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Notice of the 37th Annual General Meeting of Shareholders

(April 1, 2022 to March 31, 2023, “FY2022” or “this fiscal year”)

About attendance at the meeting

Please check the infection status of COVID-19 and your own physical condition as of the date of the General Meeting of Shareholders before coming to the Meeting.

Please use the website designated by the Company for exercising voting rights and asking questions, etc.

For details, please refer to pages 3 to 7.

Information of the Meeting

Agenda of the Meeting:

- Proposal 1: Partial Amendment to the Articles of Incorporation**
- Proposal 2: Election of Eleven Board Directors**
- Proposal 3: Election of Three Audit & Supervisory Board Members**
- Proposal 4: Election of One Substitute Audit & Supervisory Board Member**

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* No souvenirs are prepared for attending shareholders at this meeting. We appreciate your understanding.

Notice on the Web

The main content of this Notice can be viewed easily on your computer or smartphone.

<https://s.srdb.jp/9434/>



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SoftBank Corp.

Stock code: 9434

To Our Shareholders



Aiming to Be a Company that Provides
Next-generation Social Infrastructure
Essential to the Development of
a Digital Society

Junichi Miyakawa, President & CEO

First, I'd like to express my heartfelt gratitude for your continued support. I'm pleased to notify you of the 37th Annual General Meeting of Shareholders of SoftBank Corp.

Our full-year financial results for FY2022 were as follows: Revenue increased by 4% to ¥5,912.0 billion. Operating income rose by 10% year on year to ¥1,060.2 billion. Net income attributable to owners of the Company (hereinafter, "net income") increased by 3% to ¥531.4 billion. In line with these financial results, we plan to pay a year-end dividend of ¥43 per share (annual dividend of ¥86 per share), as originally planned.

Looking back at the past three years, the business environment surrounding SoftBank Corp. has changed dramatically. In the Consumer segment, we were impacted by mobile service price reduction in spring 2021. Meanwhile, in the Enterprise segment, we achieved substantial growth by capturing enterprise customers' demand for digitalization, which was triggered by the COVID-19 pandemic. Moreover, in FY2022, we newly established the Financial segment with the consolidation of PayPay Corporation, which provides cashless payment services, into a subsidiary. In terms of financial results, we recognized a gain (¥294.8 billion) on remeasurement of the corporate value of PayPay Corporation associated with the consolidation of it into a subsidiary. This achievement was possible because the Group made concerted efforts to support PayPay Corporation and solidify its position in the cashless payment market. As a result of the foregoing, we achieved the medium-term targets we had set (announced in August 2020): operating income of ¥1,000 billion and net income of ¥530 billion in FY2022. Furthermore, as we have promised, we have maintained a total shareholder return ratio of 85% (weighted average for 3 years) from FY2020 to FY2022.

On May 10, 2023, we announced the Group's long-term vision and its medium-term management plan running through FY2025, with a view to increasing our corporate value even more. In this announcement, SoftBank Corp. unveiled its long-term vision of aiming to be "a company that provides next-generation social infrastructure essential to the development of a digital society." We will strive to realize this vision. As our medium-term target, we will pursue V-shaped recovery*1 of net income and record-high profit (¥535 billion) in FY2025. To meet this target, we will continue to implement the "Beyond Carrier" strategy, which seeks to drive sustainable growth in the telecommunications business, while going beyond the boundaries of a telecommunications carrier to actively roll out businesses in fields such as DX*2/ Business Solutions, Financial, Yahoo! JAPAN/LINE, and new business fields.

We are forecasting a dividend per share of ¥86 in FY2023 (annual), thereby maintaining a high level of shareholder returns.

In closing, I kindly ask our shareholders for their continued support.

*1 A V-shaped recovery from the net income level in FY2022, excluding the impact of the gain (¥294.8 billion) on step acquisition associated with the consolidation of PayPay Corporation into a subsidiary

*2 Digital transformation

May 29, 2023
President & CEO
SoftBank Corp.
Junichi Miyakawa

To Shareholders

Junichi Miyakawa
President & CEO
SoftBank Corp.
1-7-1, Kaigan, Minato-ku, Tokyo

Notice of the 37th Annual General Meeting of Shareholders

In convening this General Meeting of Shareholders, the Company implements measures for information provision in electronic format, and matters subject to the measures for electronic provision are posted on the following websites as the “Notice of the 37th Annual General Meeting of Shareholders.”

Company’s website:

<https://www.softbank.jp/en/corp/ir/stock/shareholders/2023/>



In addition to above, they are also posted on the following website:

Tokyo Stock Exchange website:

(<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>)



To view the information on the TSE website above, enter and search for the Company’s name or stock code, select “Basic information,” and go to “Documents for public inspection/PR information.”

Date and time:	10:00 AM, Tuesday, June 20, 2023
Venue:	HALL A, Tokyo International Forum 3-5-1, Marunouchi, Chiyoda-ku, Tokyo (Please note that the venue has changed from that of last year.)
Agenda of the Meeting:	<p>► Matters for reporting: Business Report, Consolidated Financial Statements for FY2022 (April 1, 2022 to March 31, 2023) and results of audits of Consolidated Financial Statements by the Independent Auditor and Audit & Supervisory Board</p> <p>Non-consolidated Financial Statements for FY2022 (April 1, 2022 to March 31, 2023)</p> <p>► Matters for approval: Proposal 1: Partial Amendment to the Articles of Incorporation Proposal 2: Election of Eleven Board Directors Proposal 3: Election of Three Audit & Supervisory Board Members Proposal 4: Election of One Substitute Audit & Supervisory Board Member</p>

- ◎ The matters listed below are not included in paper-based documents sent to shareholders who have made a request for delivery of such documents, pursuant to the provision of laws and regulations and Article 14 of the Articles of Incorporation of the Company. Accordingly, they are a part of the documents audited by Audit & Supervisory Board Members and the Independent Auditor in preparing their Audit Reports.
“Status of stock acquisition rights,” “Status of Independent Auditor,” “Overview of systems to ensure appropriateness of operations and its implementation status,” “Consolidated Statement of Changes in Equity,” “Non-consolidated Statement of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Notes to Non-consolidated Financial Statements”
- ◎ For shareholders who have not made a request for delivery of paper documents, the Company sends in paper format a partial extract from the Reference Materials for the Annual General Meeting of Shareholders, in addition to statutory information.
- ◎ Any revisions to the information provided in electronic format will be posted on the websites above.

Operation of the General Meeting of Shareholders

At the Meeting, as in the previous year, in addition to attending the Meeting in person at the venue, exercising your voting rights in advance, online presentation, as well as online attendance, where you can exercise your voting rights, ask questions, and make motions through our designated website, the “SoftBank General Meeting of Shareholders Portal,” will be available. If you decide to come to the Meeting in person, please check your own physical condition as of the Meeting date before attending.

The operation of the Meeting may change due to such factors as telecommunications issues involving online presentation and online attendance. If any change is made in the operation of the Meeting, notice will be given on the Company’s website.

<https://www.softbank.jp/en/corp/ir/stock/shareholders/2023/>



1. Exercising Voting Rights in Writing in Advance

Please clearly indicate your approval or disapproval for each proposal on the enclosed voting form, and **return it by 5:45 PM, Monday, June 19, 2023.**

How to fill out the voting form

Proposals 1 and 4

If you approve ▶ Circle “**Approve**”
If you disapprove ▶ Circle “**Disapprove**”

Proposals 2 and 3

If you approve of all candidates ▶ Circle “**Approve**”
If you disapprove of all candidates ▶ Circle “**Disapprove**”

* If you wish to indicate approval or disapproval for certain candidates, indicate their candidate number.

If you submitted the voting form without indicating your approval or disapproval, you will be deemed to have indicated your “approval.”

2. Exercising Voting Rights via the Internet in Advance

Please access the Company's designated website for voting, follow the instructions on the screen and enter your approval or disapproval for the proposals **by 5:45 PM, Monday, June 19, 2023.**

Exercising voting rights with a smartphone by reading the QR code

You can login to the voting website without entering the voting right exercise code and password.

- 1. Please read the QR code printed on the lower right of the voting form.**
- 2. Please follow the instructions on the screen and enter your approval or disapproval.**

You may exercise voting rights with a smartphone only once.

If you wish to change the content of the vote after you exercised your voting rights, please access the PC website, login by entering the "voting right exercise code" and "password" printed on back of the right-hand slip of the voting form, and exercise your voting rights once again.

* You will be guided to the PC website if you reread the QR code.

How to enter the voting right exercise code and password

Voting
website

<https://soukai.mizuho-tb.co.jp/>

- 1. Please access the voting website.**
- 2. Please enter the "voting right exercise code" printed on the voting form.**
- 3. Please enter the "password" printed on the voting form.**
- 4. Please follow the instructions on the screen and enter your approval or disapproval.**

For inquiries concerning matters such as how to operate the PC to exercise your voting rights via the Internet, please contact the following.

Stock Transfer Agency Department,
Mizuho Trust & Banking Co., Ltd.
Internet Helpline



0120-768-524

(Business hours: 9:00-21:00 excluding year-end and
New Year holidays)

- If you enter the wrong password more than a certain number of times, your password will be locked. In that case, please follow the instructions on the screen.
- If you exercise your voting rights both in writing and via the Internet, the exercise via the Internet will be treated as effective.
- If you exercise your voting rights more than once via the Internet, the last exercise of your voting rights shall be deemed to be effective.

Electronic Voting Platform

Nominee shareholders such as managing trust banks and others (including standing proxies) will be able to use the electronic voting platform as a method to electronically exercise voting rights at the Annual General Meeting of Shareholders of the Company in addition to the method to exercise voting rights via the Internet, if the shareholders have applied in advance for the use of the electronic voting platform operated by ICJ, Inc.

3. Attending Online

On the day of the Meeting, you can ask questions, make motions, and exercise your voting rights on the SoftBank General Meeting of Shareholders Portal below while viewing the online presentation. You will be treated as having attended the Meeting in the same way as if you actually came to the venue and attended the Meeting, in keeping with the Companies Act.

1) How to attend on the day of the Meeting

Access the Meeting Day Attendance page on the SoftBank General Meeting of Shareholders Portal, enter _____ and click "Attend" from 9:00 AM on the day of the Meeting (Tuesday, June 20, 2023).

2) Exercising voting rights

- You can exercise your voting rights from the opening of the Meeting until the time of voting on the proposals, on the Meeting Day Attendance page. Please note that once you have exercised your voting rights, you cannot change the content of the vote.
- If you exercise your voting rights in advance in writing or online, and then attend the Meeting online and exercise your voting rights on the day of the Meeting, any prior exercise of voting rights shall be null and void. (If you attend the Meeting online on the day of the Meeting but do not exercise your voting rights, your prior exercise of voting rights shall be valid.) If you attend the Meeting online and exercise your voting rights on the day of the Meeting, and if there is a proposal that you do not vote for or against, this will be treated as an abstention on the proposal and any prior exercise of voting rights shall be null and void.
- If you do not exercise your voting rights in advance, and attend the Meeting online on the day of the Meeting but do not exercise your voting rights, your vote will be treated as an abstention on all proposals. If you attend the Meeting online and exercise your voting rights on the day of the Meeting, and if there is a proposal that you do not vote for or against, this will be treated as an abstention on the proposal.

3) Questions

- You can ask questions on the Meeting Day Attendance page. You can enter up to 200 characters in the text box.
- Please note that there is limited time for questions and answers, so questions are limited to one per person; we may not be able to answer all questions; and we may not be able to answer certain questions depending on their content, such as questions that do not pertain to the agenda of the Meeting.
- The Company plans to publish questions asked by shareholders on the day of the Meeting on the Company's website after the Meeting unless there are impediments to publication, such as the possible violation of personal privacy.

4) Motions

- You can make motions on the Meeting Day Attendance page. You can enter up to 200 characters in the text box.
- Please note that motions are limited to one per person per type, and may be called to order by the Chairman and deliberated at the Meeting before voting on the proposals.

5) Environment for attending online

Please refer to the website below for the recommended environment for the SoftBank General Meeting of Shareholders Portal. Please be aware that you will be responsible for telecommunications equipment and all costs required for attending online.

<https://jp.vcube.com/support/virtual-shareholders-meeting/requirements/>



6) Other important matters

- Please note that Japanese is the only language available for attending online.
- Depending on the telecommunications environment, there is a possibility of communication failures including disruption of video or sound, or temporary interruption of the online presentation of the Meeting. Please note that the Company cannot be held responsible for any disadvantages caused by such communication failures to shareholders who attend online.

4. Attending on the day of the Meeting

If you wish to attend the Meeting in person, please check your own physical condition as of the Meeting date before attending. Advance registration is not required. Those who appear to be in poor physical condition may be denied admission.

If you attend the Meeting in person as well as exercise your voting rights online as described in "3. Attending Online" above, you will be treated as having attended the Meeting online.

5. Asking questions in advance

From 9:00 AM, Monday, June 5, 2023, until noon, Monday, June 19, 2023, you may ask questions regarding the agenda of the Meeting through the SoftBank General Meeting of Shareholders Portal. Matters of high interest to our shareholders will be addressed at the Meeting. The Company plans to publish questions asked in advance by shareholders on the Company's website after the Meeting unless there are impediments to publication, such as the possible violation of personal privacy.

6. Viewing the Online Presentation

The Meeting can be viewed from 10:00 AM, Tuesday, June 20, 2023 on the "[Online presentation] The 37th Annual General Meeting of Shareholders" page of the Company's website. (Please note that, unlike Attending Online as described in 3 above, you will not be treated as attending the Meeting and will not be able to exercise your voting rights, ask questions or make motions.)

https://u.softbank.jp/sbkk_agm37en



- If for any reason the online presentation cannot be provided, notice will be given on the "[Online presentation] The 37th Annual General Meeting of Shareholders" page.

Viewing the Meeting after its conclusion

The Meeting will be available on video on demand through the Company's website.
Availability period: Video will be available for 1 year from Tuesday, June 20, 2023

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Reasons for amendment

Since its founding, the Company has sought to harness the Information Revolution to contribute to the wellbeing of people and society based on the corporate philosophy of “Information Revolution - Happiness for everyone.” The Company is working to maximize corporate value based on its “Beyond Carrier” growth strategy, whereby it aims to achieve sustainable growth in the telecommunications business, while going beyond just being a telecommunications carrier to actively roll out new businesses in the information and technology field.

On May 10, 2023, the Company announced a three-year Medium-term Management Plan (from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026) aimed at rebuilding its business foundation to achieve its long-term vision of becoming a company that provides next-generation social infrastructure essential for the development of a digital society.

The Company believes that going forward, next-generation digital services utilizing AI will be integrated into daily life, making people’s lives richer and more convenient. At the same time, it has been pointed out that AI will generate enormous data processing and electricity demand, which is expected to be challenging to reconcile with a sustainable society. Next-generation social infrastructure must be structured to address this challenge. The Company will work over the medium to long term to advance telecommunications and IT technologies and develop and procure renewable energy sources, as well as realize the following initiatives to build next-generation social infrastructure: “distributed AI data centers” that can geographically distribute and balance AI data processing and electricity consumption; a “super-distributed computing infrastructure” (xIPF: cross Integrated PlatForm) that can view the distributed AI data centers virtually as if it were a single system; services using generative AI (artificial intelligence capable of generating a variety of content, including text, images, and program code); and more.

Since its listing in December 2018, the Company has expanded and grown its business in non-telecommunications areas based on its “Beyond Carrier” growth strategy, including the acquisition of Z Holdings Corporation (formerly Yahoo Japan Corporation) as a subsidiary, the integration of Z Holdings Corporation and LINE Corporation, and the launch of “PayPay” cashless payment service. During this period, the Company has financed these growth investments internally and with debt financing, while continuing to provide a high level of shareholder returns. As a result, the Company’s consolidated total assets have grown to over 14 trillion yen, and its consolidated net interest-bearing debt has increased to approximately 4 trillion yen.

In order to continue to balance growth investment with a high level of shareholder returns while making growth investments related to advanced telecommunications and IT technologies and next-generation social infrastructure, the Company has come to the conclusion that it would be desirable to enhance its capital and reinforce its financial base by incorporating equity financing in addition to debt financing.

Against this backdrop, the Company believes that “Bond-Type Class Shares” with the following features would be a useful option as a financing method to increase equity capital that would minimize the impact on the interests of existing holders of Common Shares of the Company (“Common Shareholders”) as much as possible, and would meet the needs of a wide range of investors, including retail investors:

- No dilution of the rights to vote, as the holders of the Bond-Type Class Shares do not have the rights to vote at General Meetings of Shareholders or to convert the Bond-Type Class Shares into Common Shares. (The Bond-Type Class Shares are considered ill-suited to takeover protection measures by their nature owing to the lack of the rights to vote at General Meetings of Shareholders and the lack of the rights to convert them into Common Shares, irrespective of the ownership ratio, and are not anticipated to be used in that manner.)
- As “non-participating” class shares, no dividend is paid beyond the preferred dividend initially set, and only Common Shareholders have the right to participate in dividends beyond that.
- Issued within the existing total number of authorized shares (the total number of shares of Common Shares and Bond-Type Class Shares authorized to be issued by the Company), such that the total number of authorized shares is not increased by this proposal.

Any future issuance of Bond-Type Class Shares is anticipated to be through a public offering rather than a shareholder allotment (including gratis allotment) or third-party allotment, and a listing application in respect of such shares for the Prime Market of the Tokyo Stock Exchange, Inc. is planned to be made. These Bond-Type Class Shares represent a new design for “bond-type” class shares in Japan - a product aimed at a wide range of investors while minimizing the impact of dilution on Common Shareholders.

The Company proposes the following amendments to the Company’s Articles of Incorporation in order to allow those Bond-Type Class Shares to be issued, establish new provisions regarding such shares, and make the necessary adjustments in connection therewith. No decision has been made to issue any Bond-Type Class Shares at present, but if this proposal is approved, the Company expects to issue Series 1 Bond-Type Class Shares on the order of up to 120 billion yen in the fiscal year ending March 31, 2024, depending on the market conditions.

This proposal also requests the approval for an amendment to the Articles of Incorporation to allow the Company to issue from the first to fifth series of Bond-Type Class Shares in order to respond flexibly to phased financing needs going forward. The specific timing of issuance and conditions of the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares, if any, will be determined based on comprehensive consideration of future capital needs and market trends, but at this time, the product nature and offering size of the future series are anticipated to be substantially the same as those of the Series 1 Bond-Type Class Shares.

2. Details of the amendment

The details of the amendment are as follows.

This amendment of the Articles of Incorporation will take effect as of the conclusion of this General Meeting of Shareholders.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>ARTICLE 1. through ARTICLE 5. (Omitted) (TOTAL NUMBER OF SHARES AUTHORIZED TO BE ISSUED)</p> <p>ARTICLE 6. The total number of shares authorized to be issued by the Company shall be eight billion, ten million, nine hundred and sixty thousand and three hundred (8,010,960,300) shares.</p>	<p>ARTICLE 1. through ARTICLE 5. (No change) (TOTAL NUMBER OF SHARES AUTHORIZED TO BE ISSUED)</p> <p>ARTICLE 6. The total number of shares authorized to be issued by the Company shall be eight billion, ten million, nine hundred and sixty thousand and three hundred (8,010,960,300) shares, <u>and the total number of shares in each class authorized to be issued shall be as follows:</u> <u>Common Shares: eight billion, ten million, nine hundred and sixty thousand and three hundred (8,010,960,300) shares</u> <u>Series 1 Bond-Type Class Shares: thirty million (30,000,000) shares</u> <u>Series 2 Bond-Type Class Shares: thirty million (30,000,000) shares</u> <u>Series 3 Bond-Type Class Shares: thirty million (30,000,000) shares</u> <u>Series 4 Bond-Type Class Shares: thirty million (30,000,000) shares</u> <u>Series 5 Bond-Type Class Shares: thirty million (30,000,000) shares</u></p>
<p>(NUMBER OF SHARES CONSTITUTING ONE UNIT)</p> <p>ARTICLE 7. The number of shares constituting one unit of the Company shall be one hundred (100) shares.</p>	<p>(NUMBER OF SHARES CONSTITUTING ONE UNIT)</p> <p>ARTICLE 7. The number of shares constituting one unit of the Company shall be one hundred (100) shares for each of the Common Shares and the <u>Series 1 Bond-Type Class Shares through Series 5 Bond-Type Class Shares (collectively, the “Bond-Type Class Shares”;</u> shares of any <u>one class of the Series 1 Bond-Type Class Shares through Series 5 Bond-Type Class Shares, “Shares of Each Series of Bond-Type Class”).</u></p>
<p>ARTICLE 8. (Omitted)</p>	<p>ARTICLE 8. (No Change)</p>

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<p><u>(ABSENCE OF SELLER PUT OPTIONS WHEN THE COMPANY ACQUIRES THE BOND-TYPE CLASS SHARES)</u></p> <p><u>ARTICLE 9. If the Company decides to acquire all or part of the Bond-Type Class Shares held by any holder of Bond-Type Class Shares (“Bond-Type Class Shareholder”) under an agreement with such Bond-Type Class Shareholder pursuant to a resolution of the General Meeting of Shareholders, and further decides to notify such Bond-Type Class Shareholder of matters prescribed in any item of Article 157, Paragraph 1 of the Companies Act, the provisions of Article 160, Paragraphs 2 and 3 of such act shall not apply.</u></p>
ARTICLE <u>9</u> . and ARTICLE <u>10</u> . (Omitted)	ARTICLE <u>10</u> . and ARTICLE <u>11</u> . (No change)
(Newly established)	<p style="text-align: center;"><u>CHAPTER III:</u> <u>BOND-TYPE CLASS SHARES</u> <u>(PREFERRED DIVIDEND TO BOND-TYPE CLASS SHARES)</u></p> <p><u>ARTICLE 12. When the Company makes a dividend of surplus with 31st of March as the record date pursuant to Article 45, Paragraph 1, the Company shall pay a dividend in cash in the following amount per Share of Each Series of Bond-Type Class (the “Preferred Dividend to Bond-Type Class Shares”) to the Bond-Type Class Shareholders or registered pledgees of Bond-Type Class Shares (collectively with Bond-Type Class Shareholders, “Bond-Type Class Shareholders, Etc.”) entered or registered in the last register of shareholders as of the record date of that dividend, in preference to the holders of Common Shares (“Common Shareholders”) and registered pledgees of Common Shares (collectively with Common Shareholders, “Common Shareholders, Etc.”); provided, however, that if Interim Preferred Dividends to Bond-Type Class Shares provided for in the following Article have been paid during the fiscal year in which the record date of that dividend falls, the total amount of those Interim Preferred Dividends to Bond-Type Class Shares shall be deducted from the Preferred Dividend to Bond-Type Class Shares:</u></p> <p><u>The product of the equivalent of the Issue Price (defined below) per Bond-Type Class Share multiplied by the annual dividend rate determined by resolution of the Board of Directors before the issuance of those Bond-Type Class Shares (not exceeding 10 percent; the “Annual Dividend Rate”) (if any fractional remainder arises, the fractional remainder shall be as determined by resolution of the Board of Directors before the issuance of those Bond-Type Class Shares) “Issue Price” means the amount per share to be paid to the Company in connection with the offering of those Bond-Type Class Shares (or, if the Bond-Type Class Shares are offered through purchase and sale by underwriters, the amount per share to be paid by the investors as consideration for the Bond-Type Class Shares), as determined prior to the issuance of those Bond-Type Class Shares.</u></p> <p><u>2. If the amount of dividends of surplus paid in cash to each Bond-Type Class Shareholders, Etc. per</u></p>

Share of Each Series of Bond-Type Class in a given fiscal year in which the record date falls is less than the amount of the Preferred Dividend to Bond-Type Class Shares payable to those Bond-Type Class Shares for that fiscal year (that fiscal year, a "Shortfall Year"), that shortfall amount shall be accumulated in subsequent fiscal years by a simple interest calculation calculated by the method determined by resolution of the Board of Directors based on the Annual Dividend Rate before the issuance of those Bond-Type Class Shares (such accumulated shortfall shall be hereinafter defined as the "Accumulated Dividends Payable to Bond-Type Class Shares"). The Company shall pay dividends of surplus in cash to the Bond-Type Class Shareholders, Etc. until such payment reaches the amount of Accumulated Dividends Payable to Bond-Type Class Shares per Bond-Type Class Share, in preference to any dividends of surplus provided for in the preceding paragraph or the following Article.

3. No dividends of surplus shall be paid to Bond-Type Class Shareholders, Etc. in excess of the total of the Preferred Dividend to Bond-Type Class Shares and the Accumulated Dividends Payable to Bond-Type Class Shares.

(INTERIM PREFERRED DIVIDEND TO BOND-TYPE CLASS SHARES)

ARTICLE 13. When the Company makes a dividend of surplus with a date other than 31st of March as the record date (the "Interim Dividend Record Date") pursuant to Article 45, Paragraph 2 or 3, the Company shall pay a dividend in cash in the amount per Share of Each Series of Bond-Type Class determined by the calculation method determined by resolution of the Board of Directors before the issuance of those Bond-Type Class Shares (the "Interim Preferred Dividend to Bond-Type Class Shares") to the Bond-Type Class Shareholders, Etc. entered or registered in the last register of shareholders as of the Interim Dividend Record Date of that dividend, in preference to the Common Shareholders, Etc.; provided, however, that the total amount of Interim Preferred Dividends to Bond-Type Class Shares for which the Interim Dividend Record Date falls in a given fiscal year shall not exceed the amount of the Preferred Dividend to Bond-Type Class Shares for which the record date falls in the same fiscal year.

(DISTRIBUTION OF RESIDUAL ASSETS)

ARTICLE 14. When the Company makes a distribution of residual assets, the Company shall pay cash in the following amount per Share of Each Series of Bond-Type Class to the Bond-Type Class Shareholders, Etc., in preference to the Common Shareholders, Etc.:

The amount calculated by the method determined by resolution of the Board of Directors before the issuance of those Bond-Type Class Shares as the sum of the equivalent of the Issue Price per Bond-Type Class Share plus the amount of the Accumulated Dividends Payable to Bond-Type Class Shares pertaining to those Bond-Type Class Shares and the equivalent of the Preferred Dividend to Bond-Type Class Shares pertaining to the period from

Current Articles of Incorporation	Proposed Amendment
	<p><u>the first day of the fiscal year in which the date of the distribution of residual assets falls to the date of the distribution of residual assets</u></p> <p>2. <u>No distribution of residual assets shall be made to Bond-Type Class Shareholders, Etc. other than the distribution provided for in the preceding paragraph.</u></p> <p><u>(VOTING RIGHTS)</u></p> <p><u>ARTICLE 15. The Bond-Type Class Shareholders shall not be entitled to exercise voting rights at the General Meeting of Shareholders with respect to any matter.</u></p> <p><u>(ACQUISITION BY THE COMPANY IN EXCHANGE FOR CASH)</u></p> <p><u>ARTICLE 16. If an event provided for by resolution of the Board of Directors before the issuance of Shares of Each Series of Bond-Type Class arises with respect to the Bond-Type Class Shares, the Company may acquire all or part of those Bond-Type Class Shares upon the arrival of a date separately determined by resolution of the Board of Directors. In such case, the Company shall deliver to the Bond-Type Class Shareholders cash in the amount per Bond-Type Class Share calculated by the method determined by resolution of the Board of Directors before the issuance of the Shares of Each Series of Bond-Type Class as the sum of the equivalent of the Issue Price per Bond-Type Class Share plus the amount of the Accumulated Dividends Payable to Bond-Type Class Shares pertaining to those Bond-Type Class Shares and the equivalent of the Preferred Dividend to Bond-Type Class Shares pertaining to the period from the first day of the fiscal year in which the date of the acquisition falls to the date of the acquisition, in exchange for the acquisition of those Bond-Type Class Shares. If the Company acquires part of the Bond-Type Class Shares, the Company shall determine the scope of Bond-Type Class Shares to be acquired from Bond-Type Class Shareholders by a reasonable method determined by the Board of Directors.</u></p> <p><u>(SHARE CONSOLIDATION; SHARE SPLIT)</u></p> <p><u>ARTICLE 17. The Company shall not conduct any share consolidation or share split with respect to the Bond-Type Class Shares, unless otherwise provided by law or ordinance.</u></p> <p>2. <u>The Company shall not make any gratis allotment of shares or stock acquisition rights to the Bond-Type Class Shareholders.</u></p> <p>3. <u>The Company shall not grant to Bond-Type Class Shareholders any right to receive allotment of shares offered for subscription or stock acquisition rights offered for subscription.</u></p> <p>4. <u>If the Company conducts a share transfer (limited to a sole-share transfer conducted by the Company), the Company shall deliver to Common Shareholders, Etc. shares issued by the wholly owning parent company incorporated in the share transfer that are of the same class as the Common Shares of the Company in exchange for the Common Shares, and deliver to Bond-Type Class Shareholders, Etc. shares issued by the wholly owning parent company incorporated in the share transfer that are of the same class as the Bond-Type Class Shares in</u></p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER III: GENERAL MEETINGS OF SHAREHOLDERS ARTICLE 11. through ARTICLE 16. (Omitted) (Newly established)</p>	<p style="text-align: center;">CHAPTER IV: GENERAL MEETINGS OF SHAREHOLDERS ARTICLE 19. through ARTICLE 24. (No change) (GENERAL MEETINGS OF CLASS SHAREHOLDERS)</p> <p>5. <u>exchange for the Bond-Type Class Shares, in the same ownership ratio respectively.</u> <u>The adjustment of the Preferred Dividend to Bond-Type Class Shares and Accumulated Dividends Payable to Bond-Type Class Shares in the case provided for in the preceding paragraph shall be conducted by the method determined by resolution of the Board of Directors before the issuance of the Shares of Each Series of Bond-Type Class.</u></p> <p>(ORDER OF PRIORITY) ARTICLE 18. <u>Payments of Preferred Dividends to Bond-Type Class Shares and Interim Preferred Dividends to Bond-Type Class Shares, and distribution of residual assets to Shares of Each Series of Bond-Type Class are ranked pari passu.</u></p> <p>ARTICLE 25. <u>Unless otherwise provided by law, ordinance or these Articles of Incorporation, the resolutions of a General Meeting of Class Shareholders shall be adopted by a majority of the voting rights represented by the shareholders present who are entitled to exercise voting rights.</u></p> <p>2. <u>The resolutions provided for in Article 324, Paragraph 2 of the Companies Act shall be adopted by no less than two-thirds (2/3) of the voting rights of shareholders present at the meeting whereby shareholders representing no less than one third (1/3) of the voting rights of shareholders who are entitled to exercise voting rights are present.</u></p> <p>3. <u>The provisions of Article 19, Paragraph 2, Article 21, Article 22, and Article 24 apply mutatis mutandis to General Meetings of Class Shareholders.</u></p> <p>4. <u>The provisions of Article 20 apply mutatis mutandis with respect to any General Meeting of Class Shareholders held within three months after 31st of March each year.</u></p> <p>5. <u>No resolution of a General Meeting of Class Shareholders comprising Bond-Type Class Shareholders of each series is required for the Company to conduct any of the acts provided for in the items of Article 322, Paragraph 1 of the Companies Act, unless otherwise provided by law or ordinance.</u></p> <p>6. <u>If the Company performs any of the following acts and there is any likelihood of causing damage to the Bond-Type Class Shareholders, that act shall not take effect without a resolution of the General Meeting of Class Shareholders comprising Bond-Type Class Shareholders, in addition to a resolution of the General Meeting of Shareholders or the Board of Directors, unless there are no Bond-Type Class Shareholders who would be able to vote at that General Meeting of Class Shareholders:</u> <u>(1) a merger in which the Company will be the disappearing company or a share exchange or share transfer in which the Company will be the wholly owned subsidiary company (except for a sole-share transfer conducted by the Company); or</u></p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER <u>IV</u>: DIRECTORS AND BOARD OF DIRECTORS</p> <p>ARTICLE <u>17</u>. through ARTICLE <u>26</u>. (Omitted)</p> <p style="text-align: center;">CHAPTER <u>V</u>: AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>ARTICLE <u>27</u>. through ARTICLE <u>34</u>. (Omitted)</p> <p style="text-align: center;">CHAPTER <u>VI</u>: ACCOUNTING</p> <p>ARTICLE <u>35</u>. through ARTICLE <u>37</u>. (Omitted)</p>	<p style="text-align: center;">(2) an approval by the Board of Directors of a demand for a cash-out by a Special Controlling Shareholder against the other shareholders of the Company.</p> <p style="text-align: center;">CHAPTER <u>V</u>: DIRECTORS AND BOARD OF DIRECTORS</p> <p>ARTICLE <u>26</u>. through ARTICLE <u>35</u>. (No change)</p> <p style="text-align: center;">CHAPTER <u>VI</u>: AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>ARTICLE <u>36</u>. through ARTICLE <u>43</u>. (No change)</p> <p style="text-align: center;">CHAPTER <u>VII</u>: ACCOUNTING</p> <p>ARTICLE <u>44</u>. through ARTICLE <u>46</u>. (No change)</p>

Reference

If this proposal is approved at this General Meeting of Shareholders, the provisions of the Articles of Incorporation of the Company regarding Bond-Type Class Shares will be inserted as of the conclusion of this General Meeting of Shareholders, but the Company has not yet made any decision to issue Bond-Type Class Shares as of May 24, 2023. Any issuance of Bond-Type Class Shares under the amended Articles of Incorporation will be determined by a resolution of the Board of Directors (the "Issuance Resolution") after this General Meeting of Shareholders in light of the Company's equity strategy, with reference to market conditions and other factors. A shelf registration statement with respect to the issuance of the Series 1 Bond-Type Class Shares has been submitted as of May 24, 2023. The basic details of the Series 1 Bond-Type Class Shares specified in that shelf registration statement are as follows, and the maximum issue amount of the Series 1 Bond-Type Class Shares specified in that shelf registration statement is 120 billion yen. If the Company decides to issue the Series 1 Bond-Type Class Shares, the subscription requirements of the offering, including the conditions and the issue price and the subscription price of the Series 1 Bond-Type Class Shares other than the annual dividend rate and the number of shares to be issued, shall be determined by the Issuance Resolution. The annual dividend rate will be determined by the same method as the Book Building procedures provided for in Article 25 of the Rules Concerning Underwriting, Etc. of Securities of the Japan Securities Dealers Association after the Issuance Resolution following the receipt of a fair valuation report with respect to the Series 1 Bond-Type Class Shares, after presenting the preliminary pricing range with respect to the annual dividend rate, based on comprehensive consideration of the demand under the preliminary pricing range, the market price of subordinate bonds issued by other operating companies of a similar credit rating to the Company, and other factors (the date of determination of such annual dividend rate shall be hereinafter defined as the "Pricing Date").

Outline (Details of Series 1 Bond-Type Class Shares)

The details of the Series 1 Bond-Type Class Shares are as follows.

A. Preferred Dividends

- (1) When the Company makes a dividend of surplus with March 31 as the record date, the Company shall pay a dividend in cash in the following amount (the "Preferred Dividend to Series 1 Bond-Type Class Shares") to the holders of Series 1 Bond-Type Class Shares (the "Series 1 Bond-Type Class Shareholders") and registered pledgees of Series 1 Bond-Type Class Shares (collectively with Series 1 Bond-Type Class Shareholders, "Series 1 Bond-Type Class Shareholders, Etc.") entered or registered in the last register of shareholders as of the record date of that dividend, in preference to the holders of common shares of the Company ("Common Shareholders"; that common shares, the "Common Shares") and registered pledgees of Common Shares (collectively with Common Shareholders, "Common Shareholders, Etc."); provided, however, that if Interim Preferred Dividends to Series 1 Bond-Type Class Shares (defined below) have been paid during the fiscal year in which the record date of that dividend falls, the total amount of those Interim Preferred Dividends to Series 1 Bond-Type Class Shares shall be deducted from the Preferred Dividend to Series 1 Bond-Type Class Shares:

The amount per share equal to the product of the equivalent of the amount set as the price of issue per share (the "Issue Price") multiplied by the annual dividend rate determined by the same method as the Book Building procedures specified above on the Pricing Date

From the fiscal year in which the issuance date of the Series 1 Bond-Type Class Shares falls to the fiscal year in which the date five years after that issuance date falls, the annual dividend rate(*) shall be equal to the sum of the fixed base rate specified in the Issuance Resolution plus the initial spread determined by the same method as the Book Building procedures specified above (the "Initial Spread"), and thereafter the annual dividend rate shall be the sum of the variable base rate specified in the Issuance Resolution plus the Initial Spread plus 1 percent. However, in accordance with the provisions of the Articles of Incorporation, in no case shall the annual dividend rate exceed 10 percent.

* Under the market conditions as of May 24, 2023, the annual dividend rate for the period from the fiscal year in which the issuance date of the Series 1 Bond-Type Class Shares falls to the fiscal year in which the date five years after that issuance date falls is anticipated to be from 2 to 4 percent.

- (2) If the amount of dividends of surplus paid in cash to each Series 1 Bond-Type Class Shareholders, Etc. per Series 1 Bond-Type Class Share in a given fiscal year in which the record date falls is less than the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for that fiscal year, that shortfall amount shall be accumulated in subsequent fiscal years by a simple interest calculation calculated by the method specified in the Issuance Resolution based on the annual dividend rate determined by the same method as the Book Building procedures specified above (such accumulated shortfall shall be defined as the "Accumulated Dividends Payable to Series 1 Bond-Type Class Shares"). The Company shall pay dividends of surplus in cash to the Series 1 Bond-Type Class Shareholders, Etc. until such payment reaches the amount of Accumulated Dividends Payable to Series 1 Bond-Type Class Shares per Series 1 Bond-Type Class Share, in preference to Preferred Dividend to Series 1 Bond-Type Class Shares and Interim Preferred Dividends to Series 1 Bond-Type Class Shares.
- (3) No dividends of surplus shall be paid to Series 1 Bond-Type Class Shareholders, Etc. in excess of the total of the Preferred Dividend to Series 1 Bond-Type Class Shares and the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares.

B. Interim Preferred Dividend

When the Company makes a dividend of surplus with a date other than March 31 as the record date (the "Interim Dividend Record Date"), the Company shall pay a dividend in cash in the amount per Series 1 Bond-Type Class Share equal to one half of the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares (if a dividend of surplus is paid with the Interim Dividend Record Date in the fiscal year in which the date of issuance of the Series 1 Bond-Type Class Shares falls as the record date, the amount adjusted reasonably based on the number of days between the payment date and the Interim Dividend Record Date; the "Interim Preferred Dividend to Series 1 Bond-Type Class Shares"), to the Series 1 Bond-Type Class Shareholders, Etc. entered or registered in the last register of shareholders as of the Interim Dividend Record Date of that dividend, in preference to the Common Shareholders, Etc.; provided, however, that the total amount of Interim Preferred Dividends to Series 1 Bond-Type Class Shares for which the Interim Dividend Record Date falls in a given fiscal year shall not exceed the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for which the record date falls in the same fiscal year.

C. Distribution of Residual Assets

- (1) When the Company makes a distribution of residual assets, the Company shall pay cash in the following amount to the Series 1 Bond-Type Class Shareholders, Etc., in preference to the Common Shareholders, Etc.:

The amount calculated by the method specified in the Issuance Resolution as the sum of the equivalent of the Issue Price per share plus the amount of the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares and the equivalent of the Preferred Dividend to Series 1 Bond-Type Class Shares pertaining to the period from the first day of the fiscal year in which the date of the distribution of residual assets falls to the date of the distribution of residual assets

- (2) No distribution of residual assets shall be made to Series 1 Bond-Type Class Shareholders, Etc. other than the distribution provided for in (1) above.

D. Order of Priority

Payments of Preferred Dividends to Bond-Type Class Shares and Interim Preferred Dividends to Bond-Type Class Shares, and distribution of residual assets to the Series 1 Bond-Type Class Shares through Series 5 Bond-Type Class Shares are ranked *pari passu*.

E. Voting Rights

The Series 1 Bond-Type Class Shareholders shall not be entitled to exercise voting rights at the General Meeting of Shareholders with respect to any matter.

F. General Meetings of Class Shareholders

- (1) Unless otherwise provided by law, ordinance or these Articles of Incorporation, the resolutions of a General Meeting of Class Shareholders shall be adopted by a majority of the voting rights represented by the shareholders present who are entitled to exercise voting rights.
- (2) The resolutions provided for in Article 324, Paragraph 2 of the Companies Act shall be adopted by no less than two-thirds (2/3) of the voting rights of shareholders present at the meeting whereby shareholders representing no less than one third (1/3) of the voting rights of shareholders who are entitled to exercise voting rights are present.
- (3) No resolution of a General Meeting of Class Shareholders comprising Series 1 Bond-Type Class Shareholders is required for the Company to conduct any of the acts provided for in the items of Article 322, Paragraph 1 of the Companies Act, unless otherwise provided by law or ordinance.
- (4) The Company may convene General Meetings of Class Shareholders without any set venue.
- (5) If the Company performs any of the following acts and there is any likelihood of causing damage to Series 1 Bond-Type Class Shareholders, that act shall not take effect without a resolution of the General Meeting of Class Shareholders comprising Series 1 Bond-Type Class Shareholders, in addition to a resolution of the General Meeting of Shareholders or the Board of Directors, unless there are no Series 1 Bond-Type Class Shareholders who would be able to vote at that General Meeting of Class Shareholders:
 - a. a merger in which the Company will be the disappearing company or a share exchange or share transfer in which the Company will be the wholly owned subsidiary company (except for a sole-share transfer conducted by the Company); or
 - b. an approval by the Board of Directors of a demand for a cash-out by a Special Controlling Shareholder against the other shareholders of the Company.

G. Acquisition by the Company in Exchange for Cash

- (1) If five years have passed since the payment date (issuance date) of the Series 1 Bond-Type Class Shares, or another event provided for in the Issuance Resolution arises with respect to the Series 1 Bond-Type Class Shares, the Company may acquire all or part of the Series 1 Bond-Type Class Shares upon the arrival of a date separately determined by resolution of the Board of Directors. In such case, the Company shall deliver to the Series 1 Bond-Type Class Shareholders cash in the

amount specified based on the Issue Price in the Issuance Resolution per Series 1 Bond-Type Class Share in exchange for the acquisition of the Series 1 Bond-Type Class Shares.

- (2) If the Company acquires Series 1 Bond-Type Class Shares in exchange for cash under this Section G. or through an agreement with specific Series 1 Bond-Type Class Shareholders or a market transaction, etc. under Article 165, Paragraph 1 of the Companies Act (collectively with an acquisition in exchange for cash, "Acquisition for Monetary Consideration"), unless otherwise specified in the Issuance Resolution, the Company shall not conduct that Acquisition for Monetary Consideration unless financing with respect to the Required Refinancing Amount (defined below) is secured by the issuance, disposition, or borrowing ("Issuance, Etc.") of Refinancing Securities (defined below). Such Issuance, Etc. of Refinancing Securities shall take place during the 12 months prior to the date of the Acquisition for Monetary Consideration.

"Required Refinancing Amount" means: if the Refinancing Securities are Common Shares, the Equity Valuation Equivalent (defined below) of the Series 1 Bond-Type Class Shares subject to the Acquisition for Monetary Consideration; if the Refinancing Securities are not Common Shares, the quotient (if the calculated amounts are different due to the different equity credit recognized by each credit rating institution, the greater amount shall be used) of the Equity Valuation Equivalent of the Series 1 Bond-Type Class Shares subject to the Acquisition for Monetary Consideration divided by the equity credit of those Refinancing Securities as recognized by each credit rating institution (expressed as a percentage). In case where the Refinancing Securities consist of both Common Shares and non-Common Shares; the respective equations shall be applied as appropriate.

"Equity Valuation Equivalent" means the product of the equivalent of the total Issue Price of the Series 1 Bond-Type Class Shares multiplied by the equity credit of the Series 1 Bond-Type Class Shares as of the payment date as recognized by each credit rating institution (expressed as a percentage); if the calculated amounts are different due to the different equity credit recognized by each credit rating institution, the greater amount shall be used.

"Refinancing Securities" means the securities and obligations specified in a. through c. below; however, (i) limited to those announced by the Company as Refinancing Securities, even if any of a. through c. applies, (ii) in the case of a. or b. below, limited to those subject to Issuance, Etc. to a person other than a subsidiary company of the Company as defined in Article 2, Item 3 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements or an affiliated company as defined in Item 7 of that Article, and (iii) in the case of b. or c. below, limited to those recognized by each credit rating institution as having equity credit equivalent or superior to the Series 1 Bond-Type Class Shares as of the payment date of the Series 1 Bond-Type Class Shares.

- a. Common Shares
- b. Shares of classes other than a.
- c. All other securities and obligations of the Company other than a. and b.

- (3) If the Company acquires part of the Series 1 Bond-Type Class Shares under (1) above, the Company shall determine the scope of Series 1 Bond-Type Class Shares to be acquired from Series 1 Bond-Type Class Shareholders by a reasonable method determined by the Board of Directors.

H. Share Consolidation; Share Split

- (1) The Company shall not conduct any share consolidation or share split with respect to the Series 1 Bond-Type Class Shares, unless otherwise provided by law or ordinance.
- (2) The Company shall not make any gratis allotment of shares or stock acquisition rights to the Series 1 Bond-Type Class Shareholders.
- (3) The Company shall not grant to Series 1 Bond-Type Class Shareholders any right to receive allotment of shares offered for subscription or stock acquisition rights offered for subscription.
- (4) If the Company conducts a share transfer (limited to a sole-share transfer conducted by the Company), the Company shall deliver to Series 1 Bond-Type Class Shareholders, Etc. shares issued by the wholly owning parent company incorporated in the share transfer that are of the same class as the Series 1 Bond-Type Class Shares in exchange for the Series 1 Bond-Type Class Shares, in the

same ownership ratio. The adjustment of the Preferred Dividend to Series 1 Bond-Type Class Shares and Accumulated Dividends Payable to Series 1 Bond-Type Class Shares in such case shall be conducted by the method specified in the Issuance Resolution.

I. Absence of Seller Put Options When the Company Acquires the Bond-Type Class Shares

If the Company decides to acquire all or part of the Series 1 Bond-Type Class Shares held by any Series 1 Bond-Type Class Shareholder under an agreement with such Series 1 Bond-Type Class Shareholder pursuant to a resolution of the General Meeting of Shareholders, and further decides to notify such Series 1 Bond-Type Class Shareholder of matters prescribed in any item of Article 157, Paragraph 1 of the Companies Act, the provisions of Article 160, Paragraphs 2 and 3 of such act shall not apply.

J. Listing

A listing application in respect of the Series 1 Bond-Type Class Shares for the Prime Market of the Tokyo Stock Exchange, Inc. is planned to be made.

Q&A regarding Bond-Type Class Shares

Please refer to this Q&A that we have prepared as reference material relating to the Bond-Type Class Shares that we announced in our press release titled "Notice Regarding Partial Amendment to Articles of Incorporation and Shelf Registration with Respect to Issuance of Series 1 Bond-Type Class Shares" on May 24, 2023.

Question	Answer
1) What is the purpose of amendments to the Articles of Incorporation for the Bond-Type Class Shares?	<ul style="list-style-type: none"> • In order to continue to balance growth investment with a high level of shareholder returns while making growth investments related to advanced telecommunications and IT technologies and next-generation social infrastructure for the future, we have come to the conclusion that it would be desirable to enhance our capital and reinforce our financial base by incorporating equity financing in addition to debt financing, and in order to meet the needs of a wide range of investors, including retail investors, we intend to add provisions to the Articles of Incorporation for the issuance of new class shares, the Bond-Type Class Shares. • As the Bond-Type Class Shares will be an option as a financing method for us to realize an increase in equity capital to secure a sound financial base, we decided to make amendments to the Articles of Incorporation with the aim of pursuing flexible financing options for the future.
2) Is it possible to use the Bond-Type Class Shares as takeover protection measures?	<ul style="list-style-type: none"> • The Bond-Type Class Shares are considered ill-suited to takeover protection measures by their nature owing to the lack of the rights to vote at General Meetings of Shareholders and the lack of the rights to convert them into Common Shares, irrespective of the ownership ratio, and are not anticipated to be used in that manner. The matters which are required to be resolved at General Meetings of Class Shareholders comprising the holders of the Bond-Type Class Shares are more limited than those provided for in the Companies Act. Further, the Bond-Type Class Shares are not anticipated to be allotted to the holders of Common Shares by gratis allotment and others.
3) While multiple series of the Bond-Type Class Shares are provided for in the proposed Articles of Incorporation, what are your thoughts on the specific issuances?	<ul style="list-style-type: none"> • We expect that the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares will be issued for the purpose of raising funds for investment in growth and under appropriate issuance conditions based on the same method as the Book Building procedure by a wide range of investors. • In addition, since we intend that capital financing of equal or greater value shall be required in principle if we acquire (call) the Bond-Type Class Shares in exchange for cash, other series of the Bond-Type Class Shares may be issued for such acquisition.
4) What are the characteristics of the Bond-Type Class Shares?	<ul style="list-style-type: none"> • While the Bond-Type Class Shares are shares provided for in the Companies Act, we envision a product nature that has a "bond" features, in consideration of the holders of Common Shares. • Specifically, the holders of the Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares and the Bond-Type Class Shares are non-participating class shares - no dividend is paid beyond the preferred dividend initially set.
5) Will the Bond-Type Class Shares cause any disadvantages to the holders of Common Shares?	<ul style="list-style-type: none"> • Since the holders of the Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares, the Bond-Type Class Shares do not cause dilution of the rights to vote. • The shares are non-participating class shares - no dividend is paid beyond the preferred dividend initially set, and only the holders of Common Shares have the right to participate in dividends beyond that. • We believe that we can secure a sound financial base while taking into more consideration the impact on ROE and EPS, etc. for Common Shares ^(*), compared to a capital increase through the issuance of Common Shares.

*1 On the assumption that the relevant amounts of the Bond-Type Class Shares (paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares

Question	Answer
6) Have bond-type class shares been issued in the past?	<ul style="list-style-type: none"> We recognize the past cases of bond-type class shares issued by other companies by way of third-party allotment. Meanwhile, the Bond-Type Class Shares will be a new design for bond-type class shares in Japan, differing significantly from the past ones - they can provide a wide range of investors with investments opportunities as any future issuance of Bond-Type Class Shares is anticipated to be through a public offering, and obtaining capitalization certification (50% of the amount of funds raised) from the rating agencies (R&I and JCR) and a listing application for the Prime Market of the Tokyo Stock Exchange is planned to be made.
7) What does “product nature similar to that of hybrid bonds” mean?	<ul style="list-style-type: none"> We are considering that the product design of the Bond-Type Class Shares that can be certified as capitalized (50% of the amount of funds raised) by the rating agencies (R&I and JCR), which is similar to hybrid bonds. The dividend is fixed for approximately the first five years, and after the elapse of five years from the issuance, we may acquire (call) the Bond-Type Class Shares in exchange for cash in an amount equal to the issue price plus adjustments for accrued dividend, etc.
8) What is the difference between the Bond-Type Class Shares and hybrid bonds?	<ul style="list-style-type: none"> The Bond-Type Class Shares differ significantly from ordinary hybrid bonds in that they allow for increased equity for accounting purposes. In addition, the Bond-Type Class Shares will be a product available for investment by a wide range of investors through listing on the Tokyo Stock Exchange.
9) What is the expected role of hybrid capital in the financial strategy and positioning of that in the capital structure?	<ul style="list-style-type: none"> Considering the feasibility of increased investment for continuous growth, we expect the Bond-Type Class Shares to contribute to our financial soundness as a capital buffer without dilution of the rights to vote of Common Shares. We believe that it is a useful method for pursuing optimal financing options for our business and financial strategies going forward since it will lead us to secure a variety of financing methods.
10) What format of the issuance is planned?	<ul style="list-style-type: none"> Although the specific format of the issuance has not yet been determined at this time, if we issue the Bond-Type Class Shares, we plan to make them available for investment by a wide range of investors including retail investors through a public offering in Japan. We plan to make the Bond-Type Class Shares also available for investment by the holders of the Common Shares.
11) When is the planned timing of the issuance of the Series 1 Bond-Type Class Shares and how much is the planned amount of the issuance of the Series 1 Bond-Type Class Shares?	<ul style="list-style-type: none"> Although the specific timing of the issuance has not yet been determined at this time, if the proposal of amendments to the Articles of Incorporation for the Bond-Type Class Shares is approved at the General Meeting of Shareholders, we expect to issue Series 1 Bond-Type Class Shares on the order of up to 120 billion yen in the fiscal year ending March 31, 2024, depending on the market conditions.
12) What are your thoughts on the product nature and amount of the issuance of the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares?	<ul style="list-style-type: none"> The product nature of the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares are anticipated to be substantially the same as that of the Series 1 Bond-Type Class Shares. Since the holders of these series of Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares, the shares do not cause dilution of the rights to vote. The issuance of such shares, if any, will be determined based on comprehensive consideration of future capital needs and market trends, but at this time, the offering size of the future series is anticipated to be substantially the same as that of the Series 1 Bond-Type Class Shares.
13) Why is the annual dividend rate range anticipated to be from 2% to 4%?	<ul style="list-style-type: none"> Under the current market conditions, taking into account the product nature of the position between equity and debt, we anticipate the annual dividend rate to be within a range from the coupon of our senior bonds to the dividend yield on our Common Shares.

Question	Answer
14) What is the reason for considering listing the Bond-Type Class Shares on the Tokyo Stock Exchange?	<ul style="list-style-type: none"> • In order to make the Bond-Type Class Shares available for investment by a wide range of investors, we believe it is important to increase recognition of the shares and provide trading opportunities by listing them on the Tokyo Stock Exchange.
15) Is it planned to acquire (call) the Bond-Type Class Shares in exchange for cash after five years from the issuance?	<ul style="list-style-type: none"> • We will determine whether to acquire (call) the Bond-Type Class Shares in exchange for cash, taking into consideration our business and financial strategy at the time, market conditions and other factors. • We fully understand that, as is customary in the market for hybrid financing, many investors expect to be called when the dividend rate is stepped up.
16) Will the issuance of the Bond-Type Class Shares affect your dividend policy on the Common Shares?	<ul style="list-style-type: none"> • Our dividend policy of maintaining a high level of shareholder returns remains unchanged. There is no change to our dividend forecast for this fiscal year.

Disclaimer

This material has been prepared solely for the benefit of the holders of shares of common stock of SoftBank Corp. (the "Company") in evaluating the proposal of the Company for a partial amendment to the Articles of Incorporation scheduled to be submitted to the Company's 37th Annual General Meeting of Shareholders (the "General Meeting of Shareholders") planned to be held on June 20, 2023 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country.

This material does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

Proposal 2: Election of Eleven Board Directors

The terms of office of all thirteen Board Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, in order to facilitate strategic and flexible decision-making, a decrease in the number of Board Directors by two and the election of eleven Board Directors are proposed. Nominees for Directors are determined by the Board of Directors upon suggestion by a voluntary Nomination Committee comprising five members including the CEO and four independent external Directors, with an independent external Director as chair.

Director nominees are as follows:

Candidate No.	Name		Current position at the Company
1	Reappointed Ken Miyauchi		Director & Chairman
2	Reappointed Junichi Miyakawa		President & CEO
3	Reappointed Jun Shimba		Representative Director & COO
4	Reappointed Yasuyuki Imai		Representative Director & COO
5	Reappointed Kazuhiko Fujihara		Board Director, Executive Vice President & CFO
6	Reappointed Masayoshi Son		Board Director, Founder
7	Reappointed Atsushi Horiba	Independent Officer External Director	Board Director
8	Reappointed Takehiro Kamigama	Independent Officer External Director	Board Director
9	Reappointed Kazuaki Oki	Independent Officer External Director	Board Director
10	Reappointed Kyoko Uemura	Independent Officer External Director	Board Director
11	Reappointed Naomi Koshi	Independent Officer External Director	Board Director

Candidate No. 1	Ken Miyauchi	(Date of birth: November 1, 1949; 73 years old)	Reappointed	Number of shares held in the Company 3,748,600 shares
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Biography, titles, responsibilities and significant concurrent positions

Feb. 1977	Joined Japan Management Association	June 2013	Representative Director, Senior Executive Vice President of SOFTBANK Corp. (currently SoftBank Group Corp.)
Oct. 1984	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)	Apr. 2014	Representative Director & Chairman, SoftBank Commerce & Service Corp. (currently SB C&S Corp.)
Feb. 1988	Director, SOFTBANK Corp.	Apr. 2015	President & CEO, the Company
Apr. 1993	Executive Managing Director, SOFTBANK Corp.	Apr. 2018	Director, SoftBank Group Corp. (to present)
Sept. 1999	President, SoftBank Commerce Corp. (currently the Company)	Apr. 2018	Representative Director, President & CEO, the Company
Jan. 2003	Director & Vice President, SOFTBANK BB Corp. (currently the Company)	June 2018	President & CEO, the Company
Apr. 2006	Executive Vice President, Director & COO, Vodafone K.K. (currently the Company)	Mar. 2021	President, Representative Director (Chairperson of the Board), A Holdings Corporation (to present)
Mar. 2007	Director, Representative Vice President & COO, the Company	Apr. 2021	Representative Director & Chairman, the Company
June 2007	Representative Director & COO, the Company	Apr. 2023	Director & Chairman, the Company (to present)
June 2012	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)		

Reason for nomination Since taking office as Director & Vice President of SOFTBANK BB Corp. (currently the Company) in January 2003, Mr. Ken Miyauchi has contributed to expanding the fixed-line communications and mobile communications businesses. Since becoming the Company's President in April 2015, he has not only expanded the telecommunications business in Japan but also aggressively promoted entry into new fields with a focus on the Internet based on the *Beyond Carrier* strategy. He has supervised the entire Group as the Company's Representative Director & Chairman since April 2021. The Board would like to reelect Mr. Miyauchi as a Board Director to benefit from his guidance for the further growth of the Group.

Candidate No. 2	Junichi Miyakawa	(Date of birth: December 1, 1965; 57 years old)	Reappointed	Number of shares held in the Company 15,622,200 shares
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Biography, titles, responsibilities and significant concurrent positions

Dec. 1991	Representative Director & President, KK Momotaro Internet	Nov. 2014	Technical Chief Operating Officer, Sprint Corporation (currently Sprint LLC)
June 2000	Representative Director & President, Nagoya Metallic Communications Corp. (currently the Company)	Apr. 2015	Senior Managing Director, the Company
Jan. 2002	Representative Director & President, Tokyo Metallic Communications Corp. (currently the Company)	Aug. 2015	Senior Technical Advisor, Sprint Corporation (currently Sprint LLC)
Jan. 2002	Representative Director & President, Osaka Metallic Communications Corp. (currently the Company)	Apr. 2017	Senior Managing Director & CTO, the Company
Apr. 2002	Representative Director & President, DTH Marketing Corp. (currently the Company)	Dec. 2017	President and CEO, HAPSMobile Inc. (to present)
Aug. 2003	Director, SOFTBANK BB Corp. (currently the Company)	Apr. 2018	Representative Director & CTO, Technology Unit Head and Technology Strategy Unit Head, the Company
Apr. 2006	Director & Executive Vice President (CTO), Vodafone K.K. (currently the Company)	Jan. 2019	President and CEO, MONET Technologies Inc.
June 2007	Director, Executive Vice President & CTO, the Company	Apr. 2021	President & CEO, in Charge of Government Relations, the Company (to present)
Nov. 2014	Director & Senior Managing Corporate Officer, the Company	June 2021	Director, A Holdings Corporation (to present)
		June 2022	Director, MONET Technologies Inc. (to present)

Reason for nomination Based on his profound knowledge of cutting-edge technologies, Mr. Junichi Miyakawa has contributed to the growth of the Company primarily as the head of the technology unit since taking office as the Company's Director & Executive Vice President (CTO) in April 2006. Before joining the Group, Mr. Miyakawa 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. The Board would like to reelect Mr. Miyakawa as a Board Director to lead the further growth of the Group.

Candidate
No.

3

Jun Shimba

(Date of birth: November 15, 1962;
60 years old)

Reappointed

Number of shares held in the
Company
1,547,900 shares

Biography, titles, responsibilities and significant concurrent positions

Apr. 1985	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)	Apr. 2018	Representative Director & COO, Consumer Business Unit Head and Product & Marketing Unit Head, In Charge of Government Relations, the Company
June 2005	Director, SOFTBANK BB Corp. (currently the Company)	Dec. 2019	Representative Director & COO, Consumer Business Unit Head, Consumer Sales Unit Head and Product & Marketing Unit Head, In Charge of Government Relations, the Company
Apr. 2006	Managing Executive Officer, Vodafone K.K. (currently the Company)	June 2020	Director, PayPay Corporation (to present)
June 2007	Director & Managing Executive Officer, SOFTBANK BB Corp. (currently the Company)	Apr. 2021	Representative Director & COO, Consumer Business Unit Head, the Company (to present)
June 2007	Managing Corporate Officer, the Company		
June 2012	Director & Senior Managing Corporate Officer, the Company		
Apr. 2015	Senior Managing Director, the Company		
Apr. 2017	Representative Director & COO, the Company		
Apr. 2017	Representative Director, President & CEO, SoftBank Payment Service Corp. (currently SB Payment Service Corp.) (to present)		

Reason for nomination Since taking office as the Company's Managing Executive Officer in April 2006, Mr. Jun Shimba has served in prominent positions at the Company, primarily head of the consumer business unit, and contributed to the Company's growth. In addition, he became the Company's Representative Director & COO in April 2017. The Board would like to reelect Mr. Shimba as a Board Director to lead the further growth of the Group.

Candidate
No.

4

Yasuyuki Imai

(Date of birth: August 15, 1958;
64 years old)

Reappointed

Number of shares held in the
Company
1,563,900 shares

Biography, titles, responsibilities and significant concurrent positions

Apr. 1982	Joined Kajima Corporation	Apr. 2015	Senior Managing Director, the Company
Apr. 2000	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)	Apr. 2017	Representative Director & COO, the Company
Oct. 2007	Corporate Officer, the Company	Apr. 2018	Representative Director & COO, Enterprise Business Unit Head, the Company (to present)
Apr. 2008	Managing Corporate Officer, the Company		
June 2012	Director & Senior Managing Corporate Officer, the Company		

Reason for nomination Since taking office as the Company's Corporate Officer in October 2007, Mr. Yasuyuki Imai has served in prominent positions at the Company, primarily head of the enterprise business unit, and contributed to the Company's growth. In addition, he became the Company's Representative Director & COO in April 2017. The Board would like to reelect Mr. Imai as a Board Director to lead the further growth of the Group.

Candidate No. **5**

Kazuhiko Fujihara

(Date of birth: November 2, 1959;
63 years old)

Reappointed

Number of shares held in the Company
1,143,600 shares



Biography, titles, responsibilities and significant concurrent positions

Apr. 1982	Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)	June 2014	Director & Managing Executive Officer, SOFTBANK Corp. (currently SoftBank Group Corp.)
Apr. 2001	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)	Apr. 2015	Director, Executive Vice President & CFO, the Company
Sept. 2001	General Manager of Group Management Group, SOFTBANK Corp.	June 2015	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
May 2003	Manager, Management Planning Dept., SOFTBANK BB Corp. (currently the Company)	Sept. 2016	Managing Executive Officer, SoftBank Group Corp.
Nov. 2004	Director & CFO, SOFTBANK BB Corp.	June 2017	Senior Vice President, SoftBank Group Corp.
Apr. 2006	Managing Executive Officer (CFO), Vodafone K.K. (currently the Company)	Apr. 2018	Board Director, Executive Vice President & CFO, Finance Unit Head, the Company (to present)
June 2007	Director, Senior Vice President & CFO, the Company	June 2019	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
June 2012	Director, Executive Vice President & CFO, the Company	Mar. 2021	Director, A Holdings Corporation (to present)

Reason for nomination Since taking office as the Company's Managing Executive Officer (CFO) in April 2006, Mr. Kazuhiko Fujihara 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. The Board would like to reelect Mr. Fujihara as a Board Director to lead the further growth of the Group. (Certified public accountant in the State of Illinois)

Candidate No. **6**

Masayoshi Son

(Date of birth: August 11, 1957;
65 years old)

Reappointed

Number of shares held in the Company
3,200,000 shares



Biography, titles, responsibilities and significant concurrent positions

Sept. 1981	Founded SOFTBANK Corp. (currently SoftBank Group Corp.), Chairman & CEO	June 2017	Chairman & CEO, SoftBank Group Corp.
Jan. 1996	President & CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)	Apr. 2018	Chairman, the Company
Apr. 2006	Chairman of the Board, President & CEO, Vodafone K.K. (currently the Company)	June 2018	Representative Director, SoftBank Group Japan Corporation (to present)
June 2007	President & CEO, the Company	Nov. 2020	Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)
Apr. 2015	Chairman, the Company	Apr. 2021	Board Director, Founder, the Company (to present)
June 2015	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)		
Mar. 2016	Manager, SoftBank Group International GK (currently SoftBank Group Japan Corporation)		

Reason for nomination Mr. Masayoshi Son has extensive knowledge and experience in corporate management, business strategy, M&A and other matters as the founder of SoftBank Group Corp. The Board would like to reelect Mr. Son as a Board Director to benefit from his guidance in the Company's decision-making process for the further growth of the Group.

Candidate No. **7**

Atsushi Horiba

(Date of birth: February 5, 1948
75 years old)

External Director
Independent Officer
Reappointed

Number of shares held in the Company
3,300 shares



Biography, titles, responsibilities and significant concurrent positions

Sept. 1972	Joined HORIBA, Ltd.	Apr. 2016	Chairman & Representative Director, HORIBA STEC, Co., Ltd. (to present)
June 1982	Director, HORIBA, Ltd.	Jan. 2018	Chairman, Representative Director & Group CEO, HORIBA, Ltd. (to present)
June 1988	Senior Managing Director, HORIBA, Ltd.	June 2018	External Director, the Company (to present)
Jan. 1992	Representative Director & President, HORIBA, Ltd.	June 2021	Outside Director, Sumitomo Electric Industries, Ltd. (to present)
June 1995	Representative Director & President, STEC Co., Ltd. (currently HORIBA STEC, Co., Ltd.)		
June 2005	Chairman, Representative Director & President, HORIBA, Ltd.		

Reason for nomination and outline of expected roles Mr. Atsushi Horiba has served as Representative Director of HORIBA, Ltd. for 31 years since 1992 and has extensive management experience in leading the global growth of the HORIBA Group. The Company expects him to supervise the Company's management with his knowledge and experience, and give guidance on the Company's overall management. The Board would like to reelect Mr. Horiba as an External Director so he can contribute to the Group's further growth and enhancement of corporate governance.

Mr. Horiba attended 12 out of 13 Board of Directors meetings held in FY2022, amounting to an attendance rate of 92.3%.

He is an External Director (Independent Officer) of the Company and will have been in the position for 5 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. **8**

Takehiro Kamigama

(Date of birth: January 12, 1958
65 years old)

External Director
Independent Officer
Reappointed

Number of shares held in the Company
- shares



Biography, titles, responsibilities and significant concurrent positions

Apr. 1981	Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)	Mar. 2018	External Director, Yamaha Motor Co., Ltd. (to present)
June 2002	Corporate Officer, TDK Corporation	June 2018	External Director, the Company (to present)
June 2003	Senior Vice President, TDK Corporation	June 2018	Mission Executive, TDK Corporation
June 2004	Director, Executive Vice President, TDK Corporation	Mar. 2021	External Director, KOKUYO Co., Ltd. (to present)
June 2006	Representative Director & President, TDK Corporation	July 2021	Chief Consultant, Contemporary Amperex Technology Japan KK (to present)
June 2016	Chairman & Representative Director, TDK Corporation	Aug. 2021	Representative Director, Gama Expert, Inc. (to present)
June 2017	External Director, OMRON Corporation (to present)		

Reason for nomination and outline of expected roles Mr. Takehiro Kamigama served as Representative Director of TDK Corporation for 12 years since 2006, and has extensive management experience and leadership in enhancing the profitability of its operations and expanding its business fields. The Company expects him to supervise the Company's management with his knowledge and experience, and give guidance on the Company's overall management. The Board would like to reelect Mr. Kamigama as an External Director so he can contribute to the Group's further growth and enhancement of corporate governance.

Mr. Kamigama attended 13 out of 13 Board of Directors meetings held in FY2022, amounting to an attendance rate of 100%.

He is an External Director (Independent Officer) of the Company and will have been in the position for 5 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. **9**

Kazuaki Oki

(Date of birth: May 30, 1957
66 years old

External Director
Independent Officer
Reappointed

Number of shares held in the Company
1,000 shares



Biography, titles, responsibilities and significant concurrent positions

Oct. 1984	Joined Aoyama Audit Corporation	July 2017	External Director, Shizuoka Bank (Europe) S.A. (to present)
July 2003	Representative Partner, ChuoAoyama Audit Corp.	Mar. 2018	Supervisory Officer, NIPPON LIFE PRIVATE REIT Inc. (to present)
Sept. 2006	Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)	June 2018	External Director, the Company (to present)
July 2017	Head of Oki CPA Office (to present)	June 2018	Representative Partner, Chiyoda Audit Corporation (to present)

Reason for nomination and outline of expected roles Mr. Kazuaki Oki has extensive knowledge and experience as a certified public accountant. The Company expects him to supervise the Company's management with his knowledge and experience, and give guidance on the Company's overall management. The Board would like to reelect Mr. Oki as an External Director so he can contribute to the Group's further growth and enhancement of corporate governance.

Although Mr. Oki has only been involved in corporate management through serving as an external director or external audit & supervisory board member, the Company believes that he will appropriately perform his duties as an External Director due to the aforementioned reasons.

Mr. Oki attended 13 out of 13 Board of Directors meetings held in FY2022, amounting to an attendance rate of 100%.

He is an External Director (Independent Officer) of the Company and will have been in the position for 5 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. **10**

Kyoko Uemura

(Date of birth: July 22, 1961
61 years old

External Director
Independent Officer
Reappointed

Number of shares held in the Company
2,100 shares



Biography, titles, responsibilities and significant concurrent positions

Apr. 1994	Assistant Judge, Osaka District Court	June 2017	External Auditor, MS&AD Insurance Group Holdings, Inc. (to present)
Apr. 2004	Judge, Numazu Branch, Shizuoka Family Court	June 2018	External Director, the Company (to present)
Apr. 2005	Judge, Yokohama District Court	Oct. 2018	Partner Lawyer, Miyama, Koganemaru & Associates (to present)
Apr. 2008	Registered as a lawyer	Mar. 2021	External Director and Audit & Supervisory Committee Member, Mabuchi Motor Co., Ltd.
June 2009	External Auditor, Yahoo Japan Corporation (currently Z Holdings Corporation)		

Reason for nomination and outline of expected roles Ms. Kyoko Uemura has extensive knowledge and experience as a lawyer. The Company expects her to supervise the Company's management with her knowledge and experience, and give guidance on the Company's overall management and risk management. The Board would like to reelect Ms. Uemura as an External Director so she can contribute to the Group's further growth and enhancement of corporate governance.

Although Ms. Uemura has only been involved in corporate management through serving as an external director or external audit & supervisory board member, the Company believes that she will appropriately perform her duties as an External Director due to the aforementioned reasons.

Ms. Uemura attended 13 out of 13 Board of Directors meetings held in FY2022, amounting to an attendance rate of 100%.

She is an External Director (Independent Officer) of the Company and will have been in the position for 5 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. **11**

Naomi Koshi

(Date of birth: July 5, 1975) 47 years old

External Director

Independent Officer

Reappointed

Number of shares held in the Company
- shares



Biography, titles, responsibilities and significant concurrent positions

Oct. 2002	Registered as a lawyer	Jan. 2012	Mayor, Otsu City
Oct. 2002	Lawyer, Nishimura & Partners (currently Nishimura & Asahi)	Mar. 2020	External Director, V-Cube, Inc. (to present)
June 2009	Graduated from Harvard Law School, LL.M	Sept. 2020	Partner Lawyer, Miura & Partners (to present)
Oct. 2009	Joined Debevoise & Plimpton LLP	Jan. 2021	Admitted to the California State Bar
Jan. 2010	Admitted to the New York State Bar	Feb. 2021	Co-Founder and CEO, OnBoard K.K. (to present)
Sept. 2010	Visiting Fellow, Center on Japanese Economy and Business, Columbia Business School	June 2021	External Director, the Company (to present)

Reason for nomination and outline of expected roles

In addition to her extensive knowledge and experience as a lawyer in Japan and overseas, Ms. Naomi 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 with her knowledge and experience, and give guidance on the Company's overall management and risk management. The Board would like to reelect Ms. Koshi as an External Director so she can contribute to the Group's further growth and enhancement of corporate governance.

Ms. Koshi attended 13 out of 13 Board of Directors meetings held in FY2022, amounting to an attendance rate of 100%.

She is an External Director of the Company and will have been in the position for 2 years at the conclusion of this Annual General Meeting of Shareholders.

- (Notes)
1. Mr. Ken Miyauchi concurrently holds the post of Representative Director of A Holdings Corporation, with which the Company has concluded a secondment agreement and has business relationships, such as office leases.
 2. Mr. Junichi Miyakawa concurrently holds the post of Representative Director of Wireless City Planning Inc., with which the Company has concluded a secondment agreement and has business relationships, such as office leases and service outsourcing. The Company provided a loan to Mr. Junichi Miyakawa, to be used for purchasing shares of the Company.
 3. The Company provided a loan to Mr. Yasuyuki Imai, to be used for paying expenses relating to the exercise of "SoftBank Corp. March 2018 Stock Acquisition Rights."
 4. The Company provided a loan to Mr. Kazuhiko Fujihara, to be used for paying expenses relating to the exercise of "SoftBank Corp. March 2018 Stock Acquisition Rights."
 5. Mr. Masayoshi Son concurrently holds the post of Representative Director of SoftBank Group Corp., with which the Company has concluded a secondment agreement and has business relationships, such as office leases and service outsourcing. He also concurrently holds the post of President of the Masason Foundation, with which the Company has concluded agreements including a secondment agreement. Furthermore, Mr. Masayoshi Son concurrently holds the post of Representative Employee of Son Asset Management, LLC, with which the Company has concluded agreements including an office services agreement.
 6. Mr. Atsushi Horiba concurrently holds the post of Representative Director of HORIBA, Ltd., with which the Company has business relationships, such as service outsourcing and telecommunications services. However, the respective amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and is therefore negligible. He also concurrently holds the post of Representative Director of HORIBA STEC, Co., Ltd., with which the Company has business relationships, such as equipment maintenance. However, the respective amount of transactions accounts for less than 0.1% of the Company's revenue, and is therefore negligible.

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7. There are no other special interests between the candidates and the Company.
 8. The titles and responsibilities of Director nominees as executives at the Company's parent companies (SoftBank Group Corp. and SoftBank Group Japan Corporation), the former sibling company (Sprint Corporation (currently Sprint LLC)), and subsidiaries (A Holdings Corporation and HAPSMobile Inc.) over the past ten years and at present are as described in "Biography, titles, responsibilities and significant concurrent positions." Titles and responsibilities that are not included in the above are as follows:

Mr. Ken Miyauchi concurrently held the posts of an executive of SoftBank Group International GK (currently SoftBank Group Japan Corporation), the Company's parent company, until June 2018, Representative Director of BB Cable Corporation, a former sibling company of the Company, until June 2013, Representative Director of SoftBank Payment Service Corp. (currently SB Payment Service Corp.), a subsidiary that was formerly a sibling company of the Company, until June 2013, an executive of SB C&S Holdings GK (currently SB C&S Corp.) until March 2018 and Representative Director of Wireless City Planning Inc. until April 2021, both subsidiaries of the Company.

Mr. Junichi Miyakawa concurrently holds the post of Representative Director of Wireless City Planning Inc. and Representative Director of B Holdings Corporation, subsidiaries of the Company. He also concurrently held the posts of Representative Director of BBIX, Inc. until October 2014 and Representative Director of BB BACKBONE until May 2019, both subsidiaries of the Company.

Mr. Jun Shimba concurrently holds the post of Representative Director of SB Payment Service Corp., a subsidiary of the Company. He also concurrently held the posts of Representative Director of Telecom Professional Service Co., Ltd., a sibling company of the Company, until September 2016, President & CEO of SOFTBANK TELECOM AMERICA CORP. (currently SB TELECOM AMERICA CORP.) and Representative Director of Telecom Engineering CO. LTD. (currently SB Engineering Corp.), both subsidiaries of the Company, until April 2017.

Mr. Yasuyuki Imai concurrently holds the post of Representative Director of SB Engineering Corp., a subsidiary of the Company. He also concurrently held the posts of Representative Director of Telecom Professional Service Co., Ltd., a sibling company of the Company, until May 2015, Representative Director of SoftBank Payment Service Corp. (currently SB Payment Service Corp.) until March 2017 and President & CEO of SOFTBANK TELECOM AMERICA CORP. (currently SB TELECOM AMERICA CORP.) until February 2019, both subsidiaries of the Company.

Mr. Masayoshi Son concurrently held the posts of Representative Director of Skywalk Finance Corporation and an executive of Skywalk Finance GK until September 2020, Representative Director of SB Energy Corp.(currently Terras Energy Corporation) until October 2017, and Representative Director of Softbank Robotics Holdings Corp. (currently Softbank Robotics Group Corp.) until March 2015, all sibling companies of the Company. He also concurrently held the post of Representative Director of Wireless City Planning Inc., a subsidiary that was formerly a sibling company of the Company, until April 2015.
 9. When performing their duties as a Director, in order to have them perform their duties as expected and enable the Company to employ talented personnel, it is stipulated in the Articles of Incorporation that the Company may conclude an agreement with Directors (excluding executive directors, etc.) to limit the liability for damages to the extent specified therein. The Company has concluded an agreement with Messrs. Atsushi Horiba, Takehiro Kamigama and Kazuaki Oki and Meses. Kyoko Uemura, and Naomi Koshi to limit the liability for damages to the minimum amount of liability stipulated in laws and regulations. Subject to the approval of this proposal as proposed, the Company will continue to conclude an agreement with them on the same terms and conditions.

Proposal 3: Election of Three Audit & Supervisory Board Members

The term of office of three of the present four Audit & Supervisory Board Members, Eiji Shimagami, Yasuharu Yamada and Kazuko Kimiwada will expire at the conclusion of this Annual General Meeting of Shareholders. It is proposed that three Audit & Supervisory Board Members be elected.

The Company has obtained approval from the Audit & Supervisory Board with respect to this proposal.

The nominees for Audit & Supervisory Board Members are as follows:

Candidate No.	Name	Current position at the Company
1	Reappointed Eiji Shimagami	Full-time Audit & Supervisory Board Member
2	New appointment Shuji Kojima	Independent Officer External Audit & Supervisory Board Member -
3	Reappointed Kazuko Kimiwada	Part-time Audit & Supervisory Board Member

Candidate No. **1**

Eiji Shimagami

(Date of birth: March 26, 1959;
64 years old)

Reappointed

Number of shares held in the Company
20,000 shares



Biography, titles, and significant concurrent positions

Apr. 1982	Joined NISSAN MOTOR CO., LTD.	June 2011	President, SoftBank Atwork Corp. (currently SB Atwork Corp.)
Jan. 2000	Joined JAPAN TELECOM CO., LTD. (currently the Company)	Nov. 2013	Company Representative and CEO, SB U.S. LLC
Apr. 2001	Joined J-Phone Communications Co., Ltd. (currently the Company)	Apr. 2014	Vice President, CCO, Human Resources & General Affairs Unit, General Affairs Division Head, the Company
Apr. 2003	Manager, Human Resources & Planning Department, J-Phone Communications Co., Ltd.	June 2018	Audit & Supervisory Board Member, SB Energy Corp. (currently Terras Energy Corporation) Audit & Supervisory Board Member, Bloom Energy Japan Limited
Oct. 2007	Manager, General Administration Department, SOFTBANK Corp. (currently SoftBank Group Corp.)	Apr. 2019	Advisor, the Company
Apr. 2008	Corporate Officer, Human Resources & General Affairs Unit, General Affairs Division Head, the Company	June 2019	Full-time Audit & Supervisor Board Member, the Company (to present)

Reason for nomination

Mr. Eiji Shimagami served as Vice President, CCO, Human Resources & General Affairs Unit, General Affairs Division Head of the Company until March 2017, and is well versed in governance, compliance and risk management. In addition, he served in positions such as President of a group company and has extensive knowledge and experience in corporate management. The Board would like to reelect Mr. Shimagami as an Audit & Supervisory Board Member to have him conduct audits from a professional and multifaceted standpoint drawing on his knowledge and experience.

Candidate No. **2**

Shuji Kojima

(Date of birth: January 9, 1965
58 years old)

External Audit & Supervisor Board Member

Independent Officer

New appointment

Number of shares held in the Company
- shares



Biography, titles, and significant concurrent positions

Apr. 1987	Joined Dai-Ichi Kangyo Bank (currently Mizuho Bank, Ltd.)	Apr. 2016	Managing Executive Officer, Head of Internal Audit Group, Mizuho Bank, Ltd.
Apr. 2002	Manager, Human Resources Department, Dai-Ichi Kangyo Bank	Apr. 2017	Senior Executive Officer, Head of Human Resources Group, Mizuho Financial Group, Inc.
Nov. 2006	Head of Staff Management Office, Human Resources Department, Mizuho Bank, Ltd.	Apr. 2019	Senior Executive Officer, Head of Compliance Group, Mizuho Financial Group, Inc.
July 2009	Head of Affiliated Business Office, Corporate Planning Department, Mizuho Bank, Ltd.	Apr. 2019	Managing Executive Officer, Head of Compliance Group, Mizuho Trust & Banking Co., Ltd.
July 2011	General Manager, Shinjuku-Nishiguchi Branch and General Manager of Shinjuku-Nishiguchi First Department, Shinjuku-Nishiguchi Branch, Mizuho Bank, Ltd.	Apr. 2020	President, Mizuho Dream Partner, Ltd. (to present)
Nov. 2013	General Manager, Compliance Division, Mizuho Financial Group, Inc.		
Apr. 2015	Executive Officer, General Manager, Compliance Division, Mizuho Financial Group, Inc.		

Reason for nomination

Mr. Shuji Kojima has extensive knowledge and experience in human resources, compliance, and risk management at financial institutions, and has considerable insight into finance and accounting. The Board would like to elect Mr. Kojima as an External Audit & Supervisory Board Member to have him conduct audits from a professional standpoint drawing on his knowledge and experience, as well as to ensure audits from a more independent perspective.

Candidate
No.

3

Kazuko Kimiwada

(Date of birth: May 16, 1960;
63 years old)

Reappointed

Number of shares held in the
Company

5,000 shares



Biography, titles, and significant concurrent positions

Sept. 1982	Passed the secondary examination for Certified Public Accountant	July 2012	Corporate Officer, SOFTBANK Corp.
Apr. 1983	Joined Deloitte Haskins & Sells LLC (currently Deloitte Touche Tohmatsu LLC)	June 2014	External Audit & Supervisory Board Member, the Company
Aug. 1986	Passed the tertiary examination for Certified Public Accountant; registered as a Certified Public Accountant	June 2016	Audit & Supervisory Board Member, the Company (to present)
Apr. 1995	Joined Mallinckrodt Medical, Inc.	Sept. 2016	Corporate Officer, Head of Accounting Unit, SoftBank Group Corp.
Feb. 1996	Joined SOFTBANK Corp. (currently SoftBank Group Corp.)	June 2017	Executive Corporate Officer, Head of Accounting Unit, SoftBank Group Corp. (to present)
Oct. 2000	Accounting Manager, SOFTBANK Corp.	June 2018	Director, Audit & Supervisory Committee Member, Yahoo Japan Corporation (currently Z Holdings Corporation)
Nov. 2004	Accounting Manager & Related Business Manager, SOFTBANK Corp.		
Apr. 2007	Accounting Manager & Internal Control Manager, SOFTBANK Corp.		

Reason for nomination

Ms. Kazuko 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 Board would like to reelect Ms. Kimiwada as an Audit & Supervisory Board Member so she can conduct audits from a professional standpoint drawing on her knowledge and experience.

- (Notes)
1. There are no special interests between the candidates for Audit & Supervisory Board Members and the Company.
 2. The titles and responsibilities of nominees for Audit & Supervisory Board Members as executives at the Company's parent company (SoftBank Group Corp.), a sibling company (SB U.S. LLC) and a subsidiary that was formerly a sibling company of the Company (SB Atwork Corp.) over the past 10 years and at present are as described in "Biography, titles and significant concurrent positions."
 3. Mr. Shuji Kojima currently holds the post of President of Mizuho Dream Partner, Ltd. He is scheduled to retire from the post on May 31, 2023.
 4. When performing their duties as an Audit & Supervisory Board Member, in order to have them perform their duties as expected and enable the Company to employ talented personnel, it is stipulated in the Articles of Incorporation that the Company may conclude an agreement with Audit & Supervisory Board Members to limit the liability for damages to the extent specified therein. The Company has concluded an agreement with Mr. Eiji Shimagami and Ms. Kazuko Kimiwada to limit the liability for damages to the minimum amount of liability stipulated in laws and regulations. Subject to the approval of this proposal as proposed, the Company will continue to conclude an agreement with them on the same terms and conditions. If the election of Mr. Shuji Kojima is approved in this proposal, the Company will newly enter into an agreement with Mr. Kojima on the same terms and conditions.

Proposal 4: Election of One Substitute Audit & Supervisory Board Member

To prepare for contingencies in which the number of Audit & Supervisory Board Members falls below the statutory requirement, it is proposed that one substitute External Audit & Supervisory Board Member be elected.

The Company has obtained approval from the Audit & Supervisory Board with respect to this proposal.

The nominee for Substitute Audit & Supervisory Board Member is as follows:

Yasuhiro Nakajima (Date of birth: October 13, 1961; 61 years old) Number of shares held in the Company
- shares

External Audit & Supervisory Board Member Independent Officer New appointment



Biography, titles, and significant concurrent positions

Apr. 1984	Joined Hitachi, Ltd.	July 2014	General Manager, Nagoya Office, PricewaterhouseCoopers Aarata LLC
Oct. 1991	Joined Aoyama Audit Corporation		
Mar. 1995	Registered as a Certified Public Accountant	July 2017	Oversight Board Member, PricewaterhouseCoopers Aarata LLC
Sept. 2006	Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)	Apr. 2022	Specially Appointed Professor, Osaka Metropolitan University (to present)
July 2007	Representative Partner, PricewaterhouseCoopers Aarata	July 2022	Representative, Nakajima CPA Office (to present)
July 2012	Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata	Mar. 2023	Outside Member of the Board, Bridgestone Corporation (to present)

Reason for nomination Mr. Yasuhiro Nakajima has extensive knowledge and experience in finance and accounting as a certified public accountant. The Board would like to elect Mr. Nakajima as a substitute External Audit & Supervisory Board Member to have him conduct audits from a professional standpoint drawing on his knowledge and experience, as well as to ensure audits from a more independent perspective. Although Mr. Nakajima has not engaged in corporate management other than by serving as an external board director or external audit & supervisory board member, the Company believes that his advanced expertise will enable him to appropriately perform audits of the Company.

- (Notes) 1. There are no special interests between Mr. Yasuhiro Nakajima and the Company.
2. When performing their duties as an Audit & Supervisory Board Member, in order to have them perform their duties as expected and enable the Company to employ talented personnel, it is stipulated in the Articles of Incorporation that the Company may conclude an agreement with Audit & Supervisory Board Members to limit the liability for damages to the extent specified therein, to the minimum amount of liability stipulated in laws and regulations. If Mr. Yasuhiro Nakajima takes office as an External Audit & Supervisory Board Member, the Company will enter into such an agreement with him.

(Reference)

Skill Matrix of Board Directors and Audit & Supervisory Board Members (subject to the election of each of the Board Director/Audit & Supervisory Board Member nominees at this Annual General Meeting of Shareholders)

The Board of Directors of the Company is a decision-making body for important matters and a supervisory body for business execution, leading management in order to realize long-term increase of corporate value. The Board continues to take on the challenge of realizing our corporate philosophy of “Information Revolution – Happiness for everyone,” and maximizes our corporate value through the “Beyond Carrier” growth strategy by making decisions after proper investigation and adequate review, 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 is an organization independent of the Board of Directors, which establishes audit policies and plans and priority audit items for each fiscal year, and confirms the appropriateness of the status of Board Directors’ execution of their duties according to these policies and plans.

Based on the above, the Company appoints the Board Directors and Audit & Supervisory Board Members with high level of expertise, experience, and insight in terms of management, finance, legal/risk, digital/technology, sales/marketing, and global perspective, with a balance of knowledge, experience, and abilities and a diversity of composition in mind.

Name	Title / position at the Company	Major career	Gender	Management	Finance	Legal / Risk	Digital / Technology	Sales / Marketing	Global
		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
Ken Miyauchi	Director & Chairman		M	◎				○	○
Junichi Miyakawa	President & CEO		M	◎			○		○
Jun Shimba	Representative Director & COO		M	○				◎	
Yasuyuki Imai	Representative Director & COO		M	○				◎	
Kazuhiko Fujihara	Board Director, Executive Vice President & CFO		M	○	◎				○
Masayoshi Son	Board Director, Founder		M	◎			○		○
Atsushi Horiba	External Director	Chairman, HORIBA, Ltd.	M	◎			○		○
Takehiro Kamigama	External Director	Chairman, TDK Corporation	M	◎			○		○
Kazuaki Oki	External Director	Certified Public Accountant	M		◎				○
Kyoko Uemura	External Director	Lawyer	F		○	◎			
Naomi Koshi	External Director	Lawyer, Mayor (2 terms)	F			◎			○
Eiji Shimagami	Full-time Audit & Supervisory Board Member		M			◎			
Shuji Kojima	Full-time Audit & Supervisory Board Member (External)	President, Mizuho Dream Partner, Ltd.	M		○	◎			
Kazuko Kimiwada	Audit & Supervisory Board Member		F		◎				○
Yoko Kudo	Audit & Supervisory Board Member (External)	Certified Public Accountant in the state of California	F		◎				○

Legend: Primary Skills ◎, Supplementary Skills ○

(Note) This table does not show all of the skills possessed by each Board Director/Audit & Supervisory Board Member.

Status of the Group

1 Overview of operations for this fiscal year

1) Details of operations

Under the *Beyond Carrier* strategy, the Company and its subsidiaries (the "Group") seek to maximize corporate value by driving sustainable growth in the telecommunications business, the Group's core business, while going beyond the boundaries of a telecommunications carrier to actively expand the Group's businesses in a wide range of fields within the information and technology sectors.

In the Consumer segment, the Company has been seeking to increase the number of smartphone subscribers by promoting a multi-brand strategy offering services tailored to diversifying customer needs. The Company offers the *SoftBank* brand, the *Y!mobile* brand, and the *LINEMO* brand. While the effects of mobile service price reduction were felt on a full scale, and the competition among carriers intensified, aggressive sales activities led to a growth in the number of smartphone subscribers by 1,682 thousand year on year as of March 31, 2023.

In the Enterprise segment, recurring revenues, such as cloud services and security solutions, led to the growth against the backdrop of the heightened demand for the digitalization of companies and industries.

In the Yahoo! JAPAN/LINE segment, in February 2023, Z Holdings Corporation resolved on a policy of implementing group reorganization mainly around the three companies, Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation, in order to build an organizational structure that puts more emphasis on products and to accelerate the expansion of synergies through the business integration of Z Holdings Corporation and LINE Corporation. The completion date of the group reorganization (effective date) is scheduled on October 1, 2023. Through this policy, Z Holdings Corporation and its subsidiaries (the "Z Holdings Group") will seek to add value to all of its services.

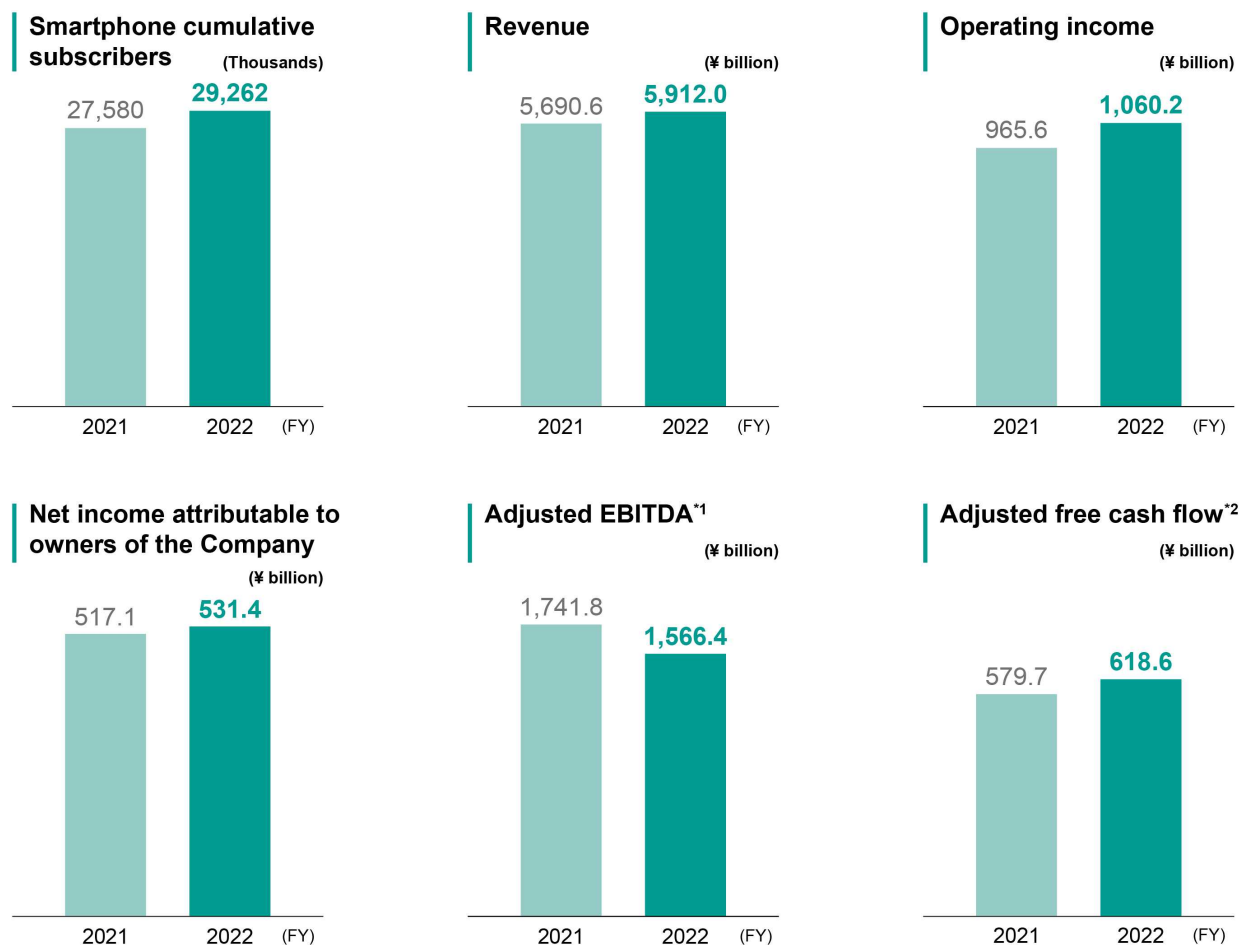
Furthermore, in connection with the consolidation of PayPay Corporation by the Company on October 1, 2022, the Group established the Financial segment. The number of registered users of the cashless payment service *PayPay* reached 56.64 million as of March 31, 2023, surpassing 55 million users in the short span of 4 years and 4 months since the service began in October 2018.

As a result, for the fiscal year ended March 31, 2023, revenue increased by ¥221.4 billion (3.9%) year on year to ¥5,912.0 billion. Revenue increased in all segments, by ¥89.5 billion (17.9%) in the Distribution segment, by ¥74.8 billion (110.8%) in the Financial segment, by ¥40.2 billion (2.6%) in the Yahoo! JAPAN/LINE segment, by ¥34.6 billion (4.8%) in the Enterprise segment, and by ¥0.4 billion (0.0%) in the Consumer segment.

Operating income increased by ¥94.6 billion (9.8%) year on year to ¥1,060.2 billion. This mainly reflected the recording of ¥294.8 billion associated with a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary.

Net income attributable to owners of the Company increased by ¥14.3 billion (2.8%) year on year to ¥531.4 billion. This mainly reflected increases in operating income and profit before income taxes, primarily due to the recording of a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary, and a decrease in income taxes associated with a decrease in taxable income, primarily due to the impact of mobile service price reduction.

Adjusted EBITDA decreased by ¥175.4 billion (10.1%) year on year to ¥1,566.4 billion. The main component of this year on year change was decreased operating income, excluding a gain on step acquisition associated with the conversion of PayPay Corporation into a subsidiary. On the other hand, adjusted free cash flow (excluding the Z Holdings Group and PayPay, etc.) increased by ¥38.9 billion (6.7%) year on year mainly due to the streamlining of working capital and investment.



(Notes) The Company has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the three months ended December 31, 2022. In accordance with this change, the comparative information for FY2021 has been restated retrospectively.

- Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) + stock compensation expenses ± other adjustments
- Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)

Excludes free cash flow of the Z Holdings Group and PayPay, etc., and loans to board directors, etc., and includes dividend payments received from A Holdings Corporation. PayPay, etc. includes A Holdings Corporation, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation.

2) Results by reportable segment

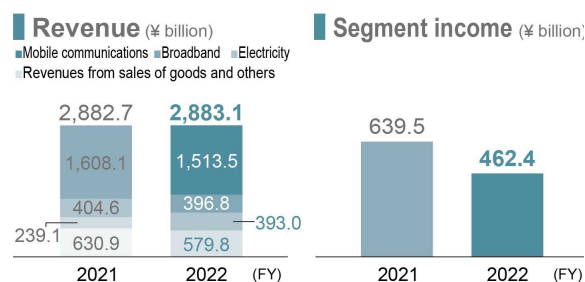


Consumer

Main businesses

The Group 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.

In revenue, the decrease in mobile revenue mainly reflected a decline in Average Revenue Per User per month (ARPU) due to mobile service price reduction and effect of customer acquisition measures, expenses of which are deducted from revenue, while there was an increase in smartphone subscribers led by the *Y!mobile* brand. The decline in ARPU due to mobile service price reduction was mainly due to the effects of the introduction of new price plans under the *SoftBank* and *Y!mobile* brands and further switching of subscribers from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands. The decline in broadband revenue was mainly due to a decline in ARPU because of campaign initiatives, while there was an increase in subscribers of the *SoftBank Hikari** fiber-optic service. The increase in electricity revenue was mainly due to increases in transaction volume and price in the electricity market.



The decrease in revenues from sales of goods and others was mainly due to a decrease in sales volume of mobile devices.

The total of cost of sales, selling, general and administrative expenses, other operating income, and other operating expenses (collectively, “operating expenses”) rose year on year. This was mainly due to an increase in the cost of goods related to electricity, while there was a decline in the cost of products associated with the abovementioned decrease in sales volume of mobile devices.

As a result, segment income decreased by ¥177.0 billion (27.7%) year on year to ¥462.4 billion.

(Note) *SoftBank Hikari* subscribers include the number of subscribers to *SoftBank Air*.



Enterprise

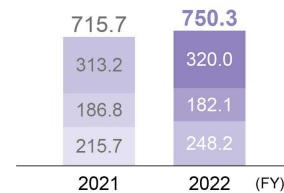
Main businesses

The Enterprise segment provides a wide range of services for enterprise customers, including 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, digital marketing services.

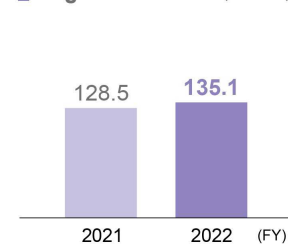
In revenue, the increase in mobile revenue was mainly due to an increase in telecommunications revenue. The decrease in the fixed-line revenue was mainly due to a decrease in the number of subscribers to telephone services. Meanwhile, the increase in business solution and others revenue was mainly due to increased revenue from cloud services and security solutions, as a result of capturing enterprise customers' demand for digitalization.

Revenue (¥ billion)

■ Mobile ■ Fixed-line
■ Business solution and others



Segment income (¥ billion)



Operating expenses increased year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue, the recording of a provision for litigation, and a reversal of a one-time expense in the previous fiscal year, while there was a decrease in operating expenses due to the recording of a gain on step acquisition in connection with the conversion of HEALTHCARE TECHNOLOGIES Corp. into a subsidiary.

As a result, segment income rose by ¥6.6 billion (5.2%) year on year to ¥135.1 billion.



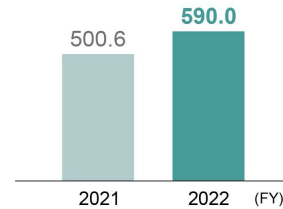
Distribution

Main businesses

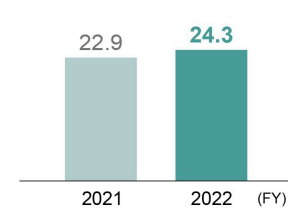
The Group provides cutting-edge products and services that quickly capture the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing cloud services and advanced technologies including AI. For individual customers, the Group undertakes 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.

The increase in revenue was mainly due to solid growth in Information and Communication Technology (ICT) related products and subscription services such as cloud and SaaS, which have been strategic areas of focus.

Revenue (¥ billion)



Segment income (¥ billion)



Operating expenses increased year on year mainly due to an increase in cost of sales associated with the increase in revenue.

As a result, segment income increased by ¥1.4 billion (6.0%) year on year to ¥24.3 billion.

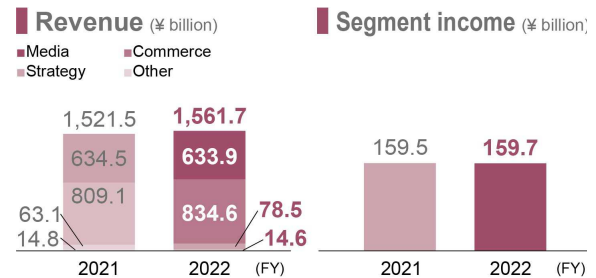


Yahoo! JAPAN/LINE

Main businesses

The Group offers services that center on media and commerce, covering online to offline services in a comprehensive manner. In the media field, the Group provides advertising-related services on the Internet and *LINE*. In the commerce field, the Group provides e-commerce services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *YAHUOKU!* In the strategy field, the Group provides services centered on FinTech* and other services.

Increase in revenue was due to increased revenue in the commerce field, and an increase in account advertising revenue at LINE Corporation and an increase in search advertising revenue at Yahoo Japan Corporation.



Operating expenses increased year on year mainly reflecting increases in cost of sales and personnel expenses in step with growth in the workforce at LINE Corporation and its subsidiaries.

As a result, segment income increased by ¥0.3 billion (0.2%) year on year to ¥159.7 billion.

(Note) FinTech is a term coined by combining finance and technology, and refers to a variety of innovative services that combine financial services with information and communication technology.



Financial

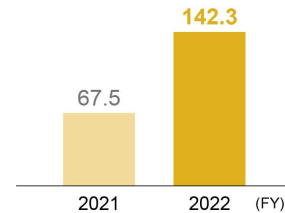
In connection with the consolidation of PayPay Corporation by the Company on October 1, 2022, the Group added the Financial segment as a reportable segment. The main operating companies that comprise the Financial segment are PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp., and PayPay Securities Corporation.

Main businesses

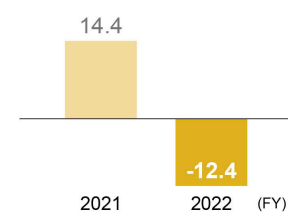
The Group provides cashless payment services such as QR code payments and credit card services, development and provision of marketing solutions for merchants, financial services such as deferred payments and asset management, and provision of payment processing services offering one-stop payment solutions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

Increase in revenue was mainly due to the consolidation of PayPay Corporation by the Company on October 1, 2022.

Revenue (¥ billion)



Segment income (¥ billion)



Operating expenses increased mainly due to the effects of the abovementioned consolidation of PayPay Corporation.

As a result, segment income decreased by ¥26.8 billion year on year to negative ¥12.4 billion.

3) Status of assets, profit and loss

International Financial Reporting Standards (IFRS)

Fiscal year (¥ million)	2019	2020	2021	2022
Revenue	4,861,247	5,205,537	5,690,606	5,911,999
Operating income	911,725	970,770	965,553	1,060,168
Net income attributable to owners of the Company	473,135	491,287	517,075	531,366
Total assets	9,792,258	12,207,720	13,097,464	14,682,181
Total equity	1,707,564	2,737,112	3,212,731	3,683,067
Ratio of equity attributable to owners of the Company to total assets (%)	10.2	12.6	15.0	15.2
Ratio of net income attributable to owners of the Company to equity attributable to owners of the Company (ROE) (%)	37.9	38.7	27.3	25.4
Per share (¥)				
Basic earnings per share	99.27	103.85	110.04	112.53
Equity attributable to owners of the Company per share	211.03	327.69	416.51	470.24

(Notes) 1. The Company finalized the provisional accounting policy regarding business combinations in FY2021, and it is reflected in the financial position and results of operations for FY2020.

2. For subsidiaries acquired through transactions under common control (all of the combining companies or businesses that are ultimately controlled by the same party or parties both before and after the business combination, and their control is other than temporary), the Company has changed the accounting policy to apply the acquisition method to transactions under common control involving non-controlling interests from FY2022 and retrospectively applying it to prior periods. As a result, the status of assets, profit and loss for FY2021 shows figures after retrospective application. For details, please refer to "Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application" under "(Notes Relating to Changes in Accounting Policies)" in Notes to Consolidated Financial Statements.

4) Capital investments

During the current fiscal year ended March 31, 2023, the Company made efficient capital investments to enhance its network, in which the Company has been investing for the past several years to expand the 5G services. As a result, the total amount of capital investments for the current fiscal year ended March 31, 2023 amounted to ¥788.6 billion.

5) Financing activities

Major financing activities are as follows.*¹

- (1) The Company entered into a syndicated loan agreement in September 2022 for an aggregate of ¥200.0 billion for long-term business funds.
- (2) The Company raised funds through leases totaling ¥274.5 billion.*²
- (3) The Company conducted securitization of installment receivables of devices totaling ¥397.2 billion.
- (4) The Company issued unsecured bonds (*SoftBank Mirai Soshutsu Bond*) at an aggregate face value of ¥120.0 billion in March 2023 for individual investors.
- (5) Z Holdings Corporation, a subsidiary of the Company, issued unsecured bonds at an aggregate face value of ¥60.0 billion in September 2022. Of this amount, ¥50.0 billion is intended for individual investors (*LINE/Yahoo Bond*).
- (6) Its subsidiary Z Holdings Corporation executed a syndicated sustainability linked loan totaling ¥20.0 billion in January 2023 to fund its operations, designed with the aim of early achieving its renewable energy target.

(Notes) 1. Each procurement amount is the amount after elimination of internal transactions.

2. This financing is mainly through sale and lease back transactions.

6) Status of organizational restructuring, etc.

- (1) The Company and its subsidiary Z Holdings Corporation executed a series of transactions to convert PayPay Corporation into a consolidated subsidiary of the two companies. As a result, PayPay Corporation became a consolidated subsidiary of the Company and Z Holdings Corporation in October 2022.
- (2) In February 2023, Z Holdings Corporation, a subsidiary of the Company, resolved on a policy of implementing group reorganization mainly around the three companies, Z Holdings Corporation and its wholly-owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, in order to accelerate the expansion of synergies through the business integration of Z Holdings Corporation and LINE Corporation. The completion date of the group reorganization (effective date) is scheduled on October 1, 2023 (plan).

7) Other important matters related to the status of the Group

(1) Litigation

The Company is a party to the following pending legal and administrative proceedings.

- a. On April 30, 2015, the Company filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (“JPiT”), claiming for payment of remuneration, etc., for additional services provided in connection with the installation of telecommunication lines, etc., that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (post offices, etc.) countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, the Company was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group’s business sites countrywide. The Company performed such services and upon JPiT’s request, the Company also performed services that exceeded the scope of services stipulated in the contract.

Although the Company negotiated with JPiT over an extended period regarding the remuneration, etc. for these additional services, the Company and JPiT were unable to arrive at a settlement. Accordingly, the Company duly filed the lawsuit, claiming for payment of remuneration, etc., for such additional services.

- b. On April 30, 2015, JPiT filed a lawsuit against the Company and Nomura Research Institute, Ltd. (“NRI”) as codefendants.

In this lawsuit, JPiT alleges that the Company and NRI delayed performance, etc., of the ordered services related to the project for migration to the 5th PNET mentioned in a. above, and alleges that such delay caused damages to JPiT. JPiT made joint and several claims against both the Company and NRI for such alleged damages.

An order to consolidate the abovementioned lawsuits was made on July 29, 2015. Subsequently, on September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and the Company to pay JPiT ¥10,854 million in damages and delay damages. The Company appealed this judgment to the Tokyo High Court on September 22, 2022.

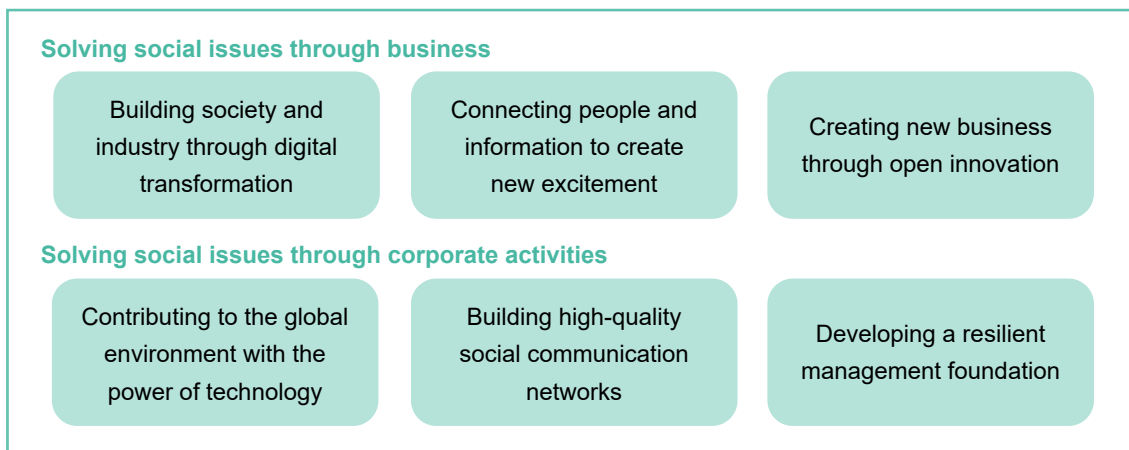
2 Issues to be addressed by the Group

1) Corporate philosophy

Led by our corporate philosophy of "Information Revolution—Happiness for everyone," the Group has, since its foundation, consistently contributed to humanity and society through information revolution. The Group develops new businesses in the information and technology fields, with the vision of becoming "a corporate group needed most by people around the world" and strives to maximize corporate value.

2) Material issues

Guided by the aforementioned corporate philosophy, the Group, which provides social infrastructure, contributes to maintaining sustainable society by creating "a world where all things, information and minds are connected" with a view to solving a wide range of social issues through its core businesses, and strives to increase its corporate value over the medium and long term. To achieve this, we have defined the following six material issues to be tackled by the Group.



For an overview of our material issues, please refer to "4) Overview of our material issues."

3) Management policy

1. Management environment

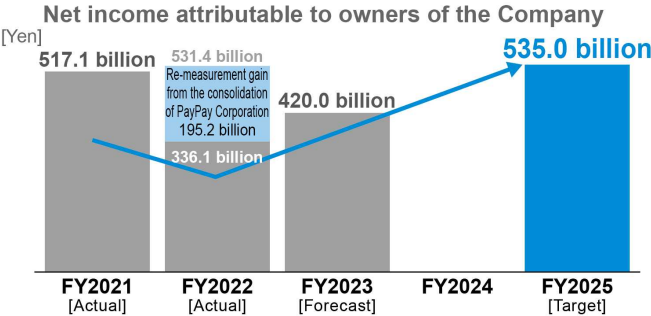
The business environment surrounding the Group is undergoing an unprecedented period of great change. Business confidence remains highly uncertain and unstable globally and in Japan. This has been compounded by mounting concerns about inflation and tense international conditions. Meanwhile, COVID-19, which has spread globally since 2020, motivated people to telework, shop online, and use contactless payment methods, triggering the digitization of all aspects of life and business. Cutting-edge technologies such as the 5th generation mobile communications system (5G), which we started commercial service in March 2020, AI, IoT, Big Data, and blockchain are expected to continue to further advance the digitalization of society and further accelerate digital transformation (DX), which will change the structure of industry itself.

In addition, the emergence of generative AI (artificial intelligence capable of generating various types of content, such as text, images, and program code), as evidenced by the interactive artificial intelligence *ChatGPT*, may drastically change the business environment. While generative AI is expected to make a significant contribution to improving business productivity, some countries are considering regulating their use because of concerns about the protection of personal information, information leakage, and the environmental burden due to the enormous amount of electricity required for data processing.

2. Medium-term Management Plan (FY2023-FY2025)

The Company will aim to be “a company that provides next-generation social infrastructure essential for development of a digital society” over the long term. With this vision, the Group’s intention is to build infrastructure designed to meet the projected rapid increase in demand for data processing and electricity brought on by the accelerated evolution of AI, and to become an indispensable company that will support the future’s vast array of digital services. We have identified the technologies needed to achieve this, and taken a variety of initiatives to prepare for them. Under the Medium-term Management Plan for FY2023 through FY2025, the Group will rebuild its business foundations to realize this vision.

The financial goal of this Medium-term Management Plan is to pursue record-high profit in terms of net income attributable to owners of the Company (¥535 billion). In addition, as a non-financial goal, we aim to increase the ratio of virtual renewable energy to 50% of the Company’s* electricity consumption by FY2025. Furthermore, we have set a goal of raising the ratio to 100% by FY2030, with at least half of that amount from power generation from renewable energy sources.



(Note) Total of SoftBank Corp. and Wireless City Planning Inc.

Consolidated financial result forecasts for FY2023 are as shown below.

Consolidated financial result forecasts

	Result of FY2022	Forecast for FY2023	Increase/(Decrease)	Change (%)
Revenue	¥5,912.0 billion	¥6,000.0 billion	¥88.0 billion	1.5%
Operating income	¥1,060.2 billion	¥780.0 billion	¥(280.2) billion	(26)%
Net income attributable to owners of the Company	¥531.4 billion	¥420.0 billion	¥(111.4) billion	(21)%
Dividends per share	¥86	¥86	¥-	¥-

Operating income forecasts by segment

	Result of FY2022	Forecast for FY2023	Increase/(Decrease)	Change (%)
Consumer	¥462.4 billion	¥470.0 billion	¥7.6 billion	2%
Enterprise	¥135.1 billion	¥152.5 billion	¥17.4 billion	13%
Distribution	¥24.3 billion	¥26.7 billion	¥2.4 billion	10%
Yahoo! JAPAN/LINE	¥159.7 billion	¥176.0 billion	¥16.3 billion	10%
Financial	¥(12.4) billion	¥(20.0) billion	¥(7.6) billion	-
Other ^{1, 2}	¥(3.9) billion	¥(25.2) billion	¥(21.4) billion	-
Subtotal	¥765.3 billion	¥780.0 billion	¥14.7 billion	2%
Gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary ²	¥294.8 billion	-	¥(294.8) billion	-
Operating income	¥1,060.2 billion	¥780.0 billion	¥(280.2) billion	(26)%

(Notes) 1. Other includes information not included in any of Consumer, Enterprise, Distribution, Yahoo! JAPAN/LINE, and Financial segments and adjustments including eliminations of intersegment transactions and expenses not allocated to each reportable segment.

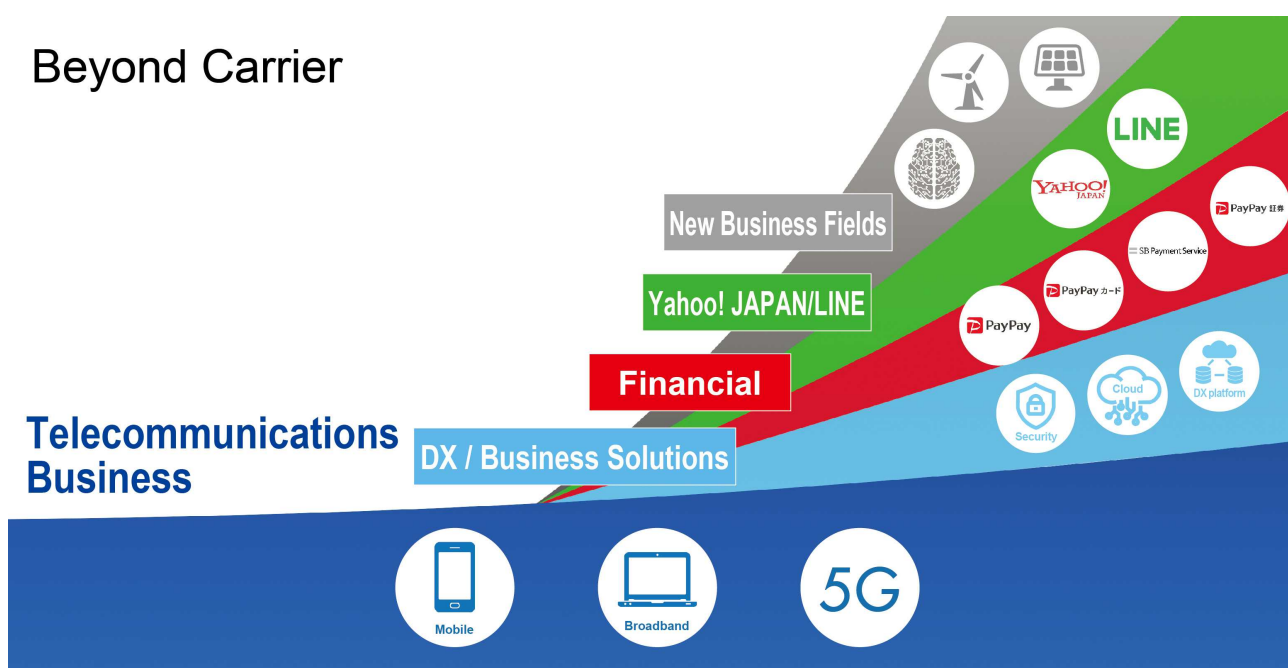
2. Other that is not included in any of the reportable segments is the sum of Other in the above table and gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary in the same table.

3. Business strategy

The *Beyond Carrier* growth strategy seeks to maximize corporate value by driving sustainable growth in the telecommunications business, the Group's core business, while going beyond the boundaries of a telecommunications carrier to actively expand the Group's businesses in a wide range of fields within the information and technology sectors.

Furthermore, the Group will strengthen the competitiveness of the telecommunications business by enhancing collaboration between the telecommunications business and those Group businesses, while promoting the generation of synergies through such means as increasing the number of service users and enhancing user engagement in those Group businesses.

Beyond Carrier



1. Further growth of the telecommunications business

The Group will continue to work to further grow its telecommunications business, a foundation of its business, by deploying 5G, increasing the number of smartphone and broadband subscribers, and improving ARPU (Average Revenue Per User per month) in mobile services.

i. Expansion of smartphone and broadband subscribers

The Group offers three distinctive brands of mobile communications services which meet needs from a broad range of users, from high volume users to budget-minded users. We will continue to strengthen links with a variety of services provided by the Group, such as the services on our portal site, *Yahoo! JAPAN*, communication service *LINE*, and the cashless payment service *PayPay*. By doing so, we will steadily increase the number of smartphone subscribers. The Group will also further focus on increasing sales of high-speed internet connection services for households, primarily the *SoftBank Hikari* service.

ii. Improvement of ARPU in mobile services

In mobile services, the Group will increase ARPU by expanding value-added services that are attractive to users in fields such as security, device warranty, entertainment, and in-store support.

iii. 5G rollout

The Group launched its 5G services in March 2020. Our 5G population coverage has surpassed 90% and we have since expanded its service area. Until now, the Group's 5G services were on a non-standalone basis, limited to ultra-high speed and large capacity communications. In the future, by progressively raising the level of our Stand Alone 5G services, we aim to realize communications with ultra-high speed and large capacity, ultra-low latency, and mass machine connections, and to provide 5G services that take advantage of these features. Meanwhile, we will improve cost efficiency in capital expenditures by fully leveraging our existing base station sites, collaborating with other companies and taking various other measures such as improving the efficiency of our network equipment.

2. Expansion of DX/solution business for enterprises

In addition to providing telecommunications services to enterprise customers, the Group will focus on selling DX/solution products that meet the rapidly expanding digitization needs of businesses, aiming to acquire new customers and increase the transaction amount per customer. We will secure human resources for digital technologies through employee reskilling and recruitment activities, and propose high value-added solutions that solve issues faced by companies. Furthermore, we will create new businesses which lead to solving social issues by leveraging our knowledge of cutting-edge technologies.

3. Growth of Yahoo! JAPAN/LINE

In the Yahoo! Japan/LINE business, the Group provides Internet services with one of the largest user bases in Japan, including the portal site *Yahoo! JAPAN* and the communication service *LINE*. This business operates diverse services, including search, news, and online shopping.

i. Growth of the commerce field

In the commerce field, which includes online shopping, we are working to reach a broad range of users by operating multiple commerce services that each have distinct characteristics, such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, amid diversification of user needs. Going forward, we will aim to achieve both growth in e-commerce transaction volume and profitability by integrating online and offline operations, improving delivery quality, and pursuing new shopping experiences centered on communication.

ii. Expansion of the media field

In the media field, which handles Internet advertising and other services, we will work to maximize sales of existing advertisements by increasing the unit price of advertisements through the improvement of advertisement display designs and the enhancement of delivery accuracy. We will also take initiatives to develop new markets.

4. Growth of Financial business

The Group added the Financial segment from the three months ended December 31, 2022. The Financial segment includes PayPay Corporation, PayPay Card Corporation, as well as SB Payment Service Corp., which provides payment processing services, and PayPay Securities Corporation, which provides online securities trading service for smartphones.

i. Promoting further growth of *PayPay* and peripheral financial services

The Group will seize new opportunities, such as entry into digital payment of salaries, which was introduced in Japan in April 2023, and pursue further growth of *PayPay* through the group synergies. In addition, we will expand the Group's financial business by leveraging the strength of *PayPay* as a payment platform and promoting the growth of peripheral financial services.

ii. Maximization of transaction volume in payment processing services

In the payment processing services provided by SB Payment Service Corp., we will actively pursue payment opportunities in fields other than payment of mobile communications charges (non-telecommunications field) to maximize payment transaction volume.

5. New business creation and expansion

The Group is working to create and expand innovative new businesses that leverage cutting-edge technologies in fields such as AI, FinTech, mobility, healthcare, and renewable energy, utilizing its user base of tens of millions of users in different fields such as telecommunications, e-commerce, payments, and social media.

6. Improvement of cost efficiency

The Group will flexibly make business investments while continuing to improve cost efficiency. We will improve productivity per employee through automation of operations using RPA/AI, and promotion of telework using a work-from-home system and satellite offices. In addition, we will optimize our network equipment in line with the termination of PHS, 3G and ADSL services. We will also strive to reduce group-wide costs through joint purchasing with Group companies and in-house development and operations by utilizing Group companies.

4. Financial strategy

(a) Priority management indicator

The Group considers adjusted free cash flow^{*}, the source of growth investment and shareholder returns, to be a significant management indicator. In order to invest in growth while maintaining high shareholder returns, we will aim to create stable adjusted free cash flow going forward. We will also conduct a capital-efficient management with appropriate financial leverage, while maintaining a sound financial structure.

(b) Policy for shareholder returns

We consider the return of profits to shareholders to be an important goal for our management along with increasing medium- to long-term corporate value.

Please refer to “Policy to determine dividends of surplus” for details.

(Note) Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment receivables - repayments thereof)

4) Overview of our material issues

1. Building society and industry through DX

Create new industries and provide solutions for transforming various businesses in society by utilizing cutting-edge technologies such as 5G and AI.

2. Connecting people and information to create new excitement

Provide new experiences and enrich the lifestyles of our customers through promoting the adoption of smart devices. Concurrently, create value for both consumers and partners by providing them with attractive platforms that connect people to information.

3. Creating new business through open innovation

Create new businesses and develop cutting-edge technologies and 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.

4. Contributing to the global environment with the power of technology

Contribute to mitigating climate change, promoting a circular economy and the adoption of renewable energy by utilizing cutting-edge technologies to pass on a sustainable global environment to the next generation.

5. Building high-quality social communication networks

Commit to maintaining a constantly-connected and stable network and to protecting our customers' important data, as communication networks serve as a lifeline.

6. Developing a resilient management foundation

Conduct corporate governance with integrity to earn the trust of society through ongoing dialogue with stakeholders. In addition, foster innovation and improve the well-being of our employees by developing a progressive workplace environment where diverse human resources can thrive utilizing cutting-edge technologies, and by promoting health and productivity management to maintain and enhance the health of our employees and their families.

The Group will continue to work to solve the social issues both through business and corporate activities, based on our corporate philosophy of “Information Revolution—Happiness for everyone.” Through this, we will work to contribute to the creation of a sustainable society.

(Reference) ESG

■ Initiatives for Global Environment Issues (Environment)

The Company will proactively work to maintain and preserve the global environment through its business and contribute to the continued development of a sustainable society.

<Contributions to climate change measures>



In addition to the Company's existing *Carbon Neutral 2030* declaration, which aims to reduce GHG emissions (Scope 1 and Scope 2) from business processes and energy consumption to virtually zero by 2030, the Company is also promoting the *Net Zero* pledge, working to achieve virtually zero supply chain emissions (Scope 3), which includes GHG emissions generated by business partners, by 2050. Under its new *Net Zero* long-term goal, the Company will aim to achieve its reduction targets in accordance with the 'Corporate Net-Zero Standard' formulated by the Science Based Targets initiative (SBTi) in October 2021. We aim to procure all of the electricity needed for our telecommunications business from renewable generation in the future. The Company will procure renewable energy through long-term contracts, and by 2030, we aim to have 50% or more of our companywide electricity consumption sourced from renewable energy with additionality* as part of our efforts to reduce GHG emissions, strive to achieve carbon neutrality and help realize a decarbonized society.

(Note) Additionality: The dynamic where the method of sourcing renewable energy selected by companies encourage investment into new (additional) renewable energy facilities, leading to the spread of renewable energy sources.

<Response to TCFD recommendations>

In April 2020, the Company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD)* recommendations. Based on the recommendations, we will strengthen our governance and strive to proactively disclose and enhance information in accordance with the framework of governance, strategy, risk management, and metrics and targets recommended by the TCFD for companies.

Our risks and opportunities related to climate change and our environmental impact data, including GHG emissions, are published in our Sustainability Report.

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



(Note) Task Force on Climate-related Financial Disclosures: An international initiative established by the Financial Stability Board (FSB) in 2015 with the goal of encouraging companies to disclose information regarding the financial impact that risks and opportunities associated with climate change have on their businesses.

<Promoting a recycling-based society>

In order to make effective use of resources, bodies, battery packs, and chargers of used mobile phone handsets are collected free of charge at *SoftBank* and *Y!mobile* shops. In addition, in cooperation with local governments and other organizations, we hold *Risaikuru* (recycling) environmental classes where participants learn the importance of recycling through the experience of disassembling handsets.



<Biodiversity preservation>

The Company launched the “Future and Coral Project” with Onna Village in Okinawa Prefecture, which is actively engaged in coral planting and environmental conservation, and various companies and organizations that share the same goal of protecting the global environment and the future with beautiful oceans through coral conservation activities. The project has engaged in fundraising activities and volunteer tours to plant coral seedlings, beach cleanup activities, and raising awareness about coral.



In FY2022, 96 coral seedlings were planted in May and 40 in October, for a cumulative total of 300 coral seedlings planted to date.

<Efforts to promote renewable energy>

The Company and its wholly-owned subsidiary SB Power Corp. offer *Shizen Denki*, a price menu for households with an effectively 100% renewable energy ratio and zero CO₂ emissions*¹.

In addition, SB Power Corp. contributes ¥50 per month for each *Shizen Denki* contract, to support the activities of forest conservation groups*².

In FY2022, an annual CO₂ emissions reduction of approximately 38,000 t-CO₂ was achieved through the provision of the *Shizen Denki* service. In addition, in order to respond to the accelerating trend toward decarbonization among companies and municipalities, we offer *SoftBank Denki for Biz*, an electric power service for enterprise customers. An annual CO₂ emissions reduction of approximately 5,500 t-CO₂ was achieved through the provision of *SoftBank Denki for Biz* service in FY2022.

(Notes) 1. By combining electricity that is supplied to customers with certificates of the environmental value of electricity produced from non-fossil power sources that do not use fossil fuels, such as solar power and hydroelectric power, we effectively provide electricity with a 100% renewable energy ratio and zero CO₂ emissions. The service is not to guarantee that electricity supplied to customers is actually generated from renewable energy.

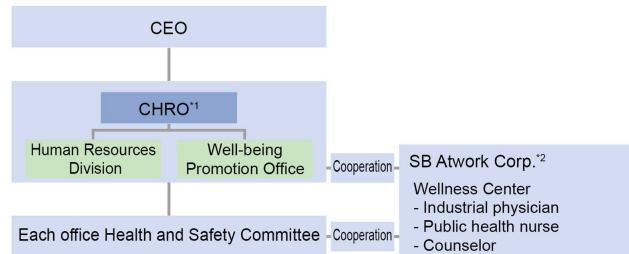
2. Donations are made to organizations that conduct projects certified under the J-Credit Scheme, which is operated by the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Agriculture, Forestry and Fisheries.

■ Initiatives for Sustainable Society (Social)

<Promotion of health management>

The Company aims to maintain and improve the health of its employees in accordance with its basic mental and physical health policy. We also position the maintenance and improvement of employee health as an important management issue, as the physical and mental well-being of each individual employees is the driving force behind realizing the dreams and ambitions of both the company and the individuals.

President & CEO Junichi Miyakawa has issued the health management declaration, under which, in the signature style of the Company, we actively utilize cutting edge AI and ICT to promote health management that maintains and enhances the well-being of our employees and their families.



- (Notes) 1. CHRO is an abbreviation for Chief Human Resources Officer.
 2. SB Atwork Corp. is a wholly-owned subsidiary of the Company.

<Initiatives to promote women’s career advancement>

In 2021, the Company set a target of increasing the ratio of female managers to 15% by FY2030 and to 20% by FY2035, with the aim of promoting women’s career advancement. In July of the same year, the Company established the Advancement of Women Promotion Committee consisting of officers and external experts to achieve this goal. The Committee is chaired by President & CEO Junichi Miyakawa and its members include officers in charge of each organization. The Committee discusses policies and new initiatives to promote and strengthen the advancement of women, and confirms the progress of each initiative.

<Initiatives aimed at eliminating the digital divide>

Smartphone advisor system and smartphone classes

The Company aims to promote the use of smart devices that are easy to use, safe, and secure for all people, from children to the elderly. In order to eliminate the digital divide caused by the spread of smart devices, we not only provide handsets and plans that are easy to use for everyone from children to seniors, but also make our certified smartphone advisors, who are smartphone professionals, available at our shops to answer customers’ questions. The advisors ask customers about their usage conditions and also provide support for selection of optimal price plans and handsets, initial settings such as filtering, and consultation on repairs. In addition, we offer a variety of classes that anyone can participate in, such as tablet classes, online shopping classes, and smartphone payment classes.



Holding smartphone seminars in cooperation with local governments

With the aim of realizing a society in which everyone can benefit from digitalization, we hold smartphone seminars in cooperation with local governments, organizations and companies across Japan.

When requested by local governments and other organizations, we dispatch our instructors to hold smartphone seminars and individual information sessions open to the public. By enabling more people to use smartphones and other digital technologies, we help promote regional digitalization. For example, local governments will feel more confident to adopt a digitalized version of their newsletters, and all residents will be able to receive detailed information on disaster prevention in real time.



■ Corporate Governance (Governance)

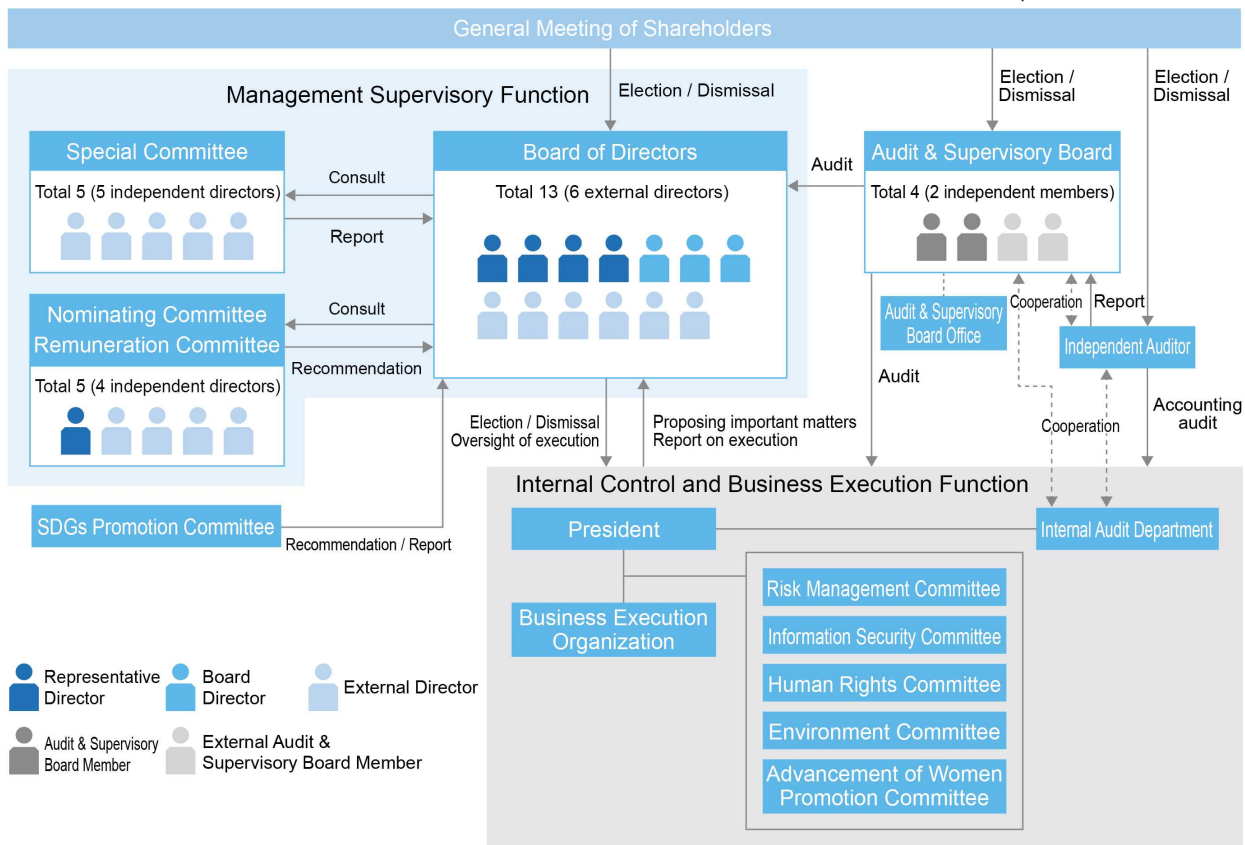
<Basic views>

The Group is guided by a philosophy of “Information Revolution — Happiness for everyone,” a corporate philosophy common to the Group. Toward the realization of the vision of becoming “the corporate group needed most by people around the world,” the Company aims to create a new social infrastructure and realize an ideal society where everyone can spend their time conveniently, comfortably and safely by the domestic telecom business foundation that it has built up so far and providing products and services that utilize the latest digital technology.

The Group recognizes that it is vital to maintain effective corporate governance in order to realize this vision. The Company shares its fundamental concept and corporate philosophy and continues to strengthen corporate governance within the Group based on various rules with which group companies and their officers and employees must comply.


<Corporate governance system of the Company>


(As of March 31, 2023)




<Advisory bodies to the Board of Directors responsible for management supervision>

The Company has established the Special Committee, Nominating Committee, and Remuneration Committee as advisory bodies to the Board of Directors, which is responsible for management supervision. A summary of each committee is as follows. The Board of Directors shall respect reports or recommendations of each committee to the maximum extent possible.

Special Committee	Chair	Atsushi Horiba (independent External Director)	Number of meetings held in FY2022	3 meetings (including 1 meeting held in writing)
<p>- Reason why the committee was established</p> <p>The Board of Directors has decided to establish the committee in order to further improve the Company's corporate governance by having the committee, consisting solely of independent external directors, deliberate and examine important transactions, etc., that may cause conflicts of interest between controlling shareholders and minority shareholders.</p> <p>- Main roles</p> <p>The committee deliberates and examines important transactions, etc., between the Company and its controlling shareholder or its subsidiary, etc., that may cause conflicts of interest between the controlling shareholder and minority shareholders, and reports back to the Board of Directors.</p>		<p>- Composition of the committee</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>5 independent external Directors</p> <p>Atsushi Horiba (Chair)</p> <p>Takehiro Kamigama</p> <p>Kazuaki Oki</p> <p>Kyoko Uemura</p> <p>Reiko Hishiyama</p> <p>Observers</p> <p>Naomi Koshi (External Director)</p> <p>Yasuharu Yamada (Independent External Audit & Supervisory Board Member)</p> <p>Yoko Kudo (Independent External Audit & Supervisory Board Member)</p> </div> </div>		

Nominating Committee	Chair	Atsushi Horiba (independent External Director)	Number of meetings held in FY2022	2 meetings
<p>- Main roles</p> <p>The committee deliberates and makes recommendations to the Board of Directors on matters concerning the election and dismissal of board directors and the nomination of representative directors.</p> <p>- Main items deliberated in FY2022</p> <p>Structure of the Board of Directors, election of board directors, nomination of representative directors, skill matrix of board directors</p>		<p>- Composition of the committee</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>4 independent external Directors</p> <p>Atsushi Horiba (Chair)</p> <p>Takehiro Kamigama</p> <p>Kazuaki Oki</p> <p>Kyoko Uemura</p> <p>1 internal Director</p> <p>Junichi Miyakawa (President & CEO)</p> </div> </div>		

Remuneration Committee	Chair	Atsushi Horiba (independent External Director)	Number of meetings held in FY2022	6 meetings (including 1 meeting held in writing)
<p>- Main roles</p> <p>The committee deliberates and makes recommendations to the Board of Directors on matters concerning board directors' remuneration.</p> <p>- Main items deliberated in FY2022</p> <p>Remuneration by position, performance-linked indicators, disclosure documents, individual remuneration amounts</p>		<p>- Composition of the committee</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>4 independent external Directors</p> <p>Atsushi Horiba (Chair)</p> <p>Takehiro Kamigama</p> <p>Kazuaki Oki</p> <p>Kyoko Uemura</p> <p>1 internal Director</p> <p>Junichi Miyakawa (President & CEO)</p> </div> </div>		

3 Major parent and subsidiaries

1) Relationship with the parent

The Company's parent company is SoftBank Group Japan Corporation, the owner of 1,914,858,070 shares of the Company (equity interest: 40.47%). SoftBank Group Japan Corporation is a wholly-owned subsidiary of SoftBank Group Corp. and the parent company of the Company.

2) Major subsidiaries

Company name	Capital	Voting rights of the Company*1 (%)	Principal business activities
Wireless City Planning Inc.*2	¥18,899 million	31.8	Telecommunications business
SB Power Corp.	¥400 million	100.0	Sale, purchase, and supply of power and power transaction mediation
SB C&S Corp.	¥500 million	100.0	Manufacture, distribution and sales of IT-related products, and IT-related services
A Holdings Corporation*2	¥100 million	50.0	Management of investees' business activities, and related operations
Z Holdings Corporation*3	¥247,094 million	64.5 [64.5]	Group company management and related operations
Yahoo Japan Corporation*3	¥300 million	100.0 [100.0]	E-commerce, membership services and internet advertising
ASKUL Corporation*2	¥21,190 million	45.0 [45.0]	Office-related product sales and other delivery services
ZOZO, Inc.	¥1,360 million	51.0 [51.0]	Planning and operation of fashion e-commerce site ZOTOTOWN, planning and development of private brand ZOZO, customer support and operation of logistics center ZOZOBASE
IKYU CORPORATION	¥400 million	100.0 [100.0]	Operation of internet reservation site for luxury hotels and inns, select restaurants, etc.
PayPay Bank Corporation*2	¥72,217 million	46.6 [46.6]	Banking
LINE Corporation*3	¥34,201 million	100.0 [100.0]	Advertising service based on the mobile messenger application "LINE", core business including the sales of stamp and game services, and strategic business including Fintech, AI and commerce service
LINE SOUTHEAST ASIA CORP.PTE.LTD.	220,500 thousand USD	100.0 [100.0]	Holding company

Company name	Capital	Voting rights of the Company*1 (%)	Principal business activities
LINE Financial Plus Corporation	236,738 million KRW	100.0 [100.0]	Planning and operation of LINE's global financial platform services
LINE Pay Corporation	¥21,535 million	100.0 [100.0]	Issuance, sales and administration of prepaid payment instruments, provision of electronic payment/settlement system and operation of funds transfer business, and operation of related services including <i>LINE Kakeibo</i> and <i>LINE POINTS</i>
LINE Plus Corporation	25,032 million KRW	100.0 [100.0]	Overseas marketing and development of various overseas services related to LINE
LINE Financial Corporation	¥100 million	100.0 [100.0]	Provision of finance-related services
PayPay Corporation	¥116,452 million	69.8 [63.8]	Development/provision of e-payment services such as mobile payments
PayPay Card Corporation	¥100 million	100.0 [100.0]	Credit and credit card loans
SB Payment Service Corp.	¥6,075 million	100.0	Settlement and collection services

(Notes) 1. The figures in brackets represent the percentage of indirectly held voting rights.

2. Classified as a subsidiary because the Company is deemed to have substantial control even though the percentage of voting rights it holds is less than 50%.

3. At its Board of Directors meeting held on April 28, 2023, Z Holdings Corporation resolved the scheduled timing of the conclusion of an agreement related to a group reorganization, as well as its scheduled completion date (effective date). The group reorganization will be mainly around Z Holdings, LINE Corporation, and Yahoo Japan Corporation. The completion date of the group reorganization (effective date) is scheduled on October 1, 2023, and Z Holdings plans to change its trade name to LY Corporation on the same day.

4 Major business offices (as of March 31, 2023)

Company name	Major offices
SoftBank Corp.	Head office: Minato-ku, Tokyo Sales office: Chuo-ku, Sapporo; Miyagino-ku, Sendai; Nakamura-ku, Nagoya; Kita-ku, Osaka; Kanazawa, Ishikawa Pref; Naka-ku, Hiroshima; Takamatsu, Kagawa Pref; Hakata-ku, Fukuoka
Wireless City Planning Inc.	Head office: Minato-ku, Tokyo
SB Power Corp.	Head office: Minato-ku, Tokyo
SB C&S Corp.	Head office: Minato-ku, Tokyo
A Holdings Corporation	Head office: Minato-ku, Tokyo
Z Holdings Corporation	Head office: Chiyoda-ku, Tokyo
Yahoo Japan Corporation	Head office: Chiyoda-ku, Tokyo
ASKUL Corporation	Head office: Koto-ku, Tokyo
ZOZO, Inc.	Head office: Inage-ku, Chiba
IKYU CORPORATION	Head office: Chiyoda-ku, Tokyo
PayPay Bank Corporation	Head office: Shinjuku-ku, Tokyo
LINE Corporation	Head office: Shinjuku-ku, Tokyo
LINE SOUTHEAST ASIA CORP.PTE.LTD.	Head office: Singapore
LINE Financial Plus Corporation	Head office: Seongnam-si, Gyeonggi-do, Republic of Korea
LINE Pay Corporation	Head office: Shinagawa-ku, Tokyo
LINE Plus Corporation	Head office: Seongnam-si, Gyeonggi-do, Republic of Korea
LINE Financial Corporation	Head office: Shinagawa-ku, Tokyo
PayPay Corporation	Head office: Minato-ku, Tokyo
PayPay Card Corporation	Head office: Chiyoda-ku, Tokyo
SB Payment Service Corp.	Head office: Minato-ku, Tokyo

5 Employees (as of March 31, 2023)

1) Employees of the Group

Number of employees	Change from the end of the previous fiscal year
54,986	5,405 increase

(Notes) 1. The increase in the number of employees was mainly due to PayPay Corporation becoming a subsidiary by having all its preferred stock converted to common stock in October 2022.

2. The above number of employees does not include fixed-term employees, contract employees or temporary employees.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year
19,045	116 increase

(Note) The above number of employees does not include fixed-term employees, contract employees and temporary employees.

6 Status of major lenders (as of March 31, 2023)

Lenders	Outstanding balance of loans
Bank borrowing	¥1,674,159 million
Lease contracts	¥945,308 million
Securitization of receivables	¥792,014 million

(Note) 1. The above bank borrowing is based on agreements concluded by the Company and its subsidiary Z Holdings Corporation with certain third-party financial institutions, with Mizuho Bank, Ltd and others acting as mandated lead arrangers.

2. The above lease contracts are financing for sale and lease back transactions that the Company and its subsidiary Wireless City Planning Inc. and Yahoo Japan Corporation have entered into with Mitsubishi HC Capital Inc., Sumitomo Mitsui Finance and Leasing Company, Limited, etc.

3. The above securitization of receivables is in the form of the Company's installment receivables of devices.

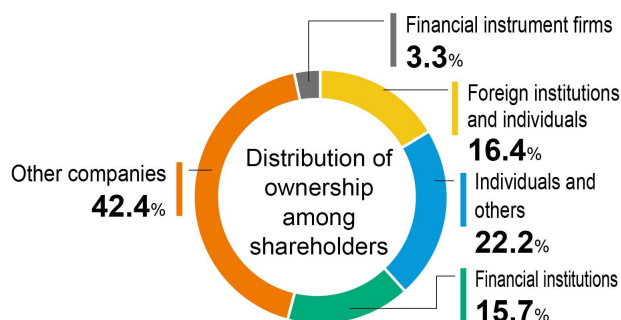
Status of the Company

1) Status of shares (as of March 31, 2023)

1) Shares authorized 8,010,960,300 shares

2) Shares issued 4,787,145,170 shares
(treasury stock 55,596,343 shares)

3) Number of shareholders 875,428



4) Principal shareholders

Name of shareholders	Number of shares held	Percentage of total shares issued (%)
SoftBank Group Japan Corporation	1,914,858,070	40.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	486,508,800	10.28
Custody Bank of Japan, Ltd. (Trust Account)	173,906,900	3.68
STATE STREET BANK WEST CLIENT - TREATY 505234	61,673,600	1.30
JP MORGAN CHASE BANK 385632	59,488,127	1.26
SMBC Nikko Securities Inc.	45,441,373	0.96
JP MORGAN CHASE BANK 385781	36,507,447	0.77
JPMorgan Securities Japan Co., Ltd.	29,598,029	0.63
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	29,001,005	0.61
SSBTC CLIENT OMNIBUS ACCOUNT	27,143,948	0.57

(Notes) 1. Percentage of total shares issued is calculated excluding treasury stock (55,596,343 shares).

2. The above numbers of shares held include those held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. that are related to trust operations.

5) Status of shares issued to Officers as remuneration for discharge of duties in this fiscal year

Title	Class and number of shares	Number of officers to whom shares were issued
Board Directors (excluding External Directors)	Common stock 1,071,300 shares	5

2 Status of Corporate Officers

1) Status of Board Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Title	Name	Area of responsibility and status of significant concurrent position
Representative Director & Chairman	Ken Miyauchi	Director, SoftBank Group Corp. President, Representative Director (Chairperson of the Board), A Holdings Corporation
President & CEO	Junichi Miyakawa	In Charge of Beyond Japan/Green Infrastructure/Government Relations/Research Institute of Advanced Technology President and CEO, HAPSMobile Inc. Director, MONET Technologies Inc. Director, A Holdings Corporation
Representative Director & COO	Jun Shimba	Consumer Business Unit Head Representative Director, President & CEO, SB Payment Service Corp. Director, PayPay Corporation
Representative Director & COO	Yasuyuki Imai	Enterprise Business Unit Head
Board Director, Executive Vice President & CFO	Kazuhiko Fujihara	Finance Unit Head Director, A Holdings Corporation
Board Director, Founder	Masayoshi Son	Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. Representative Director, SoftBank Group Japan Corporation
Board Director	Kentaro Kawabe	President and Representative Director, Co-CEO, Z Holdings Corporation Director, Yahoo Japan Corporation Executive Director, ZOZO Inc. Director, SoftBank Group Corp.
Board Director External	Independent Officer Atsushi Horiba	Chairman, Representative Director & Group CEO, HORIBA, Ltd. Chairman & Representative Director, HORIBA STEC, Co., Ltd. Outside Director, Sumitomo Electric Industries, Ltd.
Board Director External	Independent Officer Takehiro Kamigama	External Director, OMRON Corporation External Director, Yamaha Motor Co., Ltd. External Director, KOKUYO Co., Ltd. Chief Consultant, Contemporary Amperex Technology Japan KK Representative Director, Gama Expert, Inc.
Board Director External	Independent Officer Kazuaki Oki	Head of Oki CPA Office External Director, Shizuoka Bank (Europe) S.A Supervisory Officer, NIPPON LIFE PRIVATE REIT Inc. Representative Partner, Chiyoda Audit Corporation
Board Director External	Independent Officer Kyoko Uemura	Partner Lawyer, Miyama, Koganemaru & Associates External Auditor, MS&AD Insurance Group Holdings, Inc.
Board Director External	Independent Officer Reiko Hishiyama	Professor, Department of Industrial and Management Systems Engineering, School of Creative Science and Engineering, Faculty of Science and Engineering of Waseda University Professor, Department of Industrial and Management Systems Engineering, Graduate School of Industrial and Management Systems Engineering, School of Creative Science and Engineering, Faculty of Science and Engineering of Waseda University External Director, ASAHI INTELLIGENCE SERVICE CO., LTD.
Board Director External	Independent Officer Naomi Koshi	Partner Lawyer, Miura & Partners Co-Founder and CEO, OnBoard K.K. External Director, V-Cube, Inc.

Title	Name	Area of responsibility and status of significant concurrent position
Full-time Audit & Supervisory Board Member	Eiji Shimagami	
Full-time Audit & Supervisory Board Member External Independent Officer	Yasuharu Yamada	
Audit & Supervisory Board Member	Kazuko Kimiwada	Executive Corporate Officer, Head of Accounting Unit, SoftBank Group Corp.
Audit & Supervisory Board Member External Independent Officer	Yoko Kudo	External Director, Chubu Electric Power Co., Inc.

- (Notes)
- The position Board Director Ken Miyauchi holds at the Company changed from Representative Director & Chairman to Director & Chairman on April 1, 2023.
 - The position Board Director Junichi Miyakawa holds at MONET Technologies Inc. changed from President and CEO to Director on June 28, 2022.
 - The position Board Director Kentaro Kawabe holds at Z Holdings Corporation changed from President and Representative Director, Co-CEO to Chairperson and Representative Director on April 1, 2023.
 - Board Director Kyoko Uemura resigned from the position of External Director and Audit & Supervisory Committee Member of Mabuchi Motor Co., Ltd. on March 30, 2023.
 - Full-time Audit & Supervisory Board Member Eiji Shimagami resigned from the position of Audit & Supervisory Board Member of SB Energy Corp. (currently Terras Energy Corporation) on June 23, 2022.
 - Audit & Supervisory Board Member Kenichiro Abe resigned from the position of Audit & Supervisory Board Member of the Company on June 23, 2022 due to expiration of his term of office.
 - Audit & Supervisory Board Member Yoko Kudo assumed the position of Outside Audit & Supervisory Board Member of the Company on June 23, 2023.
 - Full-time Audit & Supervisory Board Member Yasuharu Yamada has extensive knowledge and experience in risk management and compliance at financial institutions, and he has considerable insight into finance and accounting.
 - Audit & Supervisory Board Member Kazuko Kimiwada is a certified public accountant and has 22 years of business experience as an accounting manager of SoftBank Group Corp., and she has considerable insight into finance and accounting.
 - Audit & Supervisory Board Member Yoko Kudo has extensive expertise and experience as a certified public accountant in the State of California, and she has considerable insight into finance and accounting.
 - In the fiscal year ended March 31, 2023, the average ratio of attendance by all Board Directors at the Board of Directors meetings was 94.67%.

2) Remuneration of Board Directors and Audit & Supervisory Board Members

(1) Policy for determining remuneration, etc. of individual Board Directors and remuneration system

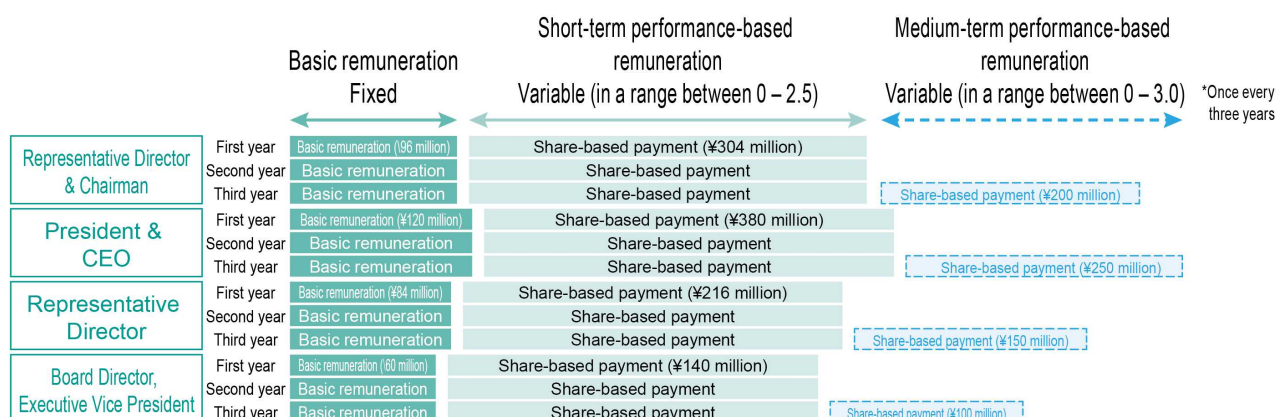
The Company's policy for determining remuneration, etc. of individual Board Directors is determined by the Board of Directors after consultation with the Remuneration Committee. The following is a summary of this policy and the details of the Company's Board Director remuneration system based on this policy.

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

- The remuneration shall be at a reasonable level compared with the remuneration of the executives at the Japanese companies with largely comparable scale of business, based on the survey of domestic executive remuneration carried out by a third party organization.
- The remuneration of Board Directors shall be intended as incentive for achieving sustainable growth as well as enhancement of corporate value over the medium to long term, along with the creation of constant earnings growth, stable cash flows and sound relationship with stakeholders, while ensuring to restrain excessive risk-taking but to enhance motivation of Officers to contribute to improving corporate performance not only over the short term, but also medium to long term.
- After the policy for determining remuneration is formulated at HR Division, the method for determining the remuneration of Board Directors shall be consulted with the Remuneration Committee and then approved by the Board of Directors.
- Fixed remuneration alone shall be paid to External Directors independent from business execution and Audit & Supervisory Board Members and External Audit & Supervisory Board Members engaging in the audit of business execution by Board Directors.
- Under the Group's remuneration payment policy, remuneration of Board Directors who concurrently hold posts in the Group companies shall be paid from the main company.

2. Structure of the remuneration of Board Directors

In order to provide incentives for improving short-term performance and for increasing corporate value over the medium to long term, in addition to fixed remuneration, the remuneration of Board Directors (excluding External Directors) consists of basic remuneration, short-term performance-based remuneration, and medium-term performance-based remuneration.



- (Notes) 1. The remuneration of Board Director Masayoshi Son and Board Director Kentaro Kawabe are to be excluded from the scope of actual payment, as remuneration of Directors who concurrently hold posts in the Group companies is paid from the main company.
2. The above is the structure of the remuneration of Board Directors in FY2022. Taking into account that Board Director Ken Miyauchi changed his status from Representative Director & Chairman of the Company to Director & Chairman of the Company on April 1, 2023, and that the remuneration of Board Director, Executive Vice President was reviewed in light of their roles, the following changes have been made in FY2023: Director & Chairman (basic remuneration of ¥84 million, short-term performance-based remuneration of ¥216 million, medium-term performance-based remuneration of ¥150 million) and Board Director, Executive Vice President (basic remuneration of ¥72 million, short-term performance-based remuneration of ¥140 million, medium-term performance-based remuneration of ¥100 million).

(a) Basic remuneration (cash payment)

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

(b) Short-term performance-based remuneration (share-based payment)

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 for the relevant fiscal year is, in principle, 1:2.3 to 1:3.2, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The short-term performance-based remuneration fluctuates in a range of 0 to 2.5 times the base amount by position.

i. Calculation method

The amount of short-term performance-based remuneration is determined by multiplying the base amount as determined by position, by a factor corresponding to the target achievement ratio for each fiscal year (between 0 – 2.5, with target of 1.0).

$$\begin{array}{c} \text{Amount of} \\ \text{short-term} \\ \text{performance-based} \\ \text{remuneration} \end{array} = \begin{array}{c} \text{Base amount} \\ \text{by position} \end{array} \times \left(\begin{array}{c} \text{Short-term performance target achievement factor (0 – 2.5)} \\ \text{(a) Net income factor} \\ \times 50\% \end{array} + \begin{array}{c} \text{(b) Operating income factor} \\ \times 50\% \end{array} \right) + \begin{array}{c} \text{(c) Materiality factor} \\ + 0 – 5\% \end{array}$$

(Note) The amount to be paid is determined using the above formula as the basis for the calculation. The role of each Board Director is considered as necessary in determining the final remuneration amount.

ii Performance-linked indicators

Net income attributable to owners of the Company and operating income (on a consolidated basis, the same applies below) and materiality targets are used as performance-linked indicators for the achievement of short-term performance targets. Materiality targets are adopted as particularly important issues for the Company to contribute to society through its business, from among the six material issues identified for the sustainable growth of the Company.

Performance targets

	Indicators	Reason for adoption	Factor calculation method*	Targets for FY2022 (¥ million)	Actual for FY2022 (¥ million)
(a)	Net income attributable to owners of the Company	The adoption of this indicator, which represents the financial source of dividends to be paid to stakeholders, will promote constructive dialogue with stakeholders, and motivate Board Directors to contribute to enhancement of corporate value over the medium to long term	Each of the ratios determined depending on the achievement against the target of each indicator is multiplied by 50% to derive the performance target achievement factor. (This factor is determined as 100% when the actual performance substantially equals the target.)	530,000	531,366
(b)	Operating income	This indicator adequately reflects the level of profit derived from the mainstay business across the Group.		1,000,000	1,060,168

(Note) In adopting net income attributable to owners of the Company and operating income as indicators, the factors shall be determined after consultation with the Remuneration Committee if there are particular factors that should be taken into consideration, such as special circumstances including impairment loss, major changes in other management indicators (including free cash flow), or serious scandals or accidents.

Materiality targets

	Indicators		Reason for adoption	Factor calculation method	Targets for FY2022 (¥ million)	Actual for FY2022 (¥ million)
(c)	Contributing to the global environment with the power of technology	Base station renewable energy ratio* ¹	Achievement of the SDGs is an important element as a key driver for driving our business toward the realization of a sustainable society.	The amount is increased by 0% to 5% of the amount, depending on the target achievement.	70% or more	71.8% ²
	Building high-quality social communication networks	5G rollout plan: population coverage Number of major network accidents Number of major accidents involving information security			More than 90.6%	More than 90.6%
					0	0
Developing a resilient management foundation	Solutions and other sales: CAGR (compound annual growth rate)		10%	15.0%		

(Notes) 1. Measure to achieve carbon neutrality by 2030
2. In calculating the amount to be paid, the Company uses the figure determined as of the Company's predetermined record date.

(c) Medium-term performance-based remuneration (share-based payment)

Medium-term performance-based remuneration is paid once every three years to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions their until retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the medium-term performance-based remuneration for the relevant fiscal year is, in principle, 1:1.7 to 1:2.1, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The medium-term performance-based remuneration fluctuates in a range of 0 to 3.0 times the base amount by position. The medium-term performance-based remuneration is not be paid as remuneration of Officers for FY2022, as it will be paid for the first time as remuneration of Offers for the period from FY2021 to FY2023.

i. Calculation method

The amount of medium-term performance-based remuneration is determined by multiplying the base amount as determined by position, by a factor corresponding to the Company's total shareholder return ("TSR") in the past three years (between 0 – 3.0).

Amount of medium-term performance -based remuneration	=	Base amount by position	×	TSR factor (0 – 3.0) *Calculated based on the Company's TSR and TOPIX comparisons
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(Note) The amount to be paid is determined using the above formula as the basis for the calculation. The role of each Board Director is considered as necessary in determining the final remuneration amount.

ii Performance-linked indicators

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

3. Policy on process of determining remuneration of individual Board Directors and matters regarding the entrustment of the decision

(a) Policy on process of determining remuneration of individual Board Directors

- i. Annual aggregate amounts of cash remuneration and share-based payment shall be determined by the resolution at the General Meeting of Shareholders.
- ii. The composition and level of remuneration, indicators for the performance target achievement, and other related matters shall be reviewed at the Remuneration Committee, which then shall submit recommendation on the subject to the Board of Directors.
- iii. The Board of Directors shall adopt a resolution for entrusting the decisions on the amount of individual remuneration to the President & CEO, on condition that recommendation by the Remuneration Committee should be respected.
- iv. The President & CEO shall make decisions on the amount of individual remuneration, respecting the recommendation by the Remuneration Committee and the resolution at the Board of Directors.

In determining the amount of remuneration of individual Board Directors, the Remuneration Committee shall, in line with the executive remuneration policy, review the total amount of remuneration as well as the amount of individual remuneration, and make recommendation to the Board of Directors

(b) Matters regarding the entrustment of the decision on the remuneration of individual Board Directors

Name of the person who received the entrustment	Junichi Miyakawa, President & CEO
Description of the entrusted decision	Decision on the amounts of remuneration of individual Board Directors
Reason for the entrustment	In deciding on the amounts of remuneration of individual Board Directors, the Remuneration Committee shall, in line with the executive remuneration policy, review the total amount of remuneration and the amount of individual remuneration and make recommendation to the Board of Directors. The person who has received the entrustment is supposed to respect such recommendation and make decision.

4. Request for return of Board Directors' remuneration, etc.

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

(2) Matters regarding Resolution of the General Meeting of Shareholders on the remuneration of Board Directors, etc.

	Basic remuneration (cash payment)		Performance-based remuneration (share-based payment)
	35th Ordinary General Meeting of Shareholders held on June 22, 2021	Extraordinary General Meeting of Shareholders held on February 25, 2015	35th Ordinary General Meeting of Shareholders held on June 22, 2021
Resolution of the General Meeting of Shareholders			
Maximum amount (per year)	¥1,500 million	¥80 million	¥8,000 million (5.4 million shares)
Recipients	Board Directors	Audit & Supervisory Board Members	Board Directors (excluding External Directors)
Number of recipients (as of the time of the resolution of the General Meeting of Shareholders)	13 people	6 people	7 people

(3) Total amount of remuneration and number of recipients by type of remuneration

Title	Total amount of remuneration (¥ million)	Subtotals for each type of remuneration (¥ million)			Number of recipients
		Basic remuneration	Performance-based remuneration	Others	
Board Directors (excluding External Directors)	2,025	444	1,331	251	6 people
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	18	18	0	0	1 person
External Directors	84	84	0	0	6 people
External Audit & Supervisory Board Members	30	30	0	0	3 people

- (Notes) 1. The total amount of remuneration paid to Board Directors does not include the employee salary portion for Board Directors who serve concurrently as employees.
2. Performance-based remuneration is share-based remuneration in the form of non-monetary payment, and represents the amount to be paid in the form of restricted stock scheduled to be granted as short-term share-based remuneration for this fiscal year.
3. Others represents the amounts accounted for (expensed) in the fiscal year ended March 31, 2023 concerning the stock options allotted as non-monetary payment in March 2018 and July 2021, which is different from the amount to be gained as a result of exercise or sale of the stock options.
4. In addition to the above, no remuneration was paid to External Officers as officers of SoftBank Group Corp. or its subsidiaries in the fiscal year ended March 31, 2023.
5. The remuneration of individual Board Directors for this fiscal year was determined based on the policy for determining remuneration of individual Board Directors, respecting the recommendation of the Remuneration Committee and the resolutions of the Board of Directors. The Board of Directors has therefore determined that the details of the remuneration of individual Board Directors for this fiscal year are consistent with the policy for determining details of remuneration of individual Board Directors.

(4) Total consolidated remuneration paid to those whose total consolidated remuneration is ¥100 million or more

Name	Amount of consolidated remuneration (¥ million)	Title	Company category	Subtotals for each type of consolidated remuneration (¥ million)		
				Basic remuneration	Performance-based remuneration	Others
Ken Miyauchi	470	Board Director	The Company	96	319	55 ^{*1}
Junichi Miyakawa	574	Board Director	The Company	120	399	55 ^{*1}
Jun Shimba	355	Board Director	The Company	84	227	44 ^{*1}
Yasuyuki Imai	355	Board Director	The Company	84	227	44 ^{*1}
Kazuhiko Fujihara	249	Board Director	The Company	60	159	30 ^{*1}
Kentaro Kawabe	388	Board Director	Z Holdings Corporation	96	191 ^{*2}	100 ^{*3}

(Notes) 1. Figures represent the amounts accounted for (expensed) in the fiscal year ended March 31, 2023 concerning the stock options granted in March 2018 and July 2021.

2. The amount is performance-based remuneration for the fiscal year ended March 31, 2023 paid from Z Holdings Corporation and represents the total amount of cash bonuses and remuneration paid in the form of restricted stock (RS).

3. The amount represents the total amount of the Stock-Based Remuneration Plan (RSU Plan using a Board Incentive Plan Trust) and stock options granted from Z Holdings Corporation.

3) Description of limited liability agreement

The Company and non-executive directors, Atsushi Horiba, Takehiro Kamigama, Kazuaki Oki, Kyoko Uemura, Reiko Hishiyama and Naomi Koshi, and Audit & Supervisory Board Members have respectively concluded a contract to limit their liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with Paragraph 1, Article 427 of the same Act to the minimum amount stipulated by relevant laws and regulations.

4) Items on External Officers

(1) Relationship with companies where External Officers hold a significant concurrent position

Title	Name	Relationship with companies where External Officers hold a significant concurrent position
Board Director	Atsushi Horiba	The Company has business relationships, such as telecommunications services, with HORIBA, Ltd., where External Director Atsushi Horiba serves as Representative Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as equipment maintenance, with HORIBA STEC, Co., Ltd., where Mr. Horiba serves as Representative Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company has business relationships, such as the ordering of equipment and telecommunications services, with Sumitomo Electric Industries, Ltd., where Mr. Horiba serves as Outside Director. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible.
Board Director	Takehiro Kamigama	The Company has business relationships, such as telecommunications services, with OMRON Corporation, where Mr. Kamigama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company has business relationships, such as the establishment of a base station and telecommunications services, with Yamaha Motor Co., Ltd., where Mr. Kamigama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company has business relationships, such as office engineering work and telecommunications services, with KOKUYO Co., Ltd., where Mr. Kamigama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible.
Board Director	Kyoko Uemura	The Company has business relationships, such as telecommunications services, with MABUCHI MOTOR CO., LTD., where External Director Kyoko Uemura used to serve as External Director and Audit & Supervisory Committee Member. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company has business relationships, such as telecommunications services, with MS&AD Insurance Group Holdings, Inc., where Ms. Uemura serves as External Auditor. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible.

Title	Name	Relationship with companies where External Officers hold a significant concurrent position
Board Director	Reiko Hishiyama	The Company has business relationships, such as the establishment of a base station and telecommunications services, with Waseda University, where External Director Reiko Hishiyama serves as Professor. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company has business relationships, such as telecommunications services, with ASAHI INTELLIGENCE SERVICE CO., LTD., where Ms. Hishiyama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible.
Board Director	Naomi Koshi	The Company has business relationships, such as web conferencing systems and telecommunications services, with V-Cube, Inc., where External Director Naomi Koshi serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company has business relationships, such as legal advice services, with Miura & Partners, where Ms. Koshi serves as Partner Lawyer. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses, and it is therefore negligible.
Audit & Supervisory Board Member	Yoko Kudo	The Company has business relationships, such as the establishment of a base station and telecommunications services, with Chubu Electric Power Co., Inc., where External Audit & Supervisory Board Member Yoko Kudo served as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible.

(Note) There are no other special interests between companies in which External Officers hold major concurrent positions and the Company.

(2) Major activities for this fiscal year

Title	Name	Attendance at Board of Directors meeting*	Major activities and overview of duties relating to expected roles
Board Director	Atsushi Horiba	92.3% Attended 12 out of 13 meetings	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 minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, the Nominating Committee, and the Special Committee, acting as Chair of each committee, and makes comments as appropriate.
Board Director	Takehiro Kamigama	100% Attended 13 out of 13 meetings	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 minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, the Nominating Committee, and the Special Committee, as a member of each committee, and makes comments as appropriate.
Board Director	Kazuaki Oki	100% Attended 13 out of 13 meetings	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 minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, the Nominating Committee, and the Special Committee, as a member of each committee, and makes comments as appropriate.
Board Director	Kyoko Uemura	100% Attended 13 out of 13 meetings	Makes necessary remarks from a professional perspective based on her extensive knowledge and experience as a lawyer, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision. In addition, attends the Remuneration Committee, the Nominating Committee, and the Special Committee, as a member of each committee, and makes comments as appropriate.
Board Director	Reiko Hishiyama	84.6% Attended 11 out of 13 meetings	Makes necessary remarks based on her extensive knowledge and experience as a university professor specializing in cutting-edge technologies such as AI and IoT, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision. She is also a member of the Special Committee.
Board Director	Naomi Koshi	100% Attended 13 out of 13 meetings	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.

(Note) The number of meetings of the Board of Directors by written resolution is excluded.

Title	Name	Attendance at Board of Directors meeting* ^{1, 2}	Attendance at Audit & Supervisory Board meeting	Major activities
Full-time Audit & Supervisory Board Member	Yasuharu Yamada	100% Attended 13 out of 13 meetings	100% Attended 16 out of 16 meetings	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience concerning risk management and compliance.
Audit & Supervisory Board Member	Yoko Kudo	100% Attended 11 out of 11 meetings	100% Attended 12 out of 12 meetings	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience in finance and accounting.

(Notes) 1. The number of meetings of the Board of Directors by written resolution is excluded.
2. The attendance of Audit & Supervisory Board Member Yoko Kudo shows the number of meetings held after her appointment on June 23, 2022.

(3) Total amount of remuneration paid by the parent or subsidiaries of the parent

Not applicable.

(4) Comments on descriptions regarding External Officers

Not applicable.

3 Policy to determine dividends of surplus

The Company considers the return of profits to shareholders to be an important goal for our management along with increasing medium to long term corporate value. To increase corporate value, the Company will make capital investments efficiently to further raise the sophistication of 5G, as well as continuing investments in new businesses. Our basic policy is to distribute surplus twice a year as interim and year-end dividends. Our dividend policy is to consider performance trends, financial condition, and the total shareholder return ratio including share buybacks on a comprehensive basis while paying attention to the stability and sustainability of dividends.

During the period from the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2023, the Company's basic policy is to provide shareholder returns with a ratio of total shareholder return to net income attributable to owners of the Company of approximately 85%^{*1}. Based on this policy, the Company will pay stable dividends and implement share buybacks and retirements to achieve the total shareholder return ratio of 85%. For the fiscal year ended March 31, 2023, we plan to pay a year-end dividend of ¥43 per share^{*2}. Combined with the interim dividend of ¥43 we paid with a record date of September 30, 2022, the annual dividend will be ¥86 per share.

For the fiscal year ending March 31, 2024, we plan pay an annual dividend of ¥86 per share (including an interim dividend of ¥43), based on our policy of paying attention to the stability and sustainability of dividends while considering factors such as performance trends, financial condition, and cash flow position on a comprehensive basis.

The Company will continue to grow both telecommunications business and new businesses, striving to increase its corporate value and deliver stable returns of profit to shareholders.

- (Notes) 1. Total amount of dividends paid and treasury stock retired during the three years from the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2023 divided by total amount of net income attributable to owners of the Company during the same three years.
2. This is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 24, 2023.

(Note) Within this Business Report amounts less than stated units are rounded, and ratios less than stated units are rounded.

Consolidated Financial Statements

Consolidated Statement of Financial Position

(As of March 31, 2023)

(Millions of yen)

Account	Amount
<ASSETS>	
Current assets	
Cash and cash equivalents	2,059,167
Trade and other receivables	2,389,731
Other financial assets	194,924
Inventories	159,139
Other current assets	145,134
Total current assets	4,948,095
Non-current assets	
Property, plant and equipment	1,673,705
Right-of-use assets	763,598
Goodwill	1,994,298
Intangible assets	2,529,116
Contract costs	334,345
Investments accounted for using the equity method	218,170
Investment securities	241,294
Investment securities in banking business	288,783
Other financial assets	1,528,650
Deferred tax assets	59,608
Other non-current assets	102,519
Total non-current assets	9,734,086
Total assets	14,682,181

Account	Amount
<LIABILITIES AND EQUITY>	
Current liabilities	
Interest-bearing debt	2,064,154
Trade and other payables	2,317,402
Contract liabilities	116,213
Deposits for banking business	1,472,260
Other financial liabilities	6,729
Income taxes payable	116,220
Provisions	63,642
Other current liabilities	216,018
Total current liabilities	6,372,638
Non-current liabilities	
Interest-bearing debt	4,070,347
Other financial liabilities	30,236
Provisions	94,084
Deferred tax liabilities	341,170
Other non-current liabilities	90,639
Total non-current liabilities	4,626,476
Total liabilities	10,999,114
Equity	
Equity attributable to owners of the Company	
Common stock	204,309
Capital surplus	685,066
Retained earnings	1,392,043
Treasury stock	(74,131)
Accumulated other comprehensive income (loss)	17,658
Total equity attributable to owners of the Company	2,224,945
Non-controlling interests	1,458,122
Total equity	3,683,067
Total liabilities and equity	14,682,181

Note: Amounts less than one million yen are rounded to the nearest million.

Consolidated Statement of Income

(Fiscal year ended March 31, 2023)

(Millions of yen)

Account	Amount
Revenue	5,911,999
Cost of sales	(3,194,085)
Gross profit	2,717,914
Selling, general and administrative expenses	(1,964,580)
Other operating income	321,422
Other operating expenses	(14,588)
Operating income	1,060,168
Share of losses of associates accounted for using the equity method	(47,875)
Financing income	11,905
Financing costs	(117,212)
Gain on sales of equity method investments	1,109
Impairment loss on equity method investments	(45,227)
Profit before income taxes	862,868
Income taxes	(208,743)
Net income	654,125
Net income attributable to	
Owners of the Company	531,366
Non-controlling interests	122,759
Net income	654,125

Note: Amounts less than one million yen are rounded to the nearest million.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Account	Amount		Account	Amount	
<Assets>					
I Non-current assets					
A Non-current assets - telecommunications business					
(1) Property, plant and equipment					
1 Machinery	2,738,704				
Accumulated depreciation	2,006,806	731,898			
2 Antenna facilities	726,934				
Accumulated depreciation	405,276	321,658			
3 Terminal facilities	287,920				
Accumulated depreciation	196,838	91,082			
4 Local line facilities	25,643				
Accumulated depreciation	15,924	9,719			
5 Long-distance line facilities	89,412				
Accumulated depreciation	81,861	7,551			
6 Engineering facilities	97,563				
Accumulated depreciation	87,490	10,073			
7 Submarine line facilities	27,073				
Accumulated depreciation	24,210	2,863			
8 Buildings	203,572				
Accumulated depreciation	105,598	97,974			
9 Structures	36,936				
Accumulated depreciation	30,338	6,598			
10 Machinery and equipment	2,051				
Accumulated depreciation	748	1,303			
11 Vehicles	3,435				
Accumulated depreciation	3,096	339			
12 Tools, furniture and fixtures	118,959				
Accumulated depreciation	92,019	26,940			
13 Land		18,121			
14 Assets under construction		135,090			
Total property, plant and equipment		1,461,209			
(2) Intangible assets					
1 Right of using submarine line facilities		386			
2 Right to use facilities		33			
3 Software		458,019			
4 Patent right		10			
5 Leasehold right		67			
6 Spectrum-related costs		138,938			
7 Trademark		175,002			
8 Assets under construction		60,218			
9 Other intangible assets		13,350			
Total intangible assets		846,023			
Total non-current assets - telecommunications business		2,307,232			
B Investments and other assets					
1 Investment securities					36,807
2 Shares of subsidiaries and associates					1,204,568
3 Other investments in subsidiaries and associates					50,517
4 Investments in capital					1
5 Long-term loans receivable					151
6 Long-term loans receivable to directors and employees					22,851
7 Long-term loans receivable to subsidiaries and associates					12,565
8 Long-term prepaid expenses					76,918
9 Deferred tax assets					104,638
10 Other investments and other assets					34,653
Less: Allowance for doubtful accounts					(26,867)
Total investments and other assets					1,516,802
Total non-current assets					3,824,034
II Current assets					
1 Cash and deposits					237,329
2 Notes receivable - trade					9
3 Accounts receivable - trade					803,622
4 Contract assets					8,046
5 Accounts receivable - other					82,705
6 Investments in leases					17,352
7 Merchandise					64,686
8 Supplies					7,400
9 Advance payments to suppliers					882
10 Prepaid expenses					61,696
11 Short-term loans receivable					11,485
12 Deposits paid					56,959
13 Other current assets					24,003
Less: Allowance for doubtful accounts					(19,082)
Total current assets					1,357,092
Total assets					5,181,126

Note: Amounts less than one million yen are rounded to the nearest million.

(Millions of yen)

Account	Amount
<Liabilities>	
I Non-current liabilities	
1 Bonds	570,000
2 Long-term loans payable	1,176,430
3 Lease obligations	459,411
4 Provision for retirement benefits	8,461
5 Provision for loss on contract	23,113
6 Asset retirement obligations	49,451
7 Other non-current liabilities	41,200
Total non-current liabilities	2,328,066
II Current liabilities	
1 Current portion of non-current liabilities	377,384
2 Commercial paper	8,000
3 Accounts payable - trade	107,203
4 Short-term loans payable	177,754
5 Lease obligations	263,700
6 Accounts payable - other	653,214
7 Accrued expenses	14,047
8 Income taxes payable	66,585
9 Contract liabilities	57,337
10 Deposits received	179,730
11 Unearned revenue	803
12 Provision for bonuses	31,434
13 Provision for loss on business termination	541
14 Provision for loss on contract	21,014
15 Provision for loss on litigation	19,176
16 Asset retirement obligations	21,576
17 Other current liabilities	13,905
Total current liabilities	2,013,403
Total liabilities	4,341,469
<Net assets>	
I Shareholders' equity	
1 Capital stock	204,309
2 Capital surplus	
(a) Legal capital surplus	71,371
Total capital surplus	71,371
3 Retained earnings	
(a) Other retained earnings	
Retained earnings brought forward	624,492
Total retained earnings	624,492
4 Treasury stock	(74,131)
Total shareholders' equity	826,041
II Valuation and translation adjustments	
1 Valuation difference on available-for-sale securities	4,479
2 Deferred gains or losses on hedges	(1,485)
Total valuation and translation adjustments	2,994
III Subscription rights to shares	10,622
Total net assets	839,657
Total liabilities and net assets	5,181,126

Non-consolidated Statement of Income

(For the fiscal year from April 1, 2022 to March 31, 2023)

(Millions of yen)

Account	Amount	
I Operating revenue and expenses from telecommunications business		
(1) Operating revenue		2,413,635
(2) Operating expenses		
1 Business expenses	687,663	
2 Facilities maintenance expenses	442,543	
3 Administrative expenses	72,544	
4 Experiment and research expenses	12,004	
5 Depreciation and amortization	466,202	
6 Non-current assets retirement cost	32,401	
7 Communication facility fee	287,837	
8 Taxes and dues	40,932	
Operating income from telecommunications business		2,042,126
		371,509
II Operating revenue and expenses from incidental business		
(1) Operating revenue		812,684
(2) Operating expenses		690,293
Operating income from incidental business		122,391
Operating income		493,900
III Non-operating income		
1 Dividend income	78,279	
2 Miscellaneous income	18,346	96,625
IV Non-operating expenses		
1 Interest expenses	35,820	
2 Loss on sales of receivables	23,822	
3 Miscellaneous expenses	11,939	71,581
Ordinary income		518,944
V Extraordinary losses		
1 Loss on valuation of shares of subsidiaries and associates	18,570	
2 Provision for loss on litigation	19,176	37,746
Income before income taxes		481,198
Income taxes - current	136,206	
Income taxes - deferred	(10,102)	126,104
Net income		355,094

Note: Amounts less than one million yen are rounded to the nearest million.

Audit Reports

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2023

To the Board of Directors of
SoftBank Corp.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tomoyasu Maruyama

Designated Engagement Partner,
Certified Public Accountant:

Takafumi Shimodaira

Designated Engagement Partner,
Certified Public Accountant:

Yusuke Masuda

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of SoftBank Corp. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2023

To the Board of Directors of
SoftBank Corp.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tomoyasu Maruyama

Designated Engagement Partner,
Certified Public Accountant:

Takafumi Shimodaira

Designated Engagement Partner,
Certified Public Accountant:

Yusuke Masuda

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of SoftBank Corp. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in net assets for the 37th fiscal year from April 1, 2022 to March 31, 2023, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

With respect to the Directors' performance of their duties during the 37th business year from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board has prepared this Audit Report after deliberations, as unanimous opinion of all Audit & Supervisory Board Members based on the Audit Report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board has established the audit policies in this fiscal year, division of duties, audit plan, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties, and requested explanations as necessary.
 - (2) In conformity with the Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies in this fiscal year, division of duties, audit plan, etc., each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the internal audit unit and other employees, etc., while utilizing means via telephone, the Internet, and the like, endeavored to collect information and maintain and improve the audit environment, and has conducted audit by the following methods.
 - (a) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and major sales offices. With respect to the major subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors or Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - (b) Each Audit & Supervisory Board Member received regular reports from Directors and employees concerning the architecture and implementation of (i) the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors listed within the Business Report, during the performance of their duties, complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of corporate group consisting of a joint stock company (*kabushiki kaisha*) and its subsidiaries, and (ii) the systems (internal control systems) based on such resolutions, and requested further information as necessary, making remarks when appropriate.
 - (c) Each Audit & Supervisory Board Member monitored and verified whether the Independent Auditors maintained its independence and properly conducted its audit, received a report from the Independent Auditors on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Independent Auditors that it had established a "system to ensure that the performance of the duties of the Independent Auditors was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on November 16, 2021), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the Business Report and the accompanying supplemental schedules, and the Consolidated Financial Statements (the Consolidated Statement of Financial Position, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and notes to Consolidated Financial Statements, which were prepared in accordance with the provision of the latter clause in the Paragraph 1, Article 120 of the Ordinance on Accounting of Companies that prescribes certain omissions of disclosure items required under the International Financial Reporting Standards) as well as, the Non-consolidated Financial Statements (the Balance Sheet, the Statement of Income and Statement of Changes in Equity, and notes to Non-consolidated Financial Statements) and the accompanying supplemental schedules thereto, for the business year under consideration.

2. Result of Audit

(1) Result of Audit of Business Report, etc.

- (a) We acknowledge that the Business Report and the accompanying supplemental schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (b) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- (c) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the information provided in the Business Report or the Directors' performance of their duties concerning the internal control systems.

(2) Result of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Result of Audit of Non-consolidated Financial Statements and their Accompanying Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

May 15, 2023

Audit & Supervisory Board of SoftBank Corp.

Full-time Audit & Supervisory Board Member: Eiji Shimagami (Seal)
Full-time Audit & Supervisory Board Member: Yasuharu Yamada (Seal)
Audit & Supervisory Board Member: Kazuko Kimiwada (Seal)
Audit & Supervisory Board Member: Yoko Kudo (Seal)

(Note) Full-time Audit & Supervisory Board Member Yasuharu Yamada, and Audit & Supervisory Board Member Yoko Kudo are External Audit & Supervisory Board Members set forth in Item 16, Article 2 and Paragraph 3, Article 335 of the Companies Act of Japan.

Overview of Stock Administration

Company name (Corporate name)	SoftBank Corp.
Location of head office	1-7-1 Kaigan, Minato-ku, Tokyo 105-7529 Phone: +81-3-6889-2000
Business year	From April 1 to March 31 of the next year
Year-end dividend record date	March 31
Interim dividend record date	September 30
Annual general meeting of shareholders	Every year in June
Stock exchange registration	Tokyo Stock Exchange, Prime Market
Reporting method	Electronic Reporting on the below site. https://www.softbank.jp/corp/ (in Japanese) In the event that electronic public notices cannot be provided due to accidents or other unavoidable circumstances, public notice shall be given in the Nikkei.

■ **Procedures to change registration details such as address and name, to designate bank accounts to receive dividend payment transfers, and to submit “My Number” individual number under The Social Security and Tax Number System**

For shareholders who have accounts at securities firms, etc.:

Please contact the securities firm where you opened your account.

For shareholders who have special accounts:
Please contact Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (Contact info is shown below.) You may also contact branches of Mizuho Trust & Banking Co., Ltd.

■ **Procedures to receive unclaimed dividends**

For procedures relating to past dividend payment periods, please contact branches of Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.

■ **For inquiries to administrators of registers of shareholders and special account management institutions**

Please contact:

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

Phone: 0120-288-324 (Toll free in Japan)

(Business hours: 9:00-17:00 [weekdays, excluding Saturdays, Sundays and holidays])

Mail to:

2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507

Dedicated number for electronic provision system

Phone: 0120-524-324 (Toll free in Japan)

(Business hours: 9:00-17:00 [weekdays, excluding Saturdays, Sundays and holidays])

Frequently asked questions regarding dividends

Q1 What should I do if I have not received dividends, but do not have a dividend receipt?

A1 Please contact the address above if you have lost your dividend receipt. We will send you the procedure form.

Q2 What should I do if the payment period for my dividend receipt has expired?

A2 Please affix your seal or sign your name to the “Claim seal” section on the front of the dividend receipt, and fill out the required items in the “Designated receiving method” section on the back of the receipt, and send it to the mailing address above. Or, affix your seal or sign your name to the “Claim seal” section on the front of the dividend receipt, and bring it to the counter at branches of Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. Please be advised that if the receipt period stated on the back of the dividend receipt has expired, you will not be able to receive dividends even if you have the dividend receipt.

- The names of companies, logos, products, services and brands used in this material are registered trademarks or trademarks of SoftBank Corp. or of the respective companies.
- QR Code is a registered trademark of DENSO WAVE INCORPORATED.

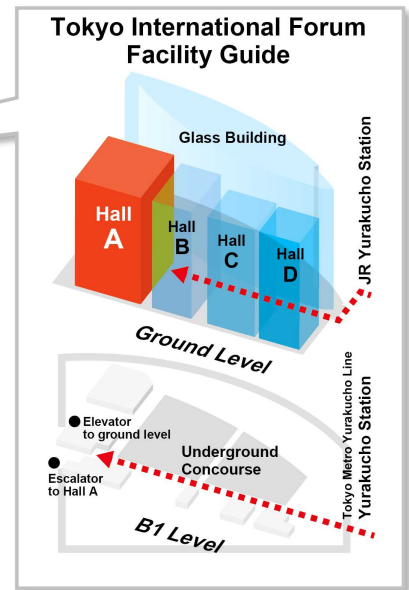


Access Map



Hall A, Tokyo International Forum

5-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo Phone: 03-5221-9000



Transport Information (Approximate time required)

JR Yurakucho Station
3-minute walk from International Forum Exit

Tokyo Metro
Yurakucho Line
Yurakucho Station
3-minute walk from Exit D5 via B1 concourse

〈Reference〉	
JR Tokyo Station	5-minute walk from Marunouchi South Exit (Connected by B1 Concourse to Keiyo Line Tokyo Station Exit 4)
Tokyo Metro	Hibiya Line Hibiya Station ▶ 5-minute walk / Ginza Station ▶ 6-minute walk Ginza Line Ginza Station ▶ 7-minute walk / Kyobashi Station ▶ 7-minute walk Chiyoda Line Hibiya Station ▶ 7-minute walk / Nijubashimae Station ▶ 5-minute walk Marunouchi Line Ginza Station ▶ 5-minute walk
Toei Subway	Mita Line Hibiya Station ▶ 5-minute walk

*Please refrain from driving to the venue as no parking space is provided.

*We no longer distribute gifts at the Annual General Meeting of Shareholders. Thank you for your understanding.

"This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between the translated document and the Japanese original, the original shall prevail. SoftBank Corp. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation."

Electronic provision of information starts on: May 29, 2023

To Our Shareholders:

The 37th Annual General Meeting of Shareholders
Other Matters Subject to the Measures for Electronic
Provision (Omitted from Paper-based Documents)

May 29, 2023
SoftBank Corp.

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All matters above are provided to shareholders of SoftBank Corp. on the website of SoftBank Corp. on the Internet (<https://www.softbank.jp/corp/ir/>) in accordance with all laws and Article 14 of the Articles of Incorporation of SoftBank Corp.

NEWS FLASH

This Year's Topics April 2022 – March 2023

2022.4

Announced that **5G population coverage ratio surpassed 90%** ^(*)

^(*) The population coverage ratio is calculated based on areas where communications are possible in 50% or more of locations within the approx. 500 m grid squares compiled for the Population Census of Japan. As of the end of March 2022.

2022.5



The real Fukuoka PayPay Dome

Virtual PayPay Dome

Bringing the PayPay Dome to the metaverse

-Collaboration between SoftBank and the Fukuoka SoftBank HAWKS-

2022.8

Achieving **“Net Zero” by 2050 by removing greenhouse gas (GHG) emissions generated by our entire value chain to virtually zero** ^(*)

^(*) Targets GHG emissions from business processes and energy consumption of SoftBank Corp. alone (Scope 1 and Scope 2) as well as GHG emissions generated by business partners (Scope 3).



2022.10



Converted PayPay Corporation into a consolidated subsidiary to maximize group synergy

-Expand the ecosystem by linking the customer base-

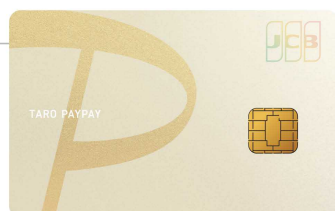
2022.11

SoftBank began providing Smartphone Debut Plan+ with 4GB and 20GB data allowance options ^(*)

スマホデビュープラン+

^(*) Applies to customers aged 5 to 22 getting their first smartphone, switching from a feature phone to a smartphone through a model change or transfer (Mobile Number Portability (MNP)/ number transfer) or currently enrolled in *Smartphone Debut Plan*.

2022.11



Launched **PayPay Card Gold**, a great credit card for earning more PayPay Points

2022.12

LINEMO ranked No. 1 overall in four satisfaction survey rankings ^(*)

(*) Please refer to our press release dated December 1, 2022 for more information (Japanese only).
https://www.softbank.jp/corp/news/press/sbkk/2022/20221201_03/



2023.2

Number of registered PayPay users exceeds 55 million

Received the Grand Prize in NIKKEI Smart Work Awards 2023

-Received high marks for our HR management ability to realize diverse work styles-



2023.3



Issued the first unsecured bond for individual investors (SoftBank Mirai Soshutsu Bond)

LINE, Yahoo! JAPAN, and PayPay jointly launched LYP Mileage

-A mileage-based sales promotion platform which fully leverages the strengths of each company covering both offline and online purchases-



Business Report

ESG external evaluations

In implementing ESG initiatives, the Company has received evaluations from domestic and overseas institutions.

We will continue to make further efforts to improve our corporate and business activities based on the evaluation items and the results of these evaluations.

Major ESG indices



2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

The Company was selected as a constituent of the *Dow Jones Sustainability Asia Pacific Index*, which consists of companies in the Asia-Pacific region of the *Dow Jones Sustainability Index*, the world's leading ESG investment stock index for the second consecutive year.

In addition, the Company has been selected as one of the *Top 10% S&P Global ESG Score* in *The Sustainability Yearbook – 2023 Rankings*, which covers the world's constituent stocks of the index.

The Company has been selected as a constituent of the *MSCI Japan ESG Select Leaders Index*, a major ESG investment index used as a passive investment benchmark by the Government Pension Investment Fund (GPIF), the world's largest public pension fund.

The Company also has been selected as a constituent of the *MSCI Japan Empowering Women Index (WIN)*, which is composed of companies that excel in gender diversity.



The Company has been selected as a constituent of the *FTSE4Good Index Series*, the world's leading ESG index in ESG defined by FTSE Russell.

The Company also has been selected as a constituent of the *FTSE Blossom Japan Index* and the *FTSE Blossom Japan Sector Relative Index*, ESG indices designed to measure the performance of Japanese companies that are implementing excellent responses to ESG issues.

Evaluations of sustainability

<p>Received 5 stars rating in the "NIKKEI SDGs Management Surgery"</p>	<p>Selected for the "S&P/JPX Carbon Efficient Index"</p>	<p>Received A-score in the "CDP 2022 Climate Change"</p>	<p>Certified as SBT (Science Based Targets) by the "Science Based Targets initiative (SBTi)"</p>	<p>Certified as "Eco-First Company"</p>	<p>Included in "2023 Health & Productivity Stock Selection"</p>
<p>Selected as "Digital Transformation Brand 2022"</p>	<p>Received "Silver" rating from EcoVadis</p>	<p>Selected as excellent company in the "Gomez ESG Site Ranking 2022"</p>	<p>Overall No.1 winner in the "Gomez IR Site Ranking 2022"</p>	<p>Selected as an AAA Website in the 2022 All Japanese Listed Companies' Website Ranking</p>	<p>Awarded the Grand Prize at the "Internet IR Awards" in 2022 (Daiwa Investor Relations Co. Ltd.)</p>

Evaluations of health management and working environment

<p>Received 5 stars rating in the "NIKKEI Smart Work Management Survey"</p>	<p>Awarded the Grand Prize at the "NIKKEI Smart Work Awards 2023"</p>	<p>Certified as excellent enterprise (White 500) in the Corporate Health and Productivity Management Category</p>	<p>Awarded Gold rating in the "PRIDE Index"</p>
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Status of the Company

| Status of stock acquisition rights (as of March 31, 2023)

1) Status of stock acquisition rights held by the Company's Officers issued as remuneration for discharge of duties

Title	Name of stock acquisition rights (date of issuance)	Number of stock acquisition rights	Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Exercise price (per share)	Exercise period	Number of stock acquisition right holders
Board Directors (excluding External Directors)	SoftBank Corp. March 2018 Stock Acquisition Rights (March 30, 2018)	62,000	Common stock 6,200,000 shares	¥623	April 1, 2020 to March 31, 2025	6
	SoftBank Corp. July 2021 Stock Acquisition Rights (July 20, 2021)	75,000	Common stock 7,500,000 shares	¥1,497	April 1, 2023 to March 31, 2028	5

2) Status of stock acquisition rights issued to employees as remuneration for discharge of duties in this fiscal year

Title	Name of stock acquisition rights (date of issuance)	Number of stock acquisition rights	Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Exercise price (per share)	Exercise period	Number of employees to whom stock acquisition rights were issued
Executive Officers and employees of the Company	SoftBank Corp. July 2022 Stock Acquisition Rights (¥1) (July 20, 2022)	5,474	Common stock 547,400 shares	¥1	August 1, 2024 to July 31, 2029	109

3) Status of other stock acquisition rights

Not applicable.

| Status of Independent Auditor

1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

2) Amount of remuneration to the Independent Auditor

Amount of remuneration to the Independent Auditor for this fiscal year	¥598 million
Aggregate amount of cash and other benefits to be paid to the Independent Auditor by the Company and its subsidiaries	¥3,522 million

- (Notes) 1. The audit agreement between the Independent Auditor and the Company does not distinguish between the remuneration for auditing services under the Financial Instruments and Exchange Act and the Companies Act, and it is practically impossible to distinguish them. Therefore, the amount of remuneration to be paid to the Independent Auditor for this fiscal year is the aggregate amount of the aforementioned remuneration.
2. The Audit & Supervisory Board reviewed and examined the plan details of the audit conducted by the Independent Auditor, the performance status of accounting audit duties, and the basis for calculating remuneration estimates based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. Based on the results, it has given consent to the remuneration to the Independent Auditor prescribed in Paragraph 1, Article 399 of the Companies Act.
3. Some of the Company's subsidiaries have been audited by an audit firm other than the Company's Independent Auditor.

3) Details of non-audit services provided by the Independent Auditor

The Company pays consideration to the Independent Auditor for services other than those pursuant to Paragraph 1, Article 2 of the Certified Public Accountant Act, such as issuance of comfort letters in the event of issuance of corporate bonds.

4) Decision-making policy of dismissal or non-reappointment of Independent Auditor

The Audit & Supervisory Board shall determine the details of the proposal on the dismissal or non-reappointment of the Independent Auditor to be submitted to the general meeting of shareholders in the event of difficulties for the Independent Auditor to execute its duties or when deemed necessary.

The Independent Auditor will be dismissed by the unanimous consent of the Audit & Supervisory Board Members when deemed to fall under any of the items under Paragraph 1, Article 340 of the Companies Act.

5) Description on limited liability agreement

The Company has not concluded a contract stipulated in Paragraph 1, Article 427 of the Companies Act with the Independent Auditor.

Overview of systems to ensure the appropriateness of operations and its implementation status

Overview of the Board of Directors resolution on the systems to ensure the appropriateness of operations

At a Board of Directors meeting held on March 27, 2023, the Company resolved to partially revise its basic policy for establishing the internal control system (including renaming its regulations). The details of the revised policy are as follows.

[1] Systems to ensure that the execution of the duties of board directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of the Company

The Company has established the code of conduct to be followed by all board directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

- (1) A chief compliance officer (CCO) is appointed. The CCO proposes and carries out measures required to establish and enhance the Company's compliance system.
- (2) A department in charge of compliance is established to assist the CCO.
- (3) A compliance officer and a compliance manager shall be placed in each business unit for thorough compliance.
- (4) Internal and external hotlines (compliance reporting desk) are established for direct reporting and consultations by board directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. The Company ensures that persons who have reported or consulted on the hotlines will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the hotline in the Whistleblowing Regulations.
- (5) Audit & Supervisory Board Members and the Audit & Supervisory Board request measures for improvements to the Board of Directors, if they identify issues in the system for compliance with laws, regulations, and the Articles of Incorporation.

[2] System for the storage and management of information regarding the execution of duties by board directors

The Company has established the following system to appropriately store and maintain information related to the execution of duties by board directors:

- (1) The Company determines retention periods and methods and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) A chief information security officer (CISO) has been appointed as the person responsible for information security management, and persons responsible for information security are placed in each business unit to establish a system to store and manage information, based on the Basic Regulations for Information Security.

(3) The Chief Data Officer Office has been established and a chief data officer (CDO) has been appointed. In addition, policies and rules have been set out to manage and strategically utilize internal and external data, and the internal management system for handling secrecy of communication and personal information has been strengthened.

[3] Regulations and system relating to managing the risk of loss

The Company has established the following system to avoid and minimize risk and to implement necessary measures related to the variety of risks in its business operations:

(1) Based on the Risk Management Regulations, the risk management department summarizes the status of risk evaluation, analysis and response at each unit, and regularly reports its findings to the Risk Management Committee consisting of representative directors and other committee members.

(2) The Risk Management Committee determines the degree of importance and owners of the risks, and confirms and promotes measures developed and taken by the risk owners, thereby reducing risks and preventing the occurrence of risk events. The Risk Management Committee then regularly reports its findings to the Board of Directors.

(3) When an emergency situation arises, an Emergency Response Department will be established and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

[4] Systems to ensure the efficiency of board directors in the execution of their duties

The Company has established the following structure to maintain an efficient management system:

(1) The Company has set out the Rules of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors includes external directors who are independent of the Company.

(3) To ensure that the board directors can discuss matters fully at Board of Directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations and responsibilities necessary for operations are clearly defined in the Organization Management Regulations.

[5] Systems to ensure appropriateness of operations of the Company and the Group consisting of its parent and subsidiaries

The Company shares fundamental concepts and policies throughout the Group and reinforces the management system and compliance in accordance with the SoftBank Charter of Corporate Behavior, etc. In addition, the following systems have been established to apply rules shared by the Group to board directors and employees of the Group:

- (1) The CCO establishes and reinforces the compliance system of the Group. For practicing compliance, CCO gives advice, instructions, and orders to the CCOs of each Group company to ensure that such activities comply with the Group's basic compliance policy. The compliance reporting desk has also been established to receive reports and provide consultation to board directors and employees of the Group to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. The Company ensures that persons who have reported or consulted on the Hotline will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the Hotline in the Whistleblowing Regulations.
- (2) The Group Security Committee, composed of the persons responsible for information security in each Group company, has been established to report and share information on trends, plans and other matters related to information security. This Committee is headed by the CISO, who is responsible for information security in the Company.
- (3) The representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to the Company, thereby ensuring the accuracy of the annual securities report and other reports submitted by the Group.
- (4) The internal audit unit comprehensively judges the results of past internal audits, financial position, and carries out internal audits of the Company and the Group companies deemed as having high risk.
- (5) While the Group addresses risk in an effort to reduce and prevent any possible risks, in the event of emergency, an immediate report to the Company is requested in accordance with the Risk Management Regulations. In addition, the Company will coordinate closely with each Group company according to the situation to minimize damage (loss).

[6] System for excluding antisocial forces

The Company clearly states in the Regulations on Countermeasures against Antisocial Forces its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The Company establishes an internal system to counter antisocial forces and has a responsible division in place to carry out overall management. For dealing with inappropriate requests from antisocial forces, the Company will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

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- [7] Matters relating to support staff that assists the Audit & Supervisory Board Members upon request for such placement from Audit & Supervisory Board Members, matters relating to the independence from the board directors, and matters relating to ensuring the effectiveness of instructions given to the relevant employees

The Company has established the Assistant to Audit Department as an organization to support the work of the Audit & Supervisory Board Members, and has assigned dedicated staff to this department. The appointment of the support staff is notified to the Audit & Supervisory Board Members, and any personnel changes, evaluations, or other such actions require the agreement of the Audit & Supervisory Board Members. In addition, directions and instructions to the support staff are issued by the Audit & Supervisory Board Members to ensure the effectiveness of the instructions.

- [8] System for reporting to the Audit & Supervisory Board Members by board directors and employees and other systems for reporting to the Audit & Supervisory Board Members

Board directors and employees will report the following matters to the Audit & Supervisory Board Members or the Audit & Supervisory Board promptly (or immediately for any urgent matters including facts that may potentially cause severe damage to the Company):

- (1) Matters related to the compliance system or use of the compliance reporting desk.
- (2) Matters related to finances (including financial reporting and actual results against planned budget).
- (3) Matters related to human resources (including labor management).
- (4) The status of work related to risk matters on information security.
- (5) The status of work related to large-scale disaster and network disruption, etc.
- (6) The development status of internal control.
- (7) The status of work related to external fraud investigations.
- (8) Matters related to violations of laws, regulations, or the Articles of Incorporation.
- (9) Results of audits conducted by the internal audit unit.
- (10) Other matters which could materially harm the Company or matters that the Audit & Supervisory Board Members have decided that need to be reported in order for them to execute their duties.

- [9] Other systems to ensure that the audits by the Audit & Supervisory Board Members are conducted effectively

- (1) When the Audit & Supervisory Board Members deem it necessary, opportunities are provided for them to interview board directors or employees of the Group. In addition, the Audit & Supervisory Board Members periodically meet with the independent auditor and the Audit & Supervisory Board Members of major subsidiaries and other entities for an exchange of information and to ensure cooperation, and also attend important meetings.
- (2) The Company ensures a system that persons who have reported or consulted with the Audit & Supervisory Board Members will not be treated disadvantageously on the grounds of having reported or consulted with the Audit & Supervisory Board Members.

(3) The Company pays for expenses relating to the independent auditor, the attorneys and other professionals, and other expenses associated with the execution of duties by the Audit & Supervisory Board Members.

Overview of the implementation status of systems to ensure the appropriateness of operations

[1] Matters concerning compliance

The Company continues to conduct compliance training for board directors and employees, as well as the offering of information and giving of advice, etc., as necessary, for enhancing the compliance system. In addition, the Company works to ensure the effectiveness of compliance of the Company through setting and operating hotlines so that board directors and employees of the Company and its subsidiaries can report and consult directly. Effects of these measures are reviewed and improved, as necessary.

[2] Matters concerning risk

Based on the Risk Management Regulations, the risk management department summarizes the status of risk evaluation, analysis and response at each unit, and regularly reports its findings to the Risk Management Committee consisting of board directors. The Risk Management Committee determines the degree of importance and owners of the risks, and confirms and promotes measures developed and taken the by risk owners, thereby reducing risks and preventing the occurrence of risk events. The Risk Management Committee then regularly reports its findings to the Board of Directors.

The Group companies also continuously work on reducing risks and preventing the occurrence thereof.

In addition, the Company is working to strengthen its information management system through continued efforts such as holding awareness-raising activities with the aim to prevent inappropriate information management and divulging of confidential information.

[3] Matters concerning internal audits

The internal audit unit carries out audits on the effectiveness of the system for compliance with laws, regulations and the Articles of Incorporation as well as the risk management process at the Company. In addition, the unit continuously carries out audits of Group companies deemed as having a high risk and reports the results of the audits to the President & CEO of the Company, as well as to the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board each time.

[4] Matters concerning the execution of duties by board directors and employees

The Company ensures efficiency of the execution of duties by its board directors and employees based on internal regulations such as the Rules of the Board of Directors, Internal Approval Regulations and Organization Management Regulations. The Company also ensures an environment where matters can be fully discussed at the Board of Directors meetings by board directors.

[5] Matters concerning duties of Audit & Supervisory Board Members

Audit & Supervisory Board Members attend the Company's important meetings and arrange opportunities to interview board directors and employees of the Company and the Group, as necessary. In addition, they continue to enhance cooperation by holding regular meetings with the Independent Auditor and Audit & Supervisory Board Members, etc. of major subsidiaries. Through these efforts, Audit & Supervisory Board Members ensure the effectiveness of audits.

(Note) Within this Business Report, amounts less than stated units are rounded, and ratios less than stated units are rounded.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2023)

(Millions of yen)

	Equity attributable to owners of the Company			
	Common stock	Capital surplus	Retained earnings	Treasury stock
As of April 1, 2022	204,309	366,098	1,167,903	(106,462)
Cumulative effect of change in accounting policy	-	321,932	(36,512)	-
As of April 1, 2022, restated	204,309	688,030	1,131,391	(106,462)
Comprehensive income				
Net income	-	-	531,366	-
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income	-	-	531,366	-
Transactions with owners and other transactions				
Cash dividends	-	-	(405,658)	-
Purchase of treasury stock	-	-	-	(0)
Disposal of treasury stock	-	(13,909)	-	32,331
Changes from business combinations	-	(3,730)	-	-
Changes from loss of control	-	-	-	-
Changes in interests in existing subsidiaries	-	(709)	-	-
Share-based payment transactions	-	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	-
Other	-	(20)	78	-
Total transactions with owners and other transactions	-	(2,964)	(270,714)	32,331
As of March 31, 2023	204,309	685,066	1,392,043	(74,131)

	Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Accumulated other comprehensive income (loss)	Total		
As of April 1, 2022	43,352	1,675,200	1,213,146	2,888,346
Cumulative effect of change in accounting policy	1	285,421	38,964	324,385
As of April 1, 2022, restated	43,353	1,960,621	1,252,110	3,212,731
Comprehensive income				
Net income	-	531,366	122,759	654,125
Other comprehensive income (loss)	123,137	123,137	66,960	190,097
Total comprehensive income	123,137	654,503	189,719	844,222
Transactions with owners and other transactions				
Cash dividends	-	(405,658)	(47,200)	(452,858)
Purchase of treasury stock	-	(0)	-	(0)
Disposal of treasury stock	-	18,422	-	18,422
Changes from business combinations	-	(3,730)	36,672	32,942
Changes from loss of control	-	-	609	609
Changes in interests in existing subsidiaries	-	(709)	26,275	25,566
Share-based payment transactions	-	1,438	-	1,438
Transfer from retained earnings to capital surplus	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	(148,832)	-	-	-
Other	-	58	(63)	(5)
Total transactions with owners and other transactions	(148,832)	(390,179)	16,293	(373,886)
As of March 31, 2023	17,658	2,224,945	1,458,122	3,683,067

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Net Assets

(For the fiscal year from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance as of April 1, 2022	204,309	71,371	-	71,371	689,022	689,022	(106,461)	858,241
Changes of items during period								
Cash dividends	-	-	-	-	(405,658)	(405,658)	-	(405,658)
Net income	-	-	-	-	355,094	355,094	-	355,094
Purchase of treasury stock	-	-	-	-	-	-	(0)	(0)
Disposal of treasury stock	-	-	(13,966)	(13,966)	-	-	32,330	18,364
Transfer from retained earnings to capital surplus	-	-	13,966	13,966	(13,966)	(13,966)	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes of items during period	-	-	-	-	(64,530)	(64,530)	32,330	(32,200)
Balance as of March 31, 2023	204,309	71,371	-	71,371	624,492	624,492	(74,131)	826,041

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2022	174	(2,311)	(2,137)	9,283	865,387
Changes of items during period					
Cash dividends	-	-	-	-	(405,658)
Net income	-	-	-	-	355,094
Purchase of treasury stock	-	-	-	-	(0)
Disposal of treasury stock	-	-	-	-	18,364
Transfer from retained earnings to capital surplus	-	-	-	-	-
Net changes of items other than shareholders' equity	4,305	826	5,131	1,339	6,470
Total changes of items during period	4,305	826	5,131	1,339	(25,730)
Balance as of March 31, 2023	4,479	(1,485)	2,994	10,622	839,657

Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

(Basis of Preparation of Consolidated Financial Statements)

1. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared on the basis of International Financial Reporting Standards ("IFRS") pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS.

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

Company names/Abbreviations	Definition
The Company	SoftBank Corp. (stand-alone basis)
The Group	SoftBank Corp. and its subsidiaries
SBG	SoftBank Group Corp. (stand-alone basis)

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 239

(2) Names of main consolidated subsidiaries

Wireless City Planning Inc., SB Power Corp., SB C&S Corp., A Holdings Corporation, Z Holdings Corporation, Yahoo Japan Corporation, ASKUL Corp., ZOZO, Inc., Ikyu Corp., PayPay Bank Corporation, LINE Corporation, LINE SOUTHEAST ASIA CORP.PTE.LTD., LINE Financial Plus Corporation, LINE Pay Corporation, LINE Plus Corporation, LINE Financial Corporation, PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp.

(3) Names of new and main consolidated subsidiaries and the reasons thereof

PayPay Corporation	Transferred from associates accounted for using the equity method due to acquisition of majority voting rights in connection with stock conversion
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(4) Names of main subsidiaries excluded from consolidation and the reasons thereof

There are no applicable items.

3. Scope of associates accounted for by the equity method

(1) Number of associates accounted for by the equity method: 67

(2) Names of main associates accounted for by the equity method

WeWork Japan GK, Demae-can Co., Ltd., Webtoon Entertainment Inc., LINE Bank Taiwan Limited

(3) Names of new and main associates accounted for by the equity method and the reasons thereof

There are no applicable items.

(4) Names of main associates excluded from the scope of equity method and the reasons thereof

PayPay Corporation	Transferred from associates accounted for using the equity method due to acquisition of majority voting rights in connection with stock conversion
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4. Significant accounting policies

(1) Valuation standards and methods for financial assets and financial liabilities

a. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a contractual party to an instrument.

Financial assets and financial liabilities are measured at fair value at initial recognition. Except for financial assets at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL"), transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified as "financial assets at amortized cost," "investments in debt instruments at fair value through other comprehensive income ("debt instruments at FVTOCI")," "investments in equity instruments at fair value through other comprehensive income ("equity instruments at FVTOCI")," and "financial assets at FVTPL." The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

(a) Financial assets at amortized cost

Financial assets at amortized cost are classified if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method less any impairment. Interest income based on the effective interest method is recognized in profit or loss.

(b) Debt instruments at FVTOCI

Debt instruments at FVTOCI are classified if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt instruments at FVTOCI are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Upon derecognition, previously recognized accumulated other comprehensive income is transferred to profit or loss. Exchange differences arising on monetary financial assets classified as investments in debt instruments at FVTOCI and interest income calculated using the effective interest method relating to debt instruments at FVTOCI are recognized in profit or loss.

(c) Equity instruments at FVTOCI

The Group makes an irrevocable election at initial recognition to recognize changes in fair value of certain investments in equity instruments in other comprehensive income, rather than in profit or loss, and classifies them as investments in equity instruments at FVTOCI. Subsequent to initial recognition, investments in equity instruments at FVTOCI are measured at fair value and gains or losses arising from the changes in fair value are recognized in other comprehensive income.

The Group transfers accumulated gains or losses directly from other comprehensive income to retained earnings in the case of derecognition or significant or prolonged decline in fair value below cost. Dividends received related to investments in equity instruments at FVTOCI are recognized in profit or loss.

(d) Financial assets at FVTPL

Non-derivative financial assets other than those classified as "financial assets at amortized cost," "debt instruments at FVTOCI," or "equity instruments at FVTOCI" are classified as "financial assets at FVTPL." No financial assets have been designated as those measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and gains or losses arising from changes in fair value, dividend income, and interest income are recognized in profit or loss.

(e) Impairment of financial assets

Allowance for doubtful accounts is recognized for expected credit losses on financial assets at amortized cost, debt instruments at FVTOCI, and contract assets under IFRS 15 "Revenue from Contracts with Customers." The Group assesses whether credit risk on financial assets has increased significantly since initial recognition at the end of each fiscal year and at the end of each quarter. If the credit risk on financial assets has not increased significantly since the initial recognition, the Group measures the allowance for doubtful accounts at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since the initial recognition or for credit-impaired financial assets, the Group measures the allowance for doubtful accounts at an amount equal to the lifetime expected credit losses. Allowances for doubtful accounts for trade receivables, contract assets, and lending commitments are always measured at an amount equal to the lifetime expected credit losses.

The Group measures expected credit losses in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

The Group shall recognize in profit or loss the amount of provision for the allowance of doubtful accounts and the amount of a reversal of the allowance for doubtful accounts if any event occurs that decreases the allowance for doubtful accounts.

The carrying amount of a financial asset is written off against the allowance for doubtful accounts when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

(f) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified as "financial liabilities at FVTPL" or "financial liabilities at amortized cost," and the classification is determined upon initial recognition.

Non-derivative financial liabilities are classified as "financial liabilities at FVTPL" when the Group designates the entire hybrid contract that contains one or more embedded derivatives as financial liabilities at FVTPL. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and gains or losses arising from changes in fair value and interest expense are recognized in profit or loss.

Financial liabilities at amortized cost are measured using the effective interest method subsequent to initial recognition.

The Group derecognizes financial liabilities when the Group satisfies its obligations or when the Group's obligations are discharged, canceled, or expired.

d. Derivatives and hedge accounting

(a) Derivatives

The Group is engaged in derivative transactions, including foreign currency forward contracts and interest rate swap agreements, in order to manage its exposure to foreign exchange rate and interest rate volatility.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at fair value at the end of the fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated as a hedging instrument or works effectively as a hedge. Derivative financial assets not designated as hedging instruments are classified into "financial assets at FVTPL," and derivative financial liabilities not designated as hedging instruments are classified as "financial liabilities at FVTPL."

(b) Hedge accounting

The Group designates certain derivative transactions as hedging instruments that are accounted for as cash flow hedges.

At the inception of the hedge, the Group formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

Hedges are determined effective when all of the following requirements are met:

- i. there is an economic relationship between the hedged item and the hedging instrument;
- ii. the effect of credit risk does not dominate the value changes that result from that economic relationship;
and
- iii. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirements relating to the hedge ratio, as long as the risk management objective remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

The effective portion of changes in the fair value of derivatives that are designated as and qualify for cash flow hedges is recognized in other comprehensive income and accumulated in accumulated other comprehensive income. Accumulated other comprehensive income is transferred to profit or loss line items related to the hedged item in the consolidated statement of income as long as the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in the fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the historical cost of the non-financial asset or non-financial liability at initial recognition.

Hedge accounting is discontinued prospectively only when the hedge relationship no longer meets the criteria for hedge accounting, such as when the hedging instrument expires, is sold, is terminated, or is exercised.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remain in equity and are reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative financial assets ("embedded derivatives") are not separated from the host contract and accounted for as an integral part of the entire hybrid contract.

Derivatives embedded in non-derivative financial liabilities ("embedded derivatives") are separated from the host contracts and accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL. In the case where the Group is required to separate embedded derivatives from their host contracts but is unable to measure the embedded derivatives separately either at acquisition or subsequently at the end of the fiscal year, the entire hybrid contract is designated and accounted for as financial liabilities at FVTPL.

(2) Valuation standards and methods for inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile devices and accessories. Their costs comprise all costs related to purchases and other costs incurred in bringing inventory to its present location and condition. The costs are calculated primarily using the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, namely marketing, selling, and distribution costs.

(3) Valuation standards and methods for property, plant and equipment and intangible assets, and methods of depreciation and amortization thereof

a. Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement, and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and assets under construction are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	20 - 50 years
Structures	10 - 50 years
Building fixtures	3 - 22 years
Network equipment	
Radio network equipment, core network equipment and other network equipment	5 - 15 years
Towers	10 - 42 years
Other	5 - 30 years
Furniture, fixtures and equipment	
Leased mobile devices	2 - 3 years
Other	2 - 20 years

The primary assets subject to operating lease as lessor of the above are leased mobile devices.

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

b. Intangible assets

Intangible assets are measured on a historical cost basis and are stated at historical cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense when it is incurred, except for expenditure on development activities eligible for capitalization (internally generated intangible assets). The amount of internally generated intangible assets is measured upon initial recognition as the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

Except for intangible assets with indefinite useful lives, intangible assets are amortized on a straight-line method over the estimated useful lives of each asset.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	5 - 10 years
Customer relationships	8 - 25 years
Spectrum-related costs	18 years
Other	2 - 20 years

Spectrum-related costs are the Company's share of costs for the spectrums assigned to the Company based on the Radio Act. These spectrum-related costs include the costs arising from the migration of pre-existing users to other spectrums by the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Amortization methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortized. An intangible asset with an indefinite useful life or the cash-generating unit to which the asset belongs is tested for impairment at a certain timing within the fiscal year and whenever an indication of impairment exists.

The Group's intangible assets that have indefinite useful lives primarily relate to its trademark usage right of the "SoftBank" brand, trademarks of the "Yahoo!" and the "Yahoo! JAPAN" brands in Japan, and trademarks of the "ZOZO" and "LINE" brands.

In addition, the Group does not apply IFRS 16 to leases of intangible assets.

c. Leases

At inception of a contract, the Group assesses whether contractual arrangements are, or contain, a lease. The lease terms are the non-cancelable period of a lease, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

(As lessee)

(a) Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date. The Group initially measures right-of-use assets at cost. The cost of right-of-use assets comprises the total amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date less any lease incentives received, any initial direct costs incurred, and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset.

Subsequent to initial recognition, a right-of-use asset is depreciated using the straight-line method over the estimated useful life when it is certain that the lease transfers ownership of the underlying asset, or over the shorter of the lease term or estimated useful life of the underlying asset when it is not certain that the lease transfers ownership of the underlying asset. The estimated useful life of a right-of-use asset is determined in the same manner as property, plant and equipment. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses.

(b) Lease liability

The Group recognizes a lease liability at the lease commencement date and measures the lease liability at the present value of the future lease payments that will be paid over the lease term after that date. In calculating the present value, the interest rate implicit in the lease is used as the discount rate if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability primarily comprise fixed lease payments, lease payments for an extended term if the lessee is reasonably certain to exercise an extension option, and payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, a change in the amounts expected to be payable under a residual value guarantee, or a change in the assessment of possibility of exercising an extension option or a termination option.

If a lease liability is remeasured, the amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. However, if the amount of decrease in liability resulting from the remeasurement of the lease liability is greater than the carrying amount of the right-of-use asset, any remaining amount after reducing the right-of-use asset to zero is recognized as profit or loss.

(As lessor)

(a) Lease classification

At inception of a lease contract, the Group determines the classification of a lease as either a finance lease or operating lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise a lease is classified as an operating lease. If the lease term is for the major part of the economic life of the underlying asset, or the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, it is deemed that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred.

(b) Sublease classification

If the Group is a party to a sublease contract, the head lease (as lessee) and the sublease (as lessor) are accounted for separately. In classifying a sublease as a finance lease or an operating lease, the Group considers the risks, rewards, and estimated useful life of a right-of-use asset recognized by the Group in the head lease rather than the assets subject to lease.

(c) Recognition and measurement

Lease receivables in finance leases are recognized at the amount of the Group's net investment in the lease, as of the date the lease is determined and through its maturity. Lease payments received are apportioned between financing income and the repayments of the principal portion. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest method is recognized in profit or loss.

Lease payments under operating leases are recognized as income on a straight-line basis.

(4) Accounting treatment of goodwill

Please refer to "(8) Accounting treatment of business combinations" for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized and is tested for impairment when there is an indication of impairment in operating segments to which goodwill has been allocated, and at a certain timing within the fiscal year, irrespective of whether there is any indication of impairment. For the details of impairment, refer to "(5) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill."

Any excess in the cost of acquisition of an associate or a joint venture over the Group's interest in the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates and joint ventures.

Since goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates or joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates the investment may be impaired.

(5) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill

a. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment whenever an indication of impairment exists, and at a certain timing within the fiscal year, regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Group evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased or has been extinguished. If such an indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized had no impairment loss been recognized.

b. Impairment of goodwill

Goodwill is allocated to operating segments that are expected to benefit from the synergies arising from a business combination and is tested for impairment whenever there is an indication of impairment in the operating segments to which goodwill has been allocated, and at a certain timing within the fiscal year, irrespective of whether there is any indication that the operating segment may be impaired. If, at the time of the impairment test, the recoverable amount of the asset group which belongs to the operating segment is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the operating segment and then to the other assets proportionately based on the carrying amount of each asset in the operating segment.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(6) Criteria for recording significant provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured using estimated future cash flows, discounted using a pre-tax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Group mainly recognizes asset retirement obligations and provision for loss on contract as provisions.

(7) Revenue recognition

a. Revenue

Consumer business

Revenues in the Consumer business mainly consist of revenues from mobile services, sales of mobile devices, broadband services and electricity services for individual customers.

(a) Mobile services and sales of mobile devices

The Group provides mobile services, which consist of voice call services, data transmission services, and related optional services to subscribers, and sells mobile devices to customers.

In providing mobile services, sales revenue is mainly generated from basic monthly charges, mobile services, and other fees. Revenues from the sales of mobile devices are generated from the sales of mobile devices and accessories to subscribers or dealers.

The business flow of the above transactions consists of "indirect" sales, where the Group sells mobile devices to dealers and enters into mobile communications service contracts with subscribers through dealers, and "direct" sales, where the Group sells mobile devices to subscribers and enters into mobile communications service contracts directly with subscribers.

In mobile services, the contractual period is defined as the period in which the party to the contract has present enforceable rights and obligations based on the terms of the contract with the subscriber. If the subscriber is granted an option to renew the contract and it is determined that the option provides the subscriber with a "material right," a separate performance obligation is identified. As a practical alternative to estimating the stand-alone selling price of the option that represents a performance obligation, the Group allocates the transaction price to the mobile communications services related to the option by reference to the mobile communications services expected to be provided and the corresponding expected consideration.

Basic charges and mobile service fees are billed to subscribers on a monthly basis and are generally due within one month. Mobile device payments for indirect sales are billed to dealers at the time of sale to the respective dealers and are generally due within one month. In addition, mobile device payments for direct sales can be paid in full at the time of sale or paid in monthly installment over the contract period, normally due within one month. As a result of both quantitative and qualitative analysis, the Company has determined that these transaction prices do not include significant financing components due to the timing of payment and have not been adjusted for such financing components. When the period between the revenue recognition and the payment is one year or less, the Company does not make an adjustment for significant financing components, as a practical expedient permitted by IFRS.

For mobile services and sales of mobile devices, the Company is obliged to allow returns and provide refunds for a certain period of time after the inception of the contract. Return and refund obligations are estimated and deducted from transaction prices for each type of goods and services based on historical experience.

The Company provides optional additional warranty services for mobile devices. Under the contracts in which these services are provided, the services are identified as separate performance obligations, and are recognized as revenue when they are provided to subscribers.

i. Indirect sales

Revenues from the sales of mobile devices are recognized when mobile devices are delivered to dealers, which is when dealers are deemed to have obtained control over the mobile devices. Dealers involved in indirect sales have the primary responsibility for fulfilling contracts, carry all inventory risk, and may independently establish their own inventory pricing. Accordingly, the Group considers that dealers involved in indirect sales act as principals.

Basic monthly charges and mobile service fees are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period. Discounts on mobile communications charges are deducted from the revenues recognized from monthly mobile services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

ii. Direct sales

For direct sales, the total amount of transaction prices is allocated to sales of mobile devices and mobile service revenue based on the ratio of their stand-alone selling prices as the revenues from the sales of mobile devices and mobile services, including related fees, are considered to be one transaction. Discounts on mobile communications charges related to mobile service revenue are deducted from the total transaction prices. In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile services. If the amount of revenue recognized at the time of sale of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile services are priced at their observable prices when the mobile devices and mobile services are sold independently to customers at the inception of the contract.

The amount allocated to sales of mobile device is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile service revenues are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period.

Contract assets are included in "other current assets" in the consolidated statement of financial position.

(b) Broadband services

For broadband services, revenues are mainly generated from basic monthly charges and telecommunications service fees primarily related to Internet connection ("revenues from broadband services"), and other fees.

Revenues from broadband services are recognized when services are provided to subscribers, based upon fixed monthly charges plus the fees charged for usage of the network. Activation fees are recognized as contract liabilities when received, which are then reversed when the broadband services are provided, and are recognized as revenue.

(c) Electricity services

For electricity services, revenues are mainly generated from the purchase and sale, supply and intermediation of electricity services, including *Ouchi Denki*. Revenues from supply of electricity (retail service) are recognized when services are provided to subscribers, based upon fixed monthly charges plus the fees charged for usage of electricity.

Enterprise business

Revenues in the Enterprise business mainly consist of revenues from mobile services and mobile device rental services, fixed-line communications services, and business solution services and others for enterprise customers.

(a) Mobile services and mobile device rental services

Revenues from mobile services mainly consist of revenues from mobile services and other fees. Since mobile device rental services are provided on the condition that mobile service contracts are entered into, consideration arising from these transactions is allocated to lease and others based on the fair value of mobile device lease and mobile communications services. The fair value is the price at which the mobile devices are sold individually and the price at which the mobile communications services are provided individually. Consideration allocated to other is recognized as revenues based on fixed monthly charges and the fees charged for usage of the network when services are provided to subscribers.

(b) Fixed-line communications services

Revenues from fixed-line communications services mainly consist of voice telecommunications service fees and data transmission service fees. Revenues from fixed-line communications services are recognized when services are provided to subscribers based on fixed monthly charges and the fees charged for usage of the network.

(c) Business solution and others

Revenues from business solution and others mainly consist of cloud service fees, security service fees, engineering service fees, managed service fees, Internet of Things service fees, equipment sales service fees, and data center service fees.

Revenues from business solution and others are recognized when products or services are provided to subscribers, representing the point when subscribers have obtained control of the product or service, based upon the consideration receivable from subscribers.

Distribution business

Revenues in the Distribution business are mainly generated from the sales of hardware, software, and services in relation to Information and Communication Technology ("ICT"), cloud and Internet of Things ("IoT") solutions for enterprise customers. Revenues are also driven by the sales of PC software, IoT products, and mobile device accessories for individual customers.

Revenues in the Distribution business are recognized as revenue at the time of delivery to customers, representing the point in time when the customers are deemed to have obtained control over the goods and other items.

For transactions conducted by the Group on behalf of third parties, revenues are presented on a net basis by excluding payment to third parties from the total consideration received from customers.

Yahoo! JAPAN/LINE business

Revenues in Yahoo! JAPAN/LINE business mainly consist of revenues from the media business and the commerce business.

(a) Media business

The media business mainly comprises planning and sale of internet-based advertising-related services, information listing services, and other corporate services. Revenues in the media business mainly consist of revenues from Yahoo! JAPAN advertising services and LINE advertising services.

i. Yahoo! JAPAN advertising services

Yahoo! JAPAN advertising services consist of paid search advertising, display advertising and other advertising to advertisers.

Revenues from paid search advertising are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement.

Display advertising comprises display advertising (reservation) and display advertising (programmatic).

Revenues from display advertising (reservation) are recognized over the period in which the related advertisement is displayed.

Revenues from display advertising (programmatic) are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement on the page with the related content.

ii. LINE advertising services

LINE advertising services mainly consist of display advertising, account advertising and other advertising to advertisers.

Revenues from display advertising are recognized upon the fulfillment of certain actions under contracts with advertisers, such as impressions, views, and clicks.

Account advertising mainly comprises LINE Official Accounts and LINE Sponsored Stickers.

Revenues from LINE Official Accounts are recognized over time during the contractual period in which the account is available for the registered user.

Revenues from LINE Sponsored Stickers are recognized over time during the contractual period.

(b) Commerce business

The commerce business mainly comprises sales of products and planning and provision of services, which are provided via the internet for small to medium-sized businesses and individual customers. Revenues in the commerce business consist of revenues from the sale of goods by the ASKUL Group, e-commerce-related services, such as *ZOZOTOWN* and *YAHUOKU!*, and membership services, such as *Yahoo! Premium*.

i. Sale of goods by the ASKUL Group

ASKUL Group engages in the business of selling office-related products and other goods. ASKUL Group's major customers are small- and medium-sized companies as well as individual users. Revenues from the sale of goods are recognized when a customer obtains control of the goods, that is, at the time the customer has the ability to direct the use of the goods and to obtain substantially all of the remaining economic benefits from the goods.

ii. *ZOZOTOWN*

ZOZO Inc. operates *ZOZOTOWN* and sells goods on a consignment basis to individual users as an agent of each brand opening a store as a tenant in *ZOZOTOWN*. Consignment sales commission based on gross merchandise value multiplied by sales commission rate is recognized as revenue when the customer obtains control of the goods.

iii. *YAHUOKU!*

Yahoo provides online auction services through *YAHUOKU!* to individual users and corporations. System usage fees charged to the sellers according to auction proceeds are recognized as revenue when the auction transactions are completed.

iv. *Yahoo! Premium*

Yahoo sells the *Yahoo! Premium* service to individual users, which provides the user with a variety of membership privileges. Its revenues are recognized over the period during which the membership is valid.

Financial business

Revenues in the Financial business mainly consist of merchant fees from providing QR code payment services and merchant fees from credit-related services.

The merchant fees from providing QR code payment services are recognized as revenue at the completion of the settlement, assuming that the merchant has received the payment service at the point of sale of goods or other transactions.

Among the credit card-related services, the merchant fees from providing payment services are recognized as revenue at the time of card usage, which is when the performance obligation is satisfied. Additionally, fees generated from revolving payments, installment payments, and cash advance services provided to card members are recognized as revenue over the period of interest attributed in accordance with IFRS 9 "Financial Instruments".

b. Contract costs

The Group recognizes the costs of obtaining telecommunications service contracts with subscribers that it would not have incurred if the contracts had not been obtained, and if it expects to recover those costs as contract assets. Contract acquisition costs to be capitalized by the Group are mainly sales commissions to dealers related to the acquisition and renewal of telecommunications service contracts between the Group and subscribers.

The Group recognizes the costs to fulfill a contract as an asset if the costs relate directly to the contract or to an anticipated contract that the Group can specifically identify, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. The costs to fulfill contracts capitalized by the Group are mainly setup costs that are incurred prior to the provision of *SoftBank Hikari*, a high-speed Internet connection service via optical fiber lines.

Contract acquisition costs are amortized on a straight-line basis over the period (mainly two to four years) during which goods or services directly related to such costs are expected to be provided. The costs to fulfill contracts are amortized on a straight-line basis over the period (mainly four years) during which goods or services directly related to such costs are expected to be provided.

The Group utilizes the practical expedient under IFRS 15 that allows the Group to recognize contract acquisition costs as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

(8) Accounting treatment of business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in business combinations is measured at fair value as the sum of the acquisition date fair values of assets transferred by the Group, the liabilities assumed by the Group from the former owners of the acquiree, and the equity interests issued by the Group. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for the following:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets or disposal groups that are classified as held-for-sale are measured in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Group chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Group's previously held interest in the acquiree is remeasured at fair value at the acquisition date and is accounted for in the same way that the Group has disposed of the interest in the acquiree. The amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are accounted for in the same way that the Group has disposed of the interest in the acquiree.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Group retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when it acquires new information about facts and circumstances that existed as of the acquisition date that, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising from business combinations that occurred before the date of transition to IFRS is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles, "JGAAP") as of the date of transition to IFRS and recorded at that carrying amount after an impairment test.

In addition, the Group has changed the accounting policy to apply the acquisition method to transactions under common control involving non-controlling shareholders (all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and control is not transitory) from the fiscal year ended March 31, 2023. For more information relating to changes in accounting policies, refer to "Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application" under "(Notes Relating to Changes in Accounting Policies)".

(Notes Relating to Changes in Accounting Policies)

Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application

The Group previously accounted for transactions under common control based on the carrying amount of the parent company's assets and liabilities, and regardless of the actual date of the transaction under common control, retrospectively combined the financial statements of the transferred companies as if such transactions were executed by the Group on the later of the date when the parent obtained control of the transferred companies prior to the transfer, or the opening balance sheet date of the comparative period as part of the consolidated financial statements of the Group. However, the Group has now been listed for three years, conducting business with more focus on a large number of non-controlling shareholders and implementing corporate restructuring with autonomous management perspective and growth strategy. The consolidation of PayPay Corporation, a transaction under common control, is similar to business combinations under IFRS 3 in that it has a significant impact on a large number of non-controlling shareholders of the Group. Based on these grounds, the Group has considered that applying the acquisition method to transactions under common control involving non-controlling shareholders and reporting them in the financial statements as with business combinations subject to IFRS 3 will lead to the appropriate assessment of potential business value and provide relevant and reliable information to users of financial statements in making their economic decisions. For these reasons, the Group changed the accounting policy to apply the acquisition method from the fiscal year ended March 31, 2023, and the new accounting policy was retrospectively applied to transactions under common control involving non-controlling shareholders.

In accordance with this change in accounting policy, accounting treatment was retrospectively amended to the acquisition method to transactions under common control involving non-controlling shareholders, such as the consolidation of Yahoo Japan Corporation (currently, Z Holdings Corporation) by the Company implemented in June 2019. The impact of this change on the consolidated financial statements is as follows.

1. Impact of changes in accounting policies on the Consolidated Statement of Financial Position

As of April 1, 2021

	Before retrospective adjustment	Effect of change in accounting policy	(Millions of yen) After retrospective adjustment
ASSETS			
Current assets			
Cash and cash equivalents	1,584,892	-	1,584,892
Trade and other receivables	2,082,223	-	2,082,223
Other financial assets	144,935	-	144,935
Inventories	119,411	-	119,411
Other current assets	102,384	-	102,384
Non-current assets			
Property, plant and equipment	1,248,901	-	1,248,901
Right-of-use assets	1,081,559	-	1,081,559
Goodwill	1,254,727	164,839	1,419,566
Intangible assets	2,096,401	244,376	2,340,777
Contract costs	248,194	-	248,194
Investments accounted for using the equity method	239,754	2,804	242,558
Investment securities	321,300	(35)	321,265
Investment securities in banking business	392,260	-	392,260
Other financial assets	1,129,858	-	1,129,858
Deferred tax assets	55,224	504	55,728
Other non-current assets	105,697	-	105,697
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing debt	2,000,479	-	2,000,479
Trade and other payables	1,624,048	-	1,624,048
Contract liabilities	107,633	-	107,633
Deposits for banking business	1,165,577	-	1,165,577
Other financial liabilities	4,924	-	4,924
Income taxes payable	195,874	-	195,874
Provisions	17,710	-	17,710
Other current liabilities	177,391	-	177,391
Non-current liabilities			
Interest-bearing debt	3,692,113	-	3,692,113
Other financial liabilities	33,966	-	33,966
Provisions	106,093	-	106,093
Deferred tax liabilities	297,926	79,121	377,047
Other non-current liabilities	46,874	-	46,874
Equity			
Common stock	204,309	-	204,309
Capital surplus	363,773	322,346	686,119
Retained earnings	1,066,228	(35,808)	1,030,420
Treasury stock	(134,218)	-	(134,218)
Accumulated other comprehensive income (loss)	35,631	0	35,631
Non-controlling interests	1,201,389	46,829	1,248,218

As of March 31, 2022

	Before retrospective adjustment	Effect of change in accounting policy	(Millions of yen) After retrospective adjustment
ASSETS			
Current assets			
Cash and cash equivalents	1,546,792	-	1,546,792
Trade and other receivables	2,128,934	-	2,128,934
Other financial assets	194,031	-	194,031
Inventories	136,247	-	136,247
Other current assets	125,072	-	125,072
Non-current assets			
Property, plant and equipment	1,491,842	-	1,491,842
Right-of-use assets	824,090	-	824,090
Goodwill	1,257,889	166,685	1,424,574
Intangible assets	2,254,070	222,510	2,476,580
Contract costs	332,197	-	332,197
Investments accounted for using the equity method	251,924	-	251,924
Investment securities	469,220	(111)	469,109
Investment securities in banking business	309,225	-	309,225
Other financial assets	1,236,240	-	1,236,240
Deferred tax assets	48,763	467	49,230
Other non-current assets	101,377	-	101,377
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing debt	2,036,579	-	2,036,579
Trade and other payables	1,462,619	-	1,462,619
Contract liabilities	104,293	-	104,293
Deposits for banking business	1,406,205	-	1,406,205
Other financial liabilities	3,440	-	3,440
Income taxes payable	125,050	-	125,050
Provisions	26,304	-	26,304
Other current liabilities	178,263	-	178,263
Non-current liabilities			
Interest-bearing debt	3,962,946	-	3,962,946
Other financial liabilities	29,790	-	29,790
Provisions	99,541	-	99,541
Deferred tax liabilities	319,313	65,166	384,479
Other non-current liabilities	65,224	-	65,224
Equity			
Common stock	204,309	-	204,309
Capital surplus	366,098	321,932	688,030
Retained earnings	1,167,903	(36,512)	1,131,391
Treasury stock	(106,462)	-	(106,462)
Accumulated other comprehensive income (loss)	43,352	1	43,353
Non-controlling interests	1,213,146	38,964	1,252,110

2. Impact of changes in accounting policies on the Consolidated Statement of Income

Fiscal year ended March 31, 2022

	Before retrospective adjustment	Effect of change in accounting policy	(Millions of yen) After retrospective adjustment
Revenue	5,690,606	-	5,690,606
Cost of sales	(2,889,116)	-	(2,889,116)
Gross profit	2,801,490	-	2,801,490
Selling, general and administrative expenses	(1,836,843)	(21,866)	(1,858,709)
Other operating income	23,547	1,673	25,220
Other operating expenses	(2,448)	-	(2,448)
Operating income	985,746	(20,193)	965,553
Share of losses of associates accounted for using the equity method	(60,094)	-	(60,094)
Financing income	39,471	-	39,471
Financing costs	(66,442)	-	(66,442)
Gain on sales of equity method investments	8,925	-	8,925
Impairment loss on equity method investments	(27,243)	(2,159)	(29,402)
Profit before income taxes	880,363	(22,352)	858,011
Income taxes	(296,411)	13,833	(282,578)
Net income	583,952	(8,519)	575,433
Net income attributable to			
Owners of the Company	517,517	(442)	517,075
Non-controlling interests	66,435	(8,077)	58,358
Earnings per share attributable to owners of the Company			
Basic earnings per share (Yen)	110.13	(0.09)	110.04
Diluted earnings per share (Yen)	108.27	(0.09)	108.18

(Notes Relating to Accounting Estimates)

Uncertainties involved in estimates and assumptions made by management with the risk of significant adjustments to the carrying amounts of assets and liabilities during the next fiscal year are summarized as follows:

1. Estimated fair value measurement and impairment loss of intangible assets and goodwill acquired from business combinations

The Group recognizes intangible assets and goodwill acquired from business combinations at fair value as of the acquisition date. When allocating the consideration transferred from business combinations, management's judgements and estimates may have a material impact on the consolidated financial statements of the Group. Intangible assets, such as customer relationships and trademarks, and goodwill recognized from business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

In assessing intangible assets and goodwill for impairment, the Group needs to estimate the recoverable amount of the cash-generating unit and the recoverable amount is measured based on assumptions such as the useful lives of assets, estimated future cash flows expected to be generated by the cash-generating unit, expected market growth rate, expected market share, and discount rate.

These assumptions determined by management's best estimates may be affected by uncertainties in future economic conditions and may have a material impact on the consolidated financial statements of the Group if the assumptions were revised.

Information relating to estimated fair value measurement of intangible assets and goodwill acquired from business combinations is described in "(8) Accounting treatment of business combinations" under "4. Significant accounting policies." For more information relating to impairment loss of intangible assets and goodwill, refer to "(5) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and goodwill" under "4. Significant accounting policies."

2. Estimated residual values and useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent a significant portion of the total assets of the Group. Estimates and assumptions made may have a material impact on their carrying amounts and related depreciation and amortization.

The depreciation charge for an asset is derived using estimates of its expected useful life and in the case of property, plant and equipment, expected residual value. The expected useful life and residual value of the asset are estimated when they are acquired or generated and are reviewed at the end of each fiscal year. Changes to an asset's expected useful life or residual value could result in material adjustments to the consolidated financial statements. Management determines the useful lives and residual values of these assets when assets are acquired or generated or the useful lives and residual values for assets are reviewed based on experience with similar assets, taking into account other relevant factors such as expected changes in technology, expected costs to be incurred upon disposal, expected availability period, estimated attrition rate of existing customers, number of production or similar units expected to be obtained from the asset and any related contractual arrangements that would be indicative of the useful life of an asset.

For more information relating to estimated residual values and useful lives of property, plant and equipment and intangible assets refer to "(3) Valuation standards and methods for property, plant and equipment and intangible assets, and methods of depreciation and amortization thereof" under "4. Significant accounting policies."

3. Fair value measurement of financial instruments

In evaluating the fair value of certain financial instruments, the Group uses valuation techniques that use unobservable inputs in the market. Unobservable inputs may be affected by the consequences of uncertain changes in economic conditions in the future and may have a material impact on the consolidated financial statements if any revaluation is required.

For more information relating to fair value of financial instruments, refer to "(1) Fair value hierarchy", "(2) Financial instruments measured at fair value on a recurring basis" and "(3) Fair value measurements of financial instruments that are categorized as Level 3" under "(Notes Relating to Financial Instruments) 2. Fair value of financial instruments and matters relating to categorization by level within fair value hierarchy."

4. Estimated amortization period of contract acquisition costs

Contract acquisition costs are amortized on a straight-line basis over the period during which goods or services directly related to such costs are expected to be provided. The amortization period is determined taking into account relevant factors such as churn rate and estimated period until the customer trades in their used handset to upgrade to a designated new model based on conditions of contracts and past performance data. Changes in the amortization period of contract acquisition costs may have a material impact on the consolidated financial statements of the Group.

For more information relating to contract acquisition costs, refer to "(7) Revenue recognition b. Contract costs" under "4. Significant accounting policies."

(Notes Relating to Consolidated Statement of Financial Position)

1. Assets pledged as collateral, borrowings related to equity securities lending contract and others

(1) Assets pledged as collateral

Certain investment securities of ¥97,265 million are pledged as collateral for financing and exchange settlement purposes by the banking subsidiary. In addition, deposits in the central clearing house of ¥125,200 million are included in other financial assets (non-current).

(2) Borrowings related to equity securities lending contract

The Company entered into a securities lending contract regarding the stock of certain subsidiary. The amount of cash received is recognized as short-term borrowings and included in interest-bearing debt.

(Millions of yen)

Interest-bearing debt:

Short-term borrowings	20,100
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(3) Others

a. Assets under sale and leaseback transactions for which the transfer is not a sale

If the transfer of an asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognize the asset as property, plant and equipment. Such assets with limited property rights are as follows:

(Millions of yen)

Property, plant and equipment	731,125
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Liabilities related to the assets with limited property rights above are as follows:

(Millions of yen)

Interest-bearing debt:

Current portion of long-term borrowings	205,913
Long-term borrowings	419,728
Total	<u>625,641</u>

b. Assets for lease contracts of intangible assets

Assets with limited property rights retained by lessors due to lease contracts of intangible assets to which the Group does not apply IFRS 16 are as follows:

	(Millions of yen)
Intangible assets	354,452

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

	(Millions of yen)
<u>Interest-bearing debt:</u>	
Current portion of long-term borrowings	114,956
Long-term borrowings	199,600
Total	<u>314,556</u>

c. Deposits in the Bank of Japan

The banking subsidiary is required to deposit certain amounts, which are determined by a fixed ratio against the deposits it receives ("the legal reserve requirement"), in the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2023, cash and cash equivalents included deposits at the Bank of Japan of ¥344,767 million, which are more than the legal reserve requirement.

2. Allowance for doubtful accounts directly deducted from assets

	(Millions of yen)
Trade and other receivables	17,378
Other current assets	0
Other financial assets (current)	9,552
Other financial assets (non-current)	32,382
Total	<u>59,312</u>

3. Accumulated depreciation of assets

	(Millions of yen)
Accumulated depreciation of property, plant and equipment	2,956,803
Accumulated depreciation of right-of-use assets	741,834

Accumulated depreciation includes accumulated impairment losses.

4. Contingencies

(1) Lending commitments

The lending commitments of the Group mainly consist of the shopping limits and cashing limits that are granted to customers in the Group's credit card business. The total amount and remaining balances at year-end are as follows.

	(Millions of yen)
Total lending commitments	11,975,713
Funded	788,877
Unfunded	<u>11,186,836</u>

The unfunded balance of the shopping limit and cashing limit does not indicate that the total amount of the balance will be used in the future because customers may use the credit card up to the limit at any time and do not always use the full amount of the limit and the Group may change the limit arbitrarily. Also, maturities for the unfunded lending commitments are within one year because they are payable on demand.

(2) Credit guarantees

Guarantees that the Group provides are as follows.

	(Millions of yen)
Total amount of financial guarantee contract	3,542
Guarantee balance	3,542

(3) Litigation

The Group is a party to several pending legal and administrative proceedings. When it is difficult to reasonably estimate the outcomes of such matters, provisions have not been recorded except for the following lawsuit. Based on the information currently available, management does not expect that the results of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

a. On April 30, 2015, the Company filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. ("JPiT"), claiming for payment of remuneration for additional services provided in connection with the installation of telecommunications lines, as well as other items, that were ordered by JPiT in relation to a project to migrate the communications network connecting approximately 27,000 sites (post offices, etc.) countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, the Company was requested by JPiT to carry out, among other services, installation services for telecommunications lines for Japan Post Group's business sites existing countrywide. The Company performed such services, and upon JPiT's request, the Company also performed services that exceeded the scope of services stipulated in the contract.

Although the Company negotiated with JPiT over an extended period regarding the remuneration for these additional services, the Company and JPiT were unable to arrive at a settlement. Accordingly, the Company duly filed the lawsuit, claiming for payment of remuneration for such additional services.

b. On April 30, 2015, JPiT filed a lawsuit against the Company and Nomura Research Institute, Ltd. ("NRI") as co-defendants.

In this lawsuit, JPiT alleges that the Company and NRI delayed performance of the ordered services related to the project for migration to the 5th PNET mentioned in a. above and alleges that such delay caused damages to JPiT. JPiT made joint and several claims against both the Company and NRI for the alleged damages.

An order to consolidate the abovementioned lawsuits was made on July 29, 2015.

Subsequently, on September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and the Company to pay JPiT ¥10,854 million in damages and delay damages. The Company appealed this judgment to the Tokyo High Court on September 22, 2022. And as of March 31, 2023, the Company recorded a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which offset against the amount allowed under this judgment, in "Provisions (current liabilities)" in the consolidated statement of financial position. For the fiscal year ended March 31, 2023, in the consolidated statement of income, the damages amount of ¥8,984 million and the delay damages amount of ¥10,192 million were recorded in "Other operating expenses" and "Financing costs", respectively.

5. Financial covenants

(1) Financial covenants on interest-bearing debts of the Company

The Company's interest-bearing debt is subject to financial covenants mainly as follows:

- At March 31 and September 30 of each year, the Company is required to maintain equity in the consolidated statement of financial position of the Group at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year, the Company is required to maintain net assets in the non-consolidated balance sheet of the Company at a minimum of 75% of that of the same date during the previous fiscal year.
- The Company must not incur operating losses or net losses in the consolidated statement of income of the Group for two consecutive fiscal years.
- The Company must not incur operating losses or net losses in the non-consolidated statement of income of the Company for two consecutive fiscal years.
- At March 31 and September 30 of each year, the Company is required to maintain a net leverage ratio ^(a) below a certain value:

a. Net leverage ratio: Net debt (b) divided by adjusted EBITDA (c)

b. "Net debt" means the total amount of interest-bearing debt shown in the consolidated statement of financial position of the Group after deducting cash and cash equivalents adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme.

c. "Adjusted EBITDA" means EBITDA adjusted for certain items as specified in the loan agreement.

(2) Financial covenants on interest-bearing debts of Z Holdings Corporation

The interest-bearing debt of Z Holdings Corporation, a subsidiary of the Company, is subject to financial covenants mainly as follows:

- At March 31 of each year subsequent to the six-month period ended September 30, 2020, Z Holdings Corporation is required to maintain net assets presented in the non-consolidated balance sheet at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year beginning with the six-month period ended September 30, 2020, the Z Holdings Group is required to maintain equity presented in the consolidated statement of financial position at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 of each year subsequent to the six-month period ended September 30, 2020, Z Holdings Corporation must not have a net capital deficiency in the non-consolidated balance sheet.
- At March 31 and September 30 of each year beginning with the six-month period ended September 30, 2020, the Z Holdings Group must not have a net capital deficiency in the consolidated statement of financial position.
- At March 31 of each year from the fiscal year ended March 31, 2021, Z Holdings Corporation must not incur operating losses or net losses in the non-consolidated statement of income for two consecutive fiscal years.
- At March 31 of each year from the fiscal year ended March 31, 2021, the Z Holdings Group must not incur operating losses or net losses in the consolidated statement of income for two consecutive fiscal years.
- At March 31 and September 30 of each year beginning with the six-month period ended September 30, 2020, Z Holdings Corporation is required to maintain a net leverage ratio^(a) below a certain value:

a. Net leverage ratio: Net debt (b) divided by adjusted EBITDA (c)

b. "Net debt" means the total amount of interest-bearing debt shown in the consolidated statement of financial position of Z Holdings Group after deducting cash and cash equivalents. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme. Interest-bearing debt and cash and cash equivalents are adjusted not to include those of The PayPay Bank Corporation.

c. "Adjusted EBITDA" means EBITDA adjusted for certain items as specified in the loan agreement.

(Notes Relating to Consolidated Statement of Income)

Other operating income and other operating expenses

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

(Millions of yen)

Other operating income	
Remeasurement gain on step acquisition ¹	310,084
Gain on loss of control over subsidiaries	8,655
Other	2,683
Total	<u>321,422</u>
Other operating expenses	
Impairment loss	(5,604)
Provision for loss on litigation ²	(8,984)
Total	<u>(14,588)</u>

Notes:

1. The amount is mainly the gain on step acquisition recorded in connection with the consolidation of PayPay Corporation into a subsidiary. For details, refer to "(Notes Relating to Business Combinations) Consolidation of PayPay Corporation into a subsidiary".

2. The amount represents an estimated loss amount recognized as a provision for potential damages payment related to the litigation with JPiT. For details, refer to "(Notes Relating to Consolidated Statement of Financial Position) 4. Contingencies".

(Notes Relating to Consolidated Statement of Changes in Equity)

1. Class and total number of outstanding shares

Class of shares	Number of shares at beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at end of the current fiscal year
Common stock (Thousands of shares)	4,787,145	-	-	4,787,145

2. Dividends

(1) Dividends paid

The Company

Board of Directors' meeting held on May 20, 2022

Class of shares	Common stock
Total dividends	¥202,414 million
Dividends per share	¥43.00
Record date	March 31, 2022
Effective date	June 9, 2022

Board of Directors' meeting held on October 20, 2022

Class of shares	Common stock
Total dividends	¥203,244 million
Dividends per share	¥43.00
Record date	September 30, 2022
Effective date	December 6, 2022

(2) Dividends for which the record date is in the current fiscal year, and the effective date for payment is in the following fiscal year

The resolution planned at the Board of Directors' meeting on May 24, 2023 is as follows:

The Company

Board of Directors' meeting held on May 24, 2023

Class of shares	Common stock
Total dividends	¥203,457 million
Dividends per share	¥43.00
Record date	March 31, 2023
Effective date	June 6, 2023
Source of dividends	Retained earnings

3. Class and number of shares for stock acquisition rights as of March 31, 2023

(Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)

Common stock	25,058,600 shares
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(Notes Relating to Financial Instruments)

1. Matters regarding conditions of financial instruments

The Group is promoting diversification of its business and is subject to various financial risks (credit risk, market risk, and liquidity risk) due to factors in its business and financial market environments. The Group manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are executed and managed in accordance with internal rules and through the prescribed execution procedures and are limited to the extent of actual demand.

(1) Credit risk

Credit risk is a risk of a financial loss of the Group resulting from counterparties of the financial assets held failing to meet their contractual obligations.

In the course of the Group's business, trade and other receivables, contract assets, other financial assets (including deposits, equity securities, debt securities, and derivatives), investment securities and investment securities in banking business are exposed to the credit risks of its counterparties.

In order to prevent and reduce the risk, the Group does not expose itself to significant concentrations of credit risk for such receivables and financial assets.

Investment securities in banking business mainly include investment securities such as domestic bonds and foreign bonds and trust beneficiary rights. Such bonds are exposed to the credit risk of issuers, whereas trust beneficiary rights are exposed to the credit risk of underlying assets.

Equity instruments at FVTOCI consist primarily of shares of companies with which the Group has business relationships and are exposed to the issuers' credit risk. This risk is managed by continuously monitoring the financial conditions of issuers.

Trade receivables include receivables from dealers, communications fee receivables from customers, and installment receivables of mobile devices, and are exposed to the credit risk of dealers and customers. To manage credit risk for receivables from dealers, the Group performs due date controls and balance controls for each dealer in accordance with its internal credit management policies and regularly monitors major dealers' credit statuses. For customer credit risk, the Group conducts screening in accordance with its internal company standards upon entering into an agreement with customers and checks the status of usage and collection of each customer periodically to avoid an increase in the uncollectible amounts. Regarding installment receivables, the Group refers to external institutions for credit risk information.

Derivative transactions are executed and managed based on internal rules, and the Group enters into derivative transactions only with highly creditworthy financial institutions in order to mitigate credit risk.

The carrying amount of financial assets, net of impairment, which is presented in the consolidated statement of financial position, as well as the amount of lending commitments represents the Group's maximum exposure to credit risk on its financial assets. The value of collateral held, and other credit enhancements are not included.

Trade receivables, contract assets, and lending commitments are measured at the lifetime expected credit losses. Other receivables and financial assets are measured at the future expected credit losses upon assessing whether there is a significant increase in their credit risk. The Group determines whether credit risk has increased significantly or not, based on the change in default risk by considering the counterparty's past due information, deterioration of business performance, external credit rating, and other factors. For receivables and financial assets other than trade receivables and contract assets, the expected credit losses are measured at an amount equal to the 12-month expected credit losses in principle, but are measured at an amount equal to the lifetime expected credit losses when the credit risk has increased significantly since initial recognition.

The Group considers a financial asset to be in default when the financial asset becomes credit-impaired. In case of events such as those listed below, that have a detrimental impact on the estimated future cash flows of financial assets, the financial assets are deemed to be credit-impaired and the expected credit losses are measured individually. When financial assets are not individually significant, the expected credit losses are measured collectively based on the credit risk characteristics and the nature of the transactions that have occurred.

- significant financial difficulty of the issuer or borrower
- breach of contract, such as a default or delinquency in interest or principal payments
- high possibility of the borrower filing for bankruptcy or entering financial reorganization

(2) Market risk

a. Currency risk

The Group conducts foreign currency-denominated transactions and is exposed to currency risk arising mainly from fluctuations in the exchange rate of U.S. dollars to Japanese yen. To avoid this risk, the Group utilizes forward foreign exchange contracts. In addition, to avoid currency risk arising from foreign exchange dealings, the Group enters into covering transactions with counterparties to cover its positions arising from transactions with customers.

b. Price risk

The Group, for the purposes of its business strategy, holds securities traded on active markets, such as publicly traded shares, and is exposed to market price fluctuation risk. Equity instruments are acquired to mutually expand businesses and enhance business relationships and are not held for trading in the short term. To manage the market price fluctuation risk, the Group continuously monitors issuers' financial conditions and market prices and reviews the holding status of the instruments considering the business relationships with those issuers.

c. Interest rate risk

The Group raises capital through interest-bearing loans including those with floating interest rates, and hence is exposed to the risk of an increase in the interest payments resulting from rising interest rates. In order to prevent or reduce the risk of interest rate fluctuations, the Group maintains an appropriate mix of interest-bearing debt with fixed and floating interest rates, and uses interest rate swap transactions for certain borrowings with floating interest rates to hedge the risk of interest rate fluctuations and convert the floating rates into fixed rates. For floating interest rate debt, the Group also continuously monitors interest rate fluctuations.

(3) Liquidity risk

The Group is exposed to liquidity risk through potential difficulty to meet its obligations such as trade payables, accounts payable, borrowings, and lease liabilities.

In order to prevent and reduce liquidity risk, the Group maintains access to diversified fundraising sources including both indirect financing, such as bank borrowings and leases, and direct financing, such as issuance of bonds and securitization, taking market conditions and its current/non-current debt ratios into consideration. As part of fund management activities, the Group invests its funds primarily in liquid short-term deposits.

The Group also continuously monitors its forecasted and actual cash flows and liquid funds.

2. Fair value of financial instruments and matters relating to categorization by level within fair value hierarchy

(1) Fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for valuation.

The fair value hierarchy is defined as follows:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter. There were no transfers between Level 1 and Level 2 during the current fiscal year.

(2) Financial instruments measured at fair value on a recurring basis

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy:

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	40,856	-	104,335	145,191
Bonds	4,804	149,323	2,111	156,238
Trust beneficiary rights	-	-	123,402	123,402
Derivative financial assets	988	4,970	-	5,958
Other	57,265	300	94,776	152,341
Total	103,913	154,593	324,624	583,130
Financial liabilities				
Derivative financial liabilities	286	4,016	-	4,302
Other	-	-	5,633	5,633
Total	286	4,016	5,633	9,935

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Equity securities

Equity securities are measured using quoted prices in active markets for identical assets if such prices are available, and are classified as Level 1. Where such quoted prices in active markets for identical assets are not available, they are measured using appropriate valuation techniques such as the comparable company analysis, transaction case approach and discounted cash flow method. They are classified as Level 2 if all significant inputs such as quoted prices and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as Level 3. The Group uses valuation multiple, such as revenue multiple of comparable companies, capital cost and perpetual growth rate as the significant unobservable inputs to calculate the fair value of financial assets classified as Level 3.

b. Debt securities and trust beneficiary rights

Fair value using quoted prices in active markets for identical assets are measured using such quoted prices and is classified as Level 1. Fair value using inputs other than Level 1 that are observable, either directly or indirectly, are measured by using prices based on available information, mainly such as reference trading statistics and brokers' quotes. The Group also utilizes the discounted cash flow method using discount rates as inputs after taking into account risk-free interest rates and credit spreads. They are categorized as Level 2 or Level 3 depending on their observability and significance.

c. Derivative financial assets and liabilities

Derivative financial assets and liabilities are measured using quoted prices in active markets for identical assets if such prices are available, and are classified as Level 1. Where such quoted prices in active markets for identical assets are not available, they are measured using prices of comparable contracts and prices quoted by financial institutions with which contracts were concluded and are categorized as Level 2.

(3) Fair value measurements of financial instruments that are categorized as Level 3

a. Fair value measurements and inputs

Equity securities

Fair value of equity securities is measured primarily based on the discounted cash flow method and transaction case approach. The significant unobservable inputs of the discounted cash flow method are cost of capital and valuation multiple, such as revenue multiple of comparable companies, used for the measurement of the terminal value.

b. Sensitivity analysis

Fair value of equity securities decreases (increases) when cost of capital increases (decreases) among unobservable inputs. On the other hand, fair value of equity securities increases (decreases) when valuation multiple, such as revenue multiple, increases (decreases). The financial instruments classified as Level 3 are not expected to significantly change their fair value in case the unobservable inputs are changed to reasonably possible alternative assumptions.

c. Valuation processes

Fair value is measured by the Group's personnel in the treasury and accounting departments based on internal regulations, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics, and risks of the financial instruments subject to fair value measurement. The fair value of financial instruments that require a high level of knowledge and experience for the valuation is measured by external specialists if the amount of such financial instruments is material. The result of the measurement conducted at the end of each quarter, including the valuation by the external specialists and the analysis of fair value changes and other contents, is reviewed and approved by the personnel responsible in the treasury and accounting departments.

d. Changes in financial instruments categorized as Level 3

Changes in financial instruments categorized as Level 3 are as follows:

Financial assets				(Millions of yen)	
	Equity securities	Bonds	Trust beneficiary rights	Other	
As of April 1, 2022	314,742	1,039	126,428	109,471	
Gains or losses					
Net income ¹	(14,284)	(19)	-	(16,878)	
Other comprehensive income (loss) ²	150,333	(2)	311	2,319	
Purchases	13,800	1,033	27,000	2,968	
Sales	(2,213)	(940)	(30,337)	(202)	
Changes in scope of consolidation ³	(348,725)	-	-	50	
Transfer for Level 1 by listing	(648)	-	-	-	
Other ²	(8,670)	1,000	-	(2,952)	
March 31, 2023	104,335	2,111	123,402	94,776	

Financial liabilities		(Millions of yen)
	Other	
As of April 1, 2022	-	
Gains or losses		
Net income ¹	(5,887)	
Other ⁴	11,520	
March 31, 2023	5,633	

Notes:

1. Gains or losses recognized in "Net income" in the above table are included in "Financing income" and "Financing costs" in the consolidated statement of income.
2. "Other comprehensive income (loss)" of financial assets in the above table includes a valuation gain of ¥141,700 million recognized on PayPay Corporation preferred shares. In addition, the "Other" category of financial assets includes an excess loss amount of ¥6,121 million allocated to PayPay Corporation preferred shares.
3. "Changes in scope of consolidation" of financial assets in the above table includes the transfer amount of ¥337,784 million from preferred shares to common shares implemented to consolidate PayPay Corporation.
4. "Other" of financial liabilities in the above table includes the initial recognition amount of written put options related to non-controlling shareholders.

(4) Financial instruments not measured at fair value on a recurring basis

The table below presents the carrying amounts of financial liabilities not measured at fair value on a recurring basis and categorization by level within the fair value hierarchy:

Financial instruments whose carrying amounts are reasonably similar to their fair values are not included in the table below.

(Millions of yen)

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Interest-bearing debt (non-current)					
Long-term borrowings	2,470,314	-	1,490,552	998,247	2,488,799

The major valuation techniques for fair value measurements of the financial liabilities above are as follows:

a. Long-term borrowings

Fair values of the non-current portion of long-term borrowings with floating interest rates are measured based on the discounted cash flow method using observable inputs such as market interests, and are categorized as Level 2.

Fair values of the non-current portion of long-term borrowings with fixed rates are measured based on the discounted cash flow method using an interest rate, considering the credit spread that would be used for a borrowing with the same terms and maturity, and are categorized as Level 3.

Fair values of the non-current portion of long-term borrowings associated with leases of intangible assets are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3.

Fair values of the non-current portion of long-term borrowings in relation to sale and leaseback transactions not accounted as sales are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3.

(5) Redemption schedule for interest-bearing debt and deposits for banking business

Redemption schedule for interest-bearing debt and deposits for banking business is as follows:

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years
Interest-bearing debt				
Short-term borrowings	599,353	599,353	599,353	-
Commercial paper	122,001	122,001	122,001	-
Long-term borrowings (including current portion)	3,521,445	3,539,042	1,054,328	1,226,663
Bonds (including current portion)	1,157,670	1,160,000	120,000	85,000
Lease liabilities	734,032	734,032	171,682	107,816
Deposits for banking business ¹	1,487,949	1,487,949	1,472,260	5,457
Total	7,622,450	7,642,377	3,539,624	1,424,936

	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Interest-bearing debt				
Short-term borrowings	-	-	-	-
Commercial paper	-	-	-	-
Long-term borrowings (including current portion)	484,635	328,454	259,826	185,136
Bonds (including current portion)	220,000	200,000	230,000	305,000
Lease liabilities	80,891	71,524	58,784	243,335
Deposits for banking business ¹	3,846	943	1,407	4,036
Total	789,372	600,921	550,017	737,507

Note:

1. Deposits for banking business payable on demand are included in "Within 1 year." Deposits for banking business include ¥1,363,845 million deposits for banking business payable on demand.

(Notes Relating to Per Share Data)

1. Equity per share attributable to owners of the Company	¥470.24
2. Basic earnings per share	¥112.53

(Notes Relating to Business Combinations)

Consolidation of PayPay Corporation into a subsidiary

1. Summary of the Transactions

The Company converted PayPay Corporation (hereinafter, "PayPay") into a subsidiary through a series of transactions based on a transaction agreement between the Company and Z Holdings Corporation (hereinafter, "Z Holdings"), a subsidiary of the Company, concluded on July 27, 2022 (hereinafter, the "Transaction Agreement"). The consolidation was intended to maximize the corporate value of the Company and its subsidiaries, and the Group will work towards improving revenue opportunities in PayPay, expanding the PayPay ecosystem and reinforcing group synergy by jointly operating B Holdings Corporation, which became the parent company of PayPay, with Z Holdings.

Pursuant to the Transaction Agreement, PayPay Class A preferred shares held by the Company and Z Intermediate Holdings Corporation, a wholly-owned subsidiary of Z Holdings, were converted into PayPay common shares. Consequently, the Group acquired a majority of the voting rights in PayPay, and PayPay became a subsidiary of the Company on October 1, 2022. As a result of the series of transactions, the Group's voting rights in PayPay reached 69.8%.

2. Summary of the acquiree

Name	PayPay Corporation
Business	Development and provision of e-payment services, including mobile payments

3. Acquisition date

October 1, 2022

4. Consideration and its breakdown

	(Millions of yen)
	Acquisition date (October 1, 2022)
Fair value of PayPay common shares held as of the acquisition date	273,900
Fair value of PayPay common shares acquired due to conversion from PayPay Class A preferred shares as of the acquisition date	359,700
Total consideration	A 633,600

As a result of remeasurement of the Company's previously held interests in PayPay to the fair value as of the acquisition date, positive difference arising from the step acquisition of ¥294,843 million was recognized. This amount is included in "Other operating income" in the consolidated statement of income.

5. The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date¹:

		(Millions of yen)
		Acquisition date (October 1, 2022)
Cash and cash equivalents		397,292
Trade and other receivables		267,586
Other current assets		65,451
Intangible assets ²		60,774
Other non-current assets		2,957
Total assets		794,060
Trade and other payable		622,455
Other current liabilities		12,950
Deferred tax liabilities		15,729
Other non-current liabilities		848
Total liabilities		651,982
Net assets	B	142,078
Non-controlling interests ³	C	43,101
Goodwill ⁴	A-(B-C)	534,623

Notes:

1. Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value as of the acquisition date. Allocation of the consideration transferred was completed during the fiscal year ended March 31, 2023. There are no significant changes between the initial provisional and final amounts for the respective totals of assets acquired and liabilities assumed.

2. The amount of intangible assets includes ¥51,368 million of customer relationships as identifiable assets and the estimated useful life is 10 years. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, future sales forecast generated by attrition rate of existing customers, and royalty rate.

3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.

4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

6. Revenue and net loss of the acquiree

The revenue and net loss (before elimination of intercompany transactions) of the acquiree recorded in the consolidated statement of income on and after the acquisition date are ¥66,233 million and ¥15,971 million, respectively.

(Notes Relating to Revenue Recognition)

1. Disaggregation of revenue

The components of revenue are as follows:

	(Millions of yen)
Consumer business	
Service revenues	
Mobile	1,503,360
Broadband	396,746
Electricity	392,550
Revenues from sales of goods and others	579,767
Subtotal	2,872,423
Enterprise business	
Mobile ³	313,845
Fixed-line	174,033
Business solution and others ³	244,766
Subtotal	732,644
Distribution business	516,636
Yahoo! JAPAN/LINE business	
Media	627,443
Commerce	819,895
Strategy	72,717
Other	12,943
Subtotal	1,532,998
Financial business ⁴	125,816
Other	131,482
Total	5,911,999

Notes:

1. The components of revenue represent sales to external customers.
2. The components of revenue include revenues from other sources, excluding those arising from IFRS 15 (mainly from Enterprise business leases). Revenues from other sources were ¥148,111 million.
3. "Mobile" and "Business solution and others" under "Enterprise business" include service revenues and revenues from sales of goods and others. Service revenues and revenues from sales of goods and others were ¥429,424 million and ¥129,187 million, respectively.
4. Effective October 1, 2022, the Company revised its reporting segment classifications following the acquisition of PayPay as a subsidiary and added the "Financial business". The main subsidiaries that constitute the "Financial business" are PayPay, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation.

2. Information that serves as the basis for understanding revenue

Information that serves as the basis for understanding revenue is described in "Note 4. Significant accounting policies (7) Revenue recognition" under "Basis of Preparation of Consolidated Financial Statements."

3. Transaction prices allocated to remaining performance obligations

(1). Contract balances

The components of contract balances are as follows:

	(Millions of yen)	
	As of April 1, 2022	As of March 31, 2023
Receivables from contracts with customers	837,308	920,170
Contract assets	17,817	11,020
Total	855,125	931,190
Contract liabilities	124,831	158,603

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer (when that right is conditioned on something other than the passage of time). Major contract assets are as follows:

- Various campaign discounts provided to a customer are accounted for as a reduction of the transaction price. The total of the transaction price is allocated per performance obligation, and the amount of the Group's right to consideration in exchange for fulfilling the performance obligations, excluding the receivables, is recognized as a contract asset.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has already received consideration from the customer. Major contract liabilities are as follows:

- Activation fees and upgrade fees received from customers at the inception of a new contract and model changes; and
- Consideration for services already received from the customer, such as advances received, is recognized as contract liabilities.

Of the revenue recognized during the current fiscal year, the amount included in the balance of contract liabilities at the beginning of the year is ¥96,188 million.

Impairment loss recognized for receivables arising from contracts with customers during the current fiscal year is ¥6,065 million.

(2). Transaction prices allocated to remaining performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2023 is ¥150,980 million. The unsatisfied performance obligations arise primarily from mobile services and mobile device rental services in the Enterprise business, and are expected to be recognized as revenue mainly within three years.

As the Group applies the practical expedient in paragraph 121 of IFRS 15, the following transaction prices for the remaining performance obligations are not included:

- the transaction price for a contract that has an original expected duration of one year or less; and
- the transaction price for a contract in which consideration is received from the customer in the amount that corresponds directly with the value of services provided, such as fees charged per use.

(Notes Relating to Subsequent Events)

Share buyback program

The Board of Directors of the Company resolved to set up a share buyback program, pursuant to the Company's articles of incorporation in accordance with Article 459, Paragraph 1 of the Companies Act of Japan as follows, on May 10, 2023.

1. Purpose of the share buyback program

To purchase a portion of shares to be retired in accordance with the shareholder return policy

2. Details of the share buyback program

(1) Type of shares to be acquired

Common stock of the Company

(2) Total number of shares to be acquired

UP to 56,300,000 shares

(1.19% of total shares outstanding (excluding treasury stock))

(3) Total amount to be paid for acquisition

Up to JPY 100 billion

(4) Period of acquisition

May 11, 2023 to March 31, 2024

(5) Method of acquisition

Market purchase on the Tokyo Stock Exchange, Inc. through a discretionary investment account trade to a securities company

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for major assets

(1) Securities

Shares of subsidiaries and associates : Stated at cost determined by the moving-average method

Available-for-sale securities

With market quotations : Stated at fair value (unrealized gains/losses are directly included in net assets; cost of securities sales is determined by the moving-average method)

Without market quotations : Stated at cost determined by the moving-average method

(2) Derivative instruments : Stated at fair value

(3) Inventories : Stated at cost determined primarily by the moving-average method (the balance sheet value is determined by the write-down method based on a decline in profitability.)

2. Depreciation and amortization

(1) Property, plant and equipment : Calculated using the straight-line method
(including leased assets)

(2) Intangible assets : Calculated using the straight-line method
(including leased assets)

(3) Long-term prepaid expenses : Calculated using the straight-line method

3. Principles for allowances and provisions

(1) Allowance for doubtful accounts

In anticipation of uncollectible receivables, allowance for doubtful accounts is calculated based on bad debt ratio, as well as considering the collectability of the account on an individual basis.

(2) Provision for retirement benefits

Provision for retirement benefits is calculated based on the expected retirement benefit obligation at the end of the current fiscal year.

From March 31, 2007, the Group has frozen all defined benefit lump-sum plans.

1) Attributing expected retirement benefits to periods

In determining its retirement benefit obligation, the expected retirement benefits are attributed to periods until the end of the current fiscal year based on the benefit formula basis.

2) Accounting for unrecognized differences and prior service costs

Actuarial gains (losses) and past service costs are all expensed in the fiscal year when they are incurred.

(3) Provision for bonuses

Expected bonus payments are recorded based on the amount to be incurred in the current fiscal year.

(4) Provision for loss on business termination

To prepare for future losses associated with the termination of the business, an amount of losses for the next and subsequent fiscal years is estimated and the amount as deemed necessary is recorded.

(5) Provision for loss on contract

To prepare for future losses incurred in fulfilling contracts with customers, an amount of losses for the next and subsequent fiscal years is estimated and the amount as deemed necessary is recorded.

(6) Provision for loss on litigation

To prepare for future losses associated with the litigation, an amount of losses for the next and subsequent fiscal years is estimated and the amount as deemed necessary is recorded.

4. Principles for revenue and expenses

(1) Principles for revenue

The Company adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021), whereby the Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount which the Company expects to be entitled in exchange for those goods or services.

1) Consumer business

Revenues in the Consumer business mainly consist of revenues from mobile services, sales of mobile devices and broadband services for individual customers.

a. Mobile services and sales of mobile devices

The Company provides mobile services, which consist of voice call services, data transmission services, and related optional services to subscribers, and sells mobile devices to customers.

In providing mobile services, sales revenue is mainly generated from basic monthly charges, mobile services, and other fees. Revenues from the sales of mobile devices are generated from the sales of mobile devices and accessories to subscribers or dealers.

The business flow of the above transactions consists of "Indirect" sales, where the Company sells mobile devices to dealers and enters into mobile communications service contracts with subscribers through dealers, and "Direct" sales where the Company sells mobile devices to subscribers and enters into mobile communications service contracts directly with subscribers.

In mobile services, the contractual period is defined as the period in which the party to the contract has present enforceable rights and obligations based on the terms of the contract with the subscriber. If the subscriber is granted an option to renew the contract and it is determined that the option provides the subscriber with a "material right," a separate performance obligation is identified. As a practical alternative to estimating the stand-alone selling price of the option that represents a performance obligation, the Company allocates the transaction price to the mobile communications services related to the option by reference to the mobile communications services expected to be provided and the corresponding expected consideration.

Basic charges and mobile service fees are billed to subscribers on a monthly basis and are generally due within one month. Mobile device payments for indirect sales are billed to dealers at the time of sale to the respective dealers and are generally due within one month. In addition, mobile device payments for direct sales can be paid in full at the time of sale or paid in monthly installment over the contract period, normally due within one month. As a result of both quantitative and qualitative analysis, the Company has determined that these transaction prices do not include significant financing components due to the timing of payments and have not been adjusted for such financing components. When the period between the revenue recognition and the payment is one year or less, the Company does not make an adjustment for significant financing components, as a practical expedient permitted by "Accounting Standard for Revenue Recognition".

For mobile services and sales of mobile devices, the Company is obliged to allow returns and provide refunds for a certain period of time after the inception of the contract. Return and refund obligations are estimated and deducted from transaction prices for each type of goods and services based on historical experience.

The Company provides optional additional warranty services for mobile devices. Under the contracts in which these services are provided, the services are identified as separate performance obligations, and are recognized as revenue when they are provided to subscribers.

i. Indirect sales

Revenues from the sales of mobile devices are recognized when mobile devices are delivered to dealers, which is when dealers are deemed to have obtained control over the mobile devices. Dealers involved in indirect sales have the primary responsibility for fulfilling contracts, carry all inventory risk, and may independently establish their own inventory pricing. Accordingly, the Company considers that dealers involved in indirect sales act as principals.

Basic monthly charges and mobile service fees are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period. Discounts on mobile charges are deducted from the revenues recognized from monthly mobile services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

ii. Direct sales

For direct sales, the total amount of transaction prices is allocated to sales of mobile devices and mobile services revenue based on the ratio of their stand-alone selling prices as the revenues from the sales of mobile devices and mobile services, including related fees, are considered to be one transaction. Discounts on mobile charges related to mobile service revenue are deducted from the total transaction price. In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile services. If the amount of revenue recognized at the time of sales of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile services are priced at their observable prices when the mobile devices and mobile services are sold independently to customers at the inception of the contract.

The amount allocated to sales of mobile devices is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile service revenues are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period.

b. Broadband services

For broadband services, revenues are mainly generated from basic monthly charges and telecommunications service fees primarily related to Internet connection ("revenues from broadband services"), and other fees.

Revenues from broadband services are recognized when broadband services are provided to subscribers, based upon fixed monthly charges plus the fees charged for usage of the network. Activation fees are recognized as contract liabilities upon receipt, then reversed when the broadband services are provided, and are recognized as revenue.

2) Enterprise business

Revenues in the Enterprise business mainly consist of revenues from mobile services and mobile device rental services, fixed-line communications services, and business solution services and others for enterprise customers.

a. Mobile services and mobile device rental services

Revenues from mobile services mainly consist of revenues from mobile services and other fees. Mobile device rental services are provided on the condition that mobile service contracts are entered into. Consideration arising from these transactions is allocated to lease and other based on the fair value of leased mobile devices and mobile communications services. The fair value is the price at which the mobile devices are sold individually and the price at which the mobile communications services are provided individually. Consideration allocated to other is recognized as revenues based on fixed monthly charges and the fees charged for usage of the network when services are provided to subscribers.

b. Fixed-line communications services

Revenues from fixed-line communications services mainly consist of voice telecommunications service fees and data transmission service fees. Revenues from fixed-line communications services are recognized when services are provided to subscribers based on fixed monthly charges and the fees charged for usage of the network.

c. Business solution services and other

Revenues from business solution and others mainly consist of cloud service fees, security service fees, engineering service fees, managed service fees, Internet of Things service fees, equipment sales service fees, and data center service fees.

Revenues from business solution services and other are recognized based upon the consideration receivable from subscribers at the time of delivery or provision of the services to the subscribers representing the point in time when subscribers are considered to have obtained control of the solution services and other.

(2) Revenue from finance lease transactions

Revenue and cost of sales are recorded at the inception of lease contracts.

5. Other basis of presentation of financial statements

(1) Accounting for hedge transactions

Interest rate swaps

1) Hedge accounting

Recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

2) Derivative instruments for hedging and hedged items

Derivative instruments for hedging : Interest rate swap contracts

Hedged items : Interest expense on borrowings

3) Hedging policy

In accordance with internal policy, the Company uses derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates, regarding loans payable with variable interest rates.

4) Effectiveness of hedge transactions

The effectiveness of hedge transactions is assessed by measuring the correlation between the variability of cash flows associated with the interest rate of hedged items and the variability of cash flows of hedge instruments.

(Notes Relating to Significant Accounting Estimates)

Of assets and liabilities recorded using accounting estimates in the non-consolidated financial statements of the current fiscal year, items that have the risk of significant impacts on the non-consolidated financial statements of the following fiscal year are as follows:

Estimates for impairment of shares of subsidiaries and associates

Shares of subsidiaries and associates are recorded at cost in the balance sheet; provided, however, that in cases where the fair value of shares of subsidiaries and associates has significantly declined, unless recovery is deemed possible, the carrying amount is written down to fair value, and the valuation differences are recognized as losses. In cases where it is extremely difficult to determine the fair value of shares of subsidiaries and associates, when the net asset value has significantly declined due to the deterioration of the issuer's financial position, the carrying amount is reduced correspondingly, and the valuation differences are recognized as losses.

The net asset value used in estimating the impairment losses on shares of subsidiaries and associates is calculated by multiplying the net asset value per share of the issuer by the number of shares held. The net asset value per share of the issuer is determined based on the latest financial statements of the issuer, taking into consideration the fair valuation difference on assets and liabilities, the issuer's excess earning power and other factors. In measuring the net asset value, management's judgements and estimates may have a material impact on the non-consolidated financial statements of the Company. The fair value of assets and liabilities and the issuer's excess earning power are measured based on the assumptions, such as estimated future cash flow generated by the issuer, growth rate and discount rate. The assumptions above that are determined by management's best estimates may be affected by uncertainties in future economic conditions and may have a material impact on the non-consolidated financial statements of the following fiscal year if the assumptions were revised.

The estimated amounts of impairment losses on shares of subsidiaries and associates are described in "Notes Relating to Financial Instruments, 2. Fair value of financial instruments."

(Notes Relating to Balance Sheet)

1. Contingencies

(1) Lending commitments

The Company entered into lending commitment contracts with subsidiaries and other entities.

The details of lending commitments with subsidiaries and other entities are as follows:

	(Millions of yen)
Total lending commitments	112,166
Funded	24,050
Unfunded	88,116

(2) Litigation

The Company is a party to several pending legal and administrative proceedings. When it is difficult to reasonably estimate the outcomes of such matters, provisions have not been recorded except for the following lawsuit. Based on the information currently available, management does not expect that the results of these proceedings will have a material adverse effect on the Company's financial position or results of operations.

(a) On April 30, 2015, the Company filed a lawsuit with the Tokyo District Court against JPiT, claiming for payment of remuneration for additional services provided in connection with the installation of telecommunications lines, as well as other items, that were ordered by JPiT in relation to a project to migrate the communications network connecting approximately 27,000 sites (post offices, etc.) countrywide to a new network, the 5th PNET. Pursuant to a contract dated February 7, 2013, the Company was requested by JPiT to carry out, among other services, installation services for telecommunications lines for Japan Post Group's business sites existing countrywide. The Company performed such services, and upon JPiT's request, the Company also performed services that exceeded the scope of services stipulated in the contract. Although the Company negotiated with JPiT over an extended period regarding the remuneration for these additional services, the Company and JPiT were unable to arrive at a settlement. Accordingly, the Company duly filed the lawsuit, claiming for payment of remuneration for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against the Company and NRI as co-defendants. In this lawsuit, JPiT alleges that the Company and NRI delayed performance of the ordered services related to the project for migration to the 5th PNET mentioned in a. above and alleges that such delay caused damages to JPiT. JPiT made joint and several claims against both the Company and NRI for the alleged damages.

An order to consolidate the abovementioned lawsuits was made on July 29, 2015.

Subsequently, on September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and the Company to pay JPiT ¥10,854 million in damages and delay damages. The Company appealed this judgment to the Tokyo High Court on September 22, 2022. The Company recorded a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which offset against the amount allowed under this judgment, in "Provision for loss on litigation" under "Current Liabilities" in the Non-consolidated Balance Sheet. The Company recorded a total of ¥19,176 million, consisting of damages and delay damages, in "Provision for loss on litigation" under "Extraordinary losses" in the Non-consolidated Statement of Income.

-
2. Accumulated reduction entry of property, plant and equipment due to subsidies received from governments and others
(Millions of yen)
3,748

3. Non-current assets - incidental business

"Non-current assets - incidental business" are included in "non-current assets - telecommunications business" because the amount is not material. The amount of "non-current assets - incidental business" is ¥753 million as of the end of the current fiscal year.

4. Borrowings related to equity securities lending contract

The Company lends shares under equity securities lending contract and cash received as collateral are presented as follows:

	(Millions of yen)
Short-term loans payable	20,100

The shares subjected to the transaction above is a portion of shares borrowed from its subsidiary under equity securities lending contract. The Company has a right to dispose by selling or collateralizing the borrowed shares. In addition, an external borrower has a right to dispose by selling or collateralizing the lent shares.

With regard to the shares borrowed from its subsidiary under the equity securities lending agreement, the fair value of self-owned shares and lent shares are as follows:

	(Millions of yen)
Fair value of self-owned shares	1,180
Fair value of lent shares	160,416
Fair value of borrowed shares	161,596

5. Financial covenants

The Company's interest-bearing debt is subject to financial covenants mainly as follows:

- At March 31 and September 30 of each year, the Company is required to maintain equity in the consolidated statement of financial position of the Group at a minimum of 75% of that of the same date during the previous fiscal year.
- At March 31 and September 30 of each year, the Company is required to maintain net assets in the non-consolidated balance sheet of the Company at a minimum of 75% of that of the same date during the previous fiscal year.
- The Company must not incur operating losses or net losses in the consolidated statement of income of the Group for two consecutive fiscal years.
- The Company must not incur operating losses or net losses in the non-consolidated statement of income of the Company for two consecutive fiscal years.
- At March 31 and September 30 of each year, the Company is required to maintain a net leverage ratio^(a) below a certain value:

a. Net leverage ratio: Net debt (b) divided by adjusted EBITDA (c)

b. "Net debt" means the total amount of interest-bearing debt shown in the consolidated statement of financial position of the Group after deducting cash and cash equivalents adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme.

c. "Adjusted EBITDA" means EBITDA adjusted for certain items as specified in the loan agreement.

6. Monetary receivables from and payables to subsidiaries and associates

Monetary receivables from and payables to subsidiaries and associates, other than those presented separately, are as follows:

	(Millions of yen)
Long-term monetary receivables	44
Long-term monetary payables	182
Short-term monetary receivables	56,677
Short-term monetary payables	294,232

7. Monetary receivables from and payables to board directors

Monetary receivables from and payables to board directors are as follows:

	(Millions of yen)
Monetary receivables	21,430
Monetary payables	190

(Notes Relating to Statement of Income)

1. Transactions with subsidiaries and associates

	(Millions of yen)
Operating revenue	67,030
Operating expenses	327,763
Non-operating transactions	81,564

2. Provision for loss on litigation

In order to provide for losses from the pending litigation case between the Company and JPiT, the Company estimated possible future losses and recognized the amount deemed necessary as Provision for loss on litigation.

(Notes Relating to Statement of Changes in Net Assets)

Class and number of treasury stock at the end of the current fiscal year

	(Thousands of Shares)
Common stock	55,596

(Notes Relating to Tax Effect Accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets	(Millions of yen)
Non-qualified contribution-in-kind	113,398
Loss on valuation of investment securities	48,212
Accounts payable - other and accrued expenses	27,455
Depreciable assets	18,232
Asset retirement obligations	21,749
Allowance for doubtful accounts	14,070
Provision for bonuses	9,903
Contract liabilities and other current liabilities	10,984
Inventories	6,526
Enterprise tax payable	4,581
Others	15,021
Gross deferred tax assets	290,131
Less: Valuation allowance	(167,851)
Total deferred tax assets	122,280
Offset against deferred tax liabilities	(17,642)
Net deferred tax assets	104,638

Deferred tax liabilities	(Millions of yen)
Removal costs for asset retirement obligations	(6,946)
Lease investments assets	(5,313)
Valuation difference on available-for-sale securities	(2,598)
Others	(2,785)
Total deferred tax liabilities	(17,642)
Offset against deferred tax assets	17,642
Net deferred tax liabilities	-

(Notes Relating to Non-current Assets Used under Leases)

Leased assets used under finance lease transactions

Non-current assets - telecommunications business	(Millions of yen)
Machinery	423,811
Antenna facilities	237,370
Terminal facilities	891
Local line facilities	497
Long-distance line facilities	5,031
Engineering facilities	8,013
Buildings	27,462
Structures	5,293
Machinery and equipment	10
Vehicles	24
Tools, furniture and fixtures	2,745
Software	209,983
Total	<u>921,130</u>

(Notes Relating to Financial Instruments)

1. Status of financial instruments

(1) Policy relating to financial instruments

The Company manages funds mainly in short-term deposits, and raises funds through loans from financial institutions, issuance of commercial paper and bonds, securitization of receivables and sale and lease back transactions. The funds raised are primarily intended for capital expenditures.

(2) Details of financial instruments, related risks and risk management system thereof

As investment securities consist primarily of shares of companies with which the Company aims to expand business, maintain its competitive advantage or create synergies in business operations, these securities are exposed to the issuer's credit risk and market price fluctuation risk. These risks are managed by continuously monitoring the financial conditions of issuers and other factors considering market price fluctuations.

Trade receivables include receivables from dealers, communications fee receivables from customers, and installment receivables of mobile devices, and are exposed to the credit risk of dealers and customers. To manage credit risk for receivables from dealers, the Company performs due date controls and balance controls for each dealer in accordance with its internal credit management policies and regularly monitors major dealers' credit statuses. For customer credit risk, the Company conducts screening in accordance with its internal standards upon entering into an agreement with customers and checks the status of usage and collection of each customer from time to time to avoid an increase in any uncollectible amounts. Regarding installment receivables, the Company refers to external institutions for credit risk information.

Short-term loans receivable consists mainly of loans extended to a subsidiary of the Company: SB C&S Corp.

Lease obligations are intended to raise funds required for capital expenditures. "Accounts payable - trade" and "accounts payable - other" in trade payables are generally due within one year.

Short-term loans payable mainly consist of loans from the Company's subsidiaries, SB Payment Service Corp., IDC Frontier Inc. and Wireless City Planning Inc., as well as financing from equity securities lending contract and joint management designated money trusts. Loans from Wireless City Planning Inc. are provided through the Trust, which is a money trust agreement with Wireless City Planning Inc. as a consignor, a trust bank as a trustee, and the Company as the investment destination. Current portion of non-current liabilities and long-term loans payable are loans from financial institutions and bonds and commercial paper are funds raised from capital markets.

Derivative transactions are interest rate swap agreements to avoid the risk of interest rate fluctuations for long-term loans with floating interest rates and convert the floating rates into fixed rates. Derivative transactions are executed and managed in accordance with the internal rules, and the Company enters into derivative transactions only with highly creditworthy financial institutions in order to mitigate credit risk.

(3) Supplementary explanation on matters regarding fair value of financial instruments

Since certain assumptions and factors are reflected in determining the fair value of financial instruments, different assumptions and factors could result in a different fair value.

2. Fair value of financial instruments

The carrying amount, the fair value, and the differences between them as of the end of the current fiscal year are as follows.

Equity securities, etc. that do not have a market price are not included in the table below. (Please refer to Note 3.) Notes on cash are omitted, and notes on financial instruments that are settled in the short-term are omitted because their carrying amounts approximate their fair values.

	(Millions of yen)		
	Carrying amount	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	19,231	19,231	-
(2) Shares of subsidiaries and associates			
Shares of subsidiaries	2,120	23,540	21,420
Shares of associates	2,565	11,824	9,259
(3) Accounts receivable - trade	803,622		
Less: Allowance for doubtful accounts (current assets) ¹	(17,841)		
	785,781	785,781	-
(4) Deposits paid	56,959	56,959	-
Total assets	866,656	897,335	30,679
(5) Bonds	570,000	561,328	(8,672)
(6) Long-term loans payable	1,176,430	1,182,098	5,668
(7) Lease obligations (non-current liabilities)	459,411	462,737	3,326
(8) Current portion of non-current liabilities	377,384	377,384	-
(9) Lease obligations (current liabilities)	263,700	263,700	-
(10) Deposits received	179,730	179,730	-
Total liabilities	3,026,655	3,026,977	322
(11) Derivative transactions ²	(2,141)	(2,141)	-

Notes:

1. This amount represents the allowance for "Accounts receivable - trade."
2. The net amount of assets and liabilities arising from derivative transactions is presented, and the amount in parentheses represents a net liability position.

(Note 1) Description of the valuation techniques and inputs used for calculating fair value

Fair values of financial instruments are classified into the following three levels, according to the observability and significance of inputs used in the fair value measurement.

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Investment securities, (2) Shares of subsidiaries and associates

The fair value of equity securities is based on quoted market price, and the fair value of investment trusts is based on net asset value. Equity securities are measured using quoted prices in active markets for identical assets if such prices are available, and are classified as Level 1.

(3) Accounts receivable - trade

Installment receivables are discounted, by using the interest rate reflecting the remaining period to maturity and credit risk, and are classified as Level 2. Installment receivables are stated at carrying amount because their carrying amounts approximate their fair values. Accounts receivable - trade other than installment receivables are categorized into groups for each section of period and calculated for each such group, by using the discounted present value method based on the interest rate reflecting the amount of receivables, the remaining period to maturity and credit risk, and are classified as Level 2. Accounts receivable - trade other than installment receivables are stated at carrying amount because their carrying amounts approximate their fair values.

(4) Deposits paid

Deposits paid are categorized into groups for each section of period and calculated for each group, by using the discounted present value method based on the interest rate reflecting the amount of receivables, the remaining period to maturity and credit risk, and are classified as Level 2. Deposits paid without maturity are stated at carrying amount because their carrying amounts approximate their fair values.

(5) Bonds

The carrying amounts of bonds are measured based on the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, and are classified as Level 2.

(6) Long-term loans payable

The fair values of long-term loans payable are measured by discounting the total of principal and interest at an interest rate that would be used for a similar new loan, whereby long-term loans payable with floating rate is classified as Level 2, while those with fixed rate as Level 3.

(7) Lease obligations (non-current liabilities)

The fair values of lease obligations are estimated by discounting the total of principal and interest at an interest rate that would be used for a lease contract with the same terms and maturity, and are classified as Level 2.

(8) Current portion of non-current liabilities

The fair values of the current portion of non-current liabilities are measured by discounting the total of principal and interest at an interest rate that would be used for a similar new loan, whereby current portion of non-current liabilities with floating rate is classified as Level 2, while that with fixed rate as Level 3. Current portion of non-current liabilities is stated at carrying amount because its carrying amount approximates its fair value.

(9) Lease obligations (current liabilities)

The fair values of lease obligations are estimated by discounting the total of principal and interest at an interest rate that would be used for a lease contract with the same terms and maturity, and are classified as Level 2. Lease obligations (current liabilities) are stated at carrying amount because their carrying amounts approximate their fair values.

(10) Deposits received

Deposits received are categorized into groups for each section of period and calculated for each such group, by using the discounted present value method based on the interest rate reflecting the future cash flows, remaining period to due date and credit risk, and are classified as Level 2. Demand deposits received are stated at the amount payable on demand at the balance sheet date (carrying amount), which is deemed to represent fair value.

(Note 2) Derivative transactions

(1) Derivative transactions for which hedge accounting is not applied

There are no applicable items.

(2) Derivative transactions for which hedge accounting is applied

With respect to the derivative transactions for which hedge accounting is applied, the contract amount or the notional amount specified in the contract for each hedge accounting method at the balance sheet date are as follows:

(Millions of yen)

Hedge accounting method	Transaction type, etc.	Main hedged item	Contract amount	Contract amount maturing over 1 year	Fair value ¹
General treatment	Interest rate swaps Pay fixed / Receive floating	Long-term loans payable	844,500	715,000	(2,141)

Note:

1. Fair value measurement is based on quoted prices by counterparty financial institutions and the fair value is classified as Level 2.

(Note 3) Equity securities, etc. that do not have a market price

(Millions of yen)

Category	Carrying amount
Investment securities	
Unlisted shares	11,805
Shares of subsidiaries and associates	
Shares of subsidiaries	
Unlisted shares	1,174,332
Shares of associates	
Unlisted shares	25,551
Other	56,289

These instruments are not included in "(1) Investment securities" and "(2) Shares of subsidiaries and associates." Investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the balance sheet are included in Other. The total carrying amount of these investments is ¥38,595 million.

(Notes Relating to Profit and Loss on Equity Method Investments, etc.)

	(Millions of yen)
Amount of investments in associates	222,503
Amount of investments on equity method	218,170
Amount of investment losses on equity method	93,102

Note:

1. The amounts above include the amounts related to investments in associates held by subsidiaries of the Company. The amount of investments in associates is the carrying amount of the investments to which the equity method is applicable under IFRS, pursuant to the provisions of Paragraph 1 of Article 120 of the Regulation on Corporate Accounting. The amount of investments on equity method and the amount of investment losses on equity method are calculated in accordance with IFRS.

The amount of investment losses on equity method are presented by including impairment loss on equity method investments.

(Notes Relating to Related-Party Transactions)

Subsidiaries

Category	Name	Nature of business or profession	Voting rights (%)	Relationship with related-party	Nature of transaction	Amount of transaction (Millions of yen)	Balance as of March 31, 2023	
							Account	Amount (Millions of yen)
Subsidiary	Wireless City Planning Inc.	Telecommunications business	(Own) Direct 31.8	Interlocking directorate Borrowing of loans	Receipt of dividend	44,970	-	-
Subsidiary	A Holdings Corporation	Holding company	(Own) Direct 50.0	Interlocking directorate Borrowing of stocks	Borrowing of stocks ¹	161,596	Prepaid expenses	2
					Payment of rent ¹	34		
					Receipt of dividend	18,769		
Subsidiary	SB C&S Corp.	Distribution business	(Own) Direct 100.0	Interlocking directorate	Receipt of dividend	10,000	-	-
Subsidiary	SB Power Corp.	Electric power sales business	(Own) Direct 100.0	Interlocking directorate Lending of loans receivable	Lending of loans receivable ²	76,000	-	-
					Receipt of interest ²	47	Other current assets	28
Subsidiary	B Holdings Corporation	Holding company	(Own) Direct 50.0	Interlocking directorate	Stock exchange	107,486	-	-
Subsidiary	SB Payment Service Corp.	Payment agency business	(Own) Direct 100.0	Interlocking directorate Borrowing of funds	Receipt of deposit ³	68,877	Deposits received	99,924
					Interest payment ³	52		

Notes:

- Please refer to Notes relating to Balance Sheet, "4. Borrowings related to equity securities lending contract." The transaction amount is the fair value of the shares borrowed. The amount of rent is determined by reference to loan transactions with external financial institutions.
- Interest rates for loans are reasonably calculated based on market interest rates and actual interest rates of the Company's borrowings with periods similar to the loan periods.
- For funds deposited by subsidiaries through the cash management system (CMS), interest rates are determined based on market interest rates. Since fund transfers under the deposit and loan system are conducted on a daily basis, the transaction amount of funds deposited with the Company is stated as increase/decrease.

Officers, major individual shareholders, etc.

Category	Name	Nature of business or profession	Voting rights (%)	Relationship with related-party	Nature of transaction	Amount of transaction ¹ (Millions of yen)	Balance as of March 31, 2023	
							Account	Amount (Millions of yen)
Officers and their relatives	Ken Miyauchi	Board Director of the Company	(Own) Direct 0.06	Board Director of the Company	Exercise of stock acquisition rights ¹	498	-	-
Officers and their relatives	Junichi Miyakawa	Board Director of the Company	(Own) Direct 0.33	Board Director of the Company	Exercise of stock acquisition rights ¹	249	-	-
					Receipt of loans receivable ^{2,3,4,5}	70	Long-term loans receivable to directors and employees	19,930
					Receipt of interest on loans receivable	220	-	-
					Receipt of deposits ²	250		
					Offset against deposits ²	289	-	-
					Payment of interest on deposits	1	-	-
Officers and their relatives	Jun Shimba	Board Director of the Company	(Own) Direct 0.03	Board Director of the Company	Exercise of stock acquisition rights ¹	249	-	-

Category	Name	Nature of business or profession	Voting rights (%)	Relationship with related-party	Nature of transaction	Amount of transaction ¹ (Millions of yen)	Balance as of March 31, 2023	
							Account	Amount (Millions of yen)
Officers and their relatives	Yasuyuki Imai	Board Director of the Company	(Own) Direct 0.03	Board Director of the Company	Exercise of stock acquisition rights ¹	249	-	-
					Lending of loans ^{2,3,4}	430	Long-term loans receivable to directors and employees	860
					Receipt of interest on loans receivable	7	-	-
Officers and their relatives	Kazuhiko Fujihara	Board Director of the Company	(Own) Direct 0.02	Board Director of the Company	Exercise of stock acquisition rights ¹	187	-	-
					Lending of loans ^{2,3,4}	320	Long-term loans receivable to directors and employees	640
					Receipt of interest on loans receivable	5	-	-
					Refund of deposits	320	Other current liabilities	190
					Receipt of deposits ²	190		
Payment of interest on deposits	1	Accrued expenses	0					
Officers and their relatives	Masayoshi Son	Board Director of the Company	(Own) Direct 0.05	Board Director of the Company	Exercise of stock acquisition rights ¹	498	-	-

Notes:

1. The amount represents the exercise of stock acquisition rights under the resolution passed at the Board Directors' meetings held on March 6, 2018 and March 27, 2018 for the current fiscal year. The amount of the transaction is calculated by the number of the stock granted due to exercise of stock acquisition rights multiplying by payment amount.
2. Lending rate was set at 1.03%-1.10% (fixed rate) as reasonably determined in consideration of the borrowing rate actually borne by the Company, which is on the level similar to market rate on similar term. The loan is repayable in full on the maturity date, which is the end of the fiscal year five years after the loan disbursement date. The borrower may agree to extend the repayment period for up to five years or choose to prepay the loan before the maturity date. Borrowers are entitled to deposit the fund not exceeding the balance of this loan to the Company, in which case the interest rate applicable to such borrowings is the same as the abovementioned lending rate. Decrease in the amount of deposits is offset against the loan principal and the loan interest.
3. In this transaction, the borrowers' assets as follows have been provided as security.
 - Shares in SoftBank Corp. purchased by using the loan
4. In the event that the fair value of the security falls below certain percentage of the loan balance prior to the due date, the Company shall be entitled to request pledge of additional security from the borrowers.
In such case, the Company shall be entitled to reserve part of the remuneration, etc. the Group will pay to the borrowers within certain limitation, and to use it for the repayment of the loan (hereinafter the "Additional Entitlement").
5. Of the total amount due, the remaining shortfall, if any, after the enforcement of security and execution of the Additional Entitlement shall fully be guaranteed by Board Director, Mr. Masayoshi Son.

(Notes Relating to Asset Retirement Obligations)

Asset retirement obligations that are reported on the balance sheet

1. Summary of asset retirement obligations

Asset retirement obligations are recognized based on the reasonably estimated amount required for the removal of equipment or site restoration for part of base stations, data centers, network centers, and offices including the corporate headquarters building.

The estimate is based on the current business plan and both the amounts provided for and timing of payments are uncertain and dependent on future business plan developments.

2. Calculation method for the amount of asset retirement obligations

The expected usage period is estimated, and the average yield of interest-bearing government bonds is used as the discount rate.

3. Increase or decrease in the total amount of asset retirement obligations during the current fiscal year

	(Millions of yen)
Balance at the beginning of the current fiscal year	57,530
Increase due to acquiring property, plant and equipment	1,148
Adjustment due to passage of time	135
Decrease due to payments for asset retirement obligations	(7,513)
Increase due to changes in estimates	19,727
Balance at the end of the current fiscal year	71,027

4. Changes in estimates of asset retirement obligations

The Company recorded asset retirement obligations of ¥19,727 million based on the increased probability of the removal of certain network equipment after consideration of the efficient operation of network equipment and also the revised estimates of restoration costs for certain equipment due to changing environment such as rise in prices.

(Notes Relating to Per Share Data)

Net assets per share	¥175.21
Net income per share	¥75.20

(Notes Relating to Revenue Recognition)

Information that serves as the basis for understanding revenue from contract with customers is described in "4. Principles for revenue and expenses" under "Significant Accounting Policies."

(Notes Relating to Subsequent Events)

Share buyback program

The Board of Directors of the Company resolved to set up a share buyback program, pursuant to the Company's articles of incorporation in accordance with Article 459, Paragraph 1 of the Companies Act of Japan as follows, on May 10, 2023.

1. Purpose of the share buyback program

To purchase a portion of shares to be retired in accordance with the shareholder return policy

2. Details of the share buyback program

(1) Type of shares to be acquired

Common stock of the Company

(2) Total number of shares to be acquired

UP to 56,300,000 shares

(1.19% of total shares outstanding (excluding treasury stock))

(3) Total amount to be paid for acquisition

Up to JPY 100 billion

(4) Period of acquisition

May 11, 2023 to March 31, 2024

(5) Method of acquisition

Market purchase on the Tokyo Stock Exchange, Inc. through a discretionary investment account trade to a securities company