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# Notice of the 38<sup>th</sup> Annual General Meeting of Shareholders

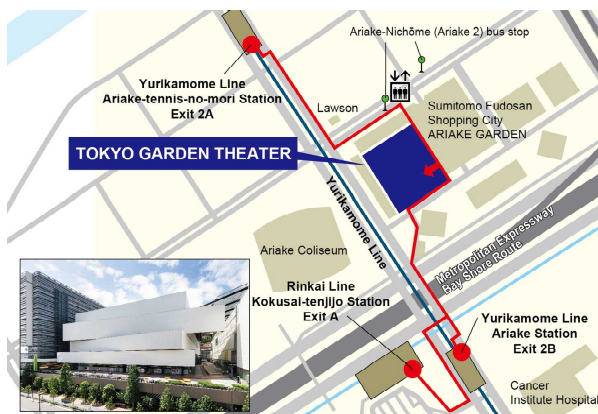
(April 1, 2023 to March 31, 2024, “FY2023” or “this fiscal year”)

**Date and time:** 10:00 AM, Thursday, June 20, 2024  
(Reception opens at 9:00 AM)

**Venue:** TOKYO GARDEN THEATER  
1-6, Ariake 2-chome, Koto-ku, Tokyo

## Agenda of the Meeting:

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



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## Transport Information

- Yurikamome Line: Ariake Station  
4-minute walk from Exit 2B
  - Yurikamome Line: Ariake-tennis-no-mori Station  
5-minute walk from Exit 2A
  - Rinkai Line: Kokusai-tenjijo Station  
7-minute walk from Exit A
- 〈Reference〉
- Toei Bus: Take the route海01 (KM01), 都05-2 or 東16 buses and get off at Ariake-Nichōme (Ariake 2) bus stop

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

\*Please note that we do not distribute any gifts at the meeting. Thank you for 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/>



**SoftBank Corp.**

Stock code: 9434

## To Our Shareholders

### Aiming to Become an Indispensable Company for the Development of a Digital Society by Realizing Our Long-term Vision

Junichi Miyakawa, President & CEO



First, I would like to express my heartfelt gratitude for your continued support. I am pleased to notify you of the 38th Annual General Meeting of Shareholders of SoftBank Corp.

I would also like to express my heartfelt sympathies to all those affected by the 2024 Noto Peninsula Earthquake, which struck in January of this year, as well as my wishes for the quickest possible recovery in the disaster-hit areas. Because of this quake, our telecommunication services were at times difficult to use or unavailable. We sincerely apologize to our customers for any inconvenience this may have caused. This quake has spurred the Group to renew its commitment to not just provide even more reliable telecommunications services, but also to fully meet its responsibilities as a social infrastructure provider and contribute to the realization of a sustainable society.

In terms of our consolidated results for FY2023, revenue and profits both exceeded our upwardly revised forecasts (announced in February 2024). Excluding the impact of a one-time remeasurement gain associated with the consolidation of PayPay Corporation in FY2022, revenue and profits both increased year on year. Notably, net income attributable to owners of the Company, which we give the highest priority, increased by 45%, indicating steady progress toward achieving our medium-term management plan's target of record-high profit in FY2025.

Looking at conditions in each business, the Consumer segment, which had been affected by the mobile service price reduction in spring 2021, transitioned to year on year growth. This was mainly due to a return to growth in mobile revenue, which was primarily supported by strong additions in the number of mobile subscribers and a narrowing down of the decline of average revenue per user per month, in addition to a decrease in depreciation. Furthermore, the Enterprise segment, which captured enterprises' demand for digitalization, and the Media & EC segment, which carried out selective focus on key business areas and cost optimization, both delivered double-digit profit growth. In the Financial segment, PayPay Corporation's consolidated EBITDA (operating income before depreciation and amortization) was positive for the first time on a full-year basis.

As a result of the foregoing, we plan to pay a year-end dividend of ¥43 per common share (annual dividend of ¥86 per common share), as planned.

We are also making solid progress on initiatives for medium- and long-term growth. In the field of generative AI\*1, which is expected to expand dramatically in the future, we are building a large language model (LLM) specialized for the Japanese language, which is a foundational technology, in order to be a market leader. In May 2024, we announced an additional growth investment of approximately ¥150.0\*2 billion to scale up the AI computing infrastructure\*3 required to build such an LLM. In addition, we began construction on an AI data center in Tomakomai City, Hokkaido, to conduct in-house development of generative AI and meet rising AI-related usage needs. As stated in our long-term vision (announced in May 2023), we will provide next-generation social infrastructure essential to the development of a digital society and strive to increase our corporate value even more.

SoftBank Corp. aims to achieve both medium- and long-term growth and a high level of shareholder returns. For FY2024, the dividend per common share is planned to be ¥86 (annual dividend)\*4. Moreover, we announced our policy to conduct a stock split (10-for-1)\*5 to create an environment that makes it easier for investors to invest as well as to establish a shareholder benefits program (¥1,000 worth of PayPay points)\*6 to seek further expansion of the Group's ecosystem.

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

\*1 AI capable of generating various types of content, such as text, images, and program code.

\*2 After taking into account the subsidy (up to ¥42.1 billion) provided by the Ministry of Economy, Trade and Industry in certification of the "Cloud Program".

\*3 A high-performance computer that serves as a platform for undertaking data processing required to build an LLM.

\*4 Subject to approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024, the Company plans to conduct a stock split whereby each share of the Company's common shares will be split into 10 shares, with the effective date being October 1, 2024. The above dividend per share for FY2024 does not take into account this stock split.

\*5 The record date of the stock split will be September 30, 2024. Each share of the Company's common shares held by shareholders entered or recorded on the final shareholder register on the record date will be split into 10 shares. The stock split is conditional upon approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024.

\*6 Please refer to the information at the end of this notice for the establishment of our shareholder benefits program.

May 29, 2024  
President & CEO  
SoftBank Corp.  
Junichi Miyakawa

To Shareholders

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

## Notice of the 38<sup>th</sup> 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 38th Annual General Meeting of Shareholders.”

Company’s website:

<https://www.softbank.jp/en/corp/ir/stock/shareholders/2024/>



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.”

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Date and time: 10:00 AM, Thursday, June 20, 2024

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Venue: TOKYO GARDEN THEATER  
1-6, Ariake 2-chome, Koto-ku, Tokyo  
(Please note that the venue has changed from that of last year.)

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Agenda of the Meeting: ►Matters for Business Report, Consolidated Financial Statements for FY2023 (April 1, 2023 to March 31, 2024) and results of audits of Consolidated Financial Statements by the Independent Auditor and Audit & Supervisory Board  
Non-consolidated Financial Statements for FY2023 (April 1, 2023 to March 31, 2024)

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►Matters for Proposal 1: Partial Amendment to the Articles of Incorporation  
approval: Proposal 2: Election of Eleven Board Directors  
Proposal 3: Election of One Substitute Audit & Supervisory Board Member

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- ◎ If you require any accommodations at the venue, please contact “Inquiries concerning the General Meeting of Shareholders” at the end of this document by Thursday, June 13, 2024.
  - ◎ 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 22 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.

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## Operation of the General Meeting of Shareholders

At the Meeting, as described below, you can exercise your voting rights in advance in writing (sending by mail) and via the internet, and you can attend on the day of the Meeting at the venue and via the internet.

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/2024/>



### 1. Exercising Voting Rights in Writing in Advance

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Please clearly indicate your approval or disapproval for each proposal on the enclosed voting form, and **return it by 5:45 PM, Wednesday, June 19, 2024.**

#### How to fill out the voting form

##### Proposals 1 and 3

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

##### Proposal 2

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.

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

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## 2. Exercising Voting Rights via the Internet in Advance

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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, Wednesday, June 19, 2024.**

### 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.

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### 3. Attending Online

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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 (Thursday, June 20, 2024).

#### 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.

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#### 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

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Please bring the enclosed voting form and submit it at the reception.

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.

We do not distribute any gifts at the meeting. Thank you for your understanding.



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## 5. Asking questions in advance

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From 9:00 AM, Wednesday, June 5, 2024, until noon, Wednesday, June 19, 2024, 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

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The Meeting can be viewed from 10:00 AM, Thursday, June 20, 2024 on the "[Online presentation] The 38th 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\\_agm38en](https://u.softbank.jp/sbkk_agm38en)



- If for any reason the online presentation cannot be provided, notice will be given on the "[Online presentation] The 38th Annual General Meeting of Shareholders" page.

### Viewing the Meeting after its conclusion

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**The Meeting will be available on video on demand through the Company's website.**

**Availability period:** Video will be available from Thursday, June 20, 2024 until the day before the next Annual General Meeting of Shareholders

# Reference Materials for the Annual General Meeting of Shareholders

## Proposal 1: Partial Amendment to the Articles of Incorporation

### 1. Reasons for amendment

With the aim of further growing the Company's investor base, the Board of Directors passed a resolution on April 25, 2024 to conduct a 10-for-1 stock split of common shares on October 1, 2024, conditional upon approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders. In connection with the stock split, the Company proposes to partially amend the total number of authorized shares described in its Articles of Incorporation, assuming that the stock split will be performed on the effective date of the amendment to the Articles of Incorporation.

### 2. Details of the amendment

The details of the amendment are as follows.

This amendment of the Articles of Incorporation will take effect on October 1, 2024 (the same day as the effective date of the stock split).

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>(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 <u>eight billion, ten million, nine hundred and sixty thousand and three hundred (8,010,960,300)</u> shares, and the total number of shares in each class authorized to be issued shall be as follows:</p> <p>Common shares: <u>eight billion, ten million, nine hundred and sixty thousand and three hundred (8,010,960,300)</u> shares</p> <p>Series 1 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 2 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 3 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 4 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 5 Bond-Type Class Shares thirty million (30,000,000) shares</p>	<p>(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 <u>eighty billion, one hundred and nine million, six hundred and three thousand (80,109,603,000)</u> shares, and the total number of shares in each class authorized to be issued shall be as follows:</p> <p>Common shares: <u>eighty billion, one hundred and nine million, six hundred and three thousand (80,109,603,000)</u> shares</p> <p>Series 1 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 2 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 3 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 4 Bond-Type Class Shares thirty million (30,000,000) shares</p> <p>Series 5 Bond-Type Class Shares thirty million (30,000,000) shares</p>

## Proposal 2: Election of Eleven Board Directors

The terms of office of all eleven Board Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, 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 six members including the CEO and five independent external Directors, with an independent external Director as chair.

All six nominees for external Directors in this proposal meet the requirements for independent officers as stipulated by Tokyo Stock Exchange, Inc. (TSE) and are recognized as independent. If this proposal is approved as proposed, all of the nominees will be filed with TSE as independent officers. The Board of Directors will consist of eleven members, the majority of whom (six) will be independent external Directors.

Director nominees are as follows:

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

Candidate No. **1**

## Yasuyuki Imai

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

Reappointed

Number of shares held in the Company

Common stock  
1,913,100 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
Apr. 2008	Managing Corporate Officer, the Company	Apr. 2024	Director & Chairman, the Company (to present)
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. Since becoming the Company's Representative Director & COO in April 2017, he has contributed to the Company's growth. In addition, he has supervised the entire Group as the Company's Director & Chairman since April 2024. The Board would like to reelect Mr. Imai 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;  
58 years old)

Reappointed

Number of shares held in the Company

Common stock  
16,284,600 shares



### 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. (currently the Company)
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, 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.

Number of shares held in the Company

Candidate No. **3**

**Jun Shimba**

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

Reappointed

Common stock  
1,997,100 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
June 2007	Managing Corporate Officer, the Company	Apr. 2024	Representative Director & COO, the Company (to present)
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.

Number of shares held in the Company

Candidate No. **4**

**Kazuhiko Fujihara**

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

Reappointed

Common stock  
1,598,200 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 LY 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 LY 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. **5****Masayoshi Son**(Date of birth: August 11, 1957;  
66 years old)

Reappointed

Common stock  
4,000,000 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 LY 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 LY 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. **6****Atsushi Horiba**(Date of birth: February 5, 1948  
76 years old)External  
DirectorIndependent  
Officer

Reappointed

Common stock  
4,000 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 32 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 FY2023, 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 6 years at the conclusion of this Annual General Meeting of Shareholders.

He has been serving as the lead Independent External Director since June 20, 2023.

Candidate No.	7	<b>Takehiro Kamigama</b>	(Date of birth: January 12, 1958 66 years old)	External Director	Independent Officer	Reappointed	— shares
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#### 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.
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 12 out of 13 Board of Directors meetings held in FY2023, 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 6 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No.	8	<b>Kazuaki Oki</b>	(Date of birth: May 30, 1957 67 years old)	External Director	Independent Officer	Reappointed	Common stock 1,000 shares
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#### Biography, titles, responsibilities and significant concurrent positions

Oct. 1984	Joined Aoyama Audit Corporation	July 2017	External Director, Shizuoka Bank (Europe) S.A.
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 PwC Japan 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 FY2023, 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 6 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. 9

## Naomi Koshi

(Date of birth: July 5, 1975 48 years old External Director Independent Officer Reappointed)

— 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.
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)
		Dec. 2023	Outside Audit & Supervisory Board Member, Mitsubishi Research Institute, Inc. (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 FY2023, 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 3 years at the conclusion of this Annual General Meeting of Shareholders.

Candidate No. 10

## Maki Sakamoto

(Date of birth: December 15, 1969 54 years old External Director Independent Officer New appointment)

— shares



## Biography, titles, responsibilities and significant concurrent positions

Apr. 1998	Assistant, The University of Tokyo	Apr. 2011	Associate Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications
Apr. 2000	Lecturer, Department of Information and Communication Engineering, Faculty of Electro-Communications, The University of Electro-Communications	Apr. 2015	Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications
Apr. 2003	Lecturer, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications	Apr. 2016	Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications (to present)
Apr. 2004	Associate Professor, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications	May 2018	Founder and Director COO, Kansei AI Co., Ltd. (to present)
Apr. 2007	Associate Professor, Department of Human Communication, Faculty of Electro-Communications, The University of Electro-Communications	Oct. 2018	Sub-Director, Artificial Intelligence eXploration Research Center, The University of Electro-Communications (to present)
		Apr. 2020	Vice-president, The University of Electro-Communications (to present)

**Reason for nomination and outline of expected roles** Ms. Maki Sakamoto specializes in informatics as a professor at the University of Electro-Communications and has extensive knowledge and experience in AI and other technologies. The Company expects her to supervise the Company's management with her knowledge and experience, and give guidance on the Company's overall management. The Board would like to elect Ms. Sakamoto as an External Director so she can contribute to the Group's further growth and enhancement of corporate governance.



Candidate No. 11

Hiroko Sasaki

(Date of birth: October 29, 1973  
50 years old)External  
DirectorIndependent  
OfficerNew  
appointment

— shares



## Biography, titles, responsibilities and significant concurrent positions

Apr. 1996	Joined the Bank of Japan	June 2021	Outside Director, Shinsei Bank, Limited, (currently SBI Shinsei Bank, Limited)
Apr. 2001	Joined McKinsey & Company, Inc.	June 2021	Outside Director, UT Group Co., Ltd.
Oct. 2009	Transformation Designer, Transformation Office, Sony Corporation (currently Sony Group Corporation)	June 2022	Outside Director (Audit & Supervisory Committee Member), UT Group Co., Ltd. (to present)
Oct. 2010	Founder and President & CEO, ChangeWAVE Inc. (currently HYS Corporation) (to present)	Oct. 2022	Outside Director, Sumitomo Mitsui DS Asset Management Company, Limited (to present)
Sep. 2016	President & CEO, Lyxis Co., Ltd. (currently ChangeWAVE Group, Inc.) (to present)	Oct. 2022	Representative Director of Human Capital Management Promotion Association (to present)

## Reason for nomination and outline of expected roles

Ms. Hiroko Sasaki founded her own companies with a vision to transform companies and has extensive management experience, including assisting hundreds of companies with organizational transformation, management human resource development, and resolving issues facing people trying to maintain a career while burdened with nursing care. She has also served as a member of expert committees on the promotion of diversity at several large companies, and has been promoting corporate transformation. The Company expects her to supervise the Company's management with her knowledge and experience, and give guidance on the Company's overall management. The Board would like to elect Ms. Sasaki as an External Director so she can contribute to the Group's further growth and enhancement of corporate governance.

- (Notes) 1. 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."
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. Kazuhiko Fujihara, to be used for paying expenses relating to the exercise of "SoftBank Corp. March 2018 Stock Acquisition Rights."
4. 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.
5. 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.
6. Ms. Hiroko Sasaki concurrently holds the post of President & CEO of ChangeWAVE Group, Inc., 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. She also concurrently holds the post of President & CEO of HYS Corporation, with which the Company has business relationships, such as telecommunications services. However, the respective amount of transactions accounts for less than 0.1% of the Company's revenue, and is therefore negligible.
7. There are no other special interests between the candidates and the Company.

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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. 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. 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. 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 Ms. 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. In addition, subject to the approval of the election of Ms. Maki Sakamoto and Ms. Hiroko Sasaki in this proposal, the Company plans to newly conclude an agreement with them on the same terms and conditions.
10. Messrs. Atsushi Horiba, Takehiro Kamigama and Kazuaki Oki and Ms. Naomi Koshi meet the requirements for independent officers as stipulated by TSE and the Company has registered each of them as independent officer with TSE. If this proposal is approved as proposed, the Company will continue to file each of them as independent officer with TSE. In addition, Ms. Maki Sakamoto and Hiroko Sasaki meet the requirements for independent officers as stipulated by TSE, and subject to the approval of their election in this proposal, the Company plans to newly file each of them as independent officer with TSE.

## Proposal 3: 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 nominee for substitute Audit & Supervisory Board Member in this proposal meets the requirements for independent officers as stipulated by TSE and is recognized as independent. If this proposal is approved as proposed, the nominee will be filed with the TSE as an independent officer.

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:

		Number of shares held in the Company																					
<b>Yasuhiro Nakajima</b>	(Date of birth: October 13, 1961; 62 years old)	<div style="display: inline-block; border: 1px solid #4F81BD; padding: 2px; background-color: #4F81BD; color: white; margin-right: 5px;">External Director</div> <div style="display: inline-block; border: 1px solid #4F81BD; padding: 2px; background-color: #FF9933; color: white; margin-right: 5px;">Independent Officer</div>	— shares																				
	<p><b>Biography, titles, and significant concurrent positions</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Apr. 1984</td> <td style="width: 45%;">Joined Hitachi, Ltd.</td> <td style="width: 15%;">July 2014</td> <td style="width: 25%;">General Manager, Nagoya Office, PricewaterhouseCoopers Aarata LLC</td> </tr> <tr> <td>Mar. 1995</td> <td>Registered as a Certified Public Accountant</td> <td>July 2017</td> <td>Oversight Board Member, PricewaterhouseCoopers Aarata LLC</td> </tr> <tr> <td>July 2007</td> <td>Representative Partner, PricewaterhouseCoopers Aarata (currently PwC Japan LLC)</td> <td>Apr. 2022</td> <td>Specially Appointed Professor, Osaka Metropolitan University (to present)</td> </tr> <tr> <td>July 2012</td> <td>Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata</td> <td>July 2022</td> <td>Representative, Nakajima CPA Office (to present)</td> </tr> <tr> <td></td> <td></td> <td>Mar. 2023</td> <td>Outside Member of the Board, Bridgestone Corporation (to present)</td> </tr> </table>			Apr. 1984	Joined Hitachi, Ltd.	July 2014	General Manager, Nagoya Office, PricewaterhouseCoopers Aarata LLC	Mar. 1995	Registered as a Certified Public Accountant	July 2017	Oversight Board Member, PricewaterhouseCoopers Aarata LLC	July 2007	Representative Partner, PricewaterhouseCoopers Aarata (currently PwC Japan LLC)	Apr. 2022	Specially Appointed Professor, Osaka Metropolitan University (to present)	July 2012	Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata	July 2022	Representative, Nakajima CPA Office (to present)			Mar. 2023	Outside Member of the Board, Bridgestone Corporation (to present)
Apr. 1984	Joined Hitachi, Ltd.	July 2014	General Manager, Nagoya Office, PricewaterhouseCoopers Aarata LLC																				
Mar. 1995	Registered as a Certified Public Accountant	July 2017	Oversight Board Member, PricewaterhouseCoopers Aarata LLC																				
July 2007	Representative Partner, PricewaterhouseCoopers Aarata (currently PwC Japan LLC)	Apr. 2022	Specially Appointed Professor, Osaka Metropolitan University (to present)																				
July 2012	Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata	July 2022	Representative, Nakajima CPA Office (to present)																				
		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 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, global, and sustainability 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	Sustainability
		Major career / credentials of External Officers	Male: M Female: F	•Corporate Management	•Finance •Accounting •Banking •Investment	•Legal •Risk •Labor - Management •Compliance	•Information & Communications technology •High-tech	•Business Strategy •Marketing •Sales	•Global Business	•Sustainability •ESG
Yasuyuki Imai	Director & Chairman		M	○				◎		
Junichi Miyakawa	President & CEO		M	◎			○		○	○
Jun Shimba	Representative Director & COO		M	○				◎		
Kazuhiko Fujihara	Board Director, Executive Vice President & CFO		M	○	◎				○	
Masayoshi Son	Board Director, Founder		M	◎			○		○	
Atsushi Horiba	External Director	Chairman, HORIBA, Ltd.	M	◎			○		○	○
Takehiro Kamigama	External Director	Chairman, TDK Corporation	M	◎			○		○	○
Kazuaki Oki	External Director	Certified Public Accountant	M		◎				○	
Naomi Koshi	External Director	Lawyer, Mayor (2 terms)	F			◎			○	○
Maki Sakamoto	External Director	Vice-president, The University of Electro-Communications	F				◎			
Hiroko Sasaki	External Director	Founder, ChangeWAVE Inc.	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.

(Reference)

Definition and description of each skill

Item	Sub-item	Description
Management	<ul style="list-style-type: none"> <li>Corporate Management</li> </ul>	Based on the Group's shared corporate philosophy of "Information Revolution - Happiness for everyone," extensive and deep knowledge and experience in corporate management are required to formulate and implement management strategies and plans over the medium and long term, and to supervise the effectiveness of such strategies and plans.
Finance	<ul style="list-style-type: none"> <li>Finance</li> <li>Accounting</li> <li>Banking</li> <li>Investment</li> </ul>	Extensive and deep knowledge and experience in finance, accounting, banking, investment, etc. are required to achieve the financial targets set forth in the Group's medium-term management plan, to formulate and implement strategies for achieving both growth and high shareholder returns, and to supervise these strategies appropriately.
Legal / Risk	<ul style="list-style-type: none"> <li>Legal</li> <li>Risk</li> <li>Labor - Management</li> <li>Compliance</li> </ul>	Extensive and deep knowledge and experience in legal affairs, risk management, labor-management, compliance, etc. are required to implement and supervise appropriate risk management, including compliance with domestic and foreign laws and regulations related to the management and business of the Group.
Digital / Technology	<ul style="list-style-type: none"> <li>Information &amp; Communications technology</li> <li>High-tech</li> </ul>	Extensive and deep knowledge and experience in advanced technologies in the information technology field in addition to the information and communications technology as a core business are required to realize the Group's vision of becoming "the corporate group needed most by people around the world," and a corporation that provides next-generation social infrastructure essential for the development of a digital society, as well as to promote the growth strategy "Beyond Carrier" and aim to maximize corporate value.
Sales / Marketing	<ul style="list-style-type: none"> <li>Business Strategy</li> <li>Marketing</li> <li>Sales</li> </ul>	Extensive and deep knowledge and experience in business strategy, marketing and sales are required to plan and accurately implement the Group's various businesses both in Japan and overseas, and to improve profit.
Global	<ul style="list-style-type: none"> <li>Global Business</li> </ul>	Extensive and deep knowledge and experience in overseas business management and the business environment are required to plan and accurately implement the Group's global business.
Sustainability	<ul style="list-style-type: none"> <li>Sustainability</li> <li>ESG</li> </ul>	Extensive and deep knowledge and experience in sustainability management that supports corporate sustainability, including environment (including climate change), society, and governance, are required to contribute to the creation of a sustainable society and to formulate, integrate, and promote strategies for the Group to continue to grow sustainably, as well as to supervise these strategies appropriately.

# NEWS FLASH

This Year's Topics April 2023 – March 2024



Expanded scope of commitment to achieve 'Net Zero' greenhouse gas (GHG) emissions by 2050 to group companies<sup>(\*)</sup>



Launched Simple2 S/M/L, new mobile service price plans for Y!mobile brand

2023.5

2023.6

2023.9

2023.10

2023.10

**Announced Long-term Vision and Medium-term Management Plan (FY2023-FY2025)**

Pursuing net income attributable to owners of the company of ¥535.0 billion (record-high) in FY2025



Began operation of Japan's top-level generative AI computing platform and full-fledged development of homegrown LLMs



Launched Pay-to-ku plans, new mobile service price plans for SoftBank brand

<sup>\*</sup>1 Applicable to consolidated subsidiaries. Covers GHG emissions from group companies' own business processes and energy consumption (Scope 1 and 2) and from supply chains (Scope 3)



**Issued Series 1 Bond-Type Class Shares**  
First listing of bond-type class shares in Japan

**Number of smartphone subscribers surpassed 30 million**



**Received Grand Prize for 5th NIKKEI SDGs Management Award**

2023.10

2023.11

2023.11

2023.11

2023.12

## LINEヤフー

### Established LY Corporation

Completed group reorganization mainly around LINE and Yahoo Japan



**Number of registered PayPay users<sup>(\*)2</sup> surpassed 60 million in five years since launch**

\*2 Number of users who have registered PayPay accounts

**Announced construction of data center, key component of next-generation social infrastructure**  
**Aiming for launch in FY2026**



**Selected as component of DJSI World, leading global ESG index, for second consecutive year**



## 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 and providing added value utilizing group services. As a result, the number of smartphone subscribers as of March 31, 2024 increased by 1,470 thousand year on year.

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 Media & EC segment, Z Holdings Corporation completed the group reorganization mainly around the three companies, Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation as scheduled, and the new company started operations as LY Corporation on October 1, 2023. Accordingly, LY Corporation and its subsidiaries (the "LY Group") will accelerate the pace of synergy creation, pursue improvements in product creation and profitability, and take on the challenge of creating new value.

In the Financial segment, the number of registered users of the cashless payment service *PayPay* reached 63 million as of March 31, 2024, surpassing 60 million in the short span of five years since the service began in October 2018.

As a result, for the fiscal year ended March 31, 2024, revenue increased by ¥172.0 billion (2.9%) year on year to ¥6,084.0 billion. This was mainly due to increases of ¥90.5 billion (63.6%) in the Financial segment, of ¥56.6 billion (9.6%) in the Distribution segment, of ¥52.4 billion (3.4%) in the Media & EC segment, and of ¥37.2 billion (5.0%) in the Enterprise segment, while revenue decreased by ¥59.1 billion (2.1%) in the Consumer segment.

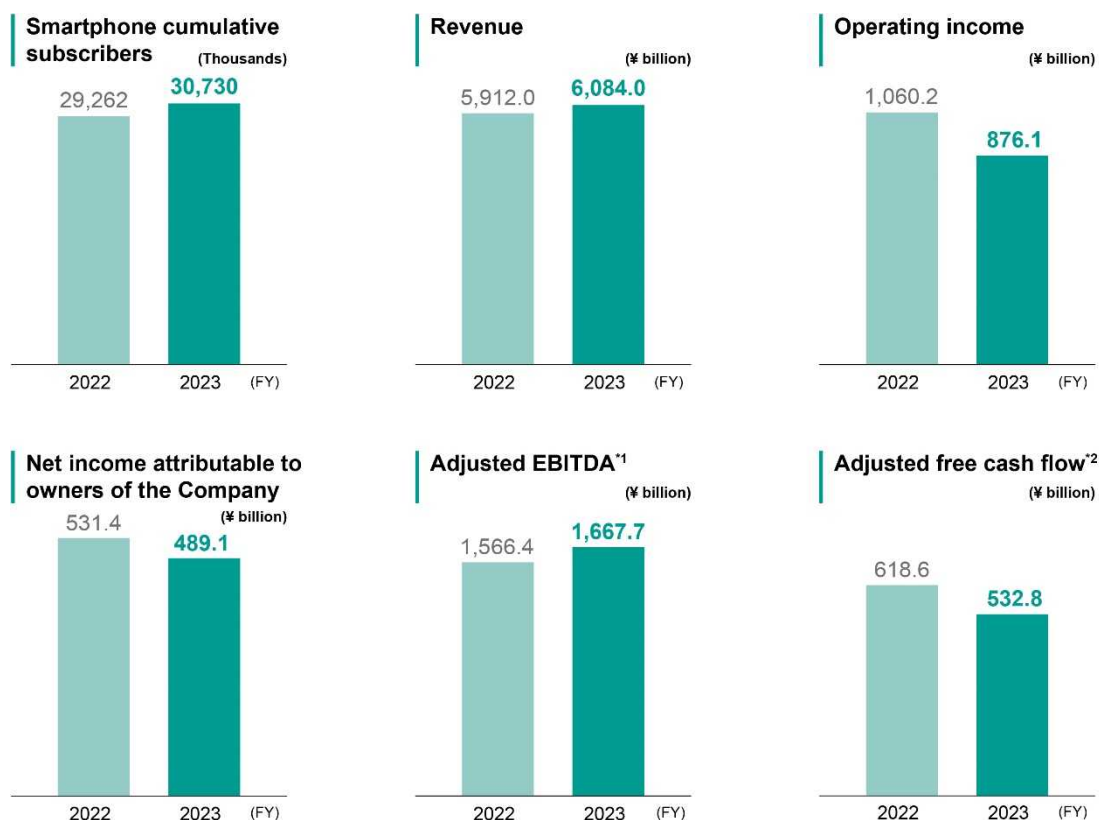
Operating income decreased by ¥184.1 billion (17.4%) year on year to ¥876.1 billion. This mainly reflected the absence of ¥294.8 billion associated with a gain on step acquisition in connection with the consolidation of PayPay Corporation that had been recorded in the previous fiscal year. Excluding the impact of the aforementioned gain on step acquisition, operating income for the fiscal year ended March 31, 2024 increased by ¥110.7 billion (14.5%) year on year.

Net income attributable to owners of the Company decreased by ¥42.3 billion (8.0%) year on year to ¥489.1 billion. This mainly reflected a decrease in operating income due to the aforementioned factors. On the other hand, the decrease was partly offset by, among other factors, the absence of losses on valuation of investment securities held that had been recorded in the previous fiscal year, a reversal of provisions for litigation that had been recorded in the previous fiscal year, and the recording of a gain on changes in equity interest associated with the change in the LY Group's equity interest in Webtoon Entertainment Inc. in the fiscal year ended March 31, 2024. Excluding the impact of the aforementioned gain on step acquisition that had been recorded in the previous fiscal year, net income attributable to owners of the Company for the fiscal year ended March 31, 2024 increased by ¥152.9 billion (45.5%) year on year.

(Note) The Group changed the name of the Yahoo! JAPAN/LINE segment to the Media & EC segment from the fiscal year ended March 31, 2024. Accordingly, the Group has five reportable segments: the Consumer segment, the Enterprise segment, the Distribution segment, the Media & EC segment, and the Financial segment. This change only pertains to the segment name, and there are no changes to the segment classification, scope, or measurement methods.



For the fiscal year ended March 31, 2024, adjusted EBITDA increased by ¥101.2 billion (6.5%) year on year to ¥1,667.7 billion. This mainly reflected an increase in operating income excluding a gain on step acquisition in connection with the consolidation of PayPay Corporation that was recorded in the previous fiscal year. On the other hand, adjusted free cash flow (excluding the LY Group and PayPay, etc.) decreased by ¥85.8 billion (13.9%) year on year, due to a decrease in cash inflow from operating activities as well as an increase in cash outflow from investing activities mainly due to investment in Cubic Telecom Ltd. and investments in the generative AI platform.



- (Notes)
- 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 LY 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, PayPay Card Corporation, PayPay Securities Corporation, and PPSC Investment Service Corporation.

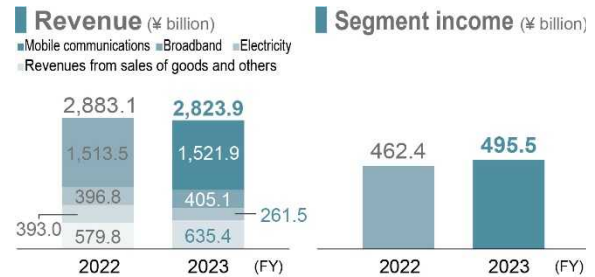
## 2) Results by reportable segment

### 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 increase in mobile revenue mainly reflected an increase in smartphone subscribers mainly led by the *Y!mobile* brand while the decline in Average Revenue Per User per month (ARPU) due to the mobile service price reduction implemented in spring 2021 slowed down. The decline in ARPU due to mobile service price reduction was mainly because of the penetration of price plans introduced in spring 2021 under the *SoftBank* and *Y!mobile* brands and further switching of subscribers from the *SoftBank* brand to the *Y!mobile* brand. The increase in broadband revenue was mainly due to an increase in subscribers of the *SoftBank Hikari\** fiber-optic service. The decrease in electricity revenue was mainly due to a decrease in transactions in the electricity market.



The increase in revenues from sales of goods and others was mainly due to an increase in unit sales price and number of smartphones and other devices sold.

The total of cost of sales, selling, general and administrative expenses, other operating income, and other operating expenses (collectively, “operating expenses”) decreased year on year. This decrease was mainly due to a decrease in the cost of service of electricity and a decrease in depreciation and amortization, while there was an increase in the cost of goods of smartphones, etc.

As a result, segment income increased by ¥33.1 billion (7.2%) year on year to ¥495.5 billion.

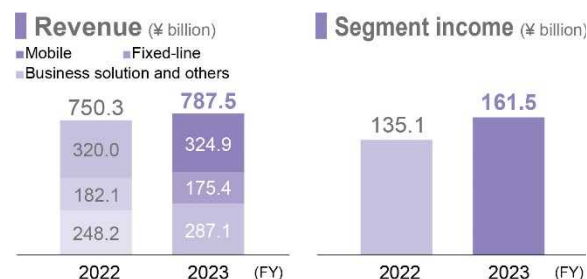
(Note) *SoftBank Hikari* subscribers include the number of subscribers to *SoftBank Air*.

## 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 solution services 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 increases in sales of mobile devices and 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, security solutions and other services as a result of capturing enterprise customers' demand for digitalization.



Operating expenses increased year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue and the absence of a gain on step acquisition in connection with the consolidation of HEALTHCARE TECHNOLOGIES Corp. that had been recorded in the previous fiscal year, while there was a reversal of provisions for litigation that had been recorded in the previous fiscal year.

As a result, segment income increased by ¥26.5 billion (19.6%) year on year to ¥161.5 billion.

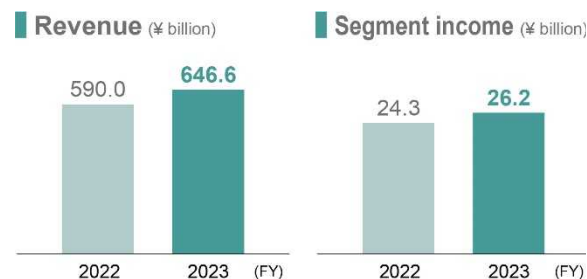
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## Distribution

### 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.



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

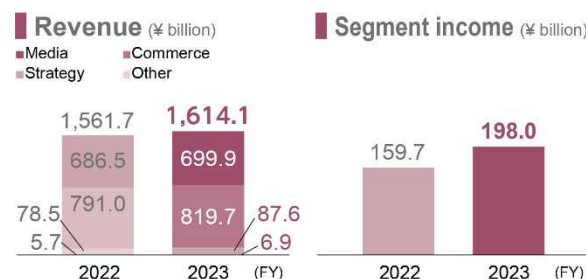
As a result, segment income increased by ¥2.0 billion (8.1%) year on year to ¥26.2 billion.

## Media & EC

### 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 its comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the commerce field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. In the strategy field, the Group provides services centered on FinTech\*.

In revenue, the increase in media revenue mainly reflected an increase in revenue from account advertising. The increase in commerce revenue is mainly due to an increase in revenue of the ASKUL Group (ASKUL Corporation and its subsidiaries) and the ZOZO Group (ZOZO, Inc. and its subsidiaries). The increase in strategy revenue mainly reflected an increase in revenue in the FinTech field.



Operating expenses increased year on year mainly reflecting an increase in cost of sales at the ASKUL Group and an increase in depreciation and amortization, while there was a decrease in sales promotion expenses and advertising expenses.

As a result, segment income increased by ¥38.2 billion (23.9%) year on year to ¥198.0 billion.

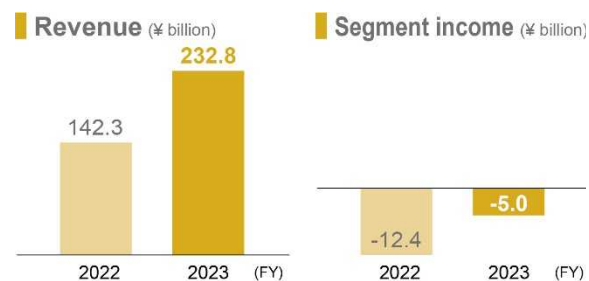
(Note) FinTech is a term coined by combining finance and technology, and refers to a variety of innovative services that combine financial services with information and communication technology.

## Financial

### 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 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 in October 2022 and an increase in its revenue. Similarly, operating expenses increased mainly due to the effects of the abovementioned consolidation of PayPay Corporation.



As a result, segment income increased by ¥7.4 billion year on year to negative ¥5.0 billion.

### 3) Status of assets, profit and loss

#### International Financial Reporting Standards (IFRS)

Fiscal year (¥ million)	2020	2021	2022	2023
Revenue	5,205,537	5,690,606	5,911,999	<b>6,084,002</b>
Operating income	970,770	965,553	1,060,168	<b>876,068</b>
Net income attributable to owners of the Company	491,287	517,075	531,366	<b>489,074</b>
Total assets	12,207,720	13,097,464	14,682,181	<b>15,521,906</b>
Total equity	2,737,112	3,212,731	3,683,067	<b>3,935,647</b>
Ratio of equity attributable to owners of the Company to total assets (%)	12.6	15.0	15.2	<b>15.3</b>
Ratio of net income attributable to owners of the Company to equity attributable to owners of the Company (ROE) (%)	38.7	27.3	25.4	<b>21.3</b>
<b>Per share (¥)</b>				
Basic earnings per share	103.85	110.04	112.53	<b>103.17</b>
Equity attributable to owners of the Company per share	327.69	416.51	470.24	<b>479.72</b>

- (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.
3. Net income used for basic earnings per share is based on net income attributable to owners of the Company excluding the amount not attributable to common shareholders.
4. Equity per share attributable to owners of the Company is based on equity attributable to owners of the Company excluding the amount not attributable to common shareholders.

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#### 4) Capital investments

During the fiscal year ended March 31, 2024, the Company began investment in the generative AI platform, while investment in 5G coverage deployment, which has been ongoing for the past several years, has been completed. As a result, the total amount of capital investments for the fiscal year ended March 31, 2024 amounted to ¥650.9 billion.

#### 5) Financing activities

Major financing activities are as follows.\*<sup>1</sup>

- (1) The Company entered into a syndicated loan agreement in November 2023 for an aggregate of ¥200.0 billion for long-term business funds.
- (2) The Company raised funds through leases totaling ¥306.4 billion.\*<sup>2</sup>
- (3) The Company conducted securitization of installment receivables of devices totaling ¥318.2 billion.
- (4) The Company issued unsecured bonds at an aggregate face value of ¥120.0 billion in July 2023 for institutional investors and issued unsecured bonds (*SoftBank Mirai Soshutsu Bond*) at an aggregate face value of ¥140.0 billion in January 2024 for individual investors.
- (5) The Company raised ¥120.0 billion by issuing 30 million Series 1 Bond-Type Class Shares and listing them on the Tokyo Stock Exchange Prime Market, being the first company to do so in Japan.
- (6) The Company raised ¥10.0 billion from the Development Bank of Japan Inc., having obtained the highest rating of DBJ Health Management Rating (Health Management) in March 2024.
- (7) LY Corporation, a subsidiary of the Company, raised ¥49.5 billion in April 2023 and ¥51.0 billion in September 2023 through committed syndicated loans.

(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) On October 1, 2023, Z Holdings Corporation, as the surviving company, completed an intra-group reorganization involving mainly itself and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same day, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, and Yahoo Japan Corporation was extinguished. Through the intra-group reorganization, LY Corporation will accelerate the pace of synergy creation, pursue improvements in product creation and profitability, and take on the challenge of creating new value.
- (2) In March 2024, under the business policy “Beyond Japan,” to pioneer the future of software-defined connected vehicles\* and other high-value Internet-of-Things (IoT) assets by harnessing the power of global connectivity platforms provided by Cubic Telecom Ltd., the Company acquired its shares and made it a subsidiary.

(Note) “Software-defined connected vehicle (SDCV)” is a term that describes a vehicle whose features and functions are primarily enabled through software connected to the Internet.



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## 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 and JPiT appealed the judgment to the Tokyo High Court, and on March 21, 2024, the Court rendered a judgment ordering JPiT to pay ¥65 million as remuneration for the additional services and delay damages and dismissing all claims by JPiT. The Company and JPiT appealed to the Supreme Court and filed a petition for acceptance of appeal regarding the judgment. Based on the Tokyo High Court’s judgement, a total of ¥19,176 million consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which was recorded in “Provision for loss on litigation” under “Current liabilities” in the non-consolidated balance sheet in the previous fiscal year, has been fully reversed. The amount has been recorded in “Reversal of provision for loss on litigation” under “Extraordinary income” in the non-consolidated statement of income.

### (2) Administrative guidance concerning communication failures

In December 2023, the Company received administrative guidance from the Ministry of Internal Affairs and Communications (MIC) concerning communication failures in our fixed-line telephone services. The Company takes the occurrence of this communication failure very seriously and will do our utmost to prevent recurrence and ensure the stable operation of services.

### (3) Administrative guidance, etc. to LY Corporation

- a. LY Corporation received administrative guidance from MIC in March and April 2024 and recommendations and requests for reports, etc., from the Personal Information Protection Commission in March 2024 concerning incidents including the leakage of information due to unauthorized access.
- b. LY Corporation received guidance from the Personal Information Protection Commission in March 2024 concerning a malfunction in its Internet auction service.

LY Corporation takes the administrative guidance and recommendations in a. and b. above seriously and will proceed with verification to strengthen its security governance system, promote measures to prevent recurrence, and work to regain trust in the future. In addition, as the parent company of LY Corporation, the Company will implement measures to ensure effective security governance concerning a. above.

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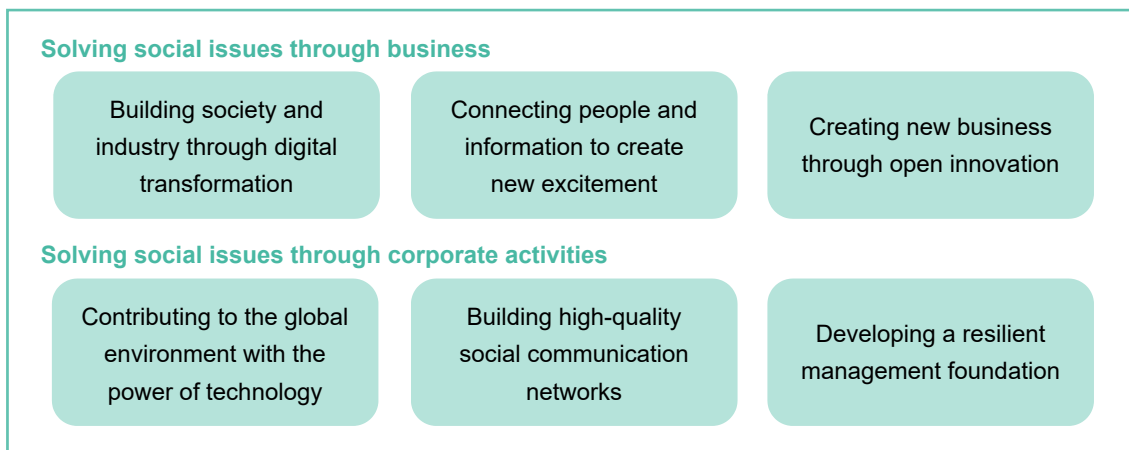
## 2 Issues to be addressed by the Group

### 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."

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### 3) Management policy

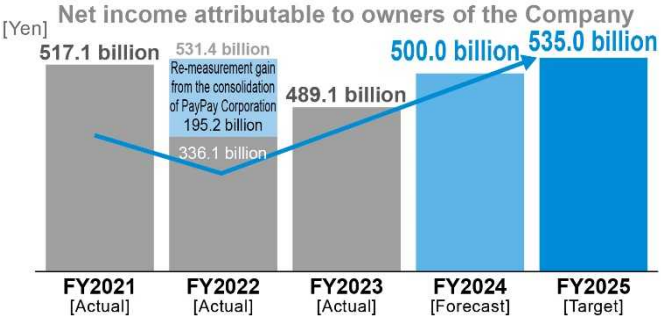
#### 1. Management environment

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

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 results for FY2023 and forecasts for FY2024 are as shown below.

Consolidated financial results for FY2023 and forecasts for FY2024

	Result of FY2023	Forecast for FY2024	Increase/(Decrease)	Change (%)
Revenue	¥6,084.0 billion	¥6,200.0 billion	¥116.0 billion	2%
Operating income	¥876.1 billion	¥900.0 billion	¥23.9 billion	3%
Net income attributable to owners of the Company	¥489.1 billion	¥500.0 billion	¥10.9 billion	2%
Dividends per share <sup>*1</sup>	¥86	¥86	¥-	¥-

Operating income by segment: Results for FY2023 and forecasts for FY2024

	Result of FY2023	Forecast for FY2024	Increase/(Decrease)	Change (%)
Consumer	¥495.5 billion	¥530.0 billion	¥34.5 billion	7%
Enterprise <sup>*2</sup>	¥167.2 billion	¥170.0 billion	¥2.8 billion	2%
Distribution	¥26.2 billion	¥28.0 billion	¥1.8 billion	7%
Media & EC	¥198.0 billion	¥230.0 billion	¥32.0 billion	16%
Financial	¥(5.0) billion	¥3.0 billion	¥8.0 billion	-
Other <sup>*2, 3</sup>	¥(5.8) billion	¥(61.0) billion	¥(55.2) billion	-
Total	¥876.1 billion	¥900.0 billion	¥23.9 billion	3%

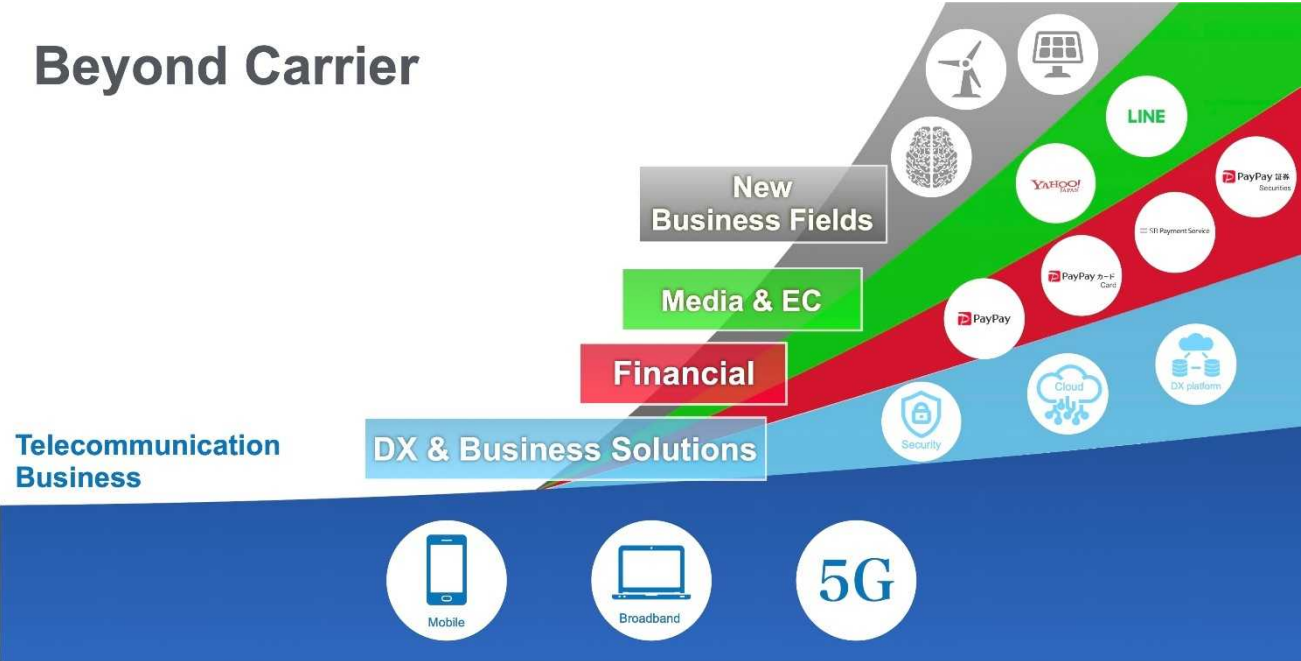
- (Notes) 1. Subject to approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024, the Company plans to conduct a stock split whereby each share of the Company's common shares will be split into 10 shares, with the effective date being October 1, 2024. The above year-end dividend per share for FY2024 does not take this stock split into account.
2. From FY2024, SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which were previously classified as Other, will be transferred to the Enterprise segment. As a result, the figures for the Enterprise segment and Other for FY2023 have been retrospectively adjusted. Please note that these retrospectively adjusted figures are currently under review.
3. Other includes information not included in any of Consumer, Enterprise, Distribution, Media & EC, and Financial segments and adjustments including eliminations of intersegment transactions and expenses not allocated to each reportable segment.

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



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## 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 its comprehensive Internet service, *Yahoo! JAPAN*, the communication app *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 95% and we have since expanded its service area. Until now, the Group's 5G services were mainly on a non-standalone basis, using ultra-high speed and large capacity communications. Following this, 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.



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## 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.

In addition, we are also working to expand business areas through M&As. We will expand sales of IoT solutions by Cubic Telecom Ltd., which became a subsidiary in March 2024, mainly to major automotive manufacturers, and lead the global business to pioneer the future of rapidly growing connected cars and SDCVs.

## 3. Growth of Media & EC

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

### i. Expansion of the media field

In the media field, which handles Internet advertising and other services, we will work to maximize the sales of existing advertisements by increasing the unit price of advertisements through raising distribution accuracy by leveraging the Group's technologies and assets. In addition, we will seek to achieve further sales growth by supporting integrated marketing from the acquisition of new customers to encouraging ongoing use, through our advantages in marketing analysis via data linking and promotion of repeat purchasing through communications apps.

### ii. 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 for sustainable growth in earnings by further promoting mutual use of the Group services such as *LINE*, *Yahoo! JAPAN*, and *PayPay*, which have some of the largest user bases in Japan, and by expanding the Group ecosystem.

### iii. Improvement of security governance

LY Corporation, a core company in the Media & EC business, received administrative guidance from MIC in March and April 2024 and recommendations and guidance from the Personal Information Protection Commission in March 2024 concerning the leakage of information due to unauthorized access, which was announced in November 2023. LY Corporation takes the administrative guidance and recommendations and guidance seriously and will proceed to fundamentally review the safety management measures and the management of contractors, strengthen countermeasures, and essentially review and strengthen security governance, as well as sequentially implement measures to prevent recurrence. As the parent company of LY Corporation, the Company will consider measures to ensure effective security governance.

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#### 4. Growth of Financial business

The Financial segment, which was added from the three months ended December 31, 2022, includes PayPay Corporation and 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 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, by utilizing its user base of tens of millions of users in different fields such as telecommunications, e-commerce, payments, and social media.

The Company particularly focuses on the research and development of large-scale language models (LLM) specialized for the Japanese language and the development of peripheral services, and aims to create and expand new businesses.

#### 6. Improvement of cost efficiency

The Group will flexibly make business investments while continuing to improve cost efficiency. For example, we strive to automate call center operations, network operations and monitoring, etc., using AI to further improve efficiency. 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.

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#### 4. Financial strategy

##### (a) Priority management indicator

The Group considers adjusted free cash flow<sup>\*</sup>, 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

The Company creates new industries and provides 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

The Company provides new experiences and enriches the lifestyles of customers through promoting the adoption of smart devices. Concurrently, the Company creates value for both consumers and partners by providing them with attractive platforms that connect people to information.

##### 3. Creating new business through open innovation

The Company creates new businesses and develops cutting-edge technologies and business models in Japan by leveraging relationships with global leading innovative companies. Concurrently, the Company promotes 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

The Company contributes 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 infrastructure

The Company is committed to maintaining a constantly connected and stable telecommunication network, while also protecting customers' important data. In addition, the Company will promote the construction of a “next-generation social infrastructure” with a structure that can meet the demand for data processing and electricity, which is expected to increase rapidly due to the accelerated evolution of AI.

##### 6. Developing a resilient management foundation

The Company conducts corporate governance with integrity to earn the trust of society through ongoing dialogue with stakeholders. In addition, the Company fosters innovation and improves the well-being of 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 employees and their families.

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

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## (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 zero by 2030, the Company is also promoting the Net-Zero pledge throughout the Group companies. This pledge focusses on achieving zero supply chain emissions (Scope 3), which includes GHG emissions generated by business partners, by 2050. Targets for *Net-Zero* include short-term targets already certified by the Science Based Targets initiative (SBTi), an international climate change initiative, as well as the SBT Net-Zero certification, which is based on scientific evidence. In addition, the Company joined the RE100<sup>1</sup>, an international initiative that urges companies to use 100% renewable energy to power their business activities. Along with signing long-term contracts to procure green energy, by 2030, 50% of electricity use to be generated from additional renewable energy sources with additionality<sup>2</sup>, we will eventually convert all electricity usage to renewable energy sources to reduce GHG emissions, strive to become carbon neutral and contribute to the realization of a decarbonized society.

(Notes)

1. RE100 is run by Climate Group, an international environmental NGO, in partnership with CDP, an NGO promoting global information disclosure on climate change.
2. 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)<sup>\*</sup> 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.

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### <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 supports the achievement of “Nature Positive” pursued by the international community and set efforts to mitigate the impact on biodiversity from land development as a KPI (target) within our material issues. Both globally and domestically, we prioritize avoiding land development, such as base station construction, in areas of significant biodiversity. If such development is unavoidable, we conduct forest conservation activities such as tree planting for an area that more than compensates for it, for example in Furano City, Hokkaido, and Kijimadaira Village, Nagano Prefecture, etc., to preserve the forest.



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 FY2023, 60 coral seedlings were planted in March, for a cumulative total of around 400 coral seedlings planted to date.

In January 2024, the Company was registered as an Early Adopter based on the TNFD\* disclosure framework. Going forward, we will disclose information on the impact of our corporate activities on natural capital and other resources.

(Note) Taskforce on Nature-related Financial Disclosures: An international organization that establishes a framework for the appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity.

### <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 CO<sub>2</sub> emissions<sup>1</sup>. In addition, SB Power Corp. contributes ¥50 per month for each *Shizen Denki* contract, to support the activities of forest conservation groups<sup>2</sup>. In FY2023, an annual CO<sub>2</sub> emissions reduction of approximately 39,000 t-CO<sub>2</sub> was achieved through the provision of the *Shizen Denki* service.

(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 CO<sub>2</sub> 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 employee 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 to increase the ratio of female managers to 15% by FY2030 and to 20% by FY2035, aiming to promote 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

At SoftBank stores, SoftBank-certified expert smartphone advisors® ascertain customers' usage details and provide solid support, from help selecting the most suitable price plan and appropriate device to walking customers through such initial settings as filtering and providing consultation for repairs.

Smartphone advisors® and other SoftBank-certified smartphone specialists hold smartphone classes, open to both SoftBank and non-SoftBank customers alike. These easy-to-follow classes show both prospective and current users of smartphones and tablets how convenient and fun these devices can be.



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### The EdTech Project: providing high-quality education in Rwanda

Since FY2022, the Company has been implementing the experimental EdTech Project to address education-related challenges that many areas of Africa face, such as a shortage of teachers and disparities in the level of education available. Beginning in the autumn of 2023, we increased the number of schools receiving service through the project to 20 schools. Under the EdTech project, we provide satellite communications for schools in areas of Rwanda with underdeveloped communications infrastructure and use the Cloud Campus\* e-learning platform to offer classes using digital video content as well as videos of classes taught by highly skilled teachers in Rwanda. Through such efforts, we provide educational opportunities combining online products and local resources.



(Note) Cloud Campus: An online education platform developed and operated by SoftBank Group company Cyber University Inc.

■ Corporate Governance (Governance)

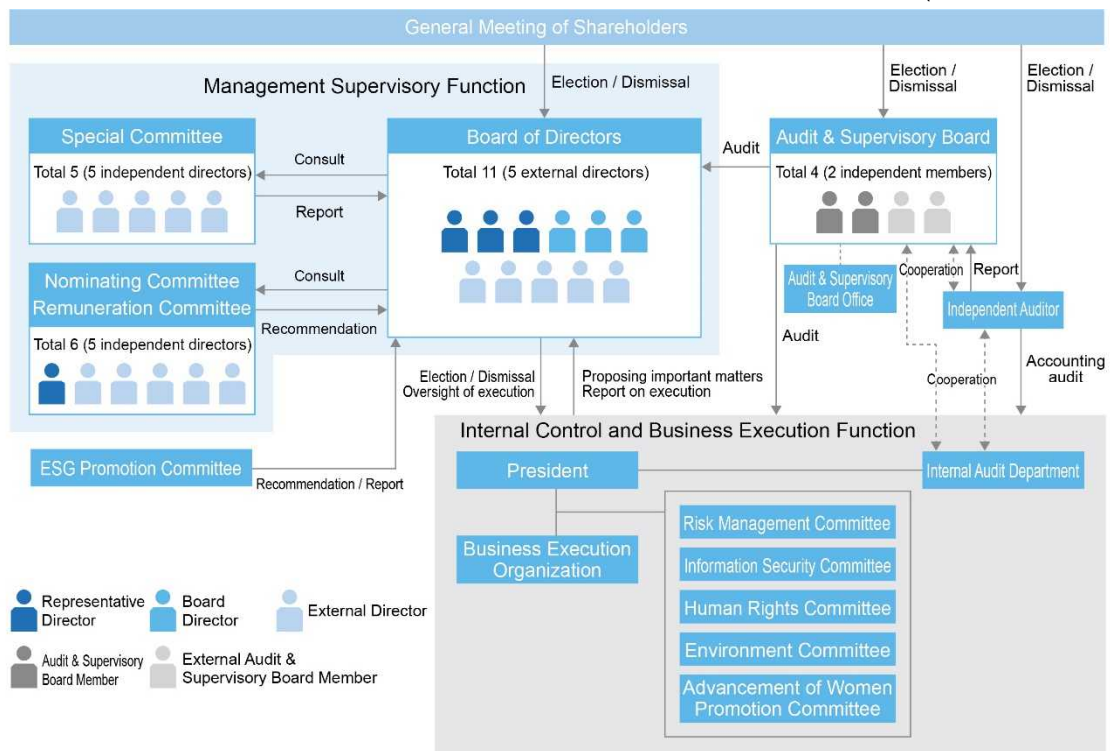
<Basic views>

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 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, 2024)

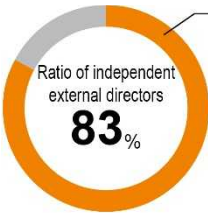


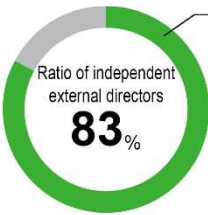


<Advisory bodies to the Board of Directors responsible for management supervision>

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 FY2023	2 meetings
<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>  <p>5 independent external Directors Atsushi Horiba (Chair) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Naomi Koshi</p> <p>Observers Shuji Kojima (Independent External Audit &amp; Supervisory Board Member) Yoko Kudo (Independent External Audit &amp; Supervisory Board Member)</p>		

Nominating Committee	Chair	Atsushi Horiba (independent External Director)	Number of meetings held in FY2023	4 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 FY2023</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>  <p>5 independent external Directors Atsushi Horiba (Chair) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Naomi Koshi</p> <p>1 internal Director Junichi Miyakawa (President &amp; CEO)</p>		

Remuneration Committee	Chair	Atsushi Horiba (independent External Director)	Number of meetings held in FY2023	3 meetings
<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 FY2023</p> <p>Remuneration by position, performance-linked indicators, disclosure documents, individual remuneration amounts</p>		<p>- Composition of the committee</p>  <p>5 independent external Directors Atsushi Horiba (Chair) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Naomi Koshi</p> <p>1 internal Director Junichi Miyakawa (President &amp; CEO)</p>		

(Note) The composition of each committee is as of March 31, 2024.

### 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 common shares of the Company (equity interest: 40.68%). 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	¥110 million	31.8	Telecommunications business
SB Power Corp.	¥3,000 million	100.0	Sale, purchase, and supply of power and power transaction mediation
Cubic Telecom Ltd.	240 thousand EUR	54.3	Supply of IoT platforms for SDCVs
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
LY Corporation*3	¥248,144 million	64.4 [64.4]	Operation of internet advertising, e-commerce, membership services and other businesses, and group company management operations
ASKUL Corporation*2	¥21,234 million	45.0 [45.0]	Office-related product sales and other delivery services
ZOZO, Inc.	¥1,360 million	51.5 [51.5]	Planning and operation of fashion e-commerce site ZOZOTOWN, 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
Z Intermediate Global Corporation*3	¥1 million	100.0 [100.0]	Holding company
LINE SOUTHEAST ASIA CORP.PTE.LTD.	220,500 thousand USD	100.0 [100.0]	Holding company
LINE Financial Corporation*4	244,638 million KRW	100.0 [100.0]	Planning and operation of LINE's global financial platform services

Company name	Capital	Voting rights of the Company*1 (%)	Principal business activities
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
PayPay Corporation	¥94,180 million	69.8 [63.9]	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. On October 1, 2023, the Group was reorganized centered around Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation, renaming Z Holdings Corporation and LINE Corporation into LY Corporation and Z Intermediate Global Corporation, respectively.  
4. LINE Financial Corporation was renamed LINE Financial Plus Corporation on October 1, 2023.

4 Major business offices (as of March 31, 2024)

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
Cubic Telecom Ltd.	Head office: Dublin, Ireland
SB C&S Corp.	Head office: Minato-ku, Tokyo
A Holdings Corporation	Head office: Minato-ku, Tokyo
LY 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
Z Intermediate Global Corporation	Head office: Shinjuku-ku, Tokyo
LINE SOUTHEAST ASIA CORP.PTE.LTD.	Head office: Singapore
LINE Financial 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
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, 2024)

### 1) Employees of the Group

Number of employees	Change from the end of the previous fiscal year
55,400	414 increase

(Note) 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
18,889	156 decrease

(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, 2024)

Lenders	Outstanding balance of loans
Bank borrowing	¥1,563,269 million
Lease contracts	¥925,867 million
Securitization of receivables	¥859,653 million

(Notes) 1. The above bank borrowing is based on agreements concluded by the Company and its subsidiary LY 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 LY Corporation have entered into with lease companies.  
3. The above securitization of receivables is in the form of the Company's installment receivables of devices.

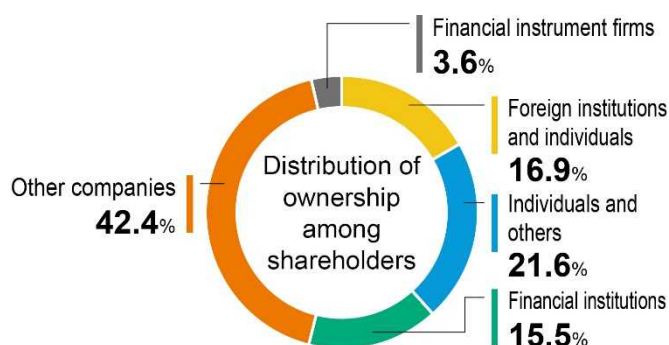
## Status of the Company

### 1) Status of shares (as of March 31, 2024)

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

### 2) Shares issued

Common stock 4,756,200,770 shares  
 Series 1 Bond-Type Class Shares 30,000,000 shares  
 (Treasury common stock 47,805,153 shares)



### 3) Number of shareholders

Common stock 858,525  
 Series 1 Bond-Type Class Shares 20,781

### 4) Principal shareholders

Name of shareholders	Number of shares held			Percentage of total shares issued (%)
	Common stock	Series 1 Bond-Type Class Shares	Total	
SoftBank Group Japan Corporation	1,914,858,070	-	1,914,858,070	40.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	480,664,900	-	480,664,900	10.14
Custody Bank of Japan, Ltd. (Trust Account)	171,578,600	13,700	171,592,300	3.62
STATE STREET BANK WEST CLIENT - TREATY 505234	68,648,100	-	68,648,100	1.45
JPMorgan Securities Japan Co., Ltd.	48,309,066	-	48,309,066	1.02
SMBC Nikko Securities Inc.	47,685,462	-	47,685,462	1.01
JP MORGAN CHASE BANK 385632	41,035,575	-	41,035,575	0.87
JP MORGAN CHASE BANK 385781	38,178,647	-	38,178,647	0.81
SSBTC CLIENT OMNIBUS ACCOUNT	27,303,660	-	27,303,660	0.58
STATE STREET BANK AND TRUST COMPANY 505103	25,339,615	-	25,339,615	0.53

- (Notes) 1. On November 1, 2023, the Company issued 30,000,000 Series 1 Bond-Type Class Shares, which were listed on the Prime Market of the Tokyo Stock Exchange, Inc. on November 2, 2023.  
 2. Although the total number of shares of common stock issued increased by 13,905,600 shares due to the exercise of stock acquisition rights, the Company retired 44,850,000 shares of treasury common stock on March 29, 2024, resulting in a decrease in the total number of shares of common stock issued by 30,944,400 shares.  
 3. Percentage of total shares issued is calculated excluding treasury stock (47,805,153 shares).  
 4. 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. Subject to approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders to be held on June 20, 2024, the Company resolved at the Board of Directors meeting held on April 25, 2024 to conduct a stock split whereby each share of the Company's common shares will be split into 10 shares, with the effective date being October 1, 2024.

### 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 875,300 shares	5

## 2 Status of Corporate Officers

### 1) Status of Board Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Title	Name	Area of responsibility and status of significant concurrent position
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 Strategy, Digital Infrastructure Strategy, Green Transformation Strategy, Research Institute of Advanced Technology, Government Relations, Compliance and Alliance & Investment Strategy 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 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, 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 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 Naomi Koshi	Partner Lawyer, Miura & Partners Co-Founder and CEO, OnBoard K.K. Outside Audit & Supervisory Board Member, Mitsubishi Research Institute, 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	Shuji Kojima	
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 Director & Chairman of the Company to Director & Special Advisor on April 1, 2024.
  - Board Director Junichi Miyakawa resigned from the position of President and CEO, HAPSMobile Inc. as it was merged into the Company effective October 1, 2023.
  - The position Board Director Yasuyuki Imai holds at the Company changed from Representative Director & COO to Director & Chairman on April 1, 2024.
  - Board Directors Kentaro Kawabe and Reiko Hishiyama resigned from the position at the Company on June 20, 2023 due to expiration of their term of office.
  - Board Director Takehiro Kamigama resigned from the position of External Director, Yamaha Motor Co., Ltd. on March 21, 2024.
  - Board Director Kazuaki Oki resigned from the position of External Director, Shizuoka Bank (Europe) S.A due to its liquidation on March 28, 2024.
  - Board Director Naomi Koshi assumed the position of Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. on December 19, 2023. In addition, she resigned from the position of External Director, V-Cube, Inc. on March 27, 2024.
  - Full-time Audit & Supervisory Board Member Yasuharu Yamada resigned from the position at the Company on June 20, 2023 due to expiration of his term of office.
  - Full-time Audit & Supervisory Board Member Shuji Kojima assumed the position at the Company on June 20, 2023.
  - Full-time Audit & Supervisory Board Member Shuji Kojima has extensive expertise and experience in human resources, compliance and risk management at a financial institution, and has considerable insight into finance and accounting.
  - Audit & Supervisory Board Member Kazuko Kimiwada is a certified public accountant and has 23 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, 2024, the average ratio of attendance by all Board Directors at the Board of Directors meetings was 92.5%.



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## 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.

		Basic remuneration Fixed	Short-term performance-based remuneration Variable (in a range between 0 – 2.5)	Medium-term performance-based remuneration Variable (in a range between 0 – 3.0)
Director & Chairman	First year	Basic remuneration (¥84 million)	Share-based payment (¥216 million)	
	Second year	Basic remuneration	Share-based payment	
	Third year	Basic remuneration	Share-based payment	Share-based payment (¥150 million)
President & CEO	First year	Basic remuneration (¥120 million)	Share-based payment (¥380 million)	
	Second year	Basic remuneration	Share-based payment	
	Third year	Basic remuneration	Share-based payment	Share-based payment (¥250 million)
Representative Director	First year	Basic remuneration (¥84 million)	Share-based payment (¥216 million)	
	Second year	Basic remuneration	Share-based payment	
	Third year	Basic remuneration	Share-based payment	Share-based payment (¥150 million)
Board Director, Executive Vice President	First year	Basic remuneration (¥72 million)	Share-based payment (¥140 million)	
	Second year	Basic remuneration	Share-based payment	
	Third year	Basic remuneration	Share-based payment	Share-based payment (¥100 million)

- (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 FY2023. Taking into account that on April 1, 2024, Board Director Ken Miyauchi changed his status at the Company from Director & Chairman to Director & Special Advisor, and Board Director Yasuyuki Imai changed his status at the Company from Representative Director & COO to Director & Chairman, the remuneration of Board Directors was reviewed, and the following changes are planned for FY2024: Director & Chairman (basic remuneration of ¥84 million, short-term performance-based remuneration of ¥166 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, 1:1.9 to 1:3.2, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The short-term performance-based remuneration fluctuates in a range of 0 to 2.5 times the base amount by position.

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 FY2023 (¥ million)	Actual for FY2023 (¥ 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.)	420,000	489,074
(b)	Operating income	This indicator adequately reflects the level of profit derived from the mainstay business across the Group.		780,000	876,068

(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 FY2023 (¥ million)	Actual for FY2023 (¥ million)	
(c)	Contributing to the global environment with the power of technology	Base station renewable energy ratio* <sup>1</sup>	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.	80% or more	81.8% <sup>2</sup>	
	Building high-quality social communication networks	Expansion of 5G standalone (SA) coverage: Offer SA for smartphones in key areas of all prefectures			Number of major network accidents	Number of prefectures 10	Number of prefectures 3
		Number of major accidents involving information security			0	2	
	Building society and industry through DX	Solutions and other sales: CAGR (compound annual growth rate)			0	0	10% or more
Developing a resilient management foundation	Inclusion in DJSI World			To be selected for inclusion	To be selected for inclusion		

(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, 1:1.4 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.

i. Calculation method

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



(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

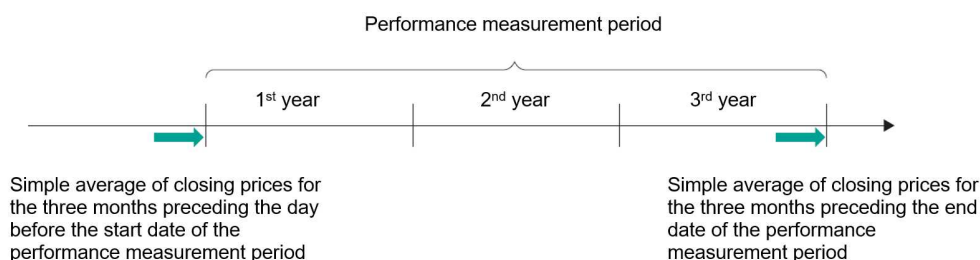
A TSR factor calculated based on relative TSR is used for a performance-linked indicator that determines medium-term performance target achievement, in order to further promote value sharing with stakeholders and to raise awareness among Board Directors of medium- to long-term share price improvements.

Relative TSR with performance measurement period from FY2021 to FY2023

	Indicators	Actual
(a)	The Company's TSR <sup>1</sup>	156.51
(b)	Growth rate of TOPIX stock price index including dividends <sup>2</sup>	147.61
(c)	Relative TSR ((a) / (b) x 100)	106.03

(Notes) 1. The Company's TSR = (Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the end date of the performance measurement period + Cumulative amount of dividends of surplus per share paid by the Company during the performance measurement period) / Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the day before the start date of the performance measurement period x 100  
 2. Growth rate of TOPIX stock price index including dividends = Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the end date of the performance measurement period / Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the day before the start date of the performance measurement period x 100

Target period



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### 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	Short-term performance- based remuneration	Medium-term performance- based remuneration	Others	
Board Directors (excluding External Directors)	4,193	441	1,845	1,750	156	6 people
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	23	23	0	0	0	1 person
External Directors	77	77	0	0	0	6 people
External Audit & Supervisory Board Members	35	35	0	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. Short-term performance-based remuneration and medium-term performance-based remuneration are share-based remuneration in the form of non-monetary payment, and represent the amount to be paid in the form of restricted stock. However, the amount (¥726 million) to be paid to one Board Director who is set to retire on June 20, 2024 is scheduled to be paid in cash.
3. Others mainly represents the amounts accounted for (expensed) in this fiscal year 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, 2024.
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	Short-term performance-based remuneration	Medium-term performance-based remuneration	Others
Ken Miyauchi	844	Board Director	The Company	84	341 <sup>1</sup>	385 <sup>1</sup>	34 <sup>2</sup>
Junichi Miyakawa	1,282	Board Director	The Company	120	600	525	36 <sup>2</sup>
Jun Shimba	769	Board Director	The Company	84	341	315	28 <sup>2</sup>
Yasuyuki Imai	769	Board Director	The Company	84	341	315	28 <sup>2</sup>
Kazuhiko Fujihara	520	Board Director	The Company	69	221	210	19 <sup>2</sup>
Kentaro Kawabe	395 <sup>3</sup>	Board Director	LY Corporation	85	174 <sup>4</sup>	-	135 <sup>5</sup>

(Notes) 1. As Mr. Ken Miyauchi is scheduled to retire on June 20, 2024, short-term performance-based remuneration and medium-term performance-based remuneration will be paid in cash.

2. Figures mainly represent the amounts accounted for (expensed) in the fiscal year ended March 31, 2024 concerning the stock options granted in March 2018 and July 2021.

3. Mr. Kentaro Kawabe retired from the position of Board Director of the Company on June 20, 2023. The amount represents the total amount of remuneration paid by LY Corporation in the fiscal year ended March 31, 2024.

4. The amount is performance-based remuneration for the fiscal year ended March 31, 2024 paid from LY Corporation and represents the amounts accounted for (expensed) in the fiscal year ended March 31, 2024 concerning cash bonuses and remuneration paid in the form of restricted stock (RS).

5. The amount represents the amounts accounted for (expensed) in the fiscal year ended March 31, 2024 concerning the Stock-Based Remuneration Plan (RSU Plan using a Board Incentive Plan Trust) and stock options granted from LY Corporation.

### 3) Description of limited liability agreement

The Company and non-executive directors, Atsushi Horiba, Takehiro Kamigama, Kazuaki Oki, Kyoko Uemura, 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 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. 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 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	Naomi Koshi	The Company has business relationships, such as web conferencing systems and telecommunications services, with V-Cube, Inc., where External Director Naomi Koshi 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. 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. The Company has business relationships, such as market research and telecommunication services, with Mitsubishi Research Institute, Inc., where Ms. Koshi serves as Outside Audit & Supervisory Board Member. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue, 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	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 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	92.3% Attended 12 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	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. In addition, attends the Remuneration Committee, the Nominating Committee, and the Special Committee, as a member of each committee, and makes comments as appropriate.

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

Title	Name	Attendance at Board of Directors meeting <sup>*1, *2</sup>	Attendance at Audit & Supervisory Board meeting	Major activities
Full-time Audit & Supervisory Board Member	Shuji Kojima	100% Attended 11 out of 11 meetings	100% Attended 13 out of 13 meetings	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience concerning human resources, compliance, risk management, finance and accounting.
Audit & Supervisory Board Member	Yoko Kudo	100% Attended 13 out of 13 meetings	94.1% Attended 16 out of 17 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 Shuji Kojima shows the number of meetings held after his appointment on June 20, 2023.

(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.

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### 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 pay 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.

Based on this policy, for the fiscal year ended March 31, 2024, the year-end dividend per share is planned to be ¥43<sup>\*1</sup> for common shares. Combined with the interim dividend of ¥43 we paid with a record date of September 30, 2023, the annual dividend will be ¥86 per share. In addition, for the fiscal year ended March 31, 2024, we plan to pay a dividend of ¥41.53<sup>\*1,2</sup> for the Series 1 Bond-Type Class Shares.

For the fiscal year ending March 31, 2025, the annual dividend per share is planned to be ¥86 (of which, the interim and year-end dividends per share are planned to be ¥43 and ¥43<sup>\*3</sup>, respectively) for common shares, and a prescribed amount of dividend is planned for the Series 1 Bond-Type Class Shares.

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. This is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 17, 2024.
  2. The year-end dividend per share is calculated by multiplying the issuance price of ¥4,000 per share by the fixed annual dividend rate of 2.500% and applying daily proration based on a 366-day year.
  3. Subject to approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024, the Company plans to conduct a stock split whereby each share of the Company's common shares will be split into 10 shares, with the effective date being October 1, 2024. The year-end dividend per share for the fiscal year ending March 31, 2025 does not take into account this stock split. If the stock split is taken into account, the figure would be ¥4.30.

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(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, 2024)

(Millions of yen)

Account	Amount
<b>&lt;ASSETS&gt;</b>	
<b>Current assets</b>	
Cash and cash equivalents	1,992,873
Trade and other receivables	2,660,995
Other financial assets	229,715
Inventories	155,059
Other current assets	186,810
Subtotal	5,225,452
Assets classified as held for sale	42,577
<b>Total current assets</b>	<b>5,268,029</b>
<b>Non-current assets</b>	
Property, plant and equipment	1,768,812
Right-of-use assets	662,183
Goodwill	2,049,404
Intangible assets	2,505,511
Contract costs	319,140
Investments accounted for using the equity method	251,488
Investment securities	272,788
Investment securities in banking business	522,232
Other financial assets	1,755,627
Deferred tax assets	46,529
Other non-current assets	100,163
<b>Total non-current assets</b>	<b>10,253,877</b>
<b>Total assets</b>	<b>15,521,906</b>

Account	Amount
<b>&lt;LIABILITIES AND EQUITY&gt;</b>	
<b>Current liabilities</b>	
Interest-bearing debt	2,381,632
Trade and other payables	2,535,072
Contract liabilities	128,307
Deposits for banking business	1,643,155
Other financial liabilities	1,722
Income taxes payable	125,933
Provisions	33,287
Other current liabilities	226,596
Subtotal	7,075,704
Liabilities directly associated with assets classified as held for sale	9,582
<b>Total current liabilities</b>	<b>7,085,286</b>
<b>Non-current liabilities</b>	
Interest-bearing debt	3,939,255
Other financial liabilities	45,312
Provisions	99,491
Deferred tax liabilities	301,852
Other non-current liabilities	115,063
<b>Total non-current liabilities</b>	<b>4,500,973</b>
<b>Total liabilities</b>	<b>11,586,259</b>
<b>Equity</b>	
<b>Equity attributable to owners of the Company</b>	
Common stock	214,394
Capital surplus	736,052
Retained earnings	1,475,775
Treasury stock	(75,822)
Accumulated other comprehensive income (loss)	26,675
Total equity attributable to owners of the Company	2,377,074
Non-controlling interests	1,558,573
<b>Total equity</b>	<b>3,935,647</b>
<b>Total liabilities and equity</b>	<b>15,521,906</b>

Note:

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

## Consolidated Statement of Income

(Fiscal year ended March 31, 2024)

(Millions of yen)

Account	Amount
<b>Revenue</b>	<b>6,084,002</b>
Cost of sales	(3,150,653)
<b>Gross profit</b>	<b>2,933,349</b>
Selling, general and administrative expenses	(2,081,765)
Other operating income	30,172
Other operating expenses	(5,688)
<b>Operating income</b>	<b>876,068</b>
Gain on changes in equity interest	20,435
Share of losses of associates accounted for using the equity method	(22,198)
Financing income	12,921
Financing costs	(61,415)
Gain on sales of equity method investments	5,227
Impairment loss on equity method investments	(25,126)
<b>Profit before income taxes</b>	<b>805,912</b>
Income taxes	(215,647)
<b>Net income</b>	<b>590,265</b>
<b>Net income attributable to</b>	
Owners of the Company	489,074
Non-controlling interests	101,191
<b>Net income</b>	<b>590,265</b>

Note:

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

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Account	Amount		Account	Amount	
<b>&lt;Assets&gt;</b>					
<b>I Non-current assets</b>					
<b>A Non-current assets - telecommunications business</b>					
<b>(1) Property, plant and equipment</b>					
1 Machinery	2,806,893				
Accumulated depreciation	2,060,785	746,108			
2 Antenna facilities	745,350				
Accumulated depreciation	429,914	315,436			
3 Terminal facilities	283,558				
Accumulated depreciation	181,309	102,249			
4 Local line facilities	23,798				
Accumulated depreciation	15,319	8,479			
5 Long-distance line facilities	89,100				
Accumulated depreciation	81,674	7,426			
6 Engineering facilities	97,564				
Accumulated depreciation	89,021	8,543			
7 Submarine line facilities	20,644				
Accumulated depreciation	16,901	3,743			
8 Buildings	207,753				
Accumulated depreciation	114,750	93,003			
9 Structures	37,124				
Accumulated depreciation	30,613	6,511			
10 Machinery and equipment	2,079				
Accumulated depreciation	880	1,199			
11 Vehicles	3,408				
Accumulated depreciation	3,211	197			
12 Tools, furniture and fixtures	138,377				
Accumulated depreciation	92,466	45,911			
13 Land		18,147			
14 Assets under construction		102,954			
Total property, plant and equipment		1,459,906			
<b>(2) Intangible assets</b>					
1 Right of using submarine line facilities		1,748			
2 Right to use facilities		29			
3 Software		450,292			
4 Patent right		9			
5 Leasehold right		67			
6 Spectrum-related costs		132,573			
7 Trademark		140,001			
8 Assets under construction		52,584			
9 Other intangible assets		22,905			
Total intangible assets		800,208			
Total non-current assets - telecommunications business		2,260,114			
<b>B Investments and other assets</b>					
					45,978
1 Investment securities					
2 Shares of subsidiaries and associates					1,283,094
3 Other investments in subsidiaries and associates					38,650
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					6,070
8 Long-term prepaid expenses					74,926
9 Deferred tax assets					95,296
10 Other investments and other assets					33,673
Less: Allowance for doubtful accounts					(20,565)
Total investments and other assets					1,580,125
Total non-current assets					3,840,239
<b>II Current assets</b>					
1 Cash and deposits					447,104
2 Notes receivable - trade					353
3 Accounts receivable - trade					940,380
4 Contract assets					13,053
5 Accounts receivable - other					92,379
6 Investments in leases					18,321
7 Merchandise					61,532
8 Supplies					7,961
9 Advance payments to suppliers					509
10 Prepaid expenses					67,531
11 Short-term loans receivable					54,178
12 Deposits paid					46,750
13 Other current assets					22,485
Less: Allowance for doubtful accounts					(31,413)
Total current assets					1,741,123
Total assets					5,581,362

**Note:**

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

(Millions of yen)

Account	Amount
<Liabilities>	
I Non-current liabilities	
1 Bonds	820,000
2 Long-term loans payable	809,387
3 Lease obligations	456,448
4 Provision for retirement benefits	7,717
5 Provision for loss on contract	35,854
6 Asset retirement obligations	40,573
7 Contract liabilities	56,311
8 Other non-current liabilities	3,941
Total non-current liabilities	2,230,231
II Current liabilities	
1 Current portion of non-current liabilities	526,802
2 Commercial paper	94,000
3 Accounts payable - trade	85,389
4 Short-term loans payable	346,045
5 Lease obligations	251,515
6 Accounts payable - other	623,797
7 Accrued expenses	23,668
8 Income taxes payable	70,482
9 Contract liabilities	67,860
10 Deposits received	164,528
11 Unearned revenue	895
12 Provision for bonuses	34,080
13 Provision for loss on contract	17,703
14 Asset retirement obligations	11,794
15 Other current liabilities	22,755
Total current liabilities	2,341,313
Total liabilities	4,571,544
<Net assets>	
I Shareholders' equity	
1 Capital stock	214,394
2 Capital surplus	
(a) Legal capital surplus	81,455
(b) Other capital surplus	36,312
Total capital surplus	117,767
3 Retained earnings	
(a) Other retained earnings	
Retained earnings brought forward	737,800
Total retained earnings	737,800
4 Treasury stock	(75,822)
Total shareholders' equity	994,139
II Valuation and translation adjustments	
1 Valuation difference on available-for-sale securities	7,779
2 Deferred gains or losses on hedges	(1,622)
Total valuation and translation adjustments	6,157
III Subscription rights to shares	9,522
Total net assets	1,009,818
Total liabilities and net assets	5,581,362



## Non-consolidated Statement of Income

(For the fiscal year from April 1, 2023 to March 31, 2024)

(Millions of yen)

Account	Amount	
I Operating revenue and expenses from telecommunications business		
(1) Operating revenue		2,406,131
(2) Operating expenses		
1 Business expenses	666,604	
2 Facilities maintenance expenses	356,945	
3 Administrative expenses	69,966	
4 Experiment and research expenses	14,518	
5 Depreciation and amortization	436,818	
6 Non-current assets retirement cost	28,247	
7 Communication facility fee	378,878	
8 Taxes and dues	38,234	
Operating income from telecommunications business		1,990,210
Operating income from telecommunications business		415,921
II Operating revenue and expenses from incidental business		
(1) Operating revenue		925,398
(2) Operating expenses		778,807
Operating income from incidental business		146,591
Operating income		562,512
III Non-operating income		
1 Dividend income	142,452	
2 Miscellaneous income	18,070	
Miscellaneous income		160,522
IV Non-operating expenses		
1 Interest expenses	32,484	
2 Loss on sales of receivables	20,176	
3 Miscellaneous expenses	21,050	
Miscellaneous expenses		73,710
Ordinary income		649,324
V Extraordinary income		
1 Gain on sales of shares of subsidiaries and associates	6,253	
2 Reversal of provision for loss on litigation	19,176	
Reversal of provision for loss on litigation		25,429
VI Extraordinary losses		
1 Loss on valuation of shares of subsidiaries and associates	21,135	
Loss on valuation of shares of subsidiaries and associates		21,135
Income before income taxes		653,618
Income taxes - current	125,516	
Income taxes - deferred	7,859	
Income taxes		133,375
Net income		520,243

Note:

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

# Audit Reports

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 13, 2024

To the Board of Directors of  
SoftBank Corp.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Satoshi Iizuka

Designated Engagement Partner,  
Certified Public Accountant:

Takafumi Shimodaira

Designated Engagement Partner,  
Certified Public Accountant:

Saori Goto

### 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, 2024, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, 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, 2024, 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 IFRS Accounting 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.

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## **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 IFRS Accounting 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 IFRS Accounting 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 IFRS Accounting 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, actions taken to eliminate threats or safeguards applied.

#### **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.

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(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 13, 2024

To the Board of Directors of  
SoftBank Corp.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Satoshi Iizuka

Designated Engagement Partner,  
Certified Public Accountant:

Takafumi Shimodaira

Designated Engagement Partner,  
Certified Public Accountant:

Saori Goto

### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of SoftBank Corp. (the "Company"), namely, the non-consolidated balance sheet as of March 31, 2024, and the non-consolidated statement of income and non-consolidated statement of changes in net assets for the 38th fiscal year from April 1, 2023 to March 31, 2024, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, 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 Non-consolidated 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.

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Our opinion on the non-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 non-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 non-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 Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 non-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 non-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 non-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.
- 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 non-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 Company to cease to continue as a going concern.
  - Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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, actions taken to eliminate threats or safeguards applied.

#### **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.

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## Audit Report

With respect to the Directors' performance of their duties during the 38<sup>th</sup> business year from April 1, 2023 to March 31, 2024, 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), 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.



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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.

As described in the Business Report, we have confirmed that the Company has been investigating the cause and implementing measures to prevent recurrence regarding the administrative guidance for communication failures. The Audit & Supervisory Board will continue to closely monitor their implementation status. In addition, we have confirmed that LY Corporation has been implementing measures to prevent recurrence of the incident that was subjected to administrative guidance and other actions with an aim to strengthen its security governance system. As the parent company of LY Corporation, the Company has been considering measures to ensure effective security governance regarding the leakage of personal information and other issues due to unauthorized access. The Audit & Supervisory Board will also closely monitor the status of these efforts.

(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, 2024

Audit & Supervisory Board of SoftBank Corp.

Full-time Audit & Supervisory Board Member: Eiji Shimagami (Seal)

Full-time Audit & Supervisory Board Member: Shuji Kojima (Seal)

Audit & Supervisory Board Member: Kazuko Kimiwada (Seal)

Audit & Supervisory Board Member: Yoko Kudo (Seal)

(Note) Full-time Audit & Supervisory Board Member Shuji Kojima, 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.

# Establishment of Shareholder Benefits Program

## The Company will establish a Shareholder Benefits Program

The Company aims to further grow its investor base by encouraging new investors, including the young generation, to select the Company's shares as their first investment and hold them for the long term. Furthermore, the Company would like investors to increase their understanding of its business by using services associated with the Company. For this purpose, the Company will establish a shareholder benefits program.

### (1) Eligible shareholders

- Shareholders who have held the Company's common shares for 1 year or longer and hold 100 or more shares.
- The holding period shall be from March 31<sup>\*1</sup> to March 31 of the following year<sup>\*1</sup>, and the first period shall be from March 31, 2025<sup>\*1</sup> to March 31, 2026<sup>\*1, 2</sup>.

\*1. Refers to the date on which the shareholder is entered or recorded in the Company's shareholder register, and differs from dates on which shares are acquired, etc.

\*2. Refers to shareholders entered or recorded with the same shareholder number in the Company's final shareholder register on March 31 and September 30 at least 3 consecutive times.



### (2) Details of shareholder benefits

The Company will provide PayPay Points (1,000 points) to eligible shareholders.

### (3) How to apply for shareholder benefits, how they will be provided and related matters

Details will be disclosed via the Company's website and other means at a later date.

#### Inquiries concerning shareholder benefits

SoftBank shareholder benefits help desk  
Phone: 0800-222-3069  
(Business hours: 10:00-18:00 open seven days a week)

#### Inquiries concerning the General Meeting of Shareholders

Phone: 03-6889-2000 (switchboard)  
(Business hours: 9:00-17:45 weekdays excluding Saturdays, Sundays, and holidays)  
URL for inquiries  
<https://www.softbank.jp/en/corp/d/contact/>

#### Inquiries concerning share administration 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

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)

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Electronic provision of information starts on: May 29, 2024

To Our Shareholders:

The 38<sup>th</sup> Annual General Meeting of Shareholders  
Other Matters Subject to the Measures for Electronic  
Provision (Omitted from Paper-based Documents)

May 29, 2024  
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 22 of the Articles of Incorporation of SoftBank Corp.

## (Reference)

### ■ 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.

### Received the Grand Prize in the 5th NIKKEI SDGs Management Awards

The Company received the Grand Prize, the highest evaluation, at the 5th NIKKEI SDGs Management Awards by The Nikkei.

### Highest rating in the Decarbonization Management Ranking GX (Green Transformation) 500

In the 2023 edition of the “Decarbonization Management Ranking GX500” by The Nikkei, which ranks the decarbonization efforts of the top 500 leading companies, the Company has achieved the highest rating.

### Selected as a constituent of DJSI World Index, a leading global ESG index, for the second consecutive year

Following the first selection for DJSI World last year, the Company received the top score in Japan of 86 points this year, and was selected for the second consecutive year. The Company achieved the highest score among the companies selected from Japan. And was also the only Japan-based company selected for the “Telecommunication Services” industry group.

### Achieved the highest rating of ‘AAA’ in the MSCI ESG RATINGS

In May 2023, the Company achieved the highest rating of ‘AAA’ in the MSCI ESG RATINGS, a global ESG evaluation index for the first time. In FY2023, the Company was commended in the categories “Labor Management” under Human Capital and “Privacy & Data Security.”

#### Evaluations of sustainability



#### Evaluations of health management and working environment



## Status of the Company

### | Status of stock acquisition rights (as of March 31, 2024)

#### 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)	31,000	Common stock 3,100,000 shares	¥623	April 1, 2020 to March 31, 2025	6
	SoftBank Corp. July 2021 Stock Acquisition Rights (July 20, 2021)	69,000	Common stock 6,900,000 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 2023 Stock Acquisition Rights (¥1) (July 20, 2023)	4,920	Common stock 492,000 shares	¥1	August 1, 2025 to July 31, 2030	114

#### 3) Status of other stock acquisition rights

Not applicable.

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## | 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	¥580 million
Aggregate amount of cash and other benefits to be paid to the Independent Auditor by the Company and its subsidiaries	¥4,791 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.

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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 25, 2024, the Company resolved to partially revise its basic policy for establishing the internal control system (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 Basic Regulations for Information Security, and classifies and appropriately stores these documents according to their degree of confidentiality.



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(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.

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[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.

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(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.

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[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.

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(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, 2024)

(Millions of yen)

	Equity attributable to owners of the Company			
	Common stock	Capital surplus	Retained earnings	Treasury stock
As of April 1, 2023	204,309	685,066	1,392,043	(74,131)
Comprehensive income				
Net income	—	—	489,074	—
Other comprehensive income (loss)	—	—	—	—
Total comprehensive income	—	—	489,074	—
Transactions with owners and other transactions				
Cash dividends	—	—	(406,935)	—
Issuance of new shares	70,085	67,180	—	—
Transfer from common stock to capital surplus	(60,000)	60,000	—	—
Purchase of treasury stock	—	—	—	(100,000)
Disposal of treasury stock	—	(12,535)	—	27,175
Retirement of treasury stock	—	(71,134)	—	71,134
Changes from business combinations	—	—	—	—
Changes from loss of control	—	—	—	—
Changes in interests in existing subsidiaries	—	8,600	—	—
Share-based payment transactions	—	(1,009)	—	—
Transfer from accumulated other comprehensive income (loss) to retained earnings	—	—	1,869	—
Other	—	(116)	(276)	—
Total transactions with owners and other transactions	10,085	50,986	(405,342)	(1,691)
As of March 31, 2024	214,394	736,052	1,475,775	(75,822)

	Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Accumulated other comprehensive income (loss)	Total		
As of April 1, 2023	17,658	2,224,945	1,458,122	3,683,067
Comprehensive income				
Net income	—	489,074	101,191	590,265
Other comprehensive income (loss)	10,886	10,886	21,032	31,918
Total comprehensive income	10,886	499,960	122,223	622,183
Transactions with owners and other transactions				
Cash dividends	—	(406,935)	(45,589)	(452,524)
Issuance of new shares	—	137,265	—	137,265
Transfer from common stock to capital surplus	—	—	—	—
Purchase of treasury stock	—	(100,000)	—	(100,000)
Disposal of treasury stock	—	14,640	—	14,640
Retirement of treasury stock	—	—	—	—
Changes from business combinations	—	—	13,528	13,528
Changes from loss of control	—	—	(6,490)	(6,490)
Changes in interests in existing subsidiaries	—	8,600	16,989	25,589
Share-based payment transactions	—	(1,009)	—	(1,009)
Transfer from accumulated other comprehensive income (loss) to retained earnings	(1,869)	—	—	—
Other	—	(392)	(210)	(602)
Total transactions with owners and other transactions	(1,869)	(347,831)	(21,772)	(369,603)
As of March 31, 2024	26,675	2,377,074	1,558,573	3,935,647

## Non-consolidated Financial Statements

### Non-consolidated Statement of Changes in Net Assets

(For the fiscal year from April 1, 2023 to March 31, 2024)

(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, 2023	204,309	71,371	—	71,371	624,492	624,492	(74,131)	826,041
Changes of items during period								
Issuance of new shares	70,085	70,084	—	70,084	—	—	—	140,169
Cash dividends	—	—	—	—	(406,935)	(406,935)	—	(406,935)
Net income	—	—	—	—	520,243	520,243	—	520,243
Purchase of treasury stock	—	—	—	—	—	—	(100,000)	(100,000)
Disposal of treasury stock	—	—	(12,554)	(12,554)	—	—	27,175	14,621
Retirement of treasury stock	—	—	(71,134)	(71,134)	—	—	71,134	—
Transfer from common stock to other capital surplus	(60,000)	—	60,000	60,000	—	—	—	—
Transfer from legal capital surplus to other capital surplus	—	(60,000)	60,000	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during period	10,085	10,084	36,312	46,396	113,308	113,308	(1,691)	168,098
Balance as of March 31, 2024	214,394	81,455	36,312	117,767	737,800	737,800	(75,822)	994,139

	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, 2023	4,479	(1,485)	2,994	10,622	839,657
Changes of items during period					
Issuance of new shares	—	—	—	—	140,169
Cash dividends	—	—	—	—	(406,935)
Net income	—	—	—	—	520,243
Purchase of treasury stock	—	—	—	—	(100,000)
Disposal of treasury stock	—	—	—	—	14,621
Retirement of treasury stock	□	□	□	□	□
Transfer from common stock to other capital surplus	□	□	□	□	□
Transfer from legal capital surplus to other capital surplus	□	□	□	□	□
Net changes of items other than shareholders' equity	3,300	(137)	3,163	(1,100)	2,063
Total changes of items during period	3,300	(137)	3,163	(1,100)	170,161
Balance as of March 31, 2024	7,779	(1,622)	6,157	9,522	1,009,818

# 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 IFRS Accounting 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., Cubic Telecom Ltd., SB C&S Corp., A Holdings Corporation, LY Corporation<sup>1</sup>, ASKUL Corp., ZOZO, Inc., Ikyu Corp., PayPay Bank Corporation, Z Intermediate Global Corporation<sup>1</sup>, LINE SOUTHEAST ASIA CORP.PTE.LTD., LINE Financial Corporation<sup>2</sup>, LINE Pay Corporation, LINE Plus Corporation, PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp.

Notes:

1. On October 1, 2023, Z Holdings Corporation, a subsidiary of the Company, as the surviving company, completed an intra-group reorganization involving mainly itself, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively.

2. LINE Financial Corporation changed its trade name from LINE Financial Plus Corporation as of October 1, 2023.

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

Cubic Telecom Ltd. Acquisition of shares

(4) Names of main subsidiaries excluded from consolidation and the reasons thereof

Yahoo Japan Corporation Extinction due to absorption-type merger

#### 3. Scope of associates accounted for by the equity method

(1) Number of associates accounted for by the equity method: 70

(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

There are no applicable items.



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#### 4. Material 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.

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(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.

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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.

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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.

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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 - 25 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.

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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.

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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.

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(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.



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(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.

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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.

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### 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 are 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 services, such as data center, cloud, security, global, AI, Internet of Things ("IoT"), digital marketing, and equipment sales.

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 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.

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## Media&EC business

Revenues in the Media&EC 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 search advertising, account advertising, display advertising, and others.

#### i. Search advertising

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

#### ii. Account advertising

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.

#### iii. Display advertising

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. Revenues from LINE VOOM and LINE NEWS advertising are recognized upon the fulfillment of certain actions under contracts with advertisers.

#### iv. Others

Others mainly comprises *LYP Premium*. Revenues from *LYP Premium* are recognized over the period during which the membership is valid.

### (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 *Yahoo!auction*.

#### 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. Yahoo!auction

Yahoo provides online auction services through *Yahoo!auction* 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.

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### 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.

## (Notes Relating to Changes in Accounting Policies)

### Adoption of new accounting standards and interpretations

The Group has applied the following standard from the current fiscal year.

IFRS	Title	Outline of amendments
IAS 12 (Amendments)	Income taxes (Amendments in May 2021)	Clarification for accounting treatment of deferred tax related to assets and liabilities arising from a single transaction

There were no significant impacts on the consolidated financial statements for the current fiscal year from the application of IAS 12 (Amendments) "Income Taxes" .

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**(Notes Relating to Changes in Presentation)**

Consolidated Statement of Income

"Gain on changes in equity interest," which was included in "Share of losses of associates accounted for using the equity method" in the previous fiscal year, has been presented as a separate item from the current fiscal year as the amount became material.

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## (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. Material 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. Material 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. Material accounting policies."



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### 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. Material accounting policies."

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## (Notes Relating to Consolidated Statement of Financial Position)

### 1. Assets pledged as collateral and others

#### (1) Assets pledged as collateral

Certain investment securities of ¥186,847 million are pledged as collateral for financing and exchange settlement purposes by the banking subsidiary. In addition, deposits in the central clearing house of ¥90,200 million are included in other financial assets (non-current).

#### (2) 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	815,955

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	226,992
Long-term borrowings	398,696
Total	<u>625,688</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	335,676

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	108,110
Long-term borrowings	176,537
Total	<u>284,647</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, 2024, cash and cash equivalents included deposits at the Bank of Japan of ¥231,807 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	28,417
Other current assets	0
Other financial assets (current)	4,453
Other financial assets (non-current)	43,811
Total	<u>76,681</u>

**3. Accumulated depreciation of assets**

	(Millions of yen)
Accumulated depreciation of property, plant and equipment	3,473,263
Accumulated depreciation of right-of-use assets	408,732

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	13,426,606
Funded	1,031,056
Unfunded	<u>12,395,550</u>

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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	7,277
Guarantee balance	5,772

(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.

The order to consolidate lawsuit (b) above with lawsuit (a) above 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 and JPiT appealed the judgment to the Tokyo High Court, and on March 21, 2024, the Court rendered a judgment ordering JPiT to pay ¥65 million as remuneration for the additional services and delay damages, and dismissing all claims by JPiT.

The Company and JPiT appealed to the Supreme Court and filed a petition for acceptance of appeal with regard to the judgment.

Based on the judgment of the Tokyo High Court, the Company reversed a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages in "Provisions (current liabilities)" in the consolidated statement of financial position. For the current fiscal year, in the consolidated statement of income, the damages amount of ¥8,984 million and the delay damages amount of ¥10,192 million were reversed in "Other operating expenses" and "Financing costs", respectively.

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## 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 <sup>(a)</sup> 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 LY Corporation

The interest-bearing debt of LY 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, LY 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 LY Corporation 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, LY 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 LY Corporation 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, LY 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 LY Corporation 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, LY Corporation is required to maintain a net leverage ratio<sup>(a)</sup> 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 LY Corporation 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.

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### (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	
Gain on loss of control over subsidiaries	10,284
Gain on sale of businesses	10,462
Compensation for damage income	9,426
Total	<u>30,172</u>
Other operating expenses	
Impairment loss	(14,672)
Provision for loss on litigation <sup>1</sup>	8,984
Total	<u>(5,688)</u>

Note:

1. The amount represents a reversal of the 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 (3) Litigation".

## (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	13,905	44,850	4,756,200
Series 1 Bond-Type Class Shares (Thousands of shares)	-	30,000	-	30,000

As described in "Stock Split" under "Notes Relating to Subsequent Events", the Company passed a resolution at its Board of Directors meeting held on April 25, 2024 to conduct a stock split of common shares with the record date of September 30, 2024, whereby each share of the Company's common stock will be split into 10 shares.

### 2. Dividends

#### (1) Dividends paid

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

Board of Directors' meeting held on October 23, 2023

Class of shares	Common stock
Total dividends	¥203,478 million
Dividends per share	¥43.00
Record date	September 30, 2023
Effective date	December 6, 2023

#### (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 17, 2024 is as follows:

The Company

Board of Directors' meeting held on May 17, 2024

Class of shares	Common stock
Total dividends	¥202,461 million
Dividends per share	¥43.00
Record date	March 31, 2024
Effective date	June 6, 2024
Source of dividends	Retained earnings

Board of Directors' meeting held on May 17, 2024

Class of shares	Series 1 Bond-Type Class Shares
Total dividends	¥1,246 million
Dividends per share	¥41.53
Record date	March 31, 2024
Effective date	June 6, 2024
Source of dividends	Retained earnings

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Notes:

1. If the record date falls in a fiscal year ending on or before March 31, 2029, the annual dividend rate for Series 1 Bond-Type Class Shares is 2.500% per annum. If the record date falls in a fiscal year ending on or after April 1, 2029, the annual dividend rate is the interest rate of One-Year Japanese government bonds (JGBs) as of the date two business days before the last day of the fiscal year before the fiscal year in which the record date falls plus 3.182%.
2. The amount of the Preferred Dividend to Series 1 Bond-Type Class Shares with a record date of March 31, 2024 will be calculated based on actual day counts on a 366-day year basis.

**3. Class and number of shares for stock acquisition rights as of March 31, 2024**

(Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)

Common stock	46,791,300 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.

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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
<b>Financial assets</b>				
Equity securities	38,991	146	109,860	148,997
Bonds	7,289	138,102	2,352	147,743
Trust beneficiary rights	—	—	123,992	123,992
Derivative financial assets	873	3,118	—	3,991
Other	114,737	1,436	108,868	225,041
Total	161,890	142,802	345,072	649,764
<b>Financial liabilities</b>				
Derivative financial liabilities	396	2,697	—	3,093
Other	—	—	23,164	23,164
Total	396	2,697	23,164	26,257

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 primarily 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 for each department.

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, 2023	104,335	2,111	123,402	94,776
Gains or losses				
Net income <sup>1</sup>	(5,810)	193	—	6,364
Other comprehensive income (loss)	105	48	(474)	6,925
Purchases	20,212	6,570	35,500	2,044
Sales	(811)	(6,570)	(34,436)	(214)
Changes in scope of consolidation	648	—	—	(0)
Transfer for Level 1 by listing	(1,754)	—	—	—
Other	(7,065)	—	—	(1,027)
March 31, 2024	109,860	2,352	123,992	108,868
Financial liabilities				(Millions of yen)
	Other			
As of April 1, 2023	5,633			
Gains or losses				
Net income <sup>1</sup>	2,602			
Other	14,929			
March 31, 2024	23,164			

Note:

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.

(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	2,167,081	—	1,192,887	984,455	2,177,342

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	767,265	767,265	767,265	—
Commercial paper	187,001	187,001	187,001	—
Long-term borrowings (including current portion)	3,369,730	3,385,814	1,204,812	694,876
Bonds (including current portion)	1,297,051	1,300,000	85,000	220,000
Lease liabilities	699,703	699,703	139,657	107,851
Installment payable	137	137	69	60
Deposits for banking business <sup>1</sup>	1,657,523	1,657,523	1,643,155	4,648
Total	7,978,410	7,997,443	4,026,959	1,027,435

	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)	544,824	451,590	310,157	179,555
Bonds (including current portion)	230,000	230,000	160,000	375,000
Lease liabilities	88,588	73,729	60,710	229,168
Installment payable	8	—	—	—
Deposits for banking business <sup>1</sup>	3,058	1,292	1,052	4,318
Total	866,478	756,611	531,919	788,041

Note:

1. Deposits for banking business payable on demand are included in "Within 1 year." Deposits for banking business include ¥1,542,742 million deposits for banking business payable on demand.

**(Notes Relating to Per Share Data)**

1. Equity per share attributable to owners of the Company <sup>1</sup>	¥479.72
2. Basic earnings per share <sup>2</sup>	¥103.17

Notes:

1. "Equity per share attributable to owners of the Company" is based on "Equity attributable to owners of the Company" excluding the amount not attributable to ordinary shareholders of the Company.

2. "Basic earnings per share" is based on "Earnings attributable to owners of the Company" excluding the amount not attributable to ordinary shareholders of the Company.

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## (Notes Relating to Business Combinations)

Acquisition of Cubic Telecom Ltd.

### 1. Summary of the Transactions

In order to form a strategic global partnership to pioneer the future of software-defined connected vehicles<sup>1</sup> and other high-value Internet-of-Things (IoT) assets by harnessing the power of global connectivity platforms, the Company acquired Cubic Telecom Ltd.'s shares in cash from existing shareholders and accepted the company's third-party allocation of capital on March 6, 2024. Consequently, the Company acquired a 54.3% equity stake in Cubic Telecom Ltd., and Cubic Telecom Ltd. became a subsidiary of the Company.

Cubic Telecom Ltd. is a leading global provider of connectivity solutions to automotive, transportation and agriculture original equipment manufacturers (OEMs).

Note:

1. Software-defined connected vehicle: Software-defined connected vehicle is a term that describes a vehicle whose features and functions are primarily enabled through software connected to the Internet.

### 2. Summary of the acquiree

Name      Cubic Telecom Ltd.  
Business   Provision of global connectivity platforms

### 3. Acquisition date

March 6, 2024

### 4. Consideration and its breakdown

		(Millions of yen)
		Acquisition date (March 6, 2024)
Consideration paid in cash		<u>76,142</u>
Total consideration	A	<u>76,142</u>

Acquisition-related costs incurred for this business combination were ¥2,445 million, which is included in "Selling, general and administrative expenses."

**5. The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date<sup>1</sup>:**

	(Millions of yen)	
	Acquisition date (March 6, 2024)	
Cash and cash equivalents		8,614
Trade and other receivables		3,677
Other current assets		612
Intangible assets <sup>2</sup>		26,402
Other non-current assets		211
<b>Total assets</b>		<b>39,516</b>
Trade and other payable		2,903
Other current liabilities		5,377
Deferred tax liabilities		3,902
<b>Total liabilities</b>		<b>12,182</b>
<b>Net assets</b>	<b>B</b>	<b>27,334</b>
Non-controlling interests <sup>3</sup>	C	13,528
Goodwill <sup>4</sup>	A-(B-C)	62,336

**Notes:**

1. As the recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete as of March 31, 2024, the above amounts are provisional based on the best estimate at present. Accordingly, the allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date are obtained and evaluated.
2. The amount of intangible assets includes ¥17,280 million of customer relationships and ¥8,733 million of technology relationships as identifiable assets, and their estimated useful lives are 16 years and 14 years, respectively. 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 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 income of the acquiree**

The revenue and net income of the acquiree on and after the acquisition date have been omitted as the impact is immaterial.



## (Notes Relating to Revenue Recognition)

### 1. Disaggregation of revenue

The components of revenue are as follows:

	(Millions of yen)
Consumer	
Service revenues	
Mobile	1,508,264
Broadband	404,765
Electricity	261,666
Revenues from sales of goods and others	635,437
Subtotal	2,810,132
Enterprise	
Mobile <sup>3</sup>	315,877
Fixed-line	164,229
Business solution and others <sup>3</sup>	283,088
Subtotal	763,194
Distribution	569,076
Media&EC <sup>4,5</sup>	
Media	679,570
Commerce	816,596
Strategy	84,395
Other	5,511
Subtotal	1,586,072
Financial	215,987
Other	139,541
Total	6,084,002

#### 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 "Revenue from Contracts with Customers" (mainly from PayPay Card Corporation's financial business included in "Financial" and lease transactions included in "Enterprise"). Revenues from other sources were ¥196,943 million, respectively.
3. "Mobile" and "Business solution and others" under "Enterprise" include service revenues and revenues from sales of goods and others. Service revenues and revenues from sales of goods and others were ¥452,684 million and ¥146,281, respectively.
4. From the current fiscal year, the reportable segments have been partially renamed, and the "Yahoo! JAPAN/LINE" segment has been changed to the "Media & EC" segment.
5. Effective for the current fiscal year, the business categories of "Media & EC (formerly Yahoo! JAPAN/LINE)" have been reevaluated and some services included in "Media" and "Other" were transferred between the business categories. In addition, some services were transferred between the business categories due to an intra-group reorganization involving mainly Z Holdings Corporation, LINE Corporation and Yahoo Japan 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. Material 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, 2023	As of March 31, 2024
Receivables from contracts with customers	920,170	962,577
Contract assets	11,020	22,000
Total	931,190	984,577
Contract liabilities	158,603	190,571

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 ¥86,668 million.

Impairment loss recognized for receivables arising from contracts with customers during the current fiscal year is ¥14,095 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, 2024 is ¥139,449 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 over approximately 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.

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## (Notes Relating to Subsequent Events)

### **Stock Split**

The Company passed a resolution at its Board of Directors meeting held on April 25, 2024 to conduct a stock split of common shares and to propose a partial amendment to the Articles of Incorporation to the 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024.

#### 1. Purpose of the Stock Split

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. Following its listing in December 2018 and its share offering in September 2020, the Company had approximately 860,000 shareholders as of March 31, 2024, and is supported by shareholders across a wide range of age groups.

In addition, in 2024, the New NISA (Nippon Individual Savings Account) program (a tax exemption program for small investments) was launched in Japan to encourage people to shift from savings to investment in order to build wealth for the future.

The Company aims to grow its investor base by encouraging new investors, including the young generation, to select the Company's stock as their first investment and hold it for the medium and long term. Furthermore, the Company would like investors to increase their understanding of its business by using services associated with the Company. For this purpose, the Company will conduct a stock split of common shares to reduce the amount of investment per share.

#### 2. Stock Split

##### (1) Method of the Stock Split

The record date of the stock split will be September 30, 2024. Each share of the Company's common stock held by shareholders entered or recorded on the final shareholder register on the record date will be split into 10 shares. The Company's Series 1 Bond-Type Class Shares are not subject to this stock split.

##### (2) Number of shares to be increased by the stock split

Total number of shares issued before the stock split	4,756,200,770 shares
Number of shares to be increased by the stock split	42,805,806,930 shares
Total number of shares issued after the stock split	47,562,007,700 shares
Total number of shares authorized to be issued after the stock split	80,109,603,000 shares

\* The total number of shares issued and the number of shares to be increased above may change due to factors such as the exercise of stock acquisition rights up until the record date of the stock split.

##### (3) Schedule of the stock split

Date of public notice of record date	September 13, 2024 (planned)
Record date of stock split	September 30, 2024
Effective date of stock split	October 1, 2024

##### (4) Conditions for the stock split

The stock split is conditional upon approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024.

(5) Adjustment of exercise price of stock acquisition rights

The exercise price per share of the shares underlying the stock acquisition rights will be adjusted in connection with the stock split from October 1, 2024, as described below:

	Exercise Price (JPY)	
	Before adjustment	After adjustment
March 2018 stock acquisition rights	623	63
July 2020 stock acquisition rights	1	1*
January 2021 stock acquisition rights	1,366	137
July 2021 stock acquisition rights	1	1*
July 2021 stock acquisition rights	1,497	150
July 2022 stock acquisition rights	1	1*
July 2023 stock acquisition rights	1	1*

Note: There were no adjustments to these exercise prices.

3. Impact on per share information

Per share information for the current fiscal year, assuming the stock split had been carried out at the beginning of the current fiscal year, is as follows:

	Year ended March 31, 2024
Earnings per share attributable to owners of the Company(Yen)	47.97
Basic earnings per share (Yen)	10.32
Diluted earnings per share (Yen)	10.12
Annual Dividends per Share (Yen)	8.60

4. Partial Amendment to Articles of Incorporation

(1) Reason for the Amendment

In connection with the stock split described above, the Company will amend the total number of authorized shares described in Article 6 of its Articles of Incorporation.

(2) Details of the Amendment

The details of the amendment are as follows:

(Underlined sections indicated proposed amendments)

Current Articles of Incorporation	Articles of Incorporation after proposed amendment
<p>Article 6 (Total number of authorized shares)                      The total number of shares authorized to be issued by the Company shall be <u>8,010,960,300 shares</u>.                      The total number of shares authorized to be issued for each type of share shall be as follows:                      Common shares: <u>8,010,960,300 shares</u>                      Series 1 Bond-Type Class Shares 30,000,000 shares                      Series 2 Bond-Type Class Shares 30,000,000 shares                      Series 3 Bond-Type Class Shares 30,000,000 shares                      Series 4 Bond-Type Class Shares 30,000,000 shares                      Series 5 Bond-Type Class Shares 30,000,000 shares</p>	<p>Article 6 (Total number of authorized shares)                      The total number of shares authorized to be issued by the Company shall be <u>80,109,603,000 shares</u>.                      The total number of shares authorized to be issued for each type of share shall be as follows:                      Common shares: <u>80,109,603,000 shares</u>                      Series 1 Bond-Type Class Shares 30,000,000 shares                      Series 2 Bond-Type Class Shares 30,000,000 shares                      Series 3 Bond-Type Class Shares 30,000,000 shares                      Series 4 Bond-Type Class Shares 30,000,000 shares                      Series 5 Bond-Type Class Shares 30,000,000 shares</p>

(3) Schedule of the Amendment to the Articles of Incorporation

Date of Annual General Meeting of Shareholders to amend the Articles of Incorporation: June 20, 2024 (planned)

Effective date for amendment to the Articles of Incorporation: October 1, 2024 (planned)

# 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.

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#### 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.

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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.



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## 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 are 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 services, such as data center, cloud, security, global, AI, Internet of Things ("IoT"), digital marketing, equipment sales.

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.

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## **(Notes Relating to Changes in Presentation)**

### 1. Balance Sheet

"Contract liabilities" (¥35,343 million in the previous fiscal year), which was included in "Other non-current liabilities" in the previous fiscal year, is presented as a separate item in the current fiscal year as the amounts became material.

### 2. Statement of Income

Some line usage fees (¥94,285 million in the previous fiscal year), which was included in "Facilities maintenance expenses" in the previous fiscal year, has been included in "Communication facility fee" from the current fiscal year due to the revision of the Guidelines on the Application of the Telecommunications Business Act and the Radio Act related to MVNO<sup>1</sup>.

In addition, "Gain on sales of shares of subsidiaries and associates" (¥2,499 million in the previous fiscal year), which was included in "Miscellaneous income" under "Non-operating income" in the previous fiscal year, has been presented as a separate item from the current fiscal year as the amounts became material.

#### Note:

1. MVNO stands for Mobile Virtual Network Operator.

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## **(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."

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## (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	196,701
Funded	59,248
Unfunded	137,453

#### (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.

The order to consolidate lawsuit (b) above with lawsuit (a) above 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 and JPiT appealed the judgment to the Tokyo High Court, and on March 21, 2024, the Court rendered a judgment ordering JPiT to pay ¥65 million as remuneration for the additional services and delay damages, and dismissing all claims by JPiT. The Company and JPiT filed a final appeal and a petition for acceptance of final appeal to the Supreme Court against this judgment. Based on the Tokyo High Court's judgement, a total of ¥19,176 million consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which was recorded in "Provision for loss on litigation" under "Current assets" in the non-consolidated balance sheet in the previous fiscal year, has been reversed in full amount. The amount has been recorded in "Reversal of provision for loss on litigation" under "Extraordinary income" in the non-consolidated statement of income.

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2. Accumulated reduction entry of property, plant and equipment due to subsidies received from governments and others
- (Millions of yen)
- 3,420

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 ¥506 million as of the end of the current fiscal year.

4. 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<sup>(a)</sup> 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.

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5. 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	95,587
Short-term monetary payables	257,791

6. 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	207

**(Notes Relating to Statement of Income)**

1. Transactions with subsidiaries and associates

	(Millions of yen)
Operating revenue	73,524
Operating expenses	311,535
Non-operating transactions	144,935

2. Reversal of provision for loss on litigation

Based on the reversal of the first instance judgment in the second instance judgment of the Tokyo High Court for the pending litigation case between the Company and JPiT, the amount recorded in "Provision for loss on litigation" in the previous fiscal year has been recognized as "Reversal of provision for loss on litigation" under "Extraordinary income."

**(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	47,805

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## (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	94,849
Loss on valuation of investment securities	44,541
Accounts payable - other and accrued expenses	25,862
Depreciable assets	16,011
Asset retirement obligations	16,035
Allowance for doubtful accounts	15,916
Provision for bonuses	10,800
Contract liabilities and other current liabilities	12,535
Inventories	6,512
Enterprise tax payable	3,920
Others	13,666
Gross deferred tax assets	260,647
Less: Valuation allowance	(146,182)
Total deferred tax assets	114,465
Offset against deferred tax liabilities	(19,169)
Net deferred tax assets	95,296

Deferred tax liabilities	(Millions of yen)
Removal costs for asset retirement obligations	(5,947)
Lease investments assets	(5,610)
Valuation difference on available-for-sale securities	(4,232)
Others	(3,380)
Total deferred tax liabilities	(19,169)
Offset against deferred tax assets	19,169
Net deferred tax liabilities	-

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**(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	435,794
Antenna facilities	246,714
Terminal facilities	90
Local line facilities	452
Long-distance line facilities	3,461
Engineering facilities	5,265
Buildings	25,817
Structures	4,417
Machinery and equipment	23
Vehicles	9
Tools, furniture and fixtures	2,376
Software	204,996
Total	<u>929,414</u>



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## (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. and IDC Frontier Inc., as well as utilization of self-trust for securitization of receivables and joint management designated money trusts. 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	17,602	17,602	-
(2) Shares of subsidiaries and associates			
Shares of subsidiaries	2,120	24,456	22,336
Shares of associates	2,565	5,884	3,319
(3) Accounts receivable - trade	940,380		
Less: Allowance for doubtful accounts (current assets) <sup>1</sup>	(30,549)		
	909,831	909,831	-
(4) Deposits paid	46,750	46,750	-
<b>Total assets</b>	<b>978,868</b>	<b>1,004,523</b>	<b>25,655</b>
(5) Bonds	820,000	806,720	(13,280)
(6) Long-term loans payable	809,387	809,750	363
(7) Lease obligations (non-current liabilities)	456,448	458,197	1,749
(8) Current portion of non-current liabilities	526,802	526,802	-
(9) Lease obligations (current liabilities)	251,515	251,515	-
(10) Deposits received	164,528	164,528	-
<b>Total liabilities</b>	<b>3,028,680</b>	<b>3,017,760</b>	<b>(10,920)</b>
(11) Derivative transactions <sup>2</sup>	(195)	(195)	-

### 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.

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(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 <sup>1</sup>
General treatment	Interest rate swaps Pay fixed / Receive floating	Long-term loans payable	815,000	470,000	(195)

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	22,790
Shares of subsidiaries and associates	
Shares of subsidiaries	
Unlisted shares	1,243,867
Shares of associates	
Unlisted shares	34,542
Other	44,237

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 ¥43,022 million.

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**(Notes Relating to Profit and Loss on Equity Method Investments, etc.)**

	(Millions of yen)
Amount of investments in associates	250,724
Amount of investments on equity method	251,488
Amount of investment losses on equity method	26,889

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 Gain on changes in equity interest and 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, 2024	
							Account	Amount (Millions of yen)
Subsidiary	Wireless City Planning Inc.	Telecommunications business	(Own) Direct 31.8	Interlocking directorate Borrowing of loans	Receipt of dividend	22,240		-
Subsidiary	SB C&S Corp.	Distribution business	(Own) Direct 100.0	Interlocking directorate Lending of loans	Receipt of dividend	34,200		-
Subsidiary	IDC Flontier Inc.	Data center business	(Own) Direct 100.0	Lending of loans	Receipt of dividend	16,963		-
Subsidiary	SB Players Corp.	IT consulting	(Own) Direct 100.0	Lending of loans	Receipt of dividend	22,900		-
Subsidiary	SB Power Corp.	Electric power sales business	(Own) Direct 100.0	Interlocking directorate Lending of loans	Lending of loans <sup>1</sup>	71,000		-
					Receipt of loans receivable	71,000		-
					Receipt of interest <sup>1</sup>	23	Other current assets	16
Subsidiary	SB Payment Service Corp.	Payment agency business	(Own) Direct 100.0	Interlocking directorate Borrowing of loans	Receipt of deposit <sup>2</sup>	10,512	Deposits received	110,444
					Interest payment <sup>2</sup>	159		

#### Notes:

- 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 (Millions of yen)	Balance as of March 31, 2024	
							Account	Amount (Millions of yen)
Officers and their relatives	Ken Miyauchi	Board Director of the Company	(Owned) Direct 0.09	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	947		-
Officers and their relatives	Junichi Miyakawa	Board Director of the Company	(Owned) Direct 0.35	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	249		-
					Lending of loans <sup>2,3,4,5</sup>	-	Long-term loans receivable to directors and employees	19,930
					Receipt of interest on loans receivable	220		-
Officers and their relatives	Jun Shimba	Board Director of the Company	(Owned) Direct 0.04	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	249		-

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, 2024	
							Account	Amount (Millions of yen)
Officers and their relatives	Yasuyuki Imai	Board Director of the Company	(Owned) Direct 0.04	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	698		
					Lending of loans <sup>2,3,4</sup>	-	Long-term loans receivable to directors and employees	860
					Receipt of interest on loans receivable	9		
Officers and their relatives	Kazuhiko Fujihara	Board Director of the Company	(Owned) Direct 0.03	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	186		
					Lending of loans <sup>2,3,4</sup>	-	Long-term loans receivable to directors and employees	640
					Receipt of interest on loans receivable	7		
					Refund of deposits	190		
					Receipt of deposits <sup>2</sup>	210		
					Offsetting of deposits <sup>2</sup>	3	Other current liabilities	207
Payment of interest on deposits	1		-					
Officers and their relatives	Masayoshi Son	Board Director of the Company	(Owned) Direct 0.07	Board Director of the Company	Exercise of stock acquisition rights <sup>1</sup>	498		



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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, March 27, 2018 and June 22, 2021 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.

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## (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	71,027
Increase due to acquiring property, plant and equipment	1,053
Adjustment due to passage of time	116
Decrease due to payments for asset retirement obligations	(21,517)
Increase due to changes in estimates	1,688
Balance at the end of the current fiscal year	52,367

### 4. Changes in estimates of asset retirement obligations

The Company recorded asset retirement obligations of ¥1,688 million based on the increased probability of the removal of certain network equipment after consideration of the efficient operation of network equipment.

## (Notes Relating to Per Share Data)

Net assets per share <sup>1</sup>	¥186.70
Net income per share <sup>2</sup>	¥109.76

Notes:

1. "Net assets per share" is based on "Net assets" excluding the amount not attributable to ordinary shareholders of the Company.

2. "Net income per share" is based on "Net income" excluding the amount not attributable to ordinary shareholders of the Company.

## (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)

### Stock Split

The Company passed a resolution at its Board of Directors meeting held on April 25, 2024 to conduct a stock split of common shares and to propose a partial amendment to the Articles of Incorporation to the 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024.

#### 1. Purpose of the Stock Split

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. Following its listing in December 2018 and its share offering in September 2020, the Company had approximately 860,000 shareholders as of March 31, 2024, and is supported by shareholders across a wide range of age groups.

In addition, in 2024, the New NISA (Nippon Individual Savings Account) program (a tax exemption program for small investments) was launched in Japan to encourage people to shift from savings to investment in order to build wealth for the future.

The Company aims to grow its investor base by encouraging new investors, including the young generation, to select the Company's stock as their first investment and hold it for the medium and long term. Furthermore, the Company would like investors to increase their understanding of its business by using services associated with the Company. For this purpose, the Company will conduct a stock split of common shares to reduce the amount of investment per share.

#### 2. Stock Split

##### (1) Method of the Stock Split

The record date of the stock split will be September 30, 2024. Each share of the Company's common stock held by shareholders entered or recorded on the final shareholder register on the record date will be split into 10 shares. The Company's Series 1 Bond-Type Class Shares are not subject to this stock split.

##### (2) Number of shares to be increased by the stock split

Total number of shares issued before the stock split	4,756,200,770 shares
Number of shares to be increased by the stock split	42,805,806,930 shares
Total number of shares issued after the stock split	47,562,007,700 shares
Total number of shares authorized to be issued after the stock split	80,109,603,000 shares

\* The total number of shares issued and the number of shares to be increased above may change due to factors such as the exercise of stock acquisition rights up until the record date of the stock split.

##### (3) Schedule of the stock split

Date of public notice of record date	September 13, 2024 (planned)
Record date of stock split	September 30, 2024
Effective date of stock split	October 1, 2024

##### (4) Conditions for the stock split

The stock split is conditional upon approval of the proposal on the amendment to the Articles of Incorporation by the Company's 38th Annual General Meeting of Shareholders scheduled to be held on June 20, 2024.

(5) Adjustment of exercise price of stock acquisition rights

The exercise price per share of the shares underlying the stock acquisition rights will be adjusted in connection with the stock split from October 1, 2024, as described below:

	Exercise Price (JPY)	
	Before adjustment	After adjustment
March 2018 stock acquisition rights	623	63
July 2020 stock acquisition rights	1	1*
January 2021 stock acquisition rights	1,366	137
July 2021 stock acquisition rights	1	1*
July 2021 stock acquisition rights	1,497	150
July 2022 stock acquisition rights	1	1*
July 2023 stock acquisition rights	1	1*

Note: There were no adjustments to these exercise prices.

3. Impact on per share information

Per share information, assuming that the stock split had been carried out at the beginning of the current fiscal year, is as follows:

Net assets per share (Yen)	18.67
Net income per share (Yen)	10.98
Annual Dividends per Share (Yen)	8.60

4. Partial Amendment to Articles of Incorporation

(1) Reason for the Amendment

In connection with the stock split described above, the Company will amend the total number of authorized shares described in Article 6 of its Articles of Incorporation.

(2) Details of the Amendment

The details of the amendment are as follows:

(Underlined sections indicated proposed amendments)

Current Articles of Incorporation	Articles of Incorporation after proposed amendment
<p>Article 6 (Total number of authorized shares)                      The total number of shares authorized to be issued by the Company shall be <u>8,010,960,300 shares</u>.                      The total number of shares authorized to be issued for each type of share shall be as follows:                      Common shares: <u>8,010,960,300 shares</u>                      Series 1 Bond-Type Class Shares 30,000,000 shares                      Series 2 Bond-Type Class Shares 30,000,000 shares                      Series 3 Bond-Type Class Shares 30,000,000 shares                      Series 4 Bond-Type Class Shares 30,000,000 shares                      Series 5 Bond-Type Class Shares 30,000,000 shares</p>	<p>Article 6 (Total number of authorized shares)                      The total number of shares authorized to be issued by the Company shall be <u>80,109,603,000 shares</u>.                      The total number of shares authorized to be issued for each type of share shall be as follows:                      Common shares: <u>80,109,603,000 shares</u>                      Series 1 Bond-Type Class Shares 30,000,000 shares                      Series 2 Bond-Type Class Shares 30,000,000 shares                      Series 3 Bond-Type Class Shares 30,000,000 shares                      Series 4 Bond-Type Class Shares 30,000,000 shares                      Series 5 Bond-Type Class Shares 30,000,000 shares</p>

(3) Schedule of the Amendment to the Articles of Incorporation

Date of Annual General Meeting of Shareholders to amend the Articles of Incorporation: June 20, 2024 (planned)

Effective date for amendment to the Articles of Incorporation: October 1, 2024 (planned)