA

For FY2023, adjusted EBITDA*¹ increased by ¥101.2 billion (6.5%) year on year to ¥1,667.7 billion. This mainly reflected an increase in operating income excluding a gain on step acquisition in connection with the consolidation of PayPay that was recorded in the previous fiscal year.

*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.

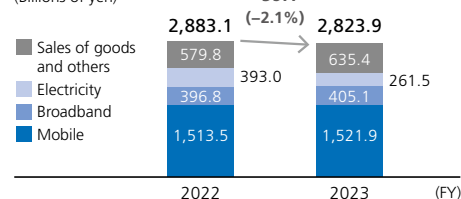
Revenue for FY2023 decreased by ¥59.1 billion (2.1%) year on year to ¥2,823.9 billion. Mobile revenue increased by ¥8.3 billion (0.6%) year on year. The increase mainly reflected a slowdown of the decline in ARPU due to the mobile service price reduction implemented in spring 2021, as well as an increase in smartphone subscribers mainly led by the *Y!mobile* brand. The decline in ARPU due to mobile service price reduction was mainly because of the penetration of price plans introduced in spring 2021 under the *SoftBank* and *Y!mobile* brands and further switching of subscribers from the *SoftBank* brand to the *Y!mobile* brand. Broadband revenue increased by ¥8.3 billion (2.1%) year on year. This increase was mainly due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service. Electricity revenue decreased by ¥131.5 billion (33.5%) year on year. This decrease was mainly due to a decrease in transactions in the electricity market. Revenues from sales of goods and others increased by ¥55.7 billion (9.6%) year on year to ¥635.4 billion. This increase was mainly due to an increase in unit prices of smartphones, etc. and an increase in the number of units sold.

Operating expenses*² were ¥2,328.4 billion, a decrease of ¥92.2 billion (3.8%) year on year. This decrease was mainly due to a decrease in the cost of service of electricity and a decrease in depreciation and amortization, while there was an increase in the cost of goods of smartphones, etc. As a result, segment income increased by ¥33.1 billion (7.2%) year on year to ¥495.5 billion.

*² Operating expenses include cost of sales, selling, general and administrative expenses, other operating income, and other operating expenses.

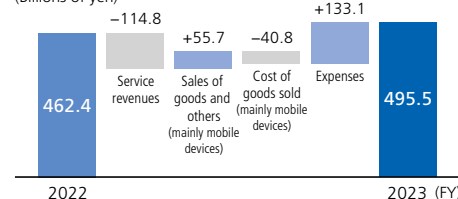
Consumer segment revenue

(Billions of yen)

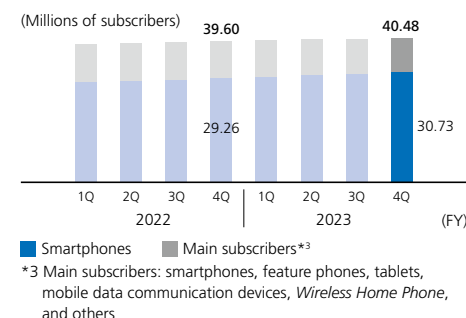


Consumer segment income

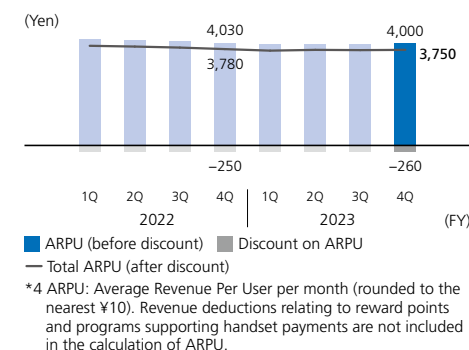
(Billions of yen)



Cumulative number of subscribers



ARPU (main subscribers)*⁴



Enterprise segment

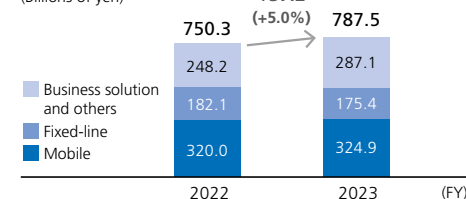
In the Enterprise segment, the Group provides a wide range of services for enterprise customers. These include mobile services such as mobile lines and mobile device rental, fixed-line communications services such as fixed-line telephones and data communications, as well as various solutions for enterprises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

Revenue for FY2023 increased by ¥37.2 billion (5.0%) year on year to ¥787.5 billion. Within Enterprise segment revenue, mobile revenue increased by ¥4.9 billion (1.5%) to ¥324.9 billion, fixed-line revenue decreased by ¥6.7 billion (3.7%) to ¥175.4 billion, and business solution and others revenue increased by ¥39.0 billion (15.7%) to ¥287.1 billion. The increase in mobile revenue was due to increases in mobile device sales and telecommunications revenue. The decrease in fixed-line revenue was mainly due to a decrease in the number of subscribers to telephone services. The increase in business solution and others revenue was from increased revenue mainly from cloud services and security solutions as a result of capturing enterprise customers' demand for digitalization.

Operating expenses were ¥625.9 billion, an increase of ¥10.7 billion (1.7%) year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue and the absence of a gain on step acquisition in connection with the consolidation of HEALTHCARE TECHNOLOGIES Corp. that had been recorded in the previous fiscal year, while there was a reversal of provisions for litigation that had been recorded in the previous fiscal year. As a result, segment income increased by ¥26.5 billion (19.6%) year on year to ¥161.5 billion.

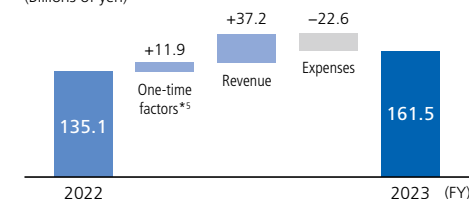
Enterprise segment revenue

(Billions of yen)



Enterprise segment income

(Billions of yen)



*⁵ One-time factors include a gain on step acquisition in connection with the consolidation of HEALTHCARE TECHNOLOGIES Corp. and the provision for litigation in FY2022, as well as the reversal of the provision for litigation in FY2023.

Review and Analysis of FY2023

■ Distribution segment

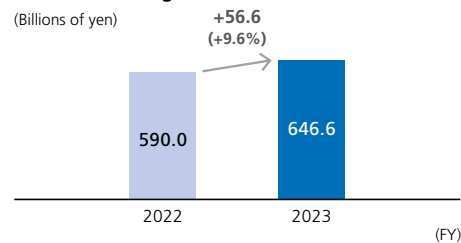
In the Distribution segment, the Group provides cutting-edge products and services that quickly capture the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing cloud services and advanced technologies including AI. For individual customers, 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 FY2023 increased by ¥56.6 billion (9.6%) year on year to ¥646.6 billion. This increase was mainly due to solid growth in ICT (Information and Communication Technology) related products for enterprise customers and subscription services such as cloud and SaaS, which are also for enterprise customers and have been strategic areas of focus.

Operating expenses were ¥620.4 billion, an increase of ¥54.6 billion (9.7%) year on year. This increase was mainly due to an increase in cost of sales associated with the increase in revenue. As a result, segment income increased by ¥2.0 billion (8.1%) year on year to ¥26.2 billion.

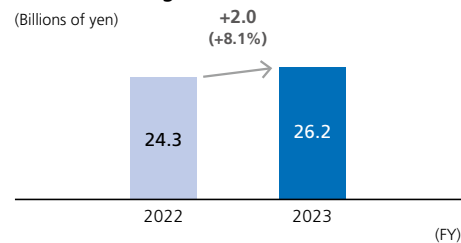
Distribution segment revenue

(Billions of yen)



Distribution segment income

(Billions of yen)



■ Media & EC segment

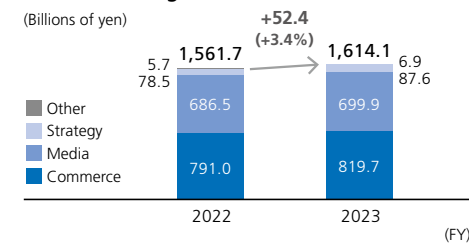
In the Media & EC segment, the Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the media field, the Group provides advertising-related services on its comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*.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

Revenue for FY2023 increased by ¥52.4 billion (3.4%) year on year to ¥1,614.1 billion. Within Media & EC segment revenue, media revenue increased by ¥13.5 billion (2.0%) to ¥699.9 billion, commerce revenue increased by ¥28.7 billion (3.6%) to ¥819.7 billion, strategy revenue increased by ¥9.1 billion (11.6%) to ¥87.6 billion, and other revenue increased by ¥1.2 billion (20.6%) to ¥6.9 billion. The increase in media revenue mainly reflected an increase in revenue from account advertising. The increase in commerce revenue is mainly due to an increase in revenue of the ASKUL Group and the ZOZO Group. The increase in strategy revenue mainly reflected an increase in revenue in the FinTech field.

Operating expenses were ¥1,416.2 billion, an increase of ¥14.2 billion (1.0%) year on year. This increase mainly reflected an increase in cost of sales at the ASKUL Group and an increase in depreciation and amortization, while there was a decrease in sales promotion expenses and advertising expenses. As a result, segment income increased by ¥38.2 billion (23.9%) year on year to ¥198.0 billion.

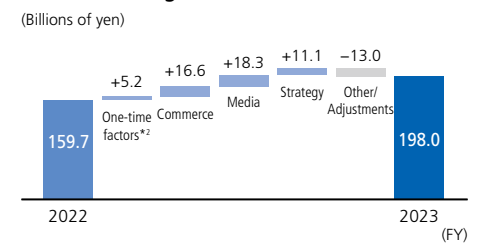
Media & EC segment revenue*1

(Billions of yen)



Media & EC segment income*1

(Billions of yen)



*1 In the first and third quarters of FY2023, LY Corporation and its subsidiaries revised its business management categories and the breakdown of certain services, etc. has been transferred. The breakdown of the "Media & EC" segment revenue for FY2022 has been restated accordingly. Changes in segment income are calculated based on restated figures of FY2022.

*2 One-time factors include the absence of remeasurement gain of business integration of LINE MUSIC Corporation recorded in FY2022, gain on business transfer associated with the transfer of AI Company business operated by LINE Corporation (currently LY Corporation) to LINE WORKS Corp. (formerly Works Mobile Japan Corporation) recorded in FY2023, and gain on loss of control of a subsidiary arising from the exclusion of JDW Co., Ltd., which handles "LINE TAXI" in Taiwan, resulting from a third party's investment in it, compensation received for damages, and impairment loss of idle assets.



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Review and Analysis of FY2023

■ Financial segment

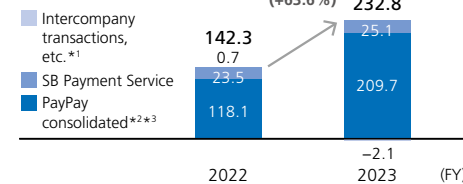
In the Financial segment, the Group provides cashless payment services such as QR and barcode payments and credit card services, development and provision of marketing solutions for merchants, financial services such as asset management, and provision of payment processing services offering one-stop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

Revenue for FY2023 increased by ¥90.5 billion (63.6%) year on year to ¥232.8 billion. This increase was mainly due to the consolidation of PayPay in October 2022 and an increase in its revenue.

Operating expenses were ¥237.8 billion, an increase of ¥83.1 billion (53.7%) year on year. This increase was mainly due to the effects of the abovementioned consolidation of PayPay. As a result, segment income increased by ¥7.4 billion year on year to negative ¥5.0 billion.

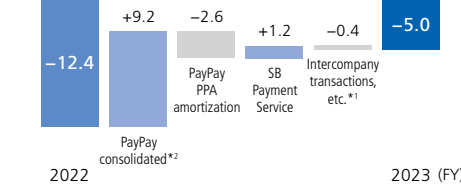
Financial segment revenue

(Billions of yen)



Financial segment income

(Billions of yen)



*1 Includes PayPay Securities Corporation standalone figures and intercompany transactions in the Financial segment, other than those between PayPay Corporation and PayPay Card Corporation

*2 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. Non-audited. FY2022 figures are for PayPay Card Corporation only through the second quarter; PayPay Corporation has been consolidated from the third quarter. FY2023 figures are for PayPay Card Corporation and PayPay Corporation

*3 PayPay Card Corporation revenues for FY2022 do not include revenues from the acquiring business inherited from Yahoo Japan Corporation (currently LY Corporation) in October 2022

Overview of consolidated financial position

■ Assets

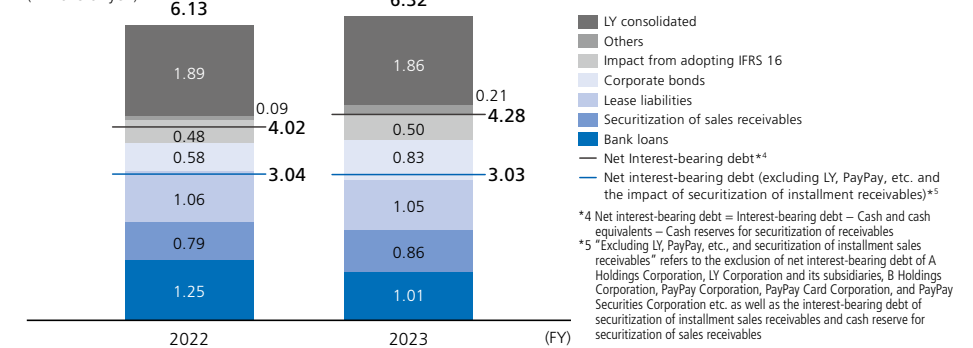
Total assets amounted to ¥15,521.9 billion as of March 31, 2024, an increase of ¥839.7 billion (5.7%) from the previous fiscal year-end. This mainly reflected an increase of ¥271.3 billion in trade and other receivables, an increase of ¥233.4 billion in investment securities in banking business, and an increase of ¥227.0 billion in other financial assets.

■ Liabilities

Total liabilities amounted to ¥11,586.3 billion as of March 31, 2024, an increase of ¥587.1 billion (5.3%) from the previous fiscal year-end. This increase was mainly due to an increase of ¥217.7 billion in trade and other payables, an increase of ¥186.4 billion in interest-bearing debt, and an increase of ¥170.9 billion in deposits for banking business. The increase in interest-bearing debt mainly reflected various types of fund procurement at the Company.

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

(Trillions of yen)



*4 Net interest-bearing debt = Interest-bearing debt - Cash and cash equivalents - Cash reserves for securitization of receivables
*5 "Excluding LY, PayPay, etc., and securitization of installment sales receivables" refers to the exclusion of net interest-bearing debt of A Holdings Corporation, LY Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, and PayPay Securities Corporation etc. as well as the interest-bearing debt of securitization of installment sales receivables and cash reserve for securitization of sales receivables

Consolidated statement of financial position

(Billions of yen)

| (FY) | 2022 | 2023 | Variance | Main Reasons for Variance |
|-----------------------------|----------|----------|----------|--|
| Cash and cash equivalents | 2,059.2 | 1,992.9 | -66.3 | |
| Trade and other receivables | 2,389.7 | 2,661.0 | +271.3 | Increase in trade receivables of PayPay Card Corporation due to business expansion increase in deposits for PayPay, etc. |
| PP&E/ Right-of-use assets | 2,437.3 | 2,431.0 | -6.3 | Increase in PP&E (property, plant and equipment) due to increase in telecommunication equipment. Right-of-use assets decreased mainly due to the end of term for finance leases |
| Goodwill/ Intangible assets | 4,523.4 | 4,554.9 | +31.5 | Increased mainly due to the consolidation of Cubic Telecom |
| Other assets | 3,272.6 | 3,882.1 | +609.6 | |
| Total assets | 14,682.2 | 15,521.9 | +839.7 | |
| Interest-bearing debt | 6,134.5 | 6,320.9 | +186.4 | Increased due to various financing in SoftBank |
| Other liabilities | 4,864.6 | 5,265.4 | +400.8 | Increase in trade and other payables due to an increase in accrued liabilities balance resulting from an increase in GMV of PayPay, and an increase in deposits for banking business due to an increase in deposits at PayPay Bank Corporation |
| Total liabilities | 10,999.1 | 11,586.3 | +587.1 | |
| Total equity | 3,683.1 | 3,935.6 | +252.6 | Increased due to recording of net income, payment of dividends, and issuance of Bond-Type Class Shares |



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Review and Analysis of FY2023

Equity

Total equity amounted to ¥3,935.6 billion as of March 31, 2024, an increase of ¥252.6 billion (6.9%) from the previous fiscal year-end. Equity attributable to owners of the Company increased by ¥152.1 billion. This mainly reflected an increase of ¥489.1 billion due to the recording of net income for the period and an increase of ¥137.3 billion due to the issuance of new shares including the Series 1 Bond-Type Class Shares. On the other hand, the increase in equity attributable to owners of the Company was partly offset mainly by a decrease of ¥406.9 billion due to payment of cash dividends and a decrease of ¥100.0 billion due to share buybacks.

Overview of consolidated cash flows

Cash flows from operating activities

In FY2023, net cash inflow from operating activities was ¥1,239.7 billion, an increase of ¥83.9 billion in cash inflow year on year. This increase mainly reflected an increase in adjusted EBITDA and an increase in cash inflow associated with changes in deposits and loans in banking business, while there was an increase in cash outflow associated with an increase in trade and other receivables.

Cash flows from investing activities

In FY2023, net cash outflow from investing activities was ¥927.6 billion, an increase of ¥772.8 billion in cash outflow year on year. This increase mainly reflected the absence of a one-time cash inflow of ¥397.3 billion from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of PayPay that had been recorded in the previous fiscal year, as well as an increase in a cash outflow associated with purchase of investment securities in banking business in FY2023.

Cash flows from financing activities

In FY2023, net cash outflow from financing activities was ¥357.1 billion. While there were cash inflows of ¥2,973.6 billion from fund procurement, including bank loans, leases, corporate bonds, the securitization of receivables, and issuance of the Series 1 Bond-Type Class Shares, there were cash outflows of ¥3,330.7 billion for factors including the repayment of loans, payment of cash dividends, and share buybacks.

Adjusted free cash flow

In FY2023, adjusted free cash flow was positive ¥390.0 billion, a decrease of ¥630.6 billion year on year. This decrease reflected, as described earlier, the increase in net cash outflow from investing activities, while there were increases in net cash inflow from operating activities and cash inflow from securitization of installment sales receivables.

Capital expenditures

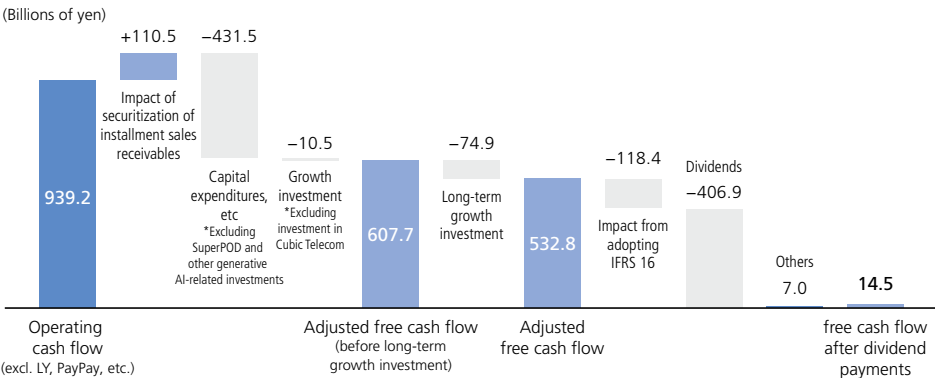
In FY2023, capital expenditures were ¥650.9 billion, a decrease of ¥137.8 billion year on year. This decrease was mainly due to a decrease in capital expenditures associated with the completion of 5G coverage deployment and a decrease in capital expenditures by the LY Group, while investments were made in the generative AI platform.

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*¹, digital twin, autonomous driving, and quantum technology. The Group stepped up its R&D spending mainly in the areas of AI, HAPS, advertising-related services and applications R&D, bringing research and development expenses for FY2023 to ¥60.4 billion, compared to ¥56.1 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 ICT within the Group. In line with this goal, the Group is actively pursuing research and development and commercialization opportunities.

*1 High Altitude Platform Station (HAPS): generic name for a system that provides telecommunication services over wide areas by operating an unmanned aircraft that continually flies in the stratosphere for extended periods of time like a telecommunication base station

Adjusted free cash flow*² (Excluding LY, PayPay, etc.*³)



*2 Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)
*3 Excludes free cash flow from A Holdings Corporation, LY Corporation and its subsidiaries, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, PayPay Securities Corporation, etc., as well as loans to Board Directors, etc.; includes dividend payments received from A Holdings Corporation



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Consolidated Financial Statements

Consolidated Statement of Financial Position

SoftBank and its consolidated subsidiaries

| | March 31, 2023 | (Millions of yen) March 31, 2024 |
|---|----------------|-------------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | ¥ 2,059,167 | ¥ 1,992,873 |
| Trade and other receivables | 2,389,731 | 2,660,995 |
| Other financial assets | 194,924 | 229,715 |
| Inventories | 159,139 | 155,059 |
| Other current assets | 145,134 | 186,810 |
| Subtotal | 4,948,095 | 5,225,452 |
| Assets classified as held for sale | — | 42,577 |
| Total current assets | 4,948,095 | 5,268,029 |
| Non-current assets | | |
| Property, plant and equipment | 1,673,705 | 1,768,812 |
| Right-of-use assets | 763,598 | 662,183 |
| Goodwill | 1,994,298 | 2,049,404 |
| Intangible assets | 2,529,116 | 2,505,511 |
| Contract costs | 334,345 | 319,140 |
| Investments accounted for using the equity method | 218,170 | 251,488 |
| Investment securities | 241,294 | 272,788 |
| Investment securities in banking business | 288,783 | 522,232 |
| Other financial assets | 1,528,650 | 1,755,627 |
| Deferred tax assets | 59,608 | 46,529 |
| Other non-current assets | 102,519 | 100,163 |
| Total non-current assets | 9,734,086 | 10,253,877 |
| Total assets | ¥14,682,181 | ¥15,521,906 |

| | March 31, 2023 | (Millions of yen) March 31, 2024 |
|--|----------------|-------------------------------------|
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Interest-bearing debt | ¥ 2,064,154 | ¥ 2,381,632 |
| Trade and other payables | 2,317,402 | 2,535,072 |
| Contract liabilities | 116,213 | 128,307 |
| Deposits for banking business | 1,472,260 | 1,643,155 |
| Other financial liabilities | 6,729 | 1,722 |
| Income taxes payable | 116,220 | 125,933 |
| Provisions | 63,642 | 33,287 |
| Other current liabilities | 216,018 | 226,596 |
| Subtotal | 6,372,638 | 7,075,704 |
| Liabilities that directly relate to assets classified as held for sale | — | 9,582 |
| Total current liabilities | 6,372,638 | 7,085,286 |
| Non-current liabilities | | |
| Interest-bearing debt | 4,070,347 | 3,939,255 |
| Other financial liabilities | 30,236 | 45,312 |
| Provisions | 94,084 | 99,491 |
| Deferred tax liabilities | 341,170 | 301,852 |
| Other non-current liabilities | 90,639 | 115,063 |
| Total non-current liabilities | 4,626,476 | 4,500,973 |
| Total liabilities | 10,999,114 | 11,586,259 |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Common stock | 204,309 | 214,394 |
| Capital surplus | 685,066 | 736,052 |
| Retained earnings | 1,392,043 | 1,475,775 |
| Treasury stock | −74,131 | −75,822 |
| Accumulated other comprehensive income | 17,658 | 26,675 |
| Total equity attributable to owners of the Company | 2,224,945 | 2,377,074 |
| Non-controlling interests | 1,458,122 | 1,558,573 |
| Total equity | 3,683,067 | 3,935,647 |
| Total liabilities and equity | ¥14,682,181 | ¥15,521,906 |



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Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

SoftBank and its consolidated subsidiaries

| | (Millions of yen) | |
|---|-------------------|-------------|
| | FY2022 | FY2023 |
| Revenue | ¥ 5,911,999 | ¥ 6,084,002 |
| Cost of sales | −3,194,085 | −3,150,653 |
| Gross profit | 2,717,914 | 2,933,349 |
| Selling, general and administrative expenses | −1,964,580 | −2,081,765 |
| Other operating income | 321,422 | 30,172 |
| Other operating expenses | −14,588 | −5,688 |
| Operating income | 1,060,168 | 876,068 |
| Gain on changes in equity interest | 5,343 | 20,435 |
| Share of losses of associates accounted for using the equity method | −53,218 | −22,198 |
| Financing income | 11,905 | 12,921 |
| Financing costs | −117,212 | −61,415 |
| Gain on sales of equity method investments | 1,109 | 5,227 |
| Impairment loss on equity method investments | −45,227 | −25,126 |
| Profit before income taxes | 862,868 | 805,912 |
| Income taxes | −208,743 | −215,647 |
| Net income* ¹ | 654,125 | 590,265 |
| Net income attributable to | | |
| Owners of the Company | 531,366 | 489,074 |
| Non-controlling interests | 122,759 | 101,191 |
| | ¥ 654,125 | ¥ 590,265 |
| | (Yen) | |
| Earnings per share attributable to owners of the Company | | |
| Basic earnings per share | 112.53 | 103.17 |
| Diluted earnings per share | 111.00 | 101.16 |

*All net income of SoftBank Corp. and its subsidiaries for FY2022 and FY2023 was generated from continued operations.

| | (Millions of yen) | |
|--|-------------------|-----------|
| | FY2022 | FY2023 |
| Net income | ¥ 654,125 | ¥ 590,265 |
| Other comprehensive income (loss), net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plan | 3,240 | −308 |
| Changes in the fair value of equity instruments at FVTOCI | 170,427 | 2,651 |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | 146 | 479 |
| Total items that will not be reclassified to profit or loss | 173,813 | 2,822 |
| Items that may be reclassified subsequently to profit or loss | | |
| Changes in the fair value of debt instruments at FVTOCI | −598 | −1,071 |
| Cash flow hedges | 822 | −132 |
| Exchange differences on translation of foreign operations | 14,921 | 20,545 |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | 1,139 | 9,754 |
| Total items that may be reclassified subsequently to profit or loss | 16,284 | 29,096 |
| Total other comprehensive income (loss), net of tax | 190,097 | 31,918 |
| Total comprehensive income | 844,222 | 622,183 |
| Total comprehensive income attributable to | | |
| Owners of the Company | 654,503 | 499,960 |
| Non-controlling interests | 189,719 | 122,223 |
| | ¥ 844,222 | ¥ 622,183 |



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Consolidated Statement of Changes in Equity

SoftBank and its consolidated subsidiaries
FY2022 and FY2023

| | Equity attributable to owners of the Company | | | | | | | (Millions of yen) |
|--|--|-----------------|-------------------|----------------|---|-----------|---------------------------|-------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Accumulated other comprehensive income (loss) | Total | Non-controlling interests | Total equity |
| As of April 1, 2022 | 204,309 | 688,030 | 1,131,391 | -106,462 | 43,353 | 1,960,621 | 1,252,110 | 3,212,731 |
| Comprehensive income | | | | | | | | |
| Net income | — | — | 531,366 | — | — | 531,366 | 122,759 | 654,125 |
| Other comprehensive income (loss) | — | — | — | — | 123,137 | 123,137 | 66,960 | 190,097 |
| Total comprehensive income | — | — | 531,366 | — | 123,137 | 654,503 | 189,719 | 844,222 |
| Transactions with owners and other transactions | | | | | | | | |
| Cash dividends | — | — | -405,658 | — | — | -405,658 | -47,200 | -452,858 |
| Issuance of new shares | — | — | — | — | — | — | — | — |
| Transfer from common stock to capital surplus | — | — | — | — | — | — | — | — |
| Purchase of treasury stock | — | — | — | -0 | — | -0 | — | -0 |
| Disposal of treasury stock | — | -13,909 | — | 32,331 | — | 18,422 | — | 18,422 |
| Cancellation of treasury stock | — | — | — | — | — | — | — | — |
| Changes from business combinations | — | -3,730 | — | — | — | -3,730 | 36,672 | 32,942 |
| Changes from loss of control | — | — | — | — | — | — | 609 | 609 |
| Changes in interests in existing subsidiaries | — | -709 | — | — | — | -709 | 26,275 | 25,566 |
| Share-based payment transactions | — | 1,438 | — | — | — | 1,438 | — | 1,438 |
| Transfer from retained earnings to capital surplus | — | 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 |
| As of April 1, 2023 | 204,309 | 685,066 | 1,392,043 | -74,131 | 17,658 | 2,224,945 | 1,458,122 | 3,683,067 |
| Comprehensive income | | | | | | | | |
| Net income | — | — | 489,074 | — | — | 489,074 | 101,191 | 590,265 |
| Other comprehensive income | — | — | — | — | 10,886 | 10,886 | 21,032 | 31,918 |
| Total comprehensive income | — | — | 489,074 | — | 10,886 | 499,960 | 122,223 | 622,183 |
| Transactions with owners and other transactions | | | | | | | | |
| Cash dividends | — | — | -406,935 | — | — | -406,935 | -45,589 | -452,524 |
| Issuance of new shares | 70,085 | 67,180 | — | — | — | 137,265 | — | 137,265 |
| Transfer from common stock to capital surplus | -60,000 | 60,000 | — | — | — | — | — | — |
| Purchase of treasury stock | — | — | — | -100,000 | — | -100,000 | — | -100,000 |
| Disposal of treasury stock | — | -12,535 | — | 27,175 | — | 14,640 | — | 14,640 |
| Cancellation of treasury stock | — | -71,134 | — | 71,134 | — | — | — | — |
| Changes from business combinations | — | — | — | — | — | — | 13,528 | 13,528 |
| Changes from loss of control | — | — | — | — | — | — | -6,490 | -6,490 |
| Changes in interests in existing subsidiaries | — | 8,600 | — | — | — | 8,600 | 16,989 | 25,589 |
| Share-based payment transactions | — | -1,009 | — | — | — | -1,009 | — | -1,009 |
| Transfer from retained earnings to capital surplus | — | — | — | — | — | — | — | — |
| Transfer from accumulated other comprehensive income (loss) to retained earnings | — | — | 1,869 | — | -1,869 | — | — | — |
| Other | — | -116 | -276 | — | — | -392 | -210 | -602 |
| Total transactions with owners and other transactions | 10,085 | 50,986 | -405,342 | -1,691 | -1,869 | -347,831 | -21,772 | -369,603 |
| As of March 31, 2024 | 214,394 | 736,052 | 1,475,775 | -75,822 | 26,675 | 2,377,074 | 1,558,573 | 3,935,647 |



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Consolidated Statement of Cash Flows

SoftBank and its consolidated subsidiaries
FY2022 and FY2023

| | (Millions of yen) | |
|---|-------------------|------------|
| | FY2022 | FY2023 |
| Cash flows from operating activities | | |
| Net income | ¥ 654,125 | ¥ 590,265 |
| Depreciation and amortization | 764,210 | 743,808 |
| Loss on disposal of property, plant and equipment and intangible assets | 30,927 | 25,321 |
| Remeasurement gain on step acquisition | -310,084 | — |
| Gain relating to loss of control over subsidiaries | -8,655 | -10,284 |
| Financing income | -11,905 | -12,921 |
| Financing costs | 117,212 | 61,415 |
| Share of losses of associates accounted for using the equity method | 53,218 | 22,198 |
| Gain on sales of equity method investments | -1,109 | -5,227 |
| Impairment loss on equity method investments | 45,227 | 25,126 |
| Gain on change in equity | -5,343 | -20,435 |
| Income taxes | 208,743 | 215,647 |
| (Increase) decrease in trade and other receivables | -125,607 | -325,141 |
| (Increase) decrease in inventories | -21,331 | 2,744 |
| Purchases of mobile devices leased to enterprise customers | -49,799 | -49,164 |
| Increase (decrease) in trade and other payables | 269,806 | 284,461 |
| Increase (decrease) in consumption taxes payable | 11,079 | 8,090 |
| Increase (decrease) in deposits in banking business | 66,055 | 170,895 |
| (Increase) decrease in loans in banking business | -229,913 | -135,185 |
| Other | 18,665 | -14,363 |
| Subtotal | 1,475,521 | 1,577,250 |
| Interest and dividends received | 7,253 | 6,543 |
| Interest paid | -61,362 | -62,922 |
| Income taxes paid | -287,741 | -321,493 |
| Income taxes refunded | 22,079 | 40,311 |
| Net cash inflow from operating activities | ¥ 1,155,750 | ¥1,239,689 |

| | (Millions of yen) | |
|--|-------------------|-------------|
| | FY2022 | FY2023 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | ¥ -609,222 | ¥ -554,074 |
| Proceeds from sales of property, plant and equipment and intangible assets | 1,676 | 1,838 |
| Payments for acquisition of investments | -64,894 | -96,062 |
| Proceeds from sales/redemption of investments | 17,090 | 23,601 |
| Purchase of investment securities in banking business | -166,222 | -328,014 |
| Proceeds from sales/redemption of investment securities in banking business | 209,247 | 127,586 |
| Proceeds from (payments for) obtaining control of subsidiaries | 382,455 | -67,528 |
| Other | 75,097 | -34,954 |
| Net cash outflow from investing activities | -154,773 | -927,607 |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term interest-bearing debt, net | 54,550 | 162,128 |
| Proceeds from interest-bearing debt | 2,087,121 | 2,638,810 |
| Repayment of interest-bearing debt | -2,223,935 | -2,778,236 |
| Proceeds from issuance of shares | — | 136,233 |
| Proceeds from stock issuance to non-controlling interests | 30,907 | 34,202 |
| Payments for purchase of treasury stock | -0 | -100,000 |
| Cash dividends paid | -405,559 | -406,752 |
| Cash dividends paid to non-controlling interests | -47,212 | -45,697 |
| Other | 8,868 | 2,214 |
| Net cash outflow from financing activities | -495,260 | -357,098 |
| Effect of exchange rate changes on cash and cash equivalents | 6,658 | 11,733 |
| Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale | — | -33,011 |
| Increase (decrease) in cash and cash equivalents | 512,375 | -66,294 |
| Cash and cash equivalents at the beginning of the period | 1,546,792 | 2,059,167 |
| Cash and cash equivalents at the end of the period | ¥ 2,059,167 | ¥ 1,992,873 |



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Material Issues

| | | | | |
|-----------------------------|---|---|---|---|
| Material Issue | Building society and industry through DX | | | |
| Social Issues | • 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><div>Risks</div><ul style="list-style-type: none">Loss of promising markets due to lack of digital strategy or vision in companies, decline in corporate appetite for innovation, or stagnation in digitalization due to delay in loosening regulationsDeclines in profitability due to intensified competition from numerous new entrants into the enterprise solutions marketLoss of business opportunities due to shortage of digital talent</div> <div><div>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 investorsExpansion of various solution businesses for implementing digital technologies in societyGrowing opportunities to provide solutions for demographic aging issues and regional revitalizationBusiness expansion through the development and implementation of solutions leveraging generative AI</div> | | | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | Expand and enhance the efficiency of the industrial base through cutting-edge technologies Leverage 5G, big data, AI, IoT and other technologies to contribute to the vitality of customer businesses. | <ul style="list-style-type: none">Leverage 5G, big data, AI, IoT and other technologies to contribute to the vitality of customer businessesStreamline industry through generative AI (homegrown large language models (LLMs), multimodal generative AI, etc.) and IoT, xIPF, cloud services and data | 1) Revenue from business solution and others: 10% CAGR (CAGR: Compound Annual Growth Rate, calculated by the Group) | 1) 16.0% |
| | 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, etc.)Promote co-creation through DX (ONE SHIP, etc.)Realize smart cities (smart cities, smart buildings, smart stadiums, etc.) | 1) Create at least one example of social implementation in each of the seven priority business areas (priority business areas: retail/distribution, logistics, insurance/finance, social infrastructure, healthcare, super cities/smart cities, and other industries) | 1) 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 (number of Group-wide cases of commencing provision of solutions) | 1) 33 initiatives |

NEW Newly established targets for FY2024 **Updated** Updated targets for FY2024 from the one from FY2023
Unless otherwise specified, the KPI metrics and targets, as well as results, are for SoftBank Corp. on a standalone basis.



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Material Issues

| | | | | |
|-----------------------------|---|---|--|---|
| Material Issue | Connecting people and information to create new excitement | | | |
| Social Issues | • 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><div>Risks</div><ul style="list-style-type: none">Decline in profitability and intensifying price competition due to commoditization of the existing telecommunications servicesDecline in profitability due to intensifying competition and mismatch with customer needs in e-commerce and finance/payment businesses</div> <div><div>Opportunities</div><ul style="list-style-type: none">Growth in smartphone subscribers and increase in large volume data usersExpansion of business into non-telecommunication areas, such as finance/payment servicesIncreased profit opportunities via deeper data-driven marketing</div> | | | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | Realize attractive customer value through the spread of smart devices Provide unprecedented new experiences and excitement through a wide range of technologically innovative services. | <ul style="list-style-type: none">Provide wide-ranging customer value, price plans and services through the spread of smart devices and multiple brandsProvide services utilizing Group synergies, including <i>Yahoo! JAPAN</i>, <i>PayPay</i>, and <i>LINE</i>Provide new experiences using 5G (VR, sports viewing, etc.) | 1) Smartphone cumulative subscribers: Net additions at level of 1 million annually <div>Updated</div> 2) Understanding of customer feedback/NPS improvement: Number of surveys collected (Net Promoter Score: a metric used to assess customer loyalty) | 1) 30.73 million *1 2) 4.22 million |
| | 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 offer services through communication apps such as <i>LINE</i>Hold smartphone classes in stores nationwide | 1) Total usage rate of <i>LINE NEWS</i> / <i>Yahoo! JAPAN News</i> : 79% or more <div>Updated</div> 2) — 3) Smartphone classes: 1million times <div>Updated</div> | 1) 43.60 million *2 2) Alliance members: Increased to 81 companies *3 3) 998,000 classes *4 |
| | 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>, <i>AI Smart Coach</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> : 70 million <div>Updated</div> (figure for <i>PayPay</i> only, medium-term target) 2) E-commerce transaction value (merchandise, domestic): ¥3.03 trillion <div>Updated</div> | 1) 63.04 million *5 2) ¥3.03 trillion *6 |

Targets for FY2023 *1 Smartphone cumulative subscribers: 30 million (FY2023) *2 *Yahoo! JAPAN News* DAU (daily active users): 45 million *3 Expand the HAPS Alliance to broaden Internet communications across the world: promoting initiatives
*4 Smartphone classes: 900,000 classes *5 Cumulative registered users of *PayPay*: 60 million *6 E-commerce transaction value (merchandise, domestic): ¥3.1 trillion



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Material Issues

| 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 payment, 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 | <div>Risks</div> <ul style="list-style-type: none">Loss of business opportunities due to delay of business development resulting from shortages of required human resources and knowledgeInability to recoup invested funds or impairment losses due to failure to achieve expected resultsIncrease of research and development costs for homegrown large language models (LLMs) and delays in monetization | | <div>Opportunities</div> <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 developmentAdvancement and deepening of innovation through co-creation and expansion of the scale of businesses and markets in which the Group participatesExpansion of new solution businesses utilizing homegrown large language models (LLMs) | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | Develop new businesses with cutting-edge technologies Together with our partners, create new businesses for the future by utilizing the most advanced technology. | <ul style="list-style-type: none">Develop new businesses to promote the social implementation of digital technologies (mobility × AI, stratosphere-based high-altitude platform station, autonomous mobility)Promote NTN initiative (HAPS, OneWeb, Starlink Business)Research, develop, and promote new technologies (homegrown LLMs, next-generation batteries, etc.) | 1) Pursuing initiatives to realize the NTN concept (FY2027) <div>Updated</div> 2) Construction of a homegrown LLM (Large Language Model) with 390 billion parameters <div>NEW</div> | 1) Initiatives for HAPS commercialization*1 <ul style="list-style-type: none">Batteries: high-performance lightweight battery commercialization (400 Wh/kg-level cells)Motor: completed a new design for a prototype motor (Nidec)Wireless devices for the stratosphere:<ul style="list-style-type: none">–successful verification of area optimization technology through cylinder antennas–successful test of stratosphere-based 5G communications in Rwanda 2) — |
| | 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 Funds projects in Japan and overseas through global partnerships | 1) Strategic partnerships and business investments in new business areas <div>Updated</div> | 1) 6 businesses *2 |
| | 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 businessesAllocate personnel to new businesses through improvements in operational efficiencyHuman resource recruitment, development, systems (SoftBank Academia, SoftBank InnoVenture, SoftBank University and Generative AI Utilization Contests) and compensation necessary to create and promote new businessesPromote R&D for cutting-edge technologies | 1) Promote SoftBank InnoVenture commercialization | 1) Considered commercialization: 7 projects (158 applications) |

Reference Targets for FY2023 *1 Promote initiatives for HAPS commercialization (FY2025 to FY2027) *2 Promote business initiation and development in new business areas



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Material Issues

| 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 changeTransition to an energy-saving, circular economy that recycles and reuses limited resourcesGrowing power consumption with increasing data processing and the concentration of power consumption in urban areas | | | |
| Key Risks and Opportunities | <div>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 disastersDifficulty in securing non-fossil fuel electricity and long-term increase in electricity procurement costsImpact on financing due to insufficient environmental effortsInsufficient electricity supply to carry out Next-generation Social Infrastructure projects | | <div>Opportunities</div> <ul style="list-style-type: none">Expansion of the energy-efficient solution market utilizing AI, IoT, etc.Expansion of businesses related to the sharing economy and renewable energyStabilization of business operations using geographically distributed data centers and super-distributed computing infrastructureEnsuring sustainable, low-cost non-fossil fuel electricity | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | Contribute to the mitigation of climate change through technology and business Use renewable energy to reduce CO ₂ emissions and promote energy conservation through ICT as measures to combat climate change. | <ul style="list-style-type: none">Switch electricity used in business to electricity from renewable energy (including the use of non-fossil certificates designated as renewable energy)Procure new energy from renewable sources such as wind, solar, etc.Secure stable power through long-term Power Purchase Agreements (PPA)Utilize AI, IoT and other technologies to save energy (smart buildings, etc.)Construct distributed AI data centersSpread awareness of energy saving through the <i>Eco-Denki</i> app | <ol style="list-style-type: none">Net zero emissions (Scope 1, 2, 3) (FY2050)<ul style="list-style-type: none">Carbon neutrality (Scope 1, 2) (FY2030) (Covers the SoftBank Group)Ratio of renewable energy to electricity used by the company: 50% or greater (FY2030) (procurement from new (additional) renewable energy generation (wind, solar, etc.))Ratio of renewable energy for base stations: 90% or greater UpdatedContribution to the reduction of CO₂ emissions in<ul style="list-style-type: none">society as a whole: spread and expand household energy-saving services through electricity management apps, etc.create and expand businesses related to climate change NEW | <ol style="list-style-type: none">Promoted switch to renewable energy<ul style="list-style-type: none">Considered energy-saving facilities using technology and the introduction of renewable energy with additionality (considering ways to contribute to the expansion of new renewable energy sources, in addition to the use of conventional renewable energy sources)Establishment of internal system for promoting Scope 3 reductionDeveloping renewable energy power plants as a power generation operator81.6% ^{*1}Households using the service: Approximately 1.2 million households |
| | Promote a recycling-based society (circular economy) Limit the amount of resources used and promote recycling and reuse. | <ul style="list-style-type: none">Promote recycling (mobile phones, base station equipment, etc.)Reduce waste in business activitiesSupport the construction of new independent water reuse systems (<i>WOTA</i>, <i>WOSH</i>) | <ol style="list-style-type: none">Mobile phones collected for reuse or recycling: 12 million (FY2020-2025)Recycling rate of decommissioned base stations: over 99% (annually) UpdatedIndustrial waste recycling rate: 1% increase year on year NEW | <ol style="list-style-type: none">9.87 million phones0.03% ^{*2}— |
| | Contributing to biodiversity conservation Aim to minimize the impact on ecosystems in our business activities. | <ul style="list-style-type: none">Understand and reduce the impact of business activities through initiatives such as tree planting around development sites, etc.Conduct biodiversity conservation activities such as coral conservation | <ol style="list-style-type: none">Achieving Nature Positive by 2030:<ul style="list-style-type: none">Promotion of forest conservation by more than doubling the area of land development in Key Biodiversity AreaPromotion of initiatives such as tree planting to contribute to water source replenishment equivalent to 1% of water usage for newly developed data centers NEWPromotion of initiatives related to conserving biodiversity/natural capital | <ol style="list-style-type: none">Contribution to forest conservation equivalent to the development area of natural conservation areas in FY2022 (500m² or more) ^{*3}Coral seedlings planted by Future and Coral Project: 60 |
| | Realize a prosperous society through the spread of renewable energy Work to promote and expand renewable energy businesses and services to create an environmentally friendly society. | <ul style="list-style-type: none">Provide renewable energy to individual and corporate customers, mainly through <i>Shizen Denki</i>Support transitions to renewable energy through our agency purchasing service for non-fossil certificates | <ol style="list-style-type: none">Promotion of renewable energy power provision through offerings such as renewable energy power plans Updated | <ol style="list-style-type: none">CO₂ emissions reduced by providing <i>Shizen Denki</i>: 39,000 tons-CO₂ ^{*4} (<i>Shizen Denki</i>: service that provides 100% renewable energy source through the use of non-fossil certificates) |

Targets for FY2023 ^{*1} Ratio of renewable energy for base stations: 80% or more (FY2023) ^{*2} Percentage of decommissioned base stations going to landfill: 1% or less (annually) ^{*3} Reducing the impact of land development on biodiversity ^{*4} Promotion of renewable energy power provision: expand provision of renewable energy power plans



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Material Issues

| Material Issue | Building high-quality social infrastructure | | | |
|-----------------------------|--|---|---|--|
| Social Issues | • 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><div>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> <div><div>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</div> | | | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | Prepare sustainable life infrastructure Provide communications services with stable connectivity by maintaining a highly reliable network. | <ul style="list-style-type: none">• Promotion of Next-generation Social Infrastructure concept (distributed data centers, xIPF, etc.)• Broad rollout and quality enhancement of 5G, R&D toward realizing next-generation 6G• 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 | 1) 5G deployment plan Expansion of 5G standalone (SA) coverage: smartphone SA in key areas of all prefectures (FY2026) 2) Completion of the first phase of construction and opening of the Hokkaido Data Center (FY2026) NEW 3) Number of major network accidents: zero 4) High-capacity optical submarine cable: start of operation (FY2023) Updated | 1) Completion in three cities: Tokyo, Osaka, and Nagoya 2) — 3) 2 4) • Cable laying work: 97% completed *1 • Land station construction: all stations completed • Acceptance tests: in progress (delays caused by lengthened construction due to geopolitical risks, etc.) |
| | 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 | 1) — 2) Maintain and enhance equipment and materials for disaster response and recovery: strengthen cooperation with external organizations involved in disaster recovery Updated | 1) Commercial operation start*2 2) • Mobile base station vehicles/portable mobile base stations: 200 • Mobile power supply vehicles: 91 • Portable satellite antennas: 282 • Signing a disaster agreement with external organizations *3 |
| | 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">• Operation and management using advanced security systems and tools (SIEM (Security Information and Event Management), MDM (Mobile Device Management), EDR (Endpoint Detection and Response), etc.)• Promote the protection and appropriate use of personal Information• Thoroughly educate employees and build secure environments and facilities (classroom training, regular e-learning and security drills, updating security rules, etc.) | 1) Number of major accidents involving information security: zero (annually) 2) Number of major accidents involving privacy issues: zero (annually) 3) • Enhance transparency: addition of corporate data (corporate company information) Updated • Strengthening of “self-information control” rights (reflecting the will of customers): optimization settings for advertising delivery Updated | 1) Zero major accidents 2) Zero major accidents 3) • Privacy dashboard setting function: function added • Disclosure of information handling of application/website usage details: disclosed *4 |

Targets for FY2023 *1 High-capacity optical submarine cable: start of operation (FY2023) *2 Tohoku Route: commercial operation start (FY2022) *3 Maintain and enhance equipment and materials for disaster response and recovery: 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
*4 Helping customers understand how their personal information is handled



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Material Issues

| | | | | |
|-----------------------------|---|---|--|--|
| Material Issue | Developing a resilient management foundation | | | |
| Social Issues | • 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><div>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> <div><div>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</div> | | | |
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | <div>Enhance corporate governance and ensure its effectiveness Build a sophisticated governance system, increase management transparency, and ensure to conduct corporate governance with integrity and fairness.</div> | <ul style="list-style-type: none">• Reinforce compliance and AI governance• 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 | <div>1) Promotion of AI governance NEW</div> <div>2) Number of compliance violations: performance monitoring (annually)</div> <div>3) Employees' attendance rate of compliance training sessions: 99% or more (annually)</div> <div>4) Employee Compliance Awareness Survey: score 75 or higher Updated</div> <div>5) Awareness of Compliance Hotline among employees: 99% or more (annually) Updated</div> <div>6) Ensure effectiveness of the Board of Directors: Conduct evaluation</div> <div>7) Average attendance rate of all Board Directors at Board of Directors meetings: 75% or more</div> | <div>1) —</div> <div>2) Number of disciplinary actions: 30</div> <div>3) Employees' attendance rate at compliance training sessions: 100%</div> <div>4) Score 77^{*1}</div> <div>5) 100%^{*2}</div> <div>6) Evaluation conducted in FY2023</div> <div>7) Average at Board of Directors meetings: 92.5%</div> |
| | <div>Sustainable development through cooperation with stakeholders Pursue the creation of strong relationships of trust and mutually sustainable development through timely and appropriate information disclosure and ongoing dialogues with stakeholders.</div> | <ul style="list-style-type: none">• Enhance supply chain management• Sound and transparent disclosure• Coordination with organizations and regional communities | <div>1) Key suppliers' sustainability assessment implementation rate: 95% or more (annually) Updated</div> <div>2) Support for improvement activities at high-risk suppliers: 100% implementation</div> <div>3) Supplier inspection/CSR audits: 20 or more companies Updated</div> <div>4) Number of partnerships with NPOs: maintain 1,000 organizations Updated</div> <div>5) Selection for DJSI World (annually)</div> | <div>1) Survey collection rate: 94%^{*3}</div> <div>2) 100%</div> <div>3) 16 companies^{*4}</div> <div>4) 1,066 organizations^{*5}</div> <div>5) Selected as a member of the DJSI World for the second consecutive year</div> |

Targets for FY2023 *1 Employees' attendance rate at compliance training sessions: score 66 or more (scoring system was changed in accordance with changes to the survey in FY2023) *2 Awareness of Compliance Hotline among full-time employees: 99% or more (annually) *3 Sustainability procurement survey collection: 90% or more (annually) *4 Supplier inspection/CSR audits: 15 or more companies *5 Number of partnerships with NPOs: 1,000 organizations



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Material Issues

| Material Issue | Developing a resilient management foundation | | | |
|----------------------|---|---|--|--|
| SoftBank Initiatives | SDGs Value Creation | Main Businesses and Initiatives | FY2024 Target KPIs | FY2023 Results |
| | <p>Promoting employee well-being and advancing DE&I to maximize human capital</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 initiativesSupport for employee growth and career realization (free-agent system, job posting system, SoftBank-style internal secondary job system, SoftBank University, SB Career Dock)Fair evaluation and remuneration systemPromote the participation of diverse talent (professional participation of women and initiatives related to LGBTQ+ persons)Promote measures against customer harassment | <p>1) Ratio of women in management positions: 20% or more (FY2035) –15% or more by FY2030 (double the ratio of FY2021)</p> <p>2) —</p> <p>3) Ratio of annual paid leave taken: keep at 70% or above (annually)</p> <p>4) Serious accidents involving employees or at construction sites: zero (annually)</p> <p>5) Return rate from childcare leave: 100% (annually)</p> <p>6) Ratio of male employees taking childcare leave: 70% or more (FY2025), 85% or more (FY2030) Updated</p> <p>7) Number of employees who retire due to nursing care responsibilities: zero (annually)</p> | <p>1) 9.2%</p> <p>2) 2.74%*6</p> <p>3) 77.7%</p> <p>4) Number of fatal accidents: zero</p> <p>5) 100%</p> <p>6) 68%*7</p> <p>7) Zero</p> |
| SoftBank Initiatives | Enhance productivity with advanced workplace environments | | | |
| | <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 workstyle reforms (Smart & Fun!) (super flextime system, remote work, operational improvements using AI and Robotic Process Automation (RPA), permitting employees to take side jobs)Offer diverse and flexible workstyles (optimal mix of work in-office, from home, from satellite offices, etc.)Promote health and productivity management | <p>1) Provide office environments that encourage diverse workstyles: understanding actual numbers and results (annually)</p> <p>2) Ratio of remote work: 90% or more (annually) (ratio of employees who worked remotely at least once a month)</p> <p>3) Ratio of employees who smoke: • decrease of 1% or more year on year • less than 20% (FY2030)</p> <p>4) —</p> | <p>1) Utilization of shared office space in five of our own satellite locations, 34 WeWork locations, and over 600 other locations nationwide</p> <p>2) 95.3%</p> <p>3) 24.5%</p> <p>4) High-ranking surveys in Japan:*8</p> <ul style="list-style-type: none">Received the Grand Prize in the “5th NIKKEI SDGs Management Awards 2023”Received 5-star rating in the “7th Nikkei Smart Work Management Survey”Received the Human-Resources Prize in the “NIKKEI Smart Work Award 2024”Certification in the “White 500 in the large enterprise category” of the “Certified Health & Productivity Management Outstanding Organizations Recognition Program”Selected in the “2024 Health & Productivity Stock Selection”Received the highest rank in the “DBJ Health Management Rating” conducted by the Development Bank of Japan, Inc. |

Targets for FY2023 *6 Ratio of employees with disabilities: at or above the legally mandated level (annually) *7 Ratio of male employees taking childcare leave: 30% or more (FY2023), 50% or more (FY2026)
*8 High-ranking surveys in Japan: highly ranked among the major surveys (annually)



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External Evaluation

ESG Evaluation

DJSI World Index
DJSI Asia Pacific Index

SoftBank has been selected for the second consecutive year as a component of the “Dow Jones Sustainability Index (DJSI) World Index (DJSI World),” one of the world’s leading global ESG (Environmental, Social and Governance) indices, and for the third consecutive year as a component of the “DJSI Asia Pacific Index.” SoftBank was the only company in Japan selected in the “Telecommunication Services” industry group for the “DJSI World Index”.



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 Russell: the “FTSE Blossom Japan Index ” as well as the “FTSE4Good Index Series,” one of the world’s leading ESG indices. Since 2022, SoftBank became a component of the “FTSE Blossom Japan Sector Relative Index”.



S&P/JPX Carbon Efficient Index

SoftBank has been selected as a constituent stock of the “S&P/JPX Carbon Efficient Index,” an index that determines the weighting of constituent stocks by focusing on the disclosure of environmental information and the level of carbon efficiency (carbon emissions per unit of sales).



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

SoftBank has been selected as a member of the “MSCI Japan ESG Select Leaders Index,” a major ESG investment index that has been adopted as a passive investment benchmark by Japan’s Government Pension Investment Fund (GPIF), the world’s largest public pension fund.
Furthermore, SoftBank has been selected as a member of the “MSCI Japan Empowering Women Index (WIN),” which is comprised of companies with excellent performance in gender diversity.



MSCI ESG Ratings

Since 2023, SoftBank has received “AAA,” the highest ranking, in the 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.



SOMPO Sustainability Index

SoftBank has been selected as a member of the “SOMPO Sustainability Index” which is operated by SOMPO Asset Management Co., Ltd. This index is utilized by the company’s “SOMPO Sustainable Management” to broadly invest in companies with a high ESG rating.



Nikkei SDGs Management Survey 2023

In the “Nikkei SDGs Management Survey 2023,” which comprehensively evaluates a company’s “SDGs management” from the four pillars of “SDGs Strategic and Economic Value,” “Social Value,” “Environmental Value,” and “Governance,” SoftBank has received a 5-star rating for three consecutive years. It was also awarded the Grand Prize, the highest evaluation, at the “5th Nikkei SDGs Management Awards.”



DX Stock 2024

In recognition of its efforts to solve social issues through new businesses, SoftBank was selected for the fourth consecutive year as “Digital Transformation Stock 2024” by Japan’s Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan, as the only company in the information and telecommunications industry.



CDP 2023 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” to achieve zero greenhouse gas emissions by FY2030 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 indices 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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External Evaluation

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 seventh year in a row since 2017.



Health & Productivity Stock Selection

SoftBank has been selected for the second consecutive year as a “Health & Productivity Stock Selection,” an initiative hosted by Japan’s Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of our proactive efforts in health management, viewing employee health from a management perspective. Furthermore, SoftBank has been selected for the sixth consecutive year as one of the “White 500 in the large enterprise category” of the “Certified Health & Productivity Management Outstanding Organizations Recognition Program,” jointly promoted by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



NIKKEI Smart Work Survey

As a result of the “Seventh 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 the Grand Prize, the highest evaluation, in the “NIKKEI Smart Work Award 2023,” which selects leading companies taking on the challenge of productivity revolution through work style reforms. Furthermore, we received the Human Resources Utilization Award in the “NIKKEI Smart Work Award 2024,” which selects leading companies that achieve sustainable growth through workstyle reforms.



Website

Gomez IR Site Ranking 2023
Gold Prize (No.1 in ranking)



FY2023 All Japanese Listed Companies’ Web-site Ranking
AAA Website



Daiwa IR 2023 Internet IR
Best Excellence Award



Gomez ESG Site Ranking 2023
Excellent Company





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Corporate Data/Stock Information

Corporate Data/Stock Information

Corporate data

| | |
|--|--|
| Company name | SoftBank Corp. |
| Representative | Junichi Miyakawa, President & CEO Jun Shimba Representative Director & COO |
| Corporate headquarters | 1-7-1 Kaigan, Minato-ku, Tokyo 105-7529 |
| Established | December 9, 1986 |
| Number of employees | 55,400 (Consolidated basis) 18,889 (Standalone basis) (As of March 31, 2024) |
| Business year | From April 1 to March 31 of the following year |
| Annual general meeting of shareholders | Every year in June |

Our Websites

- Investor Relations
<https://www.softbank.jp/en/corp/ir/>
- Sustainability & CSR
<https://www.softbank.jp/en/corp/sustainability/>

Stock information (As of March 31, 2024)

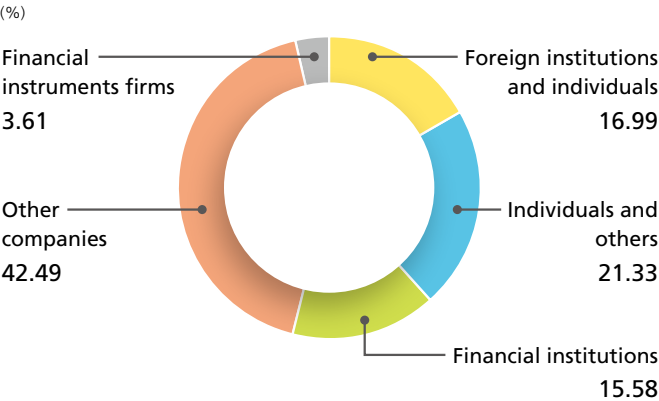
| | |
|--|---|
| Common stock | ¥214,394 million |
| Shares authorized | 8,010,960,300 shares |
| Shares issued | Common shares 4,756,200,770 shares Series 1 Bond-Type Class Shares 30,000,000 shares (Treasury stock, common shares: 47,805,153 shares) |
| Stock exchange registration | Tokyo Stock Exchange, Prime Market |
| Number of shares constituting one trading unit | 100 shares |
| Number of shareholders | Common shares 858,525 Series 1 Bond-Type Class Shares 20,781 |

Principal shareholders (Top 10 shareholders)

| Name | | Number of shares held (Thousands) | Shareholding ratio (%) |
|--|---------------------------------|-----------------------------------|------------------------|
| SoftBank Group Japan Corporation | Common shares | 1,914,858 | 40.41 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | Common shares | 480,665 | 10.14 |
| | Common shares | 171,579 | |
| Custody Bank of Japan, Ltd. (Trust Account) | Series 1 Bond-Type Class Shares | 14 | 3.62 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | Common shares | 68,648 | 1.45 |
| JPMorgan Securities Japan Co., Ltd. | Common shares | 48,309 | 1.02 |
| SMBC Nikko Securities Inc. | Common shares | 47,685 | 1.01 |
| JP MORGAN CHASE BANK 385632 | Common shares | 41,036 | 0.87 |
| JP MORGAN CHASE BANK 385781 | Common shares | 38,179 | 0.81 |
| SSBTC CLIENT OMNIBUS ACCOUNT | Common shares | 27,304 | 0.58 |
| STATE STREET BANK AND TRUST COMPANY 505103 | Common shares | 25,340 | 0.53 |

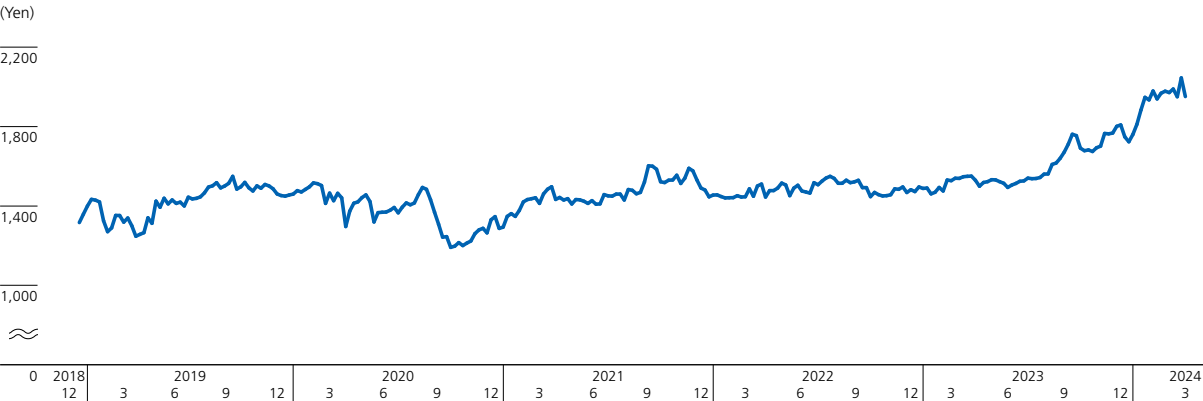
- (Note) 1. On November 1, 2023, the Company issued 30,000,000 Series 1 Bond-Type Class Shares, which were listed on the Prime Market of the Tokyo Stock Exchange on November 2, 2023.
2. Although the total number of shares of common stock issued increased by 13,905,600 shares due to the exercise of stock acquisition rights, the Company retired 44,850,000 shares of treasury common stock on March 29, 2024, resulting in a decrease in the total number of shares of common stock issued by 30,944,400 shares.
3. The shareholding ratio was calculated by subtracting the treasury stock (47,805,153 shares) from the total number of shares issued.
4. 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.
5. The Company resolved at the Board of Directors meeting held on April 25, 2024 to conduct a 10-for-1 stock split of shares of common stock, with an effective date of October 1, 2024.

Breakdown by type of shareholder (As of March 31, 2024)



Note: The treasury stock is included in "Individuals and others."

Stock price chart



SoftBank Corp.