Our Sustainability

Sustainability Vision “Help Shape the Next 300 Years for Our Future Generations and the Planet”

The SoftBank Group’s philosophy, Information Revolution—Happiness for everyone embodies our determination to bring happiness to everyone, even to future generations 300 years from now. To create a world where people can live in harmony with the earth, we will fulfill our responsibility as a leader of the Information Revolution to realize a sustainable society.

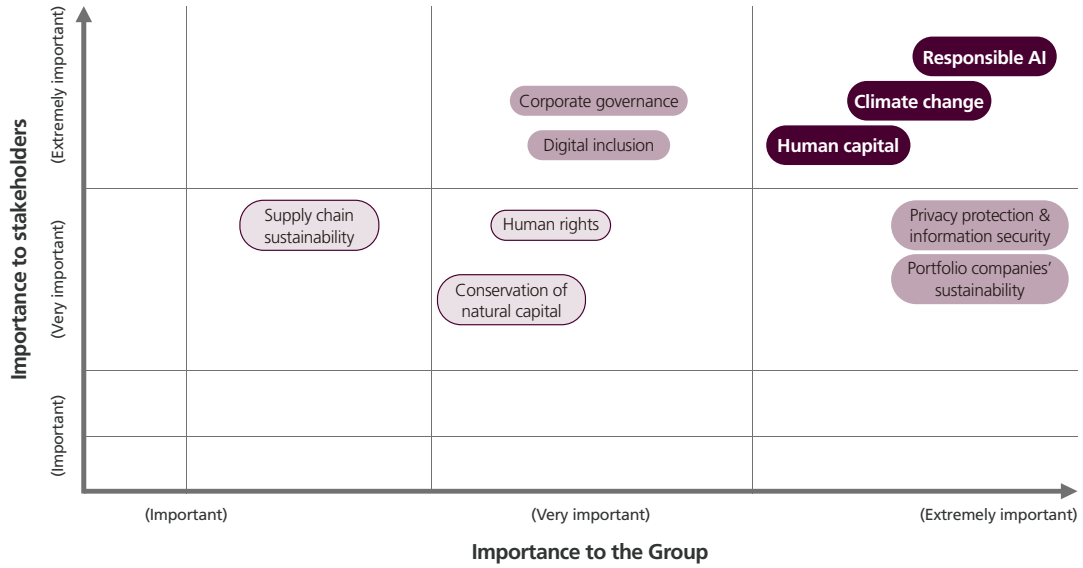
Sustainability principles

SBG has established The SoftBank Group Sustainability Principles as a guideline for the Company’s sustainability, so as to achieve sustainable growth by meeting the expectations of shareholders, creditors, customers, business partners, employees, local communities, and all other stakeholders. Based on these principles, we identify material issues relating to sustainability (“Material Issues”) reflecting the business characteristics and social demands of each Group company.

Material issues relating to sustainability

Based on our view of double materiality, SBG classifies issues to be addressed from two perspectives: the importance to stakeholders and to the Group. Among these issues, we identify material issues relating to sustainability that should be addressed with priority, determined by the Board of Directors.

As for the importance to the Group, issues in the major business sectors in which the Group is engaged are analyzed to determine the order of priority.



Our Sustainability

Concept of each Material Issue

Material Issue	Concept
Responsible AI	Stand at the forefront of the Information Revolution, and create new value through the utilization of responsible AI to build a more connected, empowered, and joyful world.
Climate change	Challenge issues of global climate change through business activities of a diverse group of companies.
Human capital	Strive for sustainable growth by creating an internal environment in which employees, who are the source of value creation, can challenge themselves and play an active role.
Privacy protection & information security	As a leader of the Information Revolution, sincerely deal with protection of information assets, and lead to realization of a safe and secure digital society.
Portfolio companies' sustainability	As a strategic investment holding company, contribute to the realization of a sustainable society through investment, together with portfolio companies.
Corporate governance	Under the fundamental concept of "free, fair, and innovative," strengthen governance structure ensuring transparency and effectiveness.
Digital inclusion	Promote the Information Revolution, strive to eliminate the digital divide to realize a world in which everyone can benefit from technology.
Human rights	Respect human rights for everyone in all aspects of our business activities, including those who belong to our supply chains.
Conservation of natural capital	As a global citizen, take serious efforts to conserve the global environment.
Supply chain sustainability	Pursue to build sustainable supply chains by cooperating with stakeholders in all business activities.

Identification and review of Material Issues

The following process is performed to identify our Material Issues. In addition, Material Issues are reviewed at least once every two years to reflect changes in social environments, the expectations of stakeholders, and the business operations within each Group company.

STEP 1 Identification of issues	STEP 2 Materiality analysis	STEP 3 Identification of Material Issues	STEP 4 Setting and monitoring of goals	STEP 5 Periodic review
Identify social issues in the social and business environments surrounding the Group's main business sectors by referring to external guidelines and experts' opinions.	Analyze importance from two perspectives based on our view of double materiality: "importance to stakeholders" and "importance to the Group."	Exchange opinions between relevant members inside and outside of the Group and external experts. Identify Material Issues through discussion at the Sustainability Committee and approval of the Board of Directors.	Set the goals / action plans for the Material Issues based on their importance. Continuously work toward goals / action plans and monitor their progress.	Review at least once every two years to reflect changes in social environments, the expectations of stakeholders, and the business operations within each Group company.

Goals / action plans

For the Material Issues that should be addressed with priority, we have set the following goals / action plans and are continuously working toward them while monitoring their progress.

Responsible AI

We aim to establish an appropriate AI governance structure through discussions in our working group.

See page 47 for details of our initiatives related to responsible AI.

Climate change

We promote initiatives to achieve our Group target: "Carbon Neutrality by fiscal 2030."

See page 40 for details of our initiatives related to climate change.

Human capital

We regard human resources as a source of value creation and important stakeholders for supporting our sustainable growth. Accordingly, we will continuously work on creating an internal environment in which employees can challenge themselves and play an active role while making the most of their individuality and abilities, as well as attracting autonomous and professional human resources and supporting their growth and advancement.

See page 44 for details of our initiatives related to human capital.

Our Sustainability

Sustainability governance

Sustainability governance structure

SBG's Board of Directors has appointed the Chief Sustainability Officer (CSusO), who is responsible for the promotion of Group-wide sustainability, and has established the Sustainability Committee for the purpose of promotion of the sustainability-related activities of the Group. The Sustainability Committee continuously discusses overall policies such as the sustainability vision and basic policies; policies of individual activities such as sustainability-related issues, goal setting, and information disclosure; and sustainability promotion systems and operation policies. The Committee is chaired by the CSusO (Corporate Officer, Senior Vice President Kazuko Kimiwada) and currently has one member: Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto. The CSusO reports the details of discussions of the Sustainability Committee to the Board of Directors for oversight.

Sustainability Committee

SBG's Sustainability Committee was established in June 2020 and, in principle, meets once every three months. In addition to the Committee members, the heads of relevant departments attend the meetings to engage in cross-functional discussions based on specialized knowledge and multiple perspectives.

The Committee met three times in fiscal 2024 (April, July, and October 2024). The Committee discussed a variety of matters including enhancement of sustainability information disclosure, development of approaches to responsible AI, response to climate change, integration of a sustainability risk assessment framework into the investment process, and compliance with mandatory non-financial information disclosure requirements.

Committee members

As of June 27, 2025

Chairperson	Kazuko Kimiwada (Corporate Officer, Senior Vice President, CAO & CSusO, Head of Accounting Unit)
Other member	Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President, CFO, CISO & GCO, Head of Finance Unit, Head of Administration Unit, Head of Legal Unit)

Committee activity

Meetings held	Fiscal 2024: 3 times (14 times since established)	
Main discussion matters in fiscal 2024	•Enhancement of sustainability information disclosure •Development of approaches to responsible AI •Response to climate change	•Integration of a sustainability risk assessment framework into the investment process •Compliance with mandatory non-financial information disclosure requirements

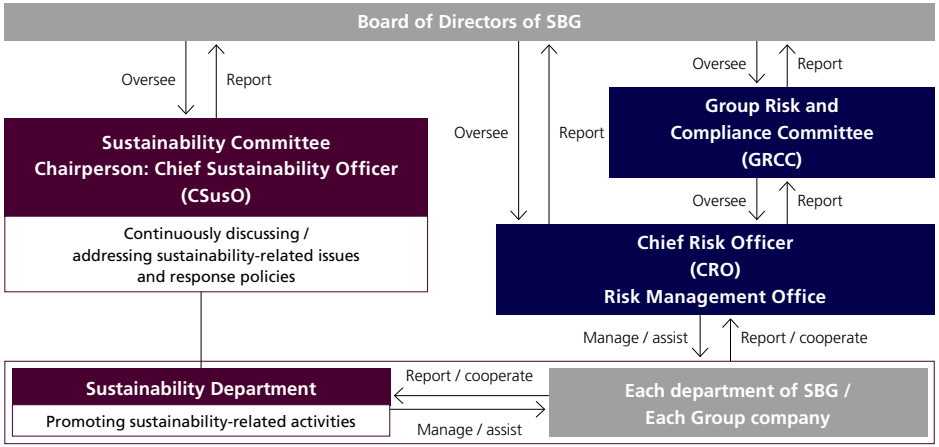
Sustainability risk management

At SBG, the Risk Management Office is responsible for the integrated management of Group-wide risks in accordance with the Risk Management Policy. As for sustainability-related risks, the Sustainability Department under the CSusO identifies risks through reports from each department of SBG and its major Group companies and identifies risks that should be addressed as prioritized risks through discussions at the Sustainability Committee. In addition, the Sustainability Department reports the identified risks, countermeasures, and their status to the Risk Management Office under the framework of the Group-wide risk management process referenced above.

The Risk Management Office analyzes and assesses various risks including sustainability and corresponding countermeasures, considering the likelihood that a risk could materialize and the magnitude of the potential impact. For material risks that could significantly impact the Group's sustainable growth, the Risk Management Office collaborates with the relevant departments or Group companies to understand the implementation status of countermeasures and monitor their effectiveness. Material risks and the status of countermeasures are reported to and discussed every quarter by the Board of Directors and the Group Risk and Compliance Committee (GRCC), which consists of Board Directors and Corporate Officers of SBG. Based on the results of discussions, the Risk Management Office strives to strengthen the Group's risk management system.

See page 66 for details of our risk management.

Sustainability governance and risk management structure



Our Sustainability

Message from our Chief Sustainability Officer (CSusO)

Kazuko Kimiwada
Corporate Officer,
Senior Vice President
CAO & CSusO,
Head of Accounting Unit

A Responsible Challenge with a 300-Year Vision: Sustainability Linking Philosophy and Growth

The Company has upheld its corporate philosophy, Information Revolution—Happiness for everyone, since its founding. This philosophy is carried on in our sustainability vision: "Help shape the next 300 years for our future generations and the planet." At the heart of our organization is a strong commitment to making people happy across generations.

With this resolve, in 2024 we reviewed and updated our material issues relating to sustainability, identifying ten issues. Among them, three have a particularly high priority: "Responsible AI," "Climate change," and "Human capital."

"Responsible AI," as emphasized by our management, has been positioned as the highest-priority issue. While recognizing and addressing the ethical and safety risks of AI is essential, we also see AI as holding immense potential to bring happiness to people. That is why we emphasize a dual approach—both defense and offense—in promoting the social implementation of AI.

Regarding "Climate change," we are accelerating investments in renewable energy businesses, particularly in the U.S., in anticipation of increased electricity demand driven by AI deployment. We also plan to introduce renewable energy in our data centers, as part of our efforts toward realizing a sustainable society.

For "Human capital," we are committed to creating an environment where individuals of diverse backgrounds—including nationality, culture, and gender—can thrive as we expand our global business and investment activities. We promote local talent to management roles and foster dialogue that respects diverse values across countries and companies. These efforts form a core business foundation, while our culture of free thinking and bold, goal-driven execution—balanced with discipline—drives sustainable growth and strong performance.

As an investment company, we also prioritize due diligence concerning human rights and the environment. We assess these risks before investing, and based on the risk level, we provide engagement and follow-up support post-investment to help enhance their value.

My role is to link sustainability initiatives with financial information through meaningful discussions at the Sustainability Committee and communicate them accurately both internally and externally. Rather than treating sustainability as mere social contribution, we position it as a growth-oriented business strategy, pursuing substantial actions and reliable disclosures to enhance corporate value.

External evaluations of sustainability (as of May 31, 2025)

The main external evaluations of the Group's sustainability are shown below.

Inclusion in ESG indexes

Index name		Company name
Dow Jones Best-in-Class World Index Dow Jones Best-in-Class Asia Pacific Index		SoftBank LY Corporation
FTSE4Good Index Series*1 FTSE Blossom Japan Index*1 FTSE Blossom Japan Sector Relative Index*1	FTSE4Good FTSE Blossom Japan FTSE Blossom Japan Sector Relative Index	SBG SoftBank LY Corporation
MSCI Nihonkabu Select Leaders Index*2	2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX	SBG*3 SoftBank*3 LY Corporation*3
MSCI Japan Empowering Women Index (WIN)*2	2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	SBG SoftBank LY Corporation

Major evaluations and accreditations

Sustainability Yearbook Member

SBG,*4 SoftBank,*5 LY Corporation*6

Selected as a "Sustainability Yearbook Member" by S&P Global in "The Sustainability Yearbook 2025," a listing of companies with outstanding sustainability

Eruboshi

SBG, SoftBank

Granted "Eruboshi" Level 3 (highest grade) certification as a company promoting women's advancement

CDP

SBG, SoftBank, LY Corporation, Arm

Earned a climate change response score of B by CDP (a global environmental NGO) for SoftBank Group, SoftBank, and Arm, and a score of A for LY Corporation

See each company's website for further details: SBG SoftBank LY Corporation

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SoftBank Group Corp., SoftBank Corp., and LY Corporation have been independently assessed according to the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index criteria, and have satisfied the requirements to become constituents of those index series.

*2 THE INCLUSION OF SoftBank Group Corp., SoftBank Corp., and LY Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SoftBank Group Corp., SoftBank Corp., and LY Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

*3 It is also included in the MSCI Japan ESG Select Leaders Index.

*4 SBG was selected as among the top 15% of companies in its industry.

*5 SoftBank was awarded a "Top 10% S&P Global CSA Score" in its industry.

*6 LY Corporation was awarded a "Top 5% S&P Global CSA Score" in its industry.

Our Sustainability

Portfolio companies' sustainability

Considering sustainability standards in investment activities, we support the sustainable development of society at large while also enhancing the performance of our investments over the medium to long term. Under this belief, we are undertaking the following initiatives.

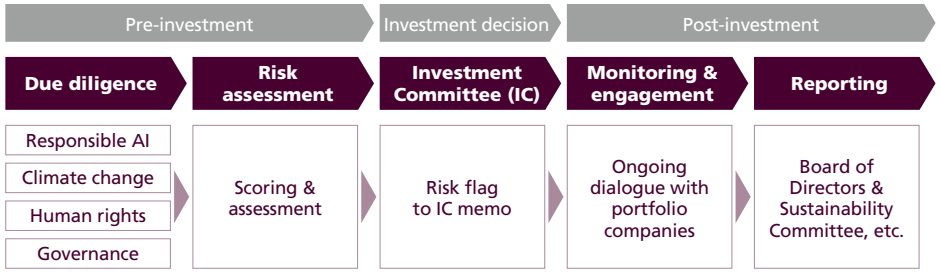
Integrating sustainability factors (ESG) into the investment process

Actively committed to integrating ESG into the investment process, SBG has established the Portfolio Company Governance and Investment Guidelines Policy. The Policy sets out criteria for assessing portfolio companies' governance systems during the investment process. It also states that environmental and social risks and opportunities are to be assessed in this process. The Policy applies to SBG and its subsidiaries,*7 each of which develops and carries out its own specific investment plans.

*7 Includes SoftBank Vision Funds and other investment subsidiaries managed by subsidiaries of SBG but excludes listed subsidiaries and subsidiaries that the Group is restricted from controlling for regulatory reasons and their subsidiaries

Integrating ESG into SoftBank Vision Funds' investments

Softbank Vision Funds integrate ESG into their investments in the following ways.



Pre-Investment due diligence and risk assessment

In consideration of its importance to the international community and our investment business, SoftBank Vision Funds have identified four key themes to be assessed prior to investment: responsible AI, climate change, human rights (forced labor; discrimination and harassment) and governance. SoftBank Vision Funds assess how these themes are addressed by potential portfolio companies through due diligence, assess the associated risks, and incorporate the findings into their investment decisions. SoftBank Vision Funds review the important themes and assessment methods as necessary in response to changes in their external environment and business strategies, and reflect the latest sustainability issues and assessment perspectives.

Post-Investment monitoring and engagement

After investing, SoftBank Vision Funds continually monitor the portfolio companies to prevent risks from materializing. With regard to key themes, SoftBank Vision Funds conduct engagements (dialogue) that deepen their understanding of portfolio companies' initiatives and encourage further improvement, thereby contributing to the sustainable development of society as a whole and enhancing medium- to long-term investment performance.

Reporting

SBG monitors and oversees the integration of ESG into the SoftBank Vision Funds' investment process through reports to the Board of Directors and the Sustainability Committee on the investment process and assessment results.

Our Sustainability

Contributing to solving global challenges and realizing sustainability on a global scale through investments

SBG contributes to solving global challenges—such as climate change and economic inequality—and to realizing sustainability on a global scale by investing in AI applications, innovative technologies, and business models through investment businesses such as the SoftBank Vision Funds.

Portfolio companies contributing to solving sustainability challenges

Developing next-generation solar construction solutions to accelerate decarbonization

Terabase Energy

Terabase Energy is a solar technology company focused on transforming utility-scale solar projects with integrated solutions that reduce costs, improve quality, and unlock scalability. Its platform supports the full life cycle of a solar farm project—from planning and design to construction and operations. The company has pioneered a "field factory"*8 approach, combining robotics and automation to streamline construction in the field. This next-generation method accelerates the deployment of large-scale solar projects and contributes meaningfully to global decarbonization efforts.

*8 The field factory approach combines an automated on-site mobile assembly line with robotic rovers in order to centralize the assembly of solar panel systems, bringing factory-level efficiency to solar farm construction.

AI-driven precision medicine to treat complex neurological and autoimmune diseases

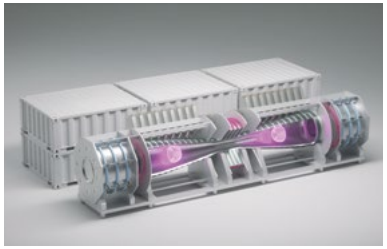
Neuron23

Neuron23 is a clinical-stage biotechnology company developing precision medicines for genetically defined neurological and immunological diseases. By combining insights from human genetics with a state-of-the-art drug discovery and biomarker platform,*9 the company is pioneering targeted therapies for some of the most challenging and debilitating conditions. Neuron23 leverages cutting-edge machine learning and artificial intelligence to accelerate therapeutic development—advancing a new generation of treatments with the potential to transform patient outcomes.

*9 A platform for collecting and analyzing quantifiable biological molecules and informational indicators (biomarkers) used for disease diagnosis and prediction of a therapeutic response

Pursuing reliable, carbon-free energy at scale from fusion

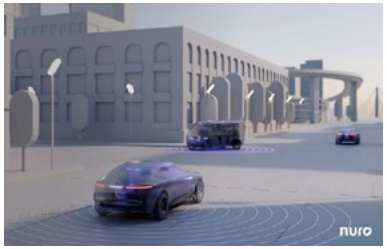
Helion Energy



Helion Energy is a fusion power company developing revolutionary technology to generate clean, abundant energy. Its mission is to solve one of humanity's biggest challenges: delivering sustainable, carbon-free power at scale to meet rising global energy demand and combat climate change. Helion's novel approach to fusion directly converts fusion energy into electricity—bypassing the traditional, inefficient steam cycle used in conventional power generation. This breakthrough has the potential to transform the global energy system and accelerate the transition to a carbon-free future.

Transforming the way people move through autonomous solutions

Nuro



Nuro is a leading AI robotics company developing fully autonomous vehicles that bring the power of artificial intelligence into the physical world—transforming how people and goods move through everyday life. Through partnerships with automotive and mobility companies, Nuro is reimagining personal vehicles, ride-hailing services, and commercial fleets. Its technology aims to create safer streets, reduce emissions, and give people back valuable time—advancing a more sustainable and efficient transportation future.

Sustainability: Environment

Initiatives for the Maintenance and Preservation of the Global Environment

Maintenance and preservation of the global environment are our responsibility as global citizens and represent an important foundation supporting the Group's sustainable development and growth. We are working to reduce the negative impact of our business activities on the environment. We are also leveraging the strengths and advanced technologies of each Group company to address climate change and other environmental issues.

Basic policy on environmental initiatives

Environmental Policy

In May 2021, SBG established the Environmental Policy as a set of principles for conducting corporate activities in consideration of the global environment. The Company's activities are in accordance with the Policy, which stipulates, among other guidance, that we comply with environment-related laws and regulations, respond to climate change, reduce environmental impact, conserve resources, and preserve biodiversity.

See "Environmental Initiatives" under "Sustainability" on our website for the full text of the Policy.

Supplier Code of Conduct

SBG sets out our Supplier Code of Conduct, including compliance with environmental laws and regulations, managing and reducing waste, avoiding wasteful use of resources, and consideration of biodiversity, and requires our suppliers to work in accordance with the Code.

See "Social Initiatives" under "Sustainability" on our website for the full text of the Code.

Climate change

Climate-related information disclosures in accordance with the TCFD recommendations (Summary)

SBG recognizes the impact of climate change on our businesses and discloses its response to climate change in line with the TCFD recommendations.

See "Environmental Initiatives" under "Sustainability" on our website for the full text of our TCFD disclosures.

Governance

SBG's Board of Directors deliberates on and makes decisions on overall climate-related actions, including identifying climate-related risks and opportunities, developing countermeasures, and setting the Group's target for greenhouse gas emissions reduction. In addition, the Sustainability Committee, chaired by the Chief Sustainability Officer (CSusO), discusses and examines climate-related actions, and reports the details of the discussion to the Board of Directors for oversight.

See page 36 for details of our sustainability governance.

Risk management

At SBG, the Risk Management Office is responsible for the integrated management of Group-wide risks in accordance with the Risk Management Policy.

As for sustainability-related risks, including climate change, the Sustainability Department under the CSusO identifies risks through reports from each department of SBG and its major Group companies, and identifies risks that should be addressed as prioritized risks through discussions at the Sustainability Committee. In addition, the Sustainability Department reports the countermeasures and their status to the Risk Management Office.

See page 36 for details of our sustainability risk management.

Strategy

SBG identifies, analyzes, and develops actions to manage climate-related risks and opportunities for the Investment Business of Holding Companies segment and the SoftBank Vision Funds segment (the "Company's Investment Business").

In the SoftBank segment, SoftBank discloses information in line with the TCFD recommendations. In the SoftBank Vision Funds segment, SBIA discloses information about SVF1 in line with U.K. legislation analogous to the TCFD recommendations. In the Arm segment, Arm discloses information in line with such legislation. For information about each company's TCFD disclosures, see their respective websites.

Risks and opportunities in the Company's Investment Business and our responses

Summary of risks and opportunities

	Opportunities	Risks
New investments	▶ Expected returns from new investments in companies that provide climate-related technologies and services (e.g., climate tech)	▶ Reduced investment opportunities due to potential portfolio companies' reluctance to accept the Company's investments if its climate change response is inadequate
Existing investments	▶ Enhanced enterprise value of existing portfolio companies from their adequate response to climate change	▶ Decline in enterprise value of existing portfolio companies due to their inadequate response to climate change
Financing	▶ Expansion of financing opportunities by gaining investors' support for the Company's steady responses to climate change	▶ Decline in financing opportunities due to lower evaluation from investors if the Company's climate change response is inadequate

Sustainability: Environment

Our recognized impact of risks and opportunities

Although there are aforementioned risks that the Company could lose investment and financing opportunities if its response to climate change is deemed significantly inadequate, we believe that it is possible to avoid those risks by maintaining steady efforts such as reducing greenhouse gas emissions. We also acknowledge that, within our portfolio companies, the materialization of climate-related risks could potentially impact their financial performance. Our AI-related portfolio companies use data centers that are inherently associated with transition and physical risks. Given the significance of these risks, we are examining appropriate response measures.

Meanwhile, under our corporate philosophy, Information Revolution—Happiness for everyone, we aim to contribute to the well-being of people through the superstructure of the ecosystem with entrepreneurs who possess new technologies and business models. In a world increasingly beset by natural disasters and other climate risks, we can meet the demand for climate action and fulfill our corporate philosophy by proactively investing in businesses that offer the innovative climate solutions the world needs.

Responses to risks and opportunities

We are addressing the climate-related risks and opportunities through the following measures:

- **Investments in climate tech** P.39
  Invest in companies that provide climate-related technologies and services
- **Responses in the investment process** P.38
  Incorporate climate-related risk / opportunity assessments into the investment process
- **Portfolio company engagement**
  Engage with portfolio companies on climate change, including holding workshops for those companies
- **Greenhouse gas emissions reduction**
  Reduce greenhouse gas emissions from our business activities, including switching to electricity derived from renewable energy sources

Metrics and targets

Seeking to further reduce greenhouse gas emissions from our business activities, SBG set a Group target to achieve "Carbon Neutrality by fiscal 2030"*1 in June 2022. To achieve the target, the entire Group is working on switching to electricity derived from renewable energy sources, using energy-efficient measures, and other measures.

See the "ESG Data" under "Sustainability" on our website for our greenhouse gas emissions and plan for reducing emissions.

To achieve the Group target

In March 2024, SBG formulated and disclosed a plan for reducing greenhouse gas emissions*1 to achieve the Group target, which is reviewed when required. SBG and its major subsidiaries are undertaking greenhouse gas emissions reduction initiatives in accordance with this plan.

Group target*1 Carbon Neutrality by fiscal 2030

Targets and achievements at SBG and its major subsidiaries

	Targets	Achievements
SBG	Achieved Carbon Neutrality in fiscal 2020 (and continues to be carbon neutral today)*2	
SoftBank	Carbon Neutrality in its group by fiscal 2030*2 Net Zero in its group by fiscal 2050*3	Sourced 92.6% renewable electricity used at base stations (fiscal 2024)*4
LY Corporation	Net-zero greenhouse gas emissions in LY Corporation by fiscal 2025*2 Net-zero greenhouse gas emissions in its group by fiscal 2030*2	Converted 87.4% of energy used by its group to renewable energy (fiscal 2024)
Arm	Convert 100% of electricity used by its group to renewable energy by 2023 Committed to cutting its absolute GHG emissions by 50% from an FYE2020 baseline across all emissions sources (Scope 1, 2, and the six categories of Scope 3 relevant to Arm) by FYE2030 in line with a 1.5°C climate pathway and the Paris Agreement	Sourced 100% renewable electricity for its group's electricity used in business activities (since fiscal 2022)

*1 Applies to greenhouse gas emissions (Scope 1 and 2) from the business activities of SBG and its major subsidiaries (in principle, "Principal Subsidiaries" in the Annual Securities Report)
*2 Applies to greenhouse gas emissions (Scope 1 and 2)
*3 Applies to greenhouse gas emissions (Scope 1, 2, and 3)
*4 Undergoing assurance procedures as of June 30, 2025

Sustainability: Environment

Promoting and expanding the use of renewable energy

U.S. solar power project

SB Energy Global

To promote renewable energy, SB Energy Global and its subsidiaries operate a power generation business that boasts one of the largest solar power businesses in the U.S. The business has nine solar farms, which collectively generate 2,130 MW.*5

SB Energy Global is currently constructing four additional solar farms in the U.S., which will collectively generate 1,180 MW of solar and 1,361 MW of battery storage.*5

*5 Generation capacity in AC, as of March 31, 2025

Investment in the clean energy transition across Africa, the Middle East, and Asia

AMEA Power

AMEA Power is an SBG portfolio company that is actively contributing to decarbonization and the realization of a sustainable society across Africa, the Middle East, and Asia through the development and operation of clean energy projects.

In December 2024, the company commenced commercial operations of a 500-MW solar power plant in Egypt. This plant is among the largest of its kind on the African continent and significantly contributes to Egypt's decarbonization goals. In addition to its environmental benefits, the project has created thousands of jobs through its construction and operation, thereby stimulating the local economy. Furthermore, AMEA Power completed the construction of a 500-MW wind power project in June 2025. The company is also deploying large-scale battery energy storage systems in Egypt, aiming for further expansion in the region.

With more than 6 GW in the project pipeline, and more than 2.6 GW of operating and under or near construction capacity across more than 20 countries,*6 AMEA Power is one of the fastest-growing clean energy companies in the region. In addition to increasing renewable energy such as solar and wind power, the company is actively promoting the adoption of utility-scale battery storage and exploring opportunities in green hydrogen, playing a vital role in accelerating the transition to clean energy.

*6 As of April 30, 2025

100% renewable energy–powered green data center

SoftBank

Image of how the Hokkaido Tomakomai AI Data Center will look when completed

SoftBank is building a decentralized network of AI data centers across Japan and plans to utilize renewable energy sources in these centers. The Hokkaido Tomakomai AI Data Center, scheduled to open in fiscal 2026, is designed to operate entirely on renewable energy supplied by SB Power and Hokkaido Electric Power. It seeks to become a green data center through the active use of locally generated renewable energy, aiming to reduce environmental impact and promote harmony with the surrounding community.

Developing energy-efficient technology

Semiconductor architecture that improves energy efficiency

Arm

As compute demands continue to grow to handle increasingly complex workloads, Arm's solutions prioritize power efficiency while providing market-leading performance.

Hyperscalers like Amazon Web Services (AWS), Google Cloud, and Microsoft Azure have adopted the Arm compute platform to build their own general-purpose custom silicon to transform energy usage in the data center and cloud, reporting better efficiency compared to previous-generation chips.

For example, Google Cloud introduced custom Google Axion Processors, based on *Arm Neoverse V2*, for general-purpose compute and AI inference workloads. Axion powers instances that deliver up to 60% better energy efficiency than comparable current-generation x86-based instances.

Sustainability: Environment

Promoting decarbonization through initiatives

Participation in the One Planet Sovereign Wealth Fund (OPSWF) Network

SBG, SBIA

SBG and SBIA participate in the One Planet Sovereign Wealth Fund (OPSWF) Network, which was established as a Working Group in July 2018. That same year, the OPSWF's founding members developed the OPSWF Framework to advance the integration of climate change risks and opportunities into large and diversified asset pools. The Abu Dhabi Investment Authority, the Kuwait Investment Authority, the New Zealand Superannuation Fund, the Public Investment Fund, and the Qatar Investment Authority currently lead the OPSWF's Steering Group. In July 2019, the One Planet Asset Manager (OPAM) Initiative was launched to allow asset managers to support the OPSWF Framework. Similarly, in July 2020, the One Planet Private Equity Funds (OPPEF) Initiative was founded by Ardian, The Carlyle Group, Global Infrastructure Partners, Macquarie Asset Management, and SBIA.

SBIA and the OPPEF Group, now comprising 14 members, actively engage in the OPSWF's programs and discussions, including the Network's Annual CEO Summits and its Peer Exchanges. As of March 2025, the OPSWF Network is comprised of 50 members representing more than $46 trillion in assets under management and ownership.

Establishment and operation of the Renewable Energy Council and the GDC Renewable Energy Council

SBG

Together with local governments, SBG established the Renewable Energy Council and the Government-Designated Cities (GDC) Renewable Energy Council in 2011. Led by 35 prefectures and 20 designated cities throughout Japan, the two Councils share information to promote and expand the use of renewable energy and make policy recommendations to the Japanese government. As their secretariat, SBG works with affiliated local governments to drive the net-zero transition in Japan.

See the Renewable Energy Council's website for its details (Japanese language only).

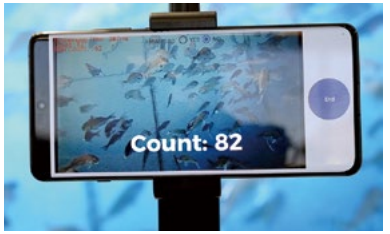
See the Government-Designated Cities Renewable Energy Council's website for its details (mainly Japanese language, with some English pages).

Conserving natural capital

The importance of conserving natural capital is increasing year by year. Guided by the Environmental Policy, the Group is working to reduce the environmental impact of its business activities, including reducing water consumption. In addition, the Group leverages technology to contribute to conserving natural capital.

Using edge AI to support sustainable aquaculture

SoftBank



Fish being counted

Aquaculture plays an important role in preserving natural resources and addressing food-supply issues. However, it is also plagued by inefficiency, as it involves numerous manual operations such as manually counting the number of fish and estimating their size. In 2023, SoftBank launched an initiative for AI-driven smart farming of red sea bream in Ehime Prefecture in Japan. In 2024, it started collaborating with the U.S. company Aizip to develop an on-device AI application for counting fish in real time and with high accuracy. Operating on smartphones or other edge devices, the application analyzes footage recorded by an underwater camera in the pond and counts the number of fish. Demonstrating an accuracy rate of approximately 95%, the application won the CES® 2025 Innovation Award in the Food & AgTech category. In the future, SoftBank plans to apply this technology to estimate fish size and detect fishnet damage. Such applications will help make aquacultural operations more efficient and the fisheries industry more sustainable.

Sustainability: Social

How We Serve People and Society as a Leader of the Information Revolution

We strive to create a diverse, inclusive workforce and a positive, respectful workplace.
As a leader of the Information Revolution, we channel the various strengths of our Group companies into addressing the social challenges of this age of information and globalization.

Initiatives related to human capital

The Group regards human resources as a source of value creation and important stakeholders for supporting its sustainable growth. Accordingly, we believe that creating an internal environment in which employees can challenge themselves and play an active role while making the most of their individuality and abilities will increase corporate value.

Human resource strategy

SBG's human resource strategy is to attract autonomous and highly skilled talent and support their growth and advancement, and we are making ongoing efforts to achieve these goals. For specific initiatives, see "Diverse human capital management" and thereafter.

The human resource strategies of subsidiaries and Group companies are determined by each company, based on the *Cluster of No. 1 Strategy* of growing together in a symbiotic ecosystem where decisions made by each company are respected.

Diverse human capital management

Professional recruitment emphasizing core competencies

SBG hires professionals based on three core competencies: professionalism, smart, and relation. We work to attract excellent and diverse human resources under a basic policy of assigning the most suitable person to each position, regardless of age, gender, nationality, or disability.

Three core competencies we seek in our employees

Professionalism
High level of expertise in a relevant field
×
Smart
Capacity to think logically and tackle unprecedented challenges using numbers and reasoning
×
Relation
Communication skills required to engage in business with leading companies in the world

Diversity and inclusion

SBG is committed to assignments that allow employees, who are the driving force behind corporate growth, to make the most of their individuality and abilities. We promote the hiring of human resources and appointment of managers regardless of age, gender, nationality, or disability, thereby creating a workplace rich in diversity where everyone can play an active role.

As of March 31, 2025, 46.4% of all employees and 25.4% of managers were women. Each of them is engaged in their profession by making the best use of their advanced expertise. We will continue promoting the advancement of women. In March 2024, we earned "Eruboshi" Level 3 (highest grade) certification under the Act on the Promotion of Women's Participation and Advancement in the Workplace.

Human resources data by gender

As of March 31, 2025

	Men	Women
Ratio of employees	53.6%	46.4%
Average age (years)	42.3	40.1
Average length of employment (years)	10.1	10.1
Ratio of managers	74.6%	25.4%

As of March 31, 2025, we have achieved the legally mandated rate of 2.5% for people with disabilities. We are continuing our hiring activities with the aim of further improving the ratio of employees with disabilities.

Evaluation and compensation

SBG respects employees who actively take on challenges. To properly reward employees for their achievements, we conduct personnel evaluations and reflect the results of those evaluations in employees' salaries and bonuses under the principle of reward and punishment.

We also encourage employees to work with a sense of ownership. Accordingly, our human resource policy emphasizes contribution to enhancement of corporate value and includes providing stock-based compensation based on personnel evaluations.

In fiscal 2024, the indexed compensation levels for regular employees by gender were as follows. Women in managerial positions received approximately 70% of the compensation that their male counterparts received. Women in non-managerial positions received approximately 90%, and overall, women received approximately 55% of the compensation that men received. We will promote women's advancement and address pay disparities.

Human resource development for autonomous and continuous growth

Career development

SBG emphasizes the importance of self-

Sustainability: Social

driven career development. By providing opportunities for individual awareness through ongoing one-on-one meetings with line managers and multifaceted 360-degree review from peers, we encourage growth through self-review and self-reflection.

Education and training

To help employees continue to develop professionally, SBG provides an environment that enables employees to voluntarily acquire the knowledge and skills necessary for their work. For example, we offer training programs, such as English conversation classes that can be taken freely at any time, and training programs operating within the Group (SoftBank University). We have also allocated a talent development budget to each department so that employees can take external training courses. Moreover we provide hierarchical training to new graduates and newly appointed organization heads according to their career stages. After employees have taken the training course, we provide online training to improve understanding and acquire skills.

We also provide support for the advancement of professional personnel, such as lawyers, patent attorneys, certified public accountants, and certified tax accountants, by covering expenses related to the registration and maintenance of various professional qualifications required for job execution. In fiscal 2024, we provided such support to approximately 12% of our employees.

SoftBank University 自ら手を挙げた人が学び合う 実践的プログラム

Group human resource development system

The Group offers a wide variety of opportunities for employees to play an active role within our organization. These include the Free Agent System, which allows employees to voluntarily arrange personnel transfers; SoftBank Academia, designed to discover and develop the next generation of Group management talent; and SoftBank InnoVenture, a program to train internal entrepreneurs to create a strategic assembly of synergistic group companies.

Dual employment

SBG also allows employees to engage in dual employment (side jobs) as an opportunity for personal growth through diverse experiences.

Work-style reform

Improving workplace environments

SBG respects and supports the efforts of employees in achieving a good work-life balance. Therefore, we introduced a "super-flex time system" with no core hours and offer working from home providing an environment where employees can work effectively regardless of time and place. As part of our efforts to create an open and inclusive work environment, we organize cross-departmental events and other opportunities that encourage communication among employees.

Childcare support

It is extremely important to provide working parents with opportunities to be involved in their children's development, and we believe proactive efforts must be made to foster the development of society. In fiscal 2024, around 60% of SBG's male regular employees whose spouses gave birth took childcare leave.

We are taking measures to alleviate income-related concerns, such as subsidizing expenses through the Children and Families Agency's babysitter coupons and letting employees accumulate and carry over unused annual leave for pre-natal and post-natal leave, leave of absence for childcare, and leave of absence for childcare at birth. To support employees who have taken such leave to return to work as soon as possible, we offer shared use of company-led nursery schools. In addition, we offer generous leave programs to help employees balance work and family commitments and provide opportunities for employees with childcare commitments to engage and interact with one another.

Well-being

As a pure holding company, SBG takes various initiatives to manage, maintain, and promote the health of its employees, its greatest asset. In addition to regular medical examinations, in fiscal 2023 we introduced a system that allows employees to undergo optional medical examinations tailored to their age group at the Company's expense. About 37% of employees used the system in fiscal 2024.

Meanwhile, we continue to encourage employees to take annual leave. In fiscal 2024, the annual leave utilization rate was approximately 56% (13.9 days). We have committed to raising the leave utilization rate to the level targeted in our "general employer action plan." In April 2024, we introduced a program of self-care leave. This program allows employees to take leave for women's health conditions and leave for infertility treatment or menopausal conditions regardless of gender. We will continue to develop programs to support employees.

Employee engagement

The Group conducts an annual satisfaction survey of all employees, and 30 domestic Group companies, including SBG, participated in the survey in fiscal 2024. This survey was developed to reflect the characteristics of the Group. Accordingly, responses regarding satisfaction with the organization (job, workplace, and supervisor) and the company each respondent belongs to are scored by item to identify issues at an early stage. Continuous monitoring of these results helps us build a strong organization and increase employee motivation.

Almost 87% of SBG employees responded to the survey in fiscal 2024 and indicated a continued high level of satisfaction. We will continue enhancing employee engagement to foster a workplace environment where each individual feels motivated and professionally fulfilled.

Respect for human rights

SBG has established the Human Rights Policy and has programs in place to instill human rights awareness throughout our organization, from directors, officers to employees. In November 2024, we conducted a survey among directors, officers, and employees (response rate: approximately 77%) to clarify the human rights risks relevant to our business activities and to gain insights into the corrective and preventive actions that might be necessary.

See the full article of the Policy in "Social Initiatives" on our website.

Sustainability: Social

Addressing social challenges

SBG has established the sustainability vision: "Help shape the next 300 years for our future generations and the planet." Under this vision, SBG and its Group companies engage in social-impact initiatives, leveraging the unique strengths of each Group company.

Digital inclusion

Committed to building a world in which everyone can enjoy the benefits of digital technology, SBG promotes digital inclusion by addressing challenges in local communities and supporting educational initiatives.

Promoting a safe and convenient society for all through digital technology

Japan is facing a variety of social challenges, such as a declining birth rate and an aging population, the need to maintain local public transportation infrastructure, and disaster preparedness. The Company aims to help address these challenges through digital technology, with the goal of creating a society where everyone can live safely and securely.

SoftBank has concluded partnership agreements with 147*1 local governments in Japan under which the company assists the local governments in digital transformation.*2 As part of this initiative, the company is supporting the practical implementation of autonomous driving to provide inclusive mobility for elderly people and people with disabilities. The company is also supporting community wellness by providing apps that people in remote regions can use to access health advice free from restrictions of time and place.

LY Corporation is contributing to the safety and convenience of local communities by supporting the implementation of a wide range of initiatives through its LINE Smart City Promotion Partner Program. These initiatives include administrative services, such as allowing residents to apply for certificates of residence via the LINE app, as well as the use of AI chatbots to provide evacuation and recovery information during natural disasters.

In-vehicle telemedicine consultation

See SoftBank's website for details of its initiatives for regional revitalization (Japanese language only).

See LY Corporation's website for details of its digital transformation partnerships with local governments (Japanese language only).

*1 As of April 9, 2025
*2 Through these partnerships, local governments are leveraging digital technology to transform administrative processes and the way public services are delivered, with the aim of improving convenience and satisfaction for residents.

Providing access to education for every young person

To ensure that every child can continue learning regardless of their environment or circumstances, the Company is creating educational opportunities both in Japan and abroad.

Arm is growing its involvement with Data Science Africa (DSA) on its work increasing digital inclusion while advancing technological solutions to local issues. Having partnered since 2015, Arm is now supporting a new visiting fellowship program and new DSA country-specific chapters. The visiting fellowship program aims to allow young data scientists to spend time at established labs within Africa, focusing on health, agriculture, and environmental conservation. Arm continues to donate to DSA's annual summer school and workshop, which trains students on machine learning and data science methodologies. Summer school projects have led to advances like DSA's deployment of machine learning-enabled sensor systems for water resource monitoring.

Children exploring through learning

SoftBank is promoting inclusive education*3 across Japan in collaboration with the University of Tokyo's Research Center for Advanced Science and Technology, in order to support children who struggle with learning in traditional classroom settings or with focusing their attention appropriately. Specifically, the initiative provides learning and daily life support using ICT devices such as tablets, smartphones, and smart speakers. By experiencing features such as voice input and text-to-speech functionality on these devices, children are discovering and learning how digital technology can help them overcome personal challenges.

See LEARN's website for details of SoftBank's initiatives with LEARN (Japanese language only).

*3 Inclusive education supports independence and social participation for children with particular educational needs.

Cultivating the next generation of talent

SBG supports efforts to cultivate the next generation of talent, recognizing it as a vital investment for the future.

Creating the next generation of leaders to support Tohoku's future

The TOMODACHI Summer SoftBank Leadership Program was launched in 2012, just a year after the Great East Japan Earthquake, when the affected areas still lay strewn with rubble and debris. The program gave students from Tohoku the chance to attend a three-week course on global leadership and community service at the University of California, Berkeley, in the U.S. After returning to Japan, the students would use the knowledge they gained to support their communities. The program ran 10 times by its final iteration in 2024*4 and nurtured more than 1,000 young leaders.

Although the program ended in 2024, SBG will continue to engage in efforts to create the next generation of leaders.

*4 The program was suspended from 2020 to 2022 due to the impact of the COVID-19 pandemic.

See "TOMODACHI Summer SoftBank Leadership Program" on our website for further details.

Sustainability: Social

Responsible AI

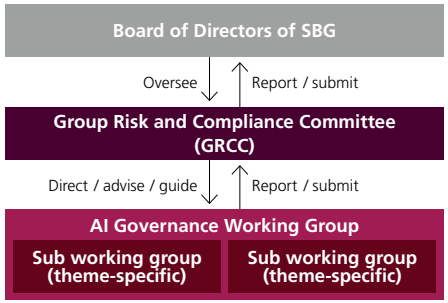
The Group's mission is to stay at the forefront of the Information Revolution and ensure that the revolution builds a more connected, empowered, and joyful world. At the core of the Information Revolution today lies AI. Aspiring to become a world leader in the use of AI, we are working toward the realization of ASI and are committed to promoting responsible AI so that AI benefits everyone.

SBG's initiatives

Toward effective Group governance on AI

SBG has identified "Responsible AI" as the most important material issue relating to sustainability that should be addressed with priority and aims to establish an appropriate group AI governance structure. As part of this effort, we established the AI Governance Working Group under the Group Risk and Compliance Committee (GRCC) in April 2024. The members of the working group come from related departments within SBG and major Group companies. The working group convenes regularly to share best practices and to engage in ongoing discussions on how AI governance should be approached across the Group.

AI Governance Working Group structure



Aiming for the active use of AI

To realize ASI, SBG is facilitating foundational initiatives to enable the active use of AI. For example, we have added action statements on responsible AI to the SoftBank Group Code of Conduct, which enshrines the ethical standards for the Company, and provide training to all SBG officers and employees to promote awareness and understanding of the code. In addition, SBG has established separate guidelines for AI developers, providers, and business users. Also, SBG has a mechanism whereby the Information Security Committee evaluates the project in advance when AI is developed or adopted internally in order to mitigate the risks. Furthermore, SBG implements various measures, including annual assessments of its Group companies, to monitor their initiatives and risks, thereby facilitating the effective use of AI across the entire Group.

Supporting the next-generation AI research partnership

In May 2025, SBG announced that Arm and SBG will contribute $15.5 million to Carnegie Mellon University, supporting its next-generation AI research partnership with Keio University.*5 This initiative aims to drive cutting-edge AI research and foster a robust pipeline of visionary AI talent prepared for global leadership.

*5 This partnership is one of two university–corporate AI partnerships between the U.S. and Japan, announced on April 9, 2024.

Group companies' initiatives

Promoting risk-based AI governance

SoftBank

To ensure the company's AI-driven services are safe and secure for customers to use, SoftBank has established the SoftBank AI Ethics Policy,*6 and is promoting AI governance through collaboration with relevant departments and other related parties, under the leadership of an independent and specialized unit. In April 2024, the company established the AI Ethics Committee, a panel composed of internal members and external AI experts, and since then, it has been discussing regulatory trends and issues both in Japan and overseas. In December 2024, SoftBank launched a risk-based approach to strike a balance between expediting the development and provision of AI services and managing the risks associated with such. With this approach, governance processes are adapted to the risk level of the case in question, enabling dynamic vetting processes that mitigate excessive workload without compromising risk reduction. SoftBank is also committed to AI ethics and governance education. The education includes an annual e-learning course, workshops held twice a year, a monthly online newsletter, and other initiatives for improving employees' AI literacy. While the above initiatives and insights are partly intended for business purposes, the goal extends beyond the company. They are intended to improve the standard of AI governance across society, enabling the responsible use of AI more broadly.

*6 As of May 2025, the policy applies to 75 Group companies of SoftBank.

Self-directed learning to promote broader use of AI

LY Corporation

In 2021, LY Corporation established the Expert Panel on AI Ethics, on which it continually discusses how to use AI appropriately and what governance frameworks should be in place.
LY Corporation has also formulated the Basic Policy on AI Ethics and has established the AI Ethics Governance Department and the Generative AI Group as a dedicated organization to facilitate the use of generative AI across the company.
In March 2025, the company further strengthened AI governance by issuing internal guidelines that encompass a comprehensive range of best practices for mitigating risks in the development, provision, and use of AI. Actively committed to educating and training its employees, LY Corporation requires all officers and employees to attend semiannual courses on the risk management and prompt engineering for generative AI. In January 2025, the company launched the Generative AI Boot Camp, a program designed to teach the use of generative AI and prompt engineering, inspired by the concept of turning something difficult into something enjoyable. The content was designed to encourage employees to engage in self-directed learning—to use their spare moments to improve their knowledge. Through initiatives such as these, LY Corporation is improving the AI competence of its employees.

Sustainability: Governance

Effective Governance—the Key to Realizing Our Vision

See "Corporate Governance" on our website for the latest information.

The following information is based on the Corporate Governance Report filed with the Tokyo Stock Exchange on July 4, 2025.

Basic views

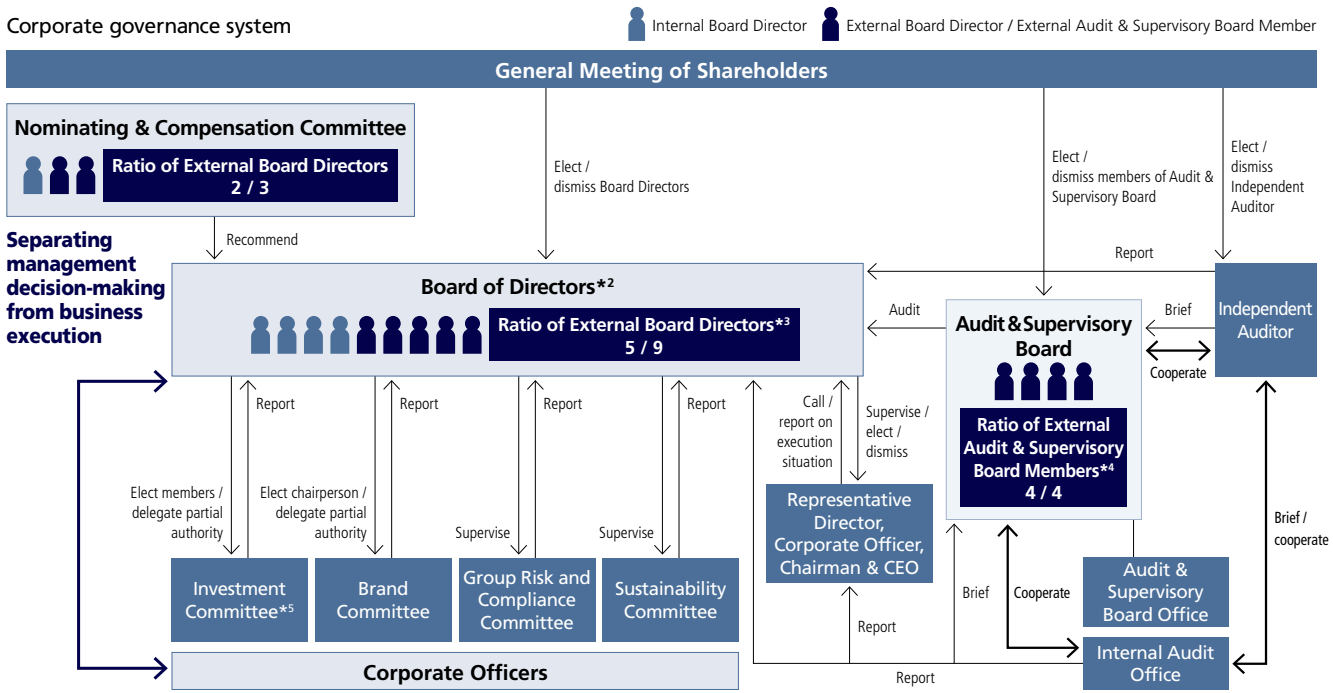
The Company is guided by a fundamental concept of "free, fair, and innovative" and a corporate philosophy of Information Revolution—Happiness for everyone. We aim to be a provider of essential technologies and services to people around the world while maximizing our enterprise value. SBG recognizes that it is vital to maintain effective corporate governance to realize this vision. We continue to strengthen governance by establishing a charter and regulations: the SoftBank Group Charter to share the Group's fundamental concept and corporate philosophy, the Group Company Management Regulations of the SoftBank Group to set forth the management policy and framework for Group companies, and the SoftBank Group Code of Conduct to be followed by the Company and its Board Directors and employees. We have also established the SoftBank Group Sustainability Principles to set forth the guidelines for sustainability and are promoting initiatives for sustainable growth across the Group.

SBG's path to strengthening governance

- 1994 Registered as an OTC stock with the Japan Securities Dealers Association
- 1995 Appointed the first foreign national Board Director
- 1998 Listed on the First Section of the Tokyo Stock Exchange
- 1999 Invited a Board Director from outside the company (equivalent to a current External Board Director); transitioned to a pure holding company
- 2002 External board directors system introduced in the Commercial Code (currently the Companies Act) of Japan
  Started livestreaming of earnings results briefings
- 2003 Started livestreaming of the Annual General Meeting of Shareholders
- 2006 Companies Act of Japan enacted
- 2012 Introduced a Corporate Officer system
- 2015 Japan's Corporate Governance Code entered into force
- 2019 Established the Group Risk and Compliance Committee
- 2020 Formulated the Portfolio Company Governance and Investment Guidelines Policy; increased the number of External Board Directors; appointed the first female Board Director; established the Nominating & Compensation Committee and the Sustainability Committee; appointed a CSusO and CRO*1; revised the Board of Directors structure (separation of the management decision-making function from the business execution function)
- 2021 Added environmental and social items to the above policy; achieved a 55.6% external ratio of Board Directors and a 100% external ratio of Audit & Supervisory Board Members
- 2022 Transitioned from the First Section of the Tokyo Stock Exchange (TSE) to the Prime Market of the TSE

*1 Chief Risk Officer

Corporate governance system



*2 Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act.
*3 Of the five External Board Directors, four are designated as Independent Officers.
*4 All four External Audit & Supervisory Board Members are designated as Independent Officers.
*5 Supervisory Committee is separately put in place to supervise matters such as investments and loans of certain subsidiaries.

Sustainability: Governance

Approach to and policy concerning group management

Based on its unique organizational strategy, the *Cluster of No. 1 Strategy*, SBG makes direct investment (including investment through its subsidiaries) in the Group companies (for example, SoftBank Corp. and Arm Holdings plc), as well as investment funds (for example, SoftBank Vision Funds 1 and 2, and SoftBank LatAm Funds), to build a corporate group that operates a diverse range of businesses in the information and technology sector, and to improve its Net Asset Value (NAV). In this process, each investee will seek self-sustained growth, while SBG, as a strategic investment holding company, will support each investee company in its improvement of corporate value, by utilizing the Group's network as well as promoting collaboration among investee companies.

Furthermore, the Company will confirm, or make reasonable efforts to ensure, that each investee company is operating under environmental, social, and corporate governance standards that are substantially equivalent to those set forth in the Policy on Governance and Investment Guidelines for Portfolio Companies of SBG.

Board of Directors

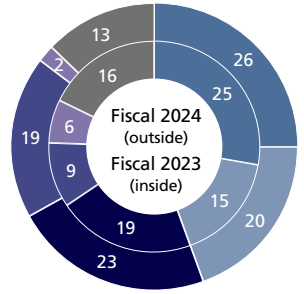
SBG's Board of Directors consists of members with a wealth of knowledge and experience in business management and a global perspective, in consideration of their nationality, ethnicity, gender, or age. The maximum number of Board Directors is set at 11 under the Articles of Incorporation. As of June 27, 2025, the Board of Directors consisted of nine members (five of whom are External Board Directors) and included two non-Japanese and one woman.

Meetings of the Board of Directors shall be held at least once every three months. Agenda items for discussion at the Board of Directors meetings are set forth in the Board of Directors Regulations. The Board discusses statutory matters, as well as critical matters related to business management, such as investments and loans and borrowings, etc., exceeding a certain amount. Furthermore, Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act, and matters related to disposal and acceptance of important assets and borrowing in a significant amount are resolved by the Board of Special Directors meeting for the purpose of prompt decision-making.

Status of Board of Directors

SBG's Board of Directors had a total of seven meetings in fiscal 2023 and nine meetings in fiscal 2024 (both totals exclude meetings conducted by written resolution). During these meetings, the members mainly discussed the following topics.

Number of Board resolutions / reports



Category	Key topics
Governance	Compensation of Board Director candidates and Board Directors, reports from each committee, evaluation of the effectiveness of the Board of Directors, opinions and reports from the Audit & Supervisory Board Members Audit Report
Internal management (including the management of subsidiaries)	Compliance (oversight over conflict-of-interest transactions, fiscal year compliance reports), risk management, internal control and internal audits, approval of transactions by subsidiaries, etc.
Business reports	Reporting on the status of the portfolio and the status of individual business segments
Finance	Fund procurement, shareholder returns
Investment	Consideration of investment projects
Others	General Meeting of Shareholders, information disclosure, sustainability

Summary of results of the Board of Directors evaluation

From December 2024 to April 2025, SBG evaluated the overall effectiveness of its Board of Directors in the following manner.

Subjects	The Representative Director, Corporate Officer, Chairman & CEO, all Board Directors, and all Audit & Supervisory Board Members
Evaluation method	SBG hired a third-party institution to conduct questionnaire surveys and interviews with relevant members about topics that included composition and operation, and other aspects of the Board of Directors and its support systems.
Evaluation results	As the foundation that supports the effectiveness of the Board of Directors, it was confirmed that the trust relationship, along with a healthy check-and-balance relationship, between Representative Director, Corporate Officer, Chairman & CEO and the Board of Directors has been maintained. Active discussions among the diverse Board Directors were also confirmed. The officers underscored the importance of preserving this board culture. Regarding the priority issues to be addressed going forward, it was confirmed that the SBG Board Directors will work to ensure sharing of SBG's long-term vision and secure discussion opportunities by utilizing off-site meetings, while further strengthening constructive and critical validation by External Board Directors, in order to achieve both agile decision-making by execution divisions and thoughtful consideration by the Board of Directors at the same time.

Sustainability: Governance

Skill Matrix of Board Directors and Audit & Supervisory Board Members

SBG believes it is important for the Board Directors and Audit & Supervisory Board Members to have a wide range of viewpoints and experience, as well as a high level of expertise, to ensure diversity and active discussions and decision-making of the Board of Directors. As of June 27, 2025, the Skill Matrix (skill set expected by SBG) of the Board Directors and Audit & Supervisory Board Members was as follows.

		Areas of expertise particularly expected by SBG (up to three areas)					
	Name	Corporate management	Banking / M&A	Finance / Accounting	Law / Governance	Technology	Academic background
Board Director	Masayoshi Son	✓	✓			✓	
	Yoshimitsu Goto	✓	✓	✓			
	Ken Miyauchi	✓	✓			✓	
	Rene Haas	✓	✓			✓	
	Masami Iijima	✓	✓		✓		
	Yutaka Matsuo		✓			✓	✓
	Keiko Erikawa	✓	✓			✓	
	Kenneth A. Siegel		✓		✓		✓
	David Chao	✓	✓			✓	
Audit & Supervisory Board Member	Maurice Atsushi Toyama		✓	✓			
	Yuji Nakata		✓		✓		
	Kuniko Nishibashi		✓	✓			
	Yuko Kanamaru		✓		✓		

Board Directors

As of June 27, 2025 (numbers of shares owned are as of March 31, 2025)

Nominating & Compensation Committee member

Representative Director, Corporate Officer, Chairman & CEO

Masayoshi Son

Years in office: 43 years 9 months

Number of shares owned in SBG: 426,661 thousand shares

Sep 1981	Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO
Oct 2005	Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
Apr 2006	Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
Sep 2016	Chairman and Executive Director, ARM Holdings plc
Jun 2017	Chairman & CEO, SoftBank Group Corp.
Nov 2020	Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)
Apr 2021	Board Director, Founder, SoftBank Corp. (to present)
Aug 2023	Chairman and Director, Arm Holdings plc (to present)

Board Director, Corporate Officer, Senior Vice President, CFO, CISO & GCO

Yoshimitsu Goto

Years in office: 5 years*6

Number of shares owned in SBG: 379 thousand shares

Apr 1987	Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
Jun 2000	Joined SoftBank Corp. (currently SoftBank Group Corp.)
Apr 2006	Director, Vodafone K.K. (currently SoftBank Corp.)
Jul 2012	Corporate Officer, Senior Vice President, Head of Finance Department, SoftBank Corp. (currently SoftBank Group Corp.)
Oct 2013	President & CEO and acting owner, Fukuoka SoftBank HAWKS Corp. (to present)
Jun 2014	Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
Jun 2015	Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Jun 2017	Corporate Officer, Senior Vice President, SoftBank Group Corp.
Apr 2018	Corporate Officer, Senior Vice President & CFO & CISO, SoftBank Group Corp.
Jun 2020	Board Director, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp.
Nov 2020	Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp.
Jun 2022	Board Director, Corporate Officer, Senior Vice President, CFO & CISO, SoftBank Group Corp.
Jun 2025	Board Director, Corporate Officer, Senior Vice President, CFO, CISO & GCO (to present)

*CISO: Chief Information Security Officer *CSusO: Chief Sustainability Officer *GCO: Group Compliance Officer

Board Director

Ken Miyauchi

Years in office: 37 years 4 months

Number of shares owned in SBG: 514 thousand shares

Feb 1977	Joined Japan Management Association
Oct 1984	Joined SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
Feb 1988	Board Director, SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
Apr 2006	Executive Vice President, Director & COO, Vodafone K.K. (currently SoftBank Corp.)
Jun 2007	Representative Director & COO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jun 2013	Representative Board Director, Senior Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Apr 2015	President & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Apr 2018	Board Director, SoftBank Group Corp. (to present)
Jun 2018	President & CEO, SoftBank Corp.
Apr 2021	Representative Director & Chairman, SoftBank Corp.
Apr 2023	Director & Chairman, SoftBank Corp.
Apr 2024	Director & Special Advisor, SoftBank Corp.
Jun 2024	Special Advisor, SoftBank Corp. (to present)

Board Director

Rene Haas

Years in office: 2 years

Number of shares owned in SBG: -

Jan 1999	Vice President of Sales, Tensilica
Aug 2004	Vice President of Sales and Marketing, Scintera Networks
Oct 2006	Vice President & General Manager, Computing Products Business Unit, NVIDIA Corporation
Oct 2013	Vice President of Strategic Alliances, ARM Holdings plc
Jan 2015	Executive Vice President & Chief Commercial Officer, ARM Holdings plc
Jan 2017	President of Arm's IP Product Groups (IPG), ARM Holdings plc
Feb 2022	CEO, Arm Limited
Jun 2023	Board Director, SoftBank Group Corp. (to present)
Sep 2023	CEO and Director, Arm Holdings plc (to present)
Jan 2025	Director, AstraZeneca PLC (to present)

Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 27, 2025 .
*6 Mr. Yoshimitsu Goto has been a Board Director for five years since June 2020 but has served as Board Director for a total of six years, including one year as Board Director from June 2014.

Sustainability: Governance

Independence standards and qualifications for External Board Directors

SBG elects Independent External Board Directors in accordance with the independence criteria established by the Tokyo Stock Exchange. The Board of Directors elects Independent External Board Director candidates who can contribute to increasing enterprise value through their qualifications, ability, and deep knowledge in their fields of expertise. SBG also elects candidates for their ability to participate actively in constructive discussions and express their opinions frankly. SBG ensures adequate independence of each of the External Board Directors, who bring a wealth of knowledge and experience to the Board related to business management and other matters. Each of them actively participates in the discussions at the Board meetings, and SBG makes management judgments and decisions based on these discussions.

Major activities of External Board Directors

Name	Major activities	Attendance rate and attendance at Board of Directors meetings for fiscal 2024
Masami Iijima	Offers supervision and advice on business judgments and decision-making processes based on his extensive knowledge and experience in corporate management and corporate governance. Also, as Chairperson of the voluntary Nominating & Compensation Committee, leads discussions from an independent and objective perspective, and plays a vital role in responding to consultations from the Board of Directors.	100% 9 of 9 meetings
Yutaka Matsuo	Offers advice to supervise business judgments and decision-making processes based on his extensive knowledge and broad experience of AI and other technologies as a leading expert in the field, acquired through his engagement in AI research over many years. Also, as a member of the voluntary Nominating & Compensation Committee, expresses opinions from an independent and objective perspective, and plays a vital role in responding to consultations from the Board of Directors.	100% 9 of 9 meetings
Keiko Erikawa	Offers supervision and advice on business judgments and decision-making processes based on her extensive knowledge and experience in corporate management and technology, acquired through her career as a corporate manager and a finance manager of a global digital entertainment company.	100% 9 of 9 meetings
Kenneth A. Siegel*7	Offers supervision and advice on business judgments and decision-making processes based on his extensive knowledge and experience in corporate acquisitions, joint venture deals, and strategic alliances, acquired through his career as a lawyer at an international law firm.	100% 9 of 9 meetings
David Chao	Offers supervision and advice on business judgments and decision-making processes based on his extensive knowledge and experience in investment, technology, and business management, acquired through his long career as a manager of an investment company.	100% 9 of 9 meetings

*7 Mr. Siegel concurrently holds posts at Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho and Morrison & Foerster LLP. SBG did not submit notifications to designate him as an Independent Officer as the amount of compensation to be paid to these firms in the future is yet to be decided, regardless of whether there are any transactions between SBG and those firms.

External Board Directors As of June 27, 2025 (numbers of shares owned are as of March 31, 2025)

Independent
Nominating & Compensation Committee member

External Board Director, Independent Officer

Masami Iijima

Years in office: 7 years
Number of shares owned in SBG: 1 thousand shares

Apr 1974	Joined MITSUI & CO., LTD.
Apr 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit, MITSUI & CO., LTD.
Apr 2008	Executive Managing Officer, MITSUI & CO., LTD.
Jun 2008	Representative Director, Executive Managing Officer, MITSUI & CO., LTD.
Apr 2009	Representative Director, President and Chief Executive Officer, MITSUI & CO., LTD.
Apr 2015	Representative Director, Chairman of the Board of Directors, MITSUI & CO., LTD.
Jun 2018	Board Director, SoftBank Group Corp. (to present)
Jun 2019	Counselor, Bank of Japan (to present)
Apr 2021	Director, MITSUI & CO., LTD.
Jun 2021	Counselor, MITSUI & CO., LTD. (to present)
Jun 2021	Director (Audit & Supervisory Committee member), Takeda Pharmaceutical Company Limited
Jun 2022	Director, Takeda Pharmaceutical Company Limited (to present)
Jun 2023	Director, KAJIMA CORPORATION (to present)

Independent
Nominating & Compensation Committee member

External Board Director, Independent Officer

Yutaka Matsuo

Years in office: 6 years
Number of shares owned in SBG: -

Apr 2002	Researcher, National Institute of Advanced Industrial Science and Technology
Aug 2005	Visiting Scholar, Stanford University
Oct 2007	Associate Professor, Graduate School of Engineering, the University of Tokyo
Jun 2017	Chairman, Japan Deep Learning Association (to present)
Apr 2019	Professor, Graduate School of Engineering, the University of Tokyo (to present)
Jun 2019	Board Director, SoftBank Group Corp. (to present)
Jun 2025	Director, Panasonic Holdings Corporation (to present)

Independent

External Board Director, Independent Officer

Keiko Erikawa

Years in office: 4 years
Number of shares owned in SBG: 203 thousand shares

Jul 1978	Founded KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Senior Executive Director
Apr 1994	Director, Foundation for the Fusion of Science and Technology (to present)
May 2007	Head Director, Association of Media in Digital (to present)
Jun 2013	Chairman, Representative Director, KOEI TECMO GAMES CO., LTD.
Jun 2013	Chairman, Representative Director, KOEI TECMO HOLDINGS CO., LTD.
Apr 2015	Chairman Emeritus (Director), KOEI TECMO GAMES CO., LTD.
Jun 2021	Board Director, SoftBank Group Corp. (to present)
Feb 2025	Representative Director and President, KOEI TECMO CORPORATE FINANCE CO., LTD. (to present)
Jun 2025	Chairman Emeritus (Director), KOEI TECMO HOLDINGS CO., LTD. (to present)

External Board Director

Kenneth A. Siegel

Years in office: 4 years
Number of shares owned in SBG: -

Aug 1986	Joined Morrison & Foerster LLP
Jan 1994	Partner, Morrison & Foerster LLP
Aug 1996	Managing Partner, Morrison & Foerster Tokyo Office (Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho) (to present)
Jan 2009	Member of Executive Committee, Morrison & Foerster LLP
Jan 2009	Board Director, Member of Executive Committee, Morrison & Foerster LLP (to present)
Jun 2021	Board Director, SoftBank Group Corp. (to present)

Independent

External Board Director, Independent Officer

David Chao

Years in office: 3 years
Number of shares owned in SBG: -

Jun 1988	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
Jun 1989	Joined Apple Computer, Inc. (currently Apple Japan, Inc.)
Aug 1993	Joined McKinsey & Company, Inc.
May 1996	Co-Founder and CTO, Japan Communications Inc.
Jan 1997	Co-Founder and General Partner, DCM Ventures (to present)
Jun 2022	Board Director, SoftBank Group Corp. (to present)

Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 27, 2025.

Sustainability: Governance

Corporate Officer system

SBG adopted the Corporate Officer system in July 2012 to further strengthen its business execution functions. In November 2020, SBG clarified the individuals responsible for business execution by separating the management decision-making function from the business execution function.

Corporate Officers As of June 27, 2025

Representative Director,
Corporate Officer,
Chairman & CEO
Masayoshi Son

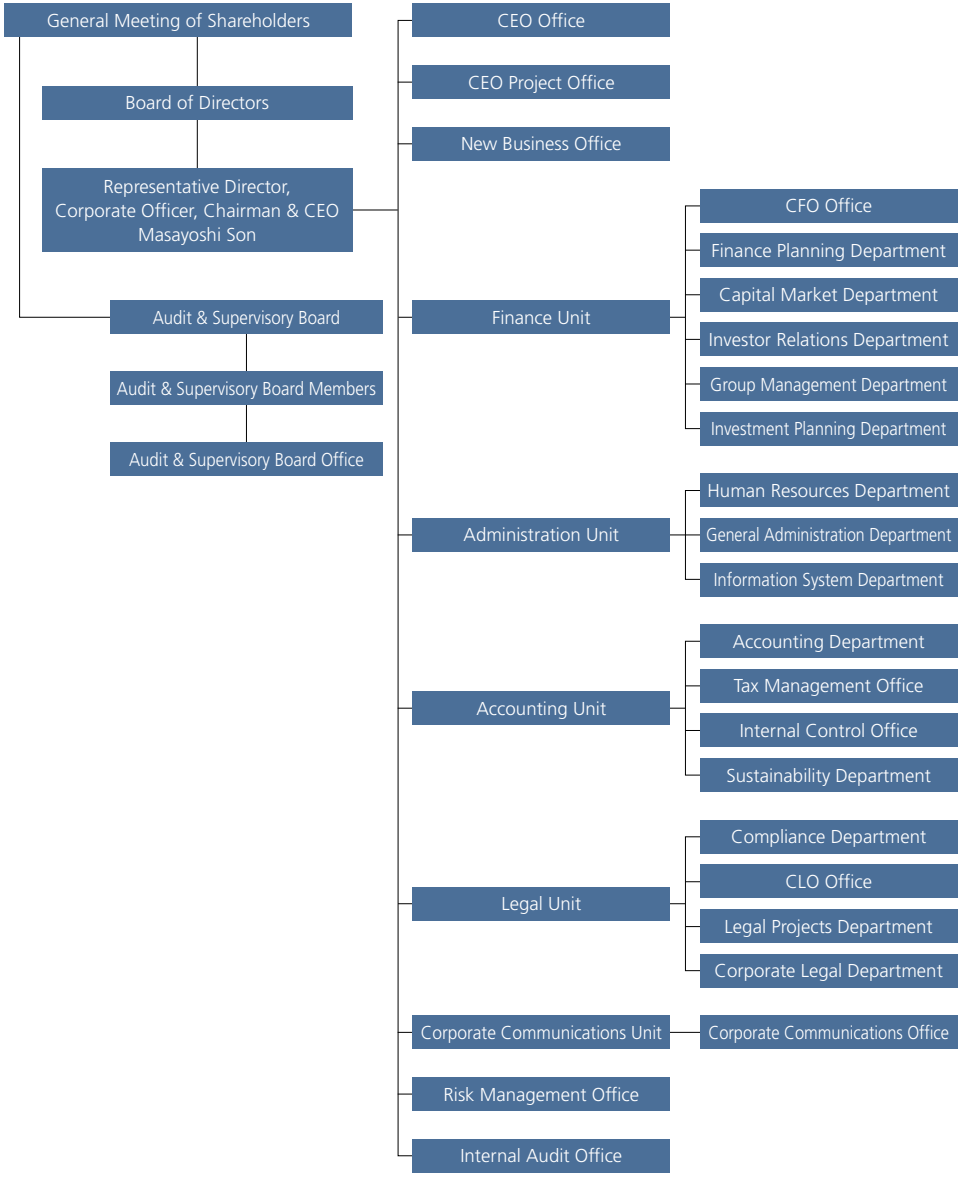
Board Director,
Corporate Officer,
Senior Vice President,
CFO, CISO & GCO
Head of Finance Unit
Head of Administration Unit
Head of Legal Unit
Yoshimitsu Goto

Corporate Officer,
Senior Vice President,
CAO & CSusO
Head of Accounting Unit
*CAO: Chief Accounting Officer
Kazuko Kimiwada

Corporate Officer,
Head of CFO Office,
Finance Unit
Seiichi Morooka

Corporate Officer,
Head of CEO Office
Yoshimasa Magata

Organizational chart As of June 27, 2025



Sustainability: Governance

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members attend the Board of Directors meetings, allowing them to monitor and verify decision-making of the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, the Audit & Supervisory Board Members receive regular reports from Board Directors, employees, Audit & Supervisory Board Members and other personnel of major subsidiaries and conduct hearings, as necessary, to audit the execution of duties by the Board Directors of SBG. The Audit & Supervisory Board consists of four External Audit & Supervisory Board Members (two full-time members and two part-time members), and is chaired by Maurice Atsushi Toyama, who has served as a full-time Audit & Supervisory Board Member since June 2015. The Audit & Supervisory Board meets once a month, in principle. At these meetings, in addition to formulating the audit policy and plan, details of various internal and external meetings attended only by full-time members are reported to part-time members. The Audit & Supervisory Board also explains details of the audit plan for each fiscal year, interim audit status, and audit results to the Board of Directors. Furthermore, the Audit & Supervisory Board determines whether or not the reappointment of the Independent Auditor is appropriate, each term. Audit & Supervisory Board Members are supported by the Audit & Supervisory Board Office. This office has four dedicated personnel who act under the directions of the Audit & Supervisory Board Members to gather information, investigate financial statements, requests for approval, treasury stock and matters related to the General Meeting of Shareholders, among other matters, and give other assistance.

Major activities of External Audit & Supervisory Board Members

Name		Major activities or reason for nomination	Attendance rate and attendance for fiscal 2024: Board of Directors meetings	Attendance rate and attendance for fiscal 2024: Audit & Supervisory Board meetings
Maurice Atsushi Toyama	Major activities	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant, State of California, U.S.	100% 9 of 9 meetings	100% 12 of 12 meetings
Yuji Nakata	Major activities	Makes remarks based on his extensive knowledge and experience, acquired through his career as a risk management manager at financial institutions.	100% 9 of 9 meetings	100% 12 of 12 meetings
Kuniko Nishibashi	Reason for nomination	Kuniko Nishibashi has extensive knowledge and experience as a certified public accountant. Although she does not have management experience other than in the capacity as an external officer, SBG appointed her as an External Audit & Supervisory Board Member based on her knowledge and experience to have her audit from an expert standpoint and to ensure audits are conducted from a more independent perspective.	–	–
Yuko Kanamaru	Reason for nomination	Yuko Kanamaru has extensive knowledge and experience as a lawyer. Although she does not have management experience other than as an external officer, SBG appointed her as an External Audit & Supervisory Board Member based on her knowledge and experience, expecting her to perform audits from a professional standpoint and a more independent perspective.	–	–

Audit & Supervisory Board Members

As of June 27, 2025 (numbers of shares owned are as of March 31, 2025)

Independent

Full-time External Audit & Supervisory Board Member, Independent Officer

Maurice Atsushi Toyama

Certified Public Accountant, State of California, U.S.

Years in office: 10 years

Number of shares owned in SBG: -

Sep 1977	Joined San Francisco office of Price Waterhouse (currently PricewaterhouseCoopers)
Aug 1981	Certified Public Accountant, State of California, U.S.
Jun 2006	Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Jun 2015	Full-time Audit & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

Independent

Full-time External Audit & Supervisory Board Member, Independent Officer

Yuji Nakata

Years in office: 4 years

Number of shares owned in SBG: -

Apr 1983	Joined Nomura Securities Co., Ltd.
Apr 2007	Executive Managing Director, Nomura Securities Co., Ltd.
Apr 2007	COO, Nomura Asia Holding N.V.
Apr 2008	Executive Managing Director, Global Markets, Nomura Holdings, Inc.
Nov 2008	Senior Managing Director, Risk Management, Nomura Securities Co., Ltd.
Apr 2016	Executive Managing Director, Group Entity Structure and Co-CRO, Nomura Holdings, Inc.
Apr 2017	Representative Executive Officer and Deputy President, Nomura Securities Co., Ltd.
May 2019	Executive Managing Director and Chief Risk Officer, Nomura Holdings, Inc.
Apr 2020	Senior Adviser, Nomura Institute of Capital Markets Research
Jun 2021	Full-time Audit & Supervisory Board Member, SoftBank Group Corp. (to present)

Independent

External Audit & Supervisory Board Member, Independent Officer

Kuniko Nishibashi

Certified Public Accountant

Years in office: -

Number of shares owned in SBG: -

Oct 1983	Joined Chuo Audit Corporation
Mar 1987	Registered as a Certified Public Accountant
Aug 2000	Partner, ChuoAoyama Audit Corporation
Jul 2007	Partner, Ernst & Young Shinnihon (currently Ernst & Young ShinNihon LLC)
Jul 2008	Senior Partner, Ernst & Young Shinnihon LLC
Jul 2018	Director, Minori Audit Corporation
Mar 2019	Partner, Minori Audit Corporation (to present)
Mar 2022	Director (Audit and Supervisory Committee Member), I-ne Co., Ltd.
Jun 2025	Audit & Supervisory Board Member, The Sumitomo Warehouse Co., Ltd. (to present)
June 2025	Audit External & Supervisory Board Member, SoftBank Group Corp. (to present)

Independent

External Audit & Supervisory Board Member, Independent Officer

Yuko Kanamaru

Lawyer

Years in office: -

Number of shares owned in SBG: -

Oct 2006	Admitted to practice law in Japan Joined Mori Hamada & Matsumoto
Feb 2013	Admitted to practice law in the State of New York, U.S.
Jan 2018	Partner, Mori Hamada & Matsumoto
Jan 2023	Partner, Gaien Partners (to present)
Jun 2023	Director (Audit and Supervisory Committee Member), AI, Inc. (to present)
Jul 2023	Director (Audit and Supervisory Committee Member), HEROZ, Inc. (to present)
Jun 2024	Director, MIRARTH HOLDINGS, Inc. (to present)
June 2025	Audit External & Supervisory Board Member, SoftBank Group Corp. (to present)

Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 27, 2025.

Sustainability: Governance

Independent Auditor

Status of audit by the Independent Auditor

SBG concluded an independent audit agreement with Deloitte Touche Tohmatsu LLC based on the Financial Instruments and Exchange Act. The names of the certified public accountants who executed audit duties, the consecutive auditing period, the number of assistants for audit duties, the policy for selection of audit corporation and evaluation of audit corporation by the Audit & Supervisory Board for fiscal 2024 are as follows:

Names of certified public accountants who executed audit duties

Designated Limited Liability Partner and Engagement Partners: Nozomu Kunimoto, Ayato Hirano, Yusuke Masuda

Consecutive auditing period

19 years

Composition of assistants who supported audit duties

Certified public accountants: 33, Others: 49

Policy for selection of audit corporation and evaluation of audit corporation by the Audit & Supervisory Board

The Audit & Supervisory Board sets forth criteria for appropriately selecting an Independent Auditor and appropriately evaluating the Independent Auditor in the Audit & Supervisory Board Members Audit Regulations. In accordance with such criteria, the Audit & Supervisory Board takes into account the system to ensure the proper execution of duties by the Independent Auditor, the independency required by the Independent Auditor, and its expertise, including the possession of worldwide network resources, and determines whether the reappointment of the Independent Auditor is appropriate each fiscal year. The Audit & Supervisory Board has determined that reappointment was appropriate for fiscal 2024 and 2025. In the event that the Audit & Supervisory Board determines that reappointment is inappropriate, it considers other candidates for Independent Auditor in accordance with such criteria, upon taking into account factors such as audits at other companies.

The Audit & Supervisory Board has resolved, as its decision-making policy of dismissal or not reappointing of the Independent Auditor, that the Independent Auditor may be dismissed by the Audit & Supervisory Board with unanimity of Audit & Supervisory Board Members when the Independent Auditor corresponds to any of Paragraph 1, Article 340 of the Companies Act, and that, other than those cases above, the Audit & Supervisory Board shall submit a proposal on dismissal or not reappointing of the Independent Auditor to the Annual General Meeting of Shareholders when it is acknowledged that the execution of appropriate audit is difficult due to the occurrence of an event which impairs the qualification or independency of the Independent Auditor.

Compensation for audits and other duties (fiscal 2024)

Compensation for auditing certified public accountants and other assistants

	Compensation for audit certification duties (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	940	106
Consolidated subsidiaries	4,164	147
Total	5,104	253

Note: The non-audit duties for SBG consist of the preparation of comfort letters when issuing corporate bonds. The non-audit duties for consolidated subsidiaries of SBG mainly consist of the preparation of comfort letters when issuing corporate bonds.

Compensation to the same network as SBG's auditing certified public accountants and other assistants (Deloitte Touche Tohmatsu Limited) (excluding "Compensation for auditing certified public accountants and other assistants")

	Compensation for audit certification duties (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	—	1
Consolidated subsidiaries	4,584	93
Total	4,584	94

Note: The non-audit duties for SBG consist of advisory services for taxation. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of reviews of internal controls related to preparations for listing and other related duties.

Other material compensation for audit certification duties

Not applicable.

Reason(s) why the Audit & Supervisory Board gave its consent to the compensation of the Independent Auditor, etc.

The Audit & Supervisory Board, based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, 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 compensation estimates, and from the results, has given the consent prescribed in Paragraph 1, Article 399 of the Companies Act for the compensation paid to the Independent Auditor.

Sustainability: Governance

Cooperation between the Audit & Supervisory Board Members, the Independent Auditor, and the Internal Audit Office

The Audit & Supervisory Board Members receive regular briefings from the Independent Auditor (Deloitte Touche Tohmatsu LLC) on the audit plan, interim reviews, audit results, and other matters. The Audit & Supervisory Board Members and the Independent Auditor also cooperate as necessary by exchanging information and opinions, among other measures. Furthermore, the Audit & Supervisory Board Members receive briefings from the Internal Audit Office, which is responsible for SBG's internal audits. The briefings include the audit plan and the results of internal audits performed on each department of SBG and its major subsidiaries. The Audit & Supervisory Board Members and the Internal Audit Office also cooperate as necessary by exchanging information and opinions, among other measures.

The Independent Auditor receives briefings from the Internal Audit Office on the audit plan and, when necessary, on the results of internal audits and other matters. The Internal Audit Office receives regular briefings from the Independent Auditor regarding audit results and other matters. Moreover, both parties cooperate with each other as necessary by exchanging information and opinions, among other measures.

Committees that make decisions on matters delegated by the Board of Directors

Investment Committee

The Investment Committee has the purpose of making decisions on matters for which it has been delegated authority by the Board of Directors, to carry out corporate activities flexibly. The Committee comprises five members elected by the Board (Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto, Corporate Officer, Senior Vice President Kazuko Kimiwada, Corporate Officer Seiichi Morooka and Corporate Officer Yoshimasa Magata). The Committee resolves matters set forth in the Regulations of the Investment Committee, such as investments and loans and borrowings below a certain size. Resolutions of the Committee are only approved by majority agreement. If a proposal submitted to the Committee is approved, and if a member who rejected the proposal considers it necessary, such proposal may be submitted to the Board of Directors. All resolutions of the committee are reported to the Board of Directors.

Brand Committee

The Brand Committee has the purpose of making decisions on and properly managing matters related to the SoftBank brand for which it has been delegated authority by the Board of Directors. The Committee comprises the chairperson (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto), who has been selected by the Board of Directors, and four members (Corporate Officer, Senior Vice President Kazuko Kimiwada, the head of the CLO Office Natsuko Oga, the head of the Corporate Communications Office Takeaki Nukii, and the head of the General Administration Department Tatsuya Iida), who have been appointed by the chairperson. The Committee resolves matters set forth in the Regulations of the Brand Committee, including the licensing of the SoftBank brand. Resolutions of the Committee are only approved by unanimous agreement from all members. All decisions made by the Committee are reported to the Board of Directors.

Voluntary committees

Nominating & Compensation Committee

The Nominating & Compensation Committee is a voluntary advisory body to the Board of Directors deliberating on matters related to nominations and compensation of Board Directors, and report the results of the deliberation to the Board of Directors and other appropriate approval organizations. The Committee members are elected by the Board of Directors from among the Board Directors, with a majority being Independent External Board Directors to enhance independence and objectivity. Currently, the Committee comprises three members: Masami Iijima (Committee Chairman, Independent External Board Director), Yutaka Matsuo (Independent External Board Director), and Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO). The Committee consists of regular meetings and special meetings. The Regular Committee meeting is, in principle, held in April, while the Special Committee is convened as necessary. In fiscal 2024, the Nominating & Compensation Committee met once, with all members in attendance.

Group Risk and Compliance Committee (GRCC)

The GRCC was established by the Board of Directors for the purpose of overseeing the risk management and compliance programs of SBG and its Group companies, and of continuously discussing key issues and promotion policies. The Committee is chaired by the Group Compliance Officer (GCO) (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto), who was appointed by the Board of Directors, and comprises the Chairperson and one member (Corporate Officer, Senior Vice President Kazuko Kimiwada). The GRCC discusses matters related to the risk management and compliance activities of SBG and its Group companies as set forth in the GRCC Operation Regulations. Its decisions are only approved by majority agreement. The Committee reports to the Board of Directors periodically (at least once a year) on matters to be discussed by the Committee, the results of the discussions, and the like, in accordance with the provisions of the Board of Directors Regulations.

Sustainability Committee

The Sustainability Committee was established by the Board of Directors for the purpose of continuously discussing sustainability-related issues and promotion policies of SBG and its Group companies on an ongoing basis. The Committee is chaired by the Chief Sustainability Officer (CSusO) appointed by the Board of Directors, Kazuko Kimiwada (Corporate Officer, Senior Vice President). The Committee comprises the chairperson and one member nominated by the chair: Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President). The Committee discusses matters related to sustainability as set forth in the Sustainability Committee Operation Regulations. The matters to be discussed by the Committee and the results of the discussions are reported to the Board of Directors as appropriate in accordance with the provisions of the Board of Directors Regulations.

Sustainability: Governance

Policy on determining compensation amounts and calculation methods

Overview of the executive compensation system

To realize SBG's philosophy of Information Revolution—Happiness for everyone, the executive compensation policy of SBG is decided by a resolution of the Board of Directors, accounting for the societal and relative status of each officer as well as the degree of their respective contributions to SBG, while referring to compensation survey results conducted by professional organizations, so that the system provides compensation that is reasonably competitive and can attract global talent that share the same aspirations. The individual amount of compensation is determined pursuant to the procedure described in "Organization and procedures for deciding executive compensation." For Board Directors whose main duties are as officers of subsidiaries and Group companies, compensation is determined by the compensation policy of each company, based on the *Cluster of No. 1 Strategy* for us to grow together through the bond of camaraderie, and such compensation is paid by subsidiaries and Group companies. The compensation for External Board Directors and Audit & Supervisory Board Members consists exclusively of fixed compensation because they are independent of business execution.

Components of executive compensation

	Component	Details	Overview
Aggregate compensation for Board Directors*8	Fixed compensation	Basic compensation	▷ An annual amount is set on an individual basis and paid in fixed monthly cash installments. ▷ The amount of compensation is decided on an individual basis, taking into consideration whether the officer is full-time or part-time, as well as their positions and the duties they are in charge of.
	Performance-based compensation*9	Cash bonuses	Incentive for short-term performance ▷ Cash bonuses are paid every fiscal year as compensation for the execution of duties while in office.
		Share-based payment	Incentive to improve corporate value over the medium to long term ▷ Stock options using stock acquisition rights are provided with an aim to encourage executives to make continuous management effort, while sharing mutual interest with shareholders through share price increases. ▷ The contents of stock acquisition rights include normal stock options (with the exercise price calculated based on the market price at the time of allotment) and share-based stock options (with an exercise price of ¥1 or no payment required). The exercisable period will be set within a range of 10 years from the day following their allotment date.

*8 Excludes compensation for External Board Directors

*9 The amount of cash bonuses and the number of stock acquisition rights allotted as stock compensation are decided based on multiple performance indicators for adequately rewarding the results achieved through business activities. Specifically, it is decided on an individual and shall take into consideration individual performance based on each officer's ability and achievements, as well as company performance including consolidated results, the stock price, and NAV (Net Asset Value).

Organization and procedures for deciding executive compensation

Executive compensation is paid within the range of the aggregate amount of compensation approved by the resolution of the General Meeting of Shareholders, subject to confirmation that it is in line with the aforementioned compensation policy and is found to be both rational and reasonable. The aggregate amount of compensation for Board Directors is resolved as up to ¥5 billion per year for monetary compensation and up to ¥5 billion per year for stock compensation for Board Directors*10 and up to ¥160 million per year for Audit & Supervisory Board Members.*11

Compensation of the Board Directors for fiscal 2024 has been decided by Representative Director, Corporate Officer, Chairman & CEO (Masayoshi Son), based on the content of discussions by the Nominating & Compensation Committee, which is a voluntary advisory body to the Board of Directors, within the range of authority entrusted to him by the resolution of the Board of Directors. The Nominating & Compensation Committee reviews the proposed compensation from multiple viewpoints including consistency with the SBG compensation policy and makes a report to the Board of Directors on its deliberation details. The Board of Directors has decided that the deliberations are in line with the SBG compensation policy. To ensure independence, compensation for Audit & Supervisory Board Members for fiscal 2024 was decided by consultation among Audit & Supervisory Board Members after the conclusion of the Annual General Meeting of Shareholders in June 2024.

*10 Resolved at the 38th Annual General Meeting of Shareholders on June 20, 2018. SBG was served by 12 Board Directors (including three External Directors) at the time of the resolution.

*11 Resolved at the 41st Annual General Meeting of Shareholders on June 23, 2021. SBG was served by four Audit & Supervisory Board Members (all four being External Audit & Supervisory Board Members) at the time of the resolution.

Total amount of compensation by title (fiscal 2024)

Title	Number of people	Subtotals for each type of compensation (Millions of yen)			Total amount of compensation (Millions of yen)
		Fixed compensation (Basic compensation)	Performance-based compensation (Bonus)	Others	
Board Directors (excluding External Board Directors)	4	222	504	1	727
External Board Directors	5	198	–	–	198
External Audit & Supervisory Board Members	4	90	–	–	90
Total	13	510	504	1	1,015

Total consolidated compensation paid to respective Board Directors whose total consolidated compensation is ¥100 million or more (fiscal 2024)

Name	Amount of consolidated compensation (Millions of yen)	Title	Company name	Subtotals for each type of consolidated compensation (Millions of yen)			
				Basic compensation	Bonus	Share-based payment	Others
Masayoshi Son	100	Board Director	SBG	12	88	–	–
Yoshimitsu Goto	501	Board Director	SBG	84	416	–	1
Ken Miyauchi	105	Board Director	SBG	30	–	–	–
			SoftBank Corp.	48	–	27	–
Rene Haas	4,904	Board Director	SBG	96	–	–	–
			Arm Limited	206	435	4,164	3

Sustainability: Governance

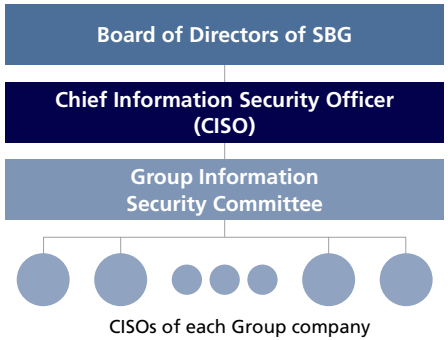
Information security

As a strategic investment holding company, SBG promotes initiatives to strengthen information security in the Group to realize and lead a safe and secure digital society.

Constructing an information security governance system

To promote and reinforce information security of the Group, Yoshimitsu Goto (Board Director of SBG) has been appointed as Chief Information Security Officer (CISO), and the information security governance system has been established.

Information security governance structure



In the event of a serious information security incident in the Group, the relevant department shall respond to and restore the situation quickly and appropriately under the supervision of the CISO. In addition, employees are required to report any identified information security incident, vulnerability, or suspicious behavior to their superiors or an information security representative. The person responsible for handling the report determines and implements the necessity of an initial response. Furthermore, to prevent any recurrence, the causes of the incident are analyzed, and future issues are identified. The findings are also utilized to reflect improvements in the information security–strategy and the content of security-related education for officers and employees.

Initiatives to strengthen information security

Collaboration with Group companies and portfolio companies

SBG regularly exchanges information on information security threats and countermeasures with Group companies and investee companies that do business globally. In addition to keeping abreast of the latest security-related technologies, we act quickly to introduce advanced services and systems offered by each company to ensure secure work environments.

Alignment with international standards, appraisal by third parties inside and outside Japan

SBG's cybersecurity measures align with NIST CSF,*12 a cybersecurity framework used by organizations and enterprises around the world. The measures have been reviewed by third-party experts knowledgeable in cybersecurity in developed nations outside Japan. In Japan, the Information Technology Federation of Japan awarded SBG two stars (the highest rating) for the second year running in recognition of our group-wide commitment to cybersecurity and our cybersecurity-related communication (SBG was one of only 13 companies to earn such a rating). The appraisals we have received inside and outside Japan guide us in our efforts to build a globally standard architecture for cybersecurity.

*12 NIST CSF is a cybersecurity framework (CSF) established by the National Institute of Standards and Technology (NIST) that consolidates standards, guidelines, and best practices for cybersecurity risk management.

For the latest information on SBG's information security, see "Information Security" on our website.

For more information about the Information Technology Federation of Japan's rating program, see "External Evaluation" on our website.

Policy for constructive dialogue with shareholders

SBG proactively engages in constructive dialogue with shareholders and investors (investors in stocks and bonds) to contribute to maximizing enterprise value. Under the supervision of the Board Director and Executive Vice President, CFO, the dedicated Investor Relations Department (comprising 15 members including the Head of IR as of June 1, 2025) plays a central role in these efforts, working in close coordination with relevant departments such as Accounting, Finance, Legal, and General Administration. Dialogues with shareholders and other investors are conducted by the management, including the Board Director, Corporate Officer, and Senior Vice President, CFO, and the Investor Relations Department.

Relaying stakeholders' feedback to the management and the Board of Directors

To create a positive cycle of feedback, opinions and concerns from shareholders and investors are compiled and conveyed to the management and the departments concerned in a timely fashion, so that the management and the departments will make the necessary changes in their initiatives, disclosures, or messaging. Alongside this feedback cycle, the Board of Directors regularly hears reports on stakeholder feedback and shareholders' holding trends.

For the latest IR information, see "Investor Relations" on our website.

Number of meetings with institutional investors /analysts

Fiscal 2022	Fiscal 2023	Fiscal 2024
661	762	825

Main themes of dialogue and shareholder concerns

(as of June 30, 2025)

1. Investment strategy
2. Financial strategy
3. NAV discount
4. Arm
5. SoftBank Vision Funds

Communication with international investors

- Video interview with CFO (short video format)
- Transcription of Q&A sessions at various earnings events

Status of implementation of share price–conscious management

In accordance with the request it received from the Tokyo Stock Exchange on March 31, 2023, SBG has disclosed the status of implementation on our website.

See "Status of Implementation of Share Price–Conscious Management" on our website.

Sustainability: Governance

Initiatives for taxation

Tax Policy (Effective as of July 29, 2022)

The Group's Tax Policy sets out the principles concerning taxation affairs to be observed by SBG and its subsidiaries when conducting business activities. The Policy was decided by a resolution of SBG's Board of Directors. It states the Group's system for the execution of operations and risk management related to taxation affairs, compliance with all relevant tax-related laws and ordinances when conducting business activities, endeavor to ensure appropriate payment of taxes and optimization of tax costs, and the establishment of favorable relationships with tax authorities. The Group will conduct its business activities in accordance with the laws and ordinances of each country and fulfill its tax obligations appropriately, thereby contributing to the economic and social development of the countries in which we operate.

See the full text of our Tax Policy on our website.

Policy

Governance

The Head of the Accounting Unit of SBG is the person responsible for the taxation affairs of the Group, and the Accounting Unit of SBG (the "Accounting Unit") shall be the organization responsible for overseeing operations related to the taxation affairs of the Group. Each Group company shall establish a department or appoint personnel specializing in taxation affairs ("Tax-related Department") and work closely with the Accounting Unit to conduct day-to-day management of taxation affairs. The Accounting Unit will regularly report on the status of execution of duties related to the Group's taxation affairs to the Board of Directors and the Audit & Supervisory Board of SBG, and will be supervised to ensure an appropriate system for the execution of operations related to taxation affairs.

Tax risk management

The Accounting Unit and the Tax-related Departments of Group companies will effectively utilize the knowledge of external experts to constantly stay abreast of the latest information on tax-related laws and regulations in Japan and overseas, and international standards and the like, and endeavor to proactively foresee tax risks. In addition, they will strive to minimize risks by considering countermeasures for any foreseen tax risks. In the event that a significant tax risk of the Group materializes, each Group company shall immediately report to the Accounting Unit, and the Accounting Unit will promptly report to SBG's Board of Directors and Audit & Supervisory Board, and coordinate with Group companies as necessary, and endeavor to take appropriate measures.

Compliance with laws and regulations

The Group will comply with all relevant tax-related laws and regulations when conducting business activities and take measures based on the "Action Plan on Base Erosion and Profit Shifting" (BEPS Action Plan) set forth by the Organisation for Economic Co-operation and Development (OECD) to ensure appropriate payment of taxes. We will also take measures with respect to transfer pricing taxation to ensure compliance with OECD Transfer Pricing Guidelines, including the arm's length principle.

Appropriate payment of taxes and optimization of tax costs

The Group will comply with all tax-related laws and regulations related to its business and endeavor to ensure appropriate payment of taxes and optimization of tax costs by taking measures such as utilizing preferential tax treatment allowed under the tax laws of each country in which we operate and eliminating double taxation, thereby improving the Group's corporate value.

Relationship with tax authorities

The Group will establish sound and favorable relationships with tax authorities in Japan and overseas ("Authorities") and will sincerely explain the Group's tax status to the Authorities in a factual manner. In the event that any difference of opinion arises between the Group and the Authorities with respect to any particular matter, we will strive to resolve such differences through constructive discussions.

Competent department

The Accounting Unit of SBG is in charge of this Policy.

Revision or repeal

Any material revision or repeal of this Policy requires a resolution of the Board of Directors of SBG.

Sustainability: Governance

Characteristics of the Group's taxation

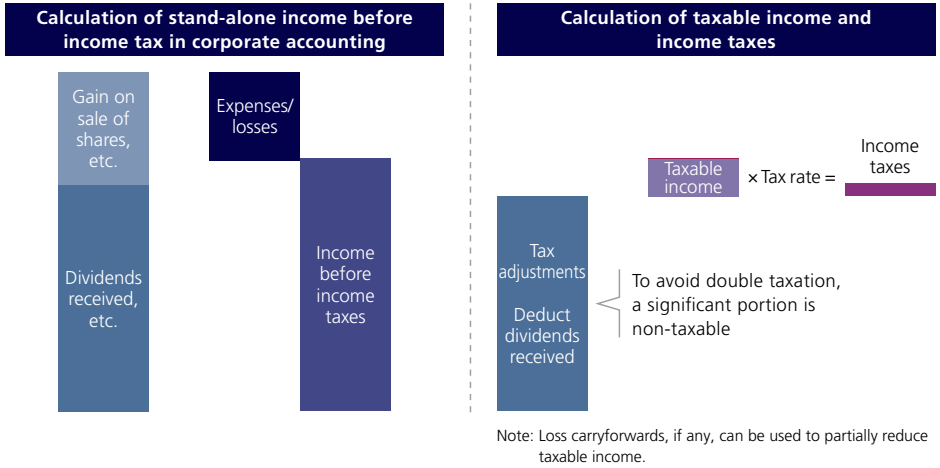
Income on the consolidated statement of profit or loss is not directly connected to SBG's stand-alone tax payment amount.

The consolidated statement of profit or loss of SBG presents the operating results for SBG and its subsidiaries as a group, while the stand-alone statement of profit or loss presents SBG's operating results as a stand-alone company. Moreover, the income on SBG's stand-alone statement of profit or loss is only the income for accounting purposes, which differs from the income used as the basis for calculating income taxes (taxable income). SBG has not introduced the Consolidated Tax Return Filing System (Japanese Group Relief System).

The majority of SBG's stand-alone operating revenue is dividends received from affiliates, a significant portion of which is non-taxable.

As a pure holding company, the majority of SBG's stand-alone operating revenue is dividends received from its subsidiaries and associates. These subsidiaries and associates pay income taxes on their respective income and then pay dividends from the remaining income. Therefore, a substantial portion of the dividends received falls outside the scope of taxation for SBG. On the other hand, one-time gains from the sale of shares owned by SBG are taxable.

Illustration for calculation of SBG's stand-alone income before income tax and income taxes



Note: Loss carryforwards, if any, can be used to partially reduce taxable income.

Taxes related to the SoftBank Vision Funds investment business are compliant with the tax systems of the relevant jurisdictions, including Japan.

Income taxes paid on a consolidated basis (net)

(Billions of yen)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Consolidated	589.3	525.9	816.8	215.2
Japan	551.2	469.7	717.0	131.6
SBG and intermediate holding companies (wholly owned subsidiaries)	200.0	214.2	443.3	(46.1)
Operating companies, mainly SoftBank and LY Corporation	351.2	255.5	273.7	177.7
Overseas	38.1	56.2	99.8	83.6

Notes:
1. The amounts are the net amount of tax payments and tax refunds.
2. Income taxes paid on a consolidated basis match the net amount of "income taxes paid" and "income taxes refunded" in the consolidated statement of cash flows.
3. SBG and intermediate holding companies in Japan have paid ¥443.3 billion in income taxes for fiscal 2023, including an interim payment of ¥118.0 billion. Of this sum, ¥76.7 billion was refunded as of July 31, 2024.

Message from External Board Director

Driving Toward ASI with a Bold Balance of Offense and Defense

Yutaka Matsuo
External Board Director,
Independent Officer

In the AI era, intelligence decides who wins

The AI landscape has changed dramatically since I last contributed to our Annual Report five years ago. OpenAI's breakthrough advances in generative AI set off a wave of innovation, with new models emerging, including from start-ups in China, further accelerating the pace of progress.

In May 2025, Japan enacted its first comprehensive AI legislation* under a national policy aimed at making the country the most AI-friendly in the world. I believe the law's underlying logic, that managing AI risks, such as the spread of misinformation, is not a hindrance but a pathway to innovation, is fundamentally sound. Innovation and risk management in AI are not trade-offs. Rather, by clearly defining rules around privacy, security, transparency, and accountability, we create an environment where AI can be adopted with confidence—ultimately driving innovation and paving the way for broader societal adoption.

In times like these, I believe the real driver of long-term global competitiveness will be a nation's ability to harness AI-generated intelligence—namely, advanced cognitive processing capabilities. To achieve this, the key will be how effectively foundational resources, such as electricity and semiconductors, can be secured. That's exactly where global players are heading. While short-term corrections like those seen during the Internet era might occur, the long-term contest will center on who can best acquire and deploy this intelligence.

Amid these developments, we are proactively advancing AI infrastructure development and investments in that quest to realize ASI. Behind our key decisions, such as the Stargate Project and follow-on investment in OpenAI, is a far-reaching vision to build a generative AI value chain, including power and semiconductors. Mr. Son shares these strategic ambitions with us external directors regularly, and I find them both compelling and inspiring.

* Act on the Promotion of Research, Development, and Utilization of Artificial Intelligence–Related Technologies

Why OpenAI, and why now

As with the acquisition of Arm, some shareholders and other investors have expressed concerns regarding our investment in OpenAI, questioning the valuation and whether it is wise to proceed. What's critical is whether OpenAI can establish a "winner-takes-all" dynamic in the generative AI space and maintain its first-mover advantage. Mr. Son deeply understands the nature of the Internet and information industries. He has a keen intuition for how early leadership in these sectors creates enduring dominance. Looking back at past successes, our investments in companies like Yahoo! and Alibaba are prime examples of identifying future winners early—well before they were proven winners. I believe that, in the case of OpenAI as well, the investment decision was made with the same clear recognition of that company's intrinsic value.

One of OpenAI's standout strengths lies in its start-up–driven velocity. While Big Tech firms like Google are technologically advanced, their corporate caution slows them down. In contrast, OpenAI races ahead—releasing models, gauging market response, and iterating quickly. Its ability to secure substantial capital, attract top talent,

and sustain momentum is not easily replicated, even by tech giants. Supporting such high-velocity start-ups is where SBG thrives. Indeed, Mr. Son's swift decision-making and the Group's industrial reach, especially through Arm, make SBG an ideal and strategic partner for OpenAI. I believe this positions both companies in a win-win relationship.

The competitiveness of generative AI can be evaluated through many lenses. But ultimately, I believe brand recognition will play a decisive role. As with smartphones or cars, once a product becomes widely adopted, user preferences tend to be shaped not by subtle performance differences but rather by how much trust and familiarity people associate with the brand. OpenAI has already made ChatGPT the first name that comes to mind when people think of generative AI. This brand leadership creates a significant barrier to entry and is a core part of OpenAI's competitive strength.

Leadership and governance that master the shift between offense and defense

Since becoming an external director of SBG in June 2019, I have been impressed by SBG's ability to navigate both offense and defense with agility. A notable example came in early 2020, when the outlook was still uncertain due to COVID-19. Even before Japan declared a state of emergency, Mr. Son demonstrated remarkable foresight: predicting the coming wave of infections, the development of vaccines by fall of that year, the manufacturing delays that would push vaccinations into the following year, and, ultimately, that it would take about two years for the pandemic to subside. Based on these projections, he set forth a policy to increase cash reserves and strengthen SBG's defensive posture. Later, as the pandemic waned, he pivoted quickly—moving decisively to offense with bold actions such as the IPO of Arm and, more recently, the partnership with OpenAI. Mr. Son often likens management to warfare. Like a seasoned war strategist, he reads the tides with precision—knowing just when to defend and when to strike. His ability to pivot between offense and defense is truly remarkable.

When it comes to playing offense, Mr. Son's expansive vision leaves no doubt about the vast potential that AI holds for the future. As an external director, however, I see it as my role to balance that ambition with careful scrutiny from the shareholders' perspective. All external directors share this mindset. Whenever concerns arise, we engage with the executive team to clarify any questions or request additional information as needed through open communication.

SBG responds to requests from external directors with great sincerity. At its core, the company has an honest corporate culture with absolutely no attempts to conceal or mislead, which earns our trust and makes collaboration easy.

A Japanese challenger shaping the future of AI

SBG is charting a bold global AI strategy with Arm and OpenAI at its core. At the same time, in Japan, the Group is promoting widespread adoption of generative AI across its companies, such as SoftBank, where tens of thousands of employees are competing to develop ideas for utilizing generative AI. While many companies in Japan have yet to fully embrace AI, there is significant latent demand for adaptation, and I believe SBG's initiatives are both forward-looking and highly relevant. As generative AI technologies developed by OpenAI continue to evolve, I also see strong potential for new synergies to emerge with the portfolio companies of the SoftBank Vision Funds, which have long invested with the AI revolution in mind.

SBG is one of the few Japanese companies engaging Big Tech head-on in the global AI race. Whether we ultimately win or lose is yet to be seen, but simply taking on this challenge is commendable and deserves far more support from across Japan. I hope our stakeholders will continue to support SBG's bold challenges. This spirit of challenge can inspire other Japanese firms and help create a broader national momentum to compete on the world stage. Whether Mr. Son's vision becomes a reality ultimately depends on the execution capabilities of the leadership team. The journey ahead will not be easy. However, I am confident that with unwavering leadership and the right balance of offense and defense, even greater success awaits.

Message from Audit & Supervisory Board Member

Supporting SBG's Shift to Offense with a Watchful Eye on Defense

Yuji Nakata
Full-time External Audit & Supervisory Board Member

Understanding SBG from the outside

During my time at Nomura Securities, where I oversaw risk management, I closely monitored SBG's business and financial condition. At the time, SBG was the second most highly indebted company in Japan, and that left a strong impression on me. Nomura played a key role in supporting SBG's efforts to broaden its investor base, including retail bond underwritings and the 2018 IPO of SoftBank Corp. As one of our most important counterparties, SBG represented significant credit exposure for Nomura—not only because our clients held substantial positions in its equity and bond, but also because Nomura itself underwrote SBG bonds. From the perspective of counterparty credit risk management, I was responsible for assessing Nomura's total exposure to SBG and its affiliates, which informed a number of key decisions across the firm.

How my view changed after joining the Board

At Nomura, I took a conservative view of the company, analyzing mainly publicly available information about its business and financial position through the lens of a risk manager. The company's substantial debt levels naturally raised questions about its creditworthiness, and the diversity and complexity of its investment portfolio, along with its heavy dependence on investee performance, made the business appear highly uncertain.

However, after joining the Board, I gained a much clearer understanding of how SBG is actually managed. From outside, it is difficult to see how management operates or how robust the company's governance framework is. Having access to these internal dynamics firsthand has been extremely valuable in deepening my understanding of the organization.

Having spent many years in risk management, I have observed a general shift in the prevailing approach, from a traditional focus on robustness*1 to a growing emphasis on resilience.*2 This transition became especially apparent around the time of the COVID-19 pandemic. The pandemic served as a major inflection point. It brought home the reality that unforeseen disruption will continue to occur, and that resilience, the capacity to recover and rebuild, must now take precedence in risk management thinking.

Over the past four years, I have come to recognize that SBG possesses a deep underlying resilience—a capacity to recover and adapt that is built into the fabric of the organization. With SBG now shifting into an offensive phase, I believe its resilience will prove even more essential, enabling the organization to navigate the challenges that inevitably come with bold strategic moves.

What sets SBG apart from my time at Nomura

In the financial sector, regulatory compliance demands considerable resources. During my time as head of risk management at Nomura, which is a financial institution subject to oversight by the Financial Services Agency, nearly half of my day-to-day responsibilities involved regulatory reporting and communications with authorities. By contrast, SBG operates outside that heavily regulated framework and is not subject to the same compliance burdens. As a result, I found its management structure to be notably more streamlined and efficient.

Another key difference lies in governance. SBG is led by its founder, Mr. Son, who owns approximately 30% of the company's shares and serves as both Chairman and CEO. In contrast, most non-founder-led companies in Japan are typically headed by career executives promoted from within the

organization. This fundamental difference in ownership structure naturally influences how governance is exercised.

The two companies also differ significantly in their governance framework. SBG operates as a "company with a board of auditors," where the Board of Directors serves as the primary decision-making body. In contrast, Nomura adopted the "company with a nominating committee, etc." model, which clearly separates business execution and supervision. These structural distinctions shape the roles and perspectives of Board members in markedly different ways.

The speed of decision-making at SBG

When I joined the Audit & Supervisory Board in June 2021, I was immediately struck by the speed of SBG's decision-making and execution, a pace that left a strong and positive impression on me. The market environment in 2021 marked a turning point. After a sharp run-up fueled by the widespread shift to remote work during the pandemic, tech stocks entered a correction phase, with previously overstretched valuations beginning to fall back to more sustainable levels. Against that backdrop, I was struck by the decisiveness and speed of SBG's management, qualities that I came to recognize reflect the strengths of a founder-led organization. In large institutions, it is often difficult to shift direction quickly or decisively discontinue an initiative. Once a course is set, there is a tendency for it to continue with sheer momentum, even when circumstances have clearly changed. This contrast left a lasting impression on me.

Boardroom discussions

Fiscal 2024 brought yet another wave of global change, especially following the announcement of Donald Trump's victory in the U.S. presidential election in November 2024. In response, SBG's Board of Directors convened several extraordinary meetings, on top of our regularly scheduled sessions, beginning in December 2024.

SBG fosters an open corporate culture where people are encouraged to speak up and raise concerns. This openness is complemented by the strong leadership Mr. Son demonstrates, particularly when the Board of Directors is faced with major investment decisions. One reason the company is able to move swiftly is that the Board shares a deep understanding of, and alignment with, Mr. Son's strategic vision. That vision centers on AI but also extends to critical areas such as data centers, energy infrastructure, and semiconductors. As Board members, we are regularly exposed to Mr. Son's unique ideas, inspirations, and creative thinking—and we make a conscious effort to understand and support the direction he seeks to pursue, especially when timely decisions are required.

Details matter, of course. The Board must deliberate on a range of practical matters, such as the sequence of investments and the means of securing the necessary funding. This was not only true in fiscal 2024 but also will be the case going forward. That said, I believe the decision-making process at SBG's Board of Directors is both sound and well-structured. In the case of the major investments decided in fiscal 2024, all members had a clear grasp of the strategic direction, which enabled the Board to make timely decisions without unnecessary delay or confusion. As a result, I found few points that required intervention or concern on my part.

My role on the Audit & Supervisory Board

As part of SBG's structure for auditing and supervision, two independent officers, Mr. Maurice Atsushi Toyama and myself, serve as full-time members of the Audit & Supervisory Board. While we work in close coordination, our responsibilities are generally divided: Mr. Toyama focuses on overseas matters, drawing on his expertise in international business as a certified public accountant, while I primarily oversee domestic business, such as SoftBank Hawks, alongside a broad range of investment-related matters. The Audit & Supervisory Board meets monthly to hear reports and conduct interviews with representatives from various divisions. These sessions also provide opportunities for discussion with our part-time colleagues, and we regularly exchange views among the full board to ensure consistent oversight.

Topics regularly discussed at Audit & Supervisory Board meetings include the governance framework for critical decisions, processes that enable effective deliberation within the Board of Directors, oversight of subsidiaries and portfolio companies, the design and operation of internal control systems, risk management structures, and mechanisms for managing insider information and investment-related conflicts of interest.

While these topics are handled with due diligence, my background in financial risk management leads me to believe that some areas warrant even deeper discussion. In particular, I believe greater emphasis should be placed on how lessons from past investment failures are captured and applied to future decisions and portfolio oversight. SBG has achieved remarkable successes, such as Alibaba and Arm, but naturally not every investment has gone according to plan. Amid the spotlight on major wins, it can be difficult to assess whether sufficient learning has occurred from past setbacks. Yet minimizing such failures is critical to maximizing NAV. Unless the organization systematically distills and retains insights from experience, there is a risk that it may come to rely too heavily on Mr. Son's individual intuition and foresight.

A fresh chapter for the Audit & Supervisory Board

In fiscal 2025, Ms. Kuniko Nishibashi and Ms. Yuko Kanamaru joined the Audit & Supervisory Board, succeeding two outgoing members. Their appointment represents a meaningful step toward greater diversity and is expected to enrich our discussions with new perspectives. I welcome this development and look forward to the new insights they will contribute. At the same time, SBG is entering a distinctly proactive phase. From the perspective of the Audit & Supervisory Board, this makes it all the more important to ensure that the defensive side of governance remains robust. In other words, effective offense must be underpinned by equally effective defense.

*1 Robustness refers to a company's ability to maintain steady performance during unexpected shocks or crises without undergoing any major organizational or business changes.
*2 Resilience refers to a company's ability to adapt and recover quickly after unexpected shocks such as natural disasters or social changes. Robustness emphasizes the ability to weather shocks, whereas resilience emphasizes the ability to recover from them.

Compliance

Commitment to Integrity

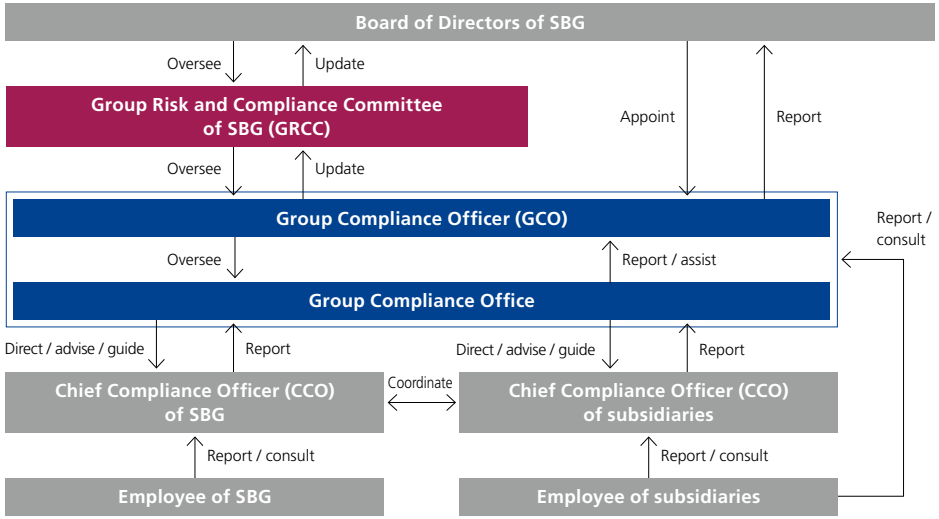
Compliance as the foundation of our business

We believe that our commitment to integrity, which goes beyond legal and regulatory compliance, must be the foundation of our business. We aim to create an organization where every officer and employee demonstrates the highest degree of ethical conduct in every action they take.

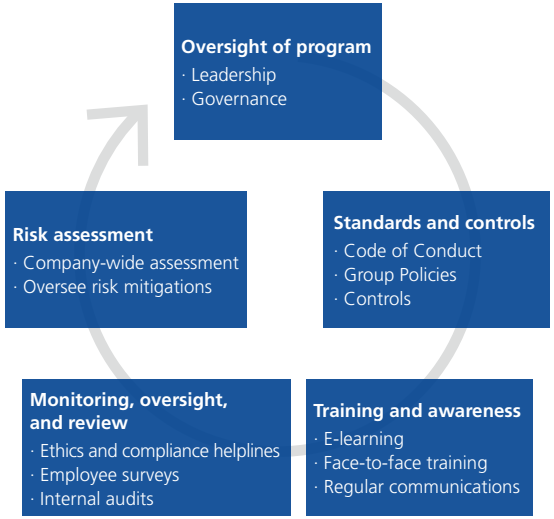
Organizational structure

The Board of Directors of SBG has appointed a Group Compliance Officer (GCO) as the chief officer responsible for compliance across the Company, and similarly, each subsidiary appoints a Chief Compliance Officer (CCO). The GCO and CCOs have the responsibility to implement systems designed to ensure compliance with applicable laws and regulations and to promote ethical conduct. The GCO and CCOs periodically report material incidents and risks together with activities of their ethics and compliance programs to their respective board of directors.

Group compliance structure



Structure of SBG's ethics and compliance program



Ethics and compliance program and oversight

The Group Risk and Compliance Committee (GRCC) consists of Board Directors and Corporate Officers of SBG and provides oversight of the risk management and ethics and compliance programs of the Company. The GRCC assesses the key performance indicators that measure the effectiveness of the risk management and ethics and compliance programs such as risk assessments, risk mitigation, and incidents of noncompliance. SBG's Board of Directors receives regular separate reports on, and evaluates and supervises the effectiveness of, the ethics and compliance programs.

Code of conduct and Group policies

SBG has established the "SoftBank Group Code of Conduct" as the standard that all the Company's officers and employees should follow. Our Code of Conduct sets out standards to guide the Company's officers and staff across various areas such as anti-corruption, prohibition on discrimination, confidentiality, conflicts of interest, antitrust laws, money laundering, insider trading, working environment, and whistleblowing. In April 2024, SBG updated the SoftBank Group Code of Conduct to proactively integrate AI into our operations. This update reflects our belief in the future happiness that AI can bring. It also outlines the necessary considerations for promoting the ethical and responsible use of AI by our employees, aiming for the achievement of

Compliance

Top page of the SoftBank Group Code of Conduct website

See the full text of our Supplier Code of Conduct on our website.
See the SoftBank Group Code of Conduct on our website for further details.

Top screen of intranet site, Compliance Awareness Month 2024

Animated video on compliance

responsible AI practices. Additionally, SBG incorporated "Responsible AI" as one of the key topics in the 2024 SoftBank Group Code of Conduct training. SBG has also established the "Supplier Code of Conduct" to clarify the ethical standards we would like our suppliers to follow.

SBG has implemented a full suite of Group Policies that establish Group-wide minimum requirements for all subsidiaries and their officers and employees across key risk areas such as anti-corruption, competition law, conflicts of interest, insider trading, economic sanctions, information security, privacy, human rights, brand management, corporate governance, the environment, risk management, and taxes. In fiscal 2024, SBG revised our Competition Law Compliance Policy to clarify our operational framework in response to changes in the global competition law environment.

SBG conducts an annual review of all the Group Policies and has made certain revisions as appropriate. We will continue to periodically review and revise them.

Training and awareness

The Company conducts training and awareness-raising activities to ensure that officers and employees recognize risk areas and have the information they need to make the right choices.

In fiscal 2024, in addition to the annual SoftBank Group Code of Conduct training, we provided training for officers and employees regarding high-risk areas such as insider trading, discrimination and harassment, and competition laws. SBG has introduced a global training system, which, in addition to providing the Code of Conduct training, provides subsidiaries in Japan and abroad with training that addresses different areas of risk for each of them.

As one example of the awareness-raising activities, SBG holds the Compliance Awareness Month annually for officers and employees of SBG and those at its major subsidiaries in Japan and overseas. SBG also periodically delivers communications through animated videos and comics featuring actual cases and familiar compliance issues to enable its officers and employees to refresh and consolidate their knowledge about ethical behaviors. The use of visually memorable contents is designed to be easily understood.

Monitor, audit, and review

SBG has established a global ethics and compliance helpline to receive reports and consultations regarding compliance violations involving the Company or its officers and employees, from our officers, employees, business partners, and other third parties. Reports and consultations can be made anonymously to the extent permitted by laws and regulations. We received frequent reports and requests for advice in fiscal 2024 from across the Company. The CCOs are responsible for setting up helplines for their respective companies. Significant substantiated cases must be escalated to the GCO.

SBG also conducted an employee survey to measure its ethical culture and the effectiveness of its ethics and compliance program in fiscal 2024. SBG uses the results of the survey to improve its ethics and compliance programs for fiscal 2025 and beyond.

Risk Management

Eliminating and Reducing Impediments to Sustainable Growth

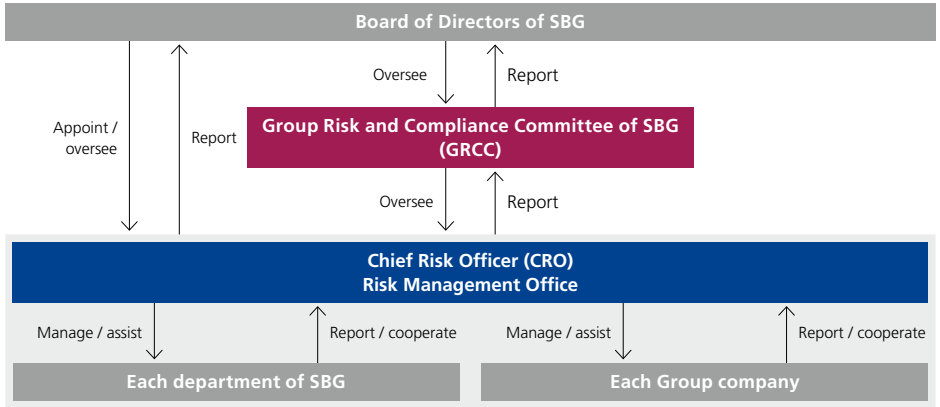
Risk management system

At SBG, the Risk Management Office spearheads Group-wide risk management activities cooperating with Group companies and departments. The office is supervised by the Chief Risk Officer (CRO), who is appointed by the Board of Directors with responsibility for Group-wide risk management.

SBG established the Risk Management Policy to ensure a Group-wide understanding of the purpose of risk management and to clarify the basic roles of officers, employees, and risk managers. This policy applies to all officers and employees of SBG and the Group companies to encourage their active involvement in risk management activities. Under this policy, and in accordance with SBG's Risk Management Regulations and the Group Company Management Regulations, we appoint risk managers at SBG and its Group companies, comprehensively identify financial and non-financial risks that might arise during business activities, and monitor the countermeasures and their implementation status on at least a quarterly basis.

The Risk Management Office ensures the effectiveness of Group-wide risk management by receiving reports on material matters from risk managers and confirming compliance with the regulations. These policies and regulations are periodically reviewed and approved by the Board of Directors of SBG and other bodies.

Risk management system



The Risk Management Office quarterly reports identified risks that are material to the Group and their countermeasures to the Board of Directors and the Group Risk and Compliance Committee (GRCC), respectively. Accordingly, both governance bodies oversee the Risk Management Office. The GRCC consists of Board Directors and Corporate Officers of SBG and provides oversight of the risk management and ethics and compliance programs of the Company.

Risk management initiatives

The Risk Management Office works to strengthen risk management activities by identifying and addressing risks, with the aim of eliminating and reducing impediments that adversely affect the Group's sustainable growth.

Identifying risks

The Risk Management Office is pursuing the following initiatives to gain a comprehensive understanding of financial and non-financial risks across the entire Group.

Key agenda confirmation

When decisions are to be made about new investments or other material matters by the Board of Directors, Investment Committee, or other decision-making bodies in SBG, the Risk Management Office confirms the agenda items in advance and consults with the relevant departments, if necessary. It also ensures that risk-related information that needs to be considered is reflected in the agenda.

Portfolio risk analysis

The Risk Management Office performs risk analysis on the entire Group's investment portfolio from various perspectives. For example, the Risk Management Office monitors the impacts on SBG's financial indicators that are caused by changes in the external environment such as economic and monetary policies and other political conditions. It also monitors the concentration of investments in specific countries, regions, and sectors continuously.

Risk information gathering

The Risk Management Office comprehensively gathers information on various risks from major Group companies and SBG departments. When risks materialize, the relevant parties report the issues to the Risk Management Office in a timely manner.

Responding to risks

Based on the information gathered through the above initiatives, the Risk Management Office analyzes and assesses various risks and corresponding countermeasures, considering

Risk Management

the likelihood that a risk could materialize and the magnitude of the potential impact. For material risks that could significantly impact the Group's sustainable growth, the Risk Management Office collaborates with the relevant departments or Group companies in order to understand the implementation status of countermeasures and monitor their effectiveness. To address AI-related risk, which is identified as one of the material risks, the Risk Management Office participates as a member of the AI Governance Working Group, which was established in fiscal 2024, and monitors ongoing developments.

Through this process, material risks and the status of countermeasures are reported to and discussed by the Board of Directors and the GRCC every quarter. Based on the results of those discussions, the Risk Management Office strives to strengthen the Group's risk management system. In addition, as part of educational efforts and to ensure that external directors, etc., can make informed decisions based on a proper understanding of the Group's overall risk exposure, the Risk Management Office regularly provides individual briefings on the latest risk trends and other relevant information and facilitates opportunities for dialogue. The feedback obtained from these discussions is used to further enhance risk management initiatives.

Message from Our Chief Risk Officer (CRO)

Preparing for uncertainties—as we advance toward ASI

Q1 Given the changes in the international landscape over the past year, are there any risks that you are particularly keeping an eye on?

In fiscal 2024, the pace of AI progress accelerated, while global uncertainties intensified. Ongoing events such as Russia's invasion of Ukraine, unrest in the Middle East, and U.S.-China tensions contributed to a deteriorating international climate. In response, many governments introduced policy changes aimed at strengthening economic security, including export controls and tariff measures. As an organization that invests globally and whose portfolio companies operate across diverse countries and regions, SBG is exposed to geopolitical and regulatory risks. For example, with SVF now having more than 400 portfolio companies, rising geopolitical tensions could significantly impact these companies' growth potential, profitability, and exit opportunities. In addition, as Arm derives a portion of its revenue from China, its business performance could be affected by export controls, sanctions, or tariff actions imposed by various countries.

In view of this situation, the Risk Management Office regularly communicates with government affairs teams in various countries to gather information. Such information includes developments of investment-related regulations that could affect our investment activities, export controls on semiconductors to China, and changes to sanctions or export control lists in the U.S. and elsewhere. The office also engages in discussions with key subsidiaries to help ensure early identification and timely monitoring of such risks across the Group.

Q2 What are the risks associated with investments toward realizing ASI, and how are you planning to address them?

AI made significant advances in fiscal 2024, and the competitive landscape has grown more intense. In this environment, we have been accelerating our investments toward realizing ASI. What may have stood out for many was the announcement of new initiatives in early 2025, particularly the Stargate Project, which involves building dedicated AI infrastructure for OpenAI in the U.S. Beyond that, we have also been investing in a variety of other areas. For example, we established SB TEMPUS to contribute to further advancements of Japan's healthcare through the use of AI. We also made SBE Global, which constructs and operates solar power plants in the U.S., a subsidiary. In addition, we have invested in companies engaged in robotics, warehouse automation, and autonomous driving. These investments have contributed to the expansion of our portfolio as a strategic investment holding company.

The Risk Management Office monitors the performance of these portfolio companies, tracks SBG's investment amounts and expected future payment, and gathers information on their business progress and challenges. A reporting structure is in place to ensure this information is regularly reported to our management. We plan to maintain a proactive investment stance in fiscal 2025. Our future investment scale, including follow-on investments in OpenAI, is expected to exceed that of recent years. As such, it will be important to identify a wide range of risks at an early stage—not only financial risks but also those related to the pace of AI technological advancement, the evolving competitive landscape, and regulatory changes. Acting independently from operating divisions, the Risk Management Office will continue to evaluate these risks from multiple perspectives to support efforts to realize ASI.

Kiyoshi Ichimura
CRO,
Head of Risk Management Office

Risk Factors

Risk Factors

The material risks that the Company (SBG and its subsidiaries) believes could significantly affect investors' investment decisions as of June 26, 2025 are outlined below. The materialization of these risks could have an adverse effect on:

- NAV (Net Asset Value): equity value of holdings – adjusted net interest-bearing debt*1
- LTV (Loan to Value): adjusted net interest-bearing debt ÷ equity value of holdings*1; The ratio of debt to asset holdings.
- Financial condition and results of operations
- Distributable amount of SBG

These risks do not include all the risks that the Company could face, nor is there a guarantee that measures to address such risks will be fully effective. Forward-looking statements were determined as of June 26, 2025, unless otherwise stated.

*1 See pages 22-24 for details on the calculation method of NAV and LTV.

(1) Group overall

Under the Company's management system, the Company actively invest in and operate businesses in fields essential to the realization of Artificial Super Intelligence (ASI), while making strategic investments in and building partnerships with leading enterprises in the generative AI domain, with SBG, a strategic investment holding company, exercising overall control over its subsidiaries, associates and investees as our portfolio companies (hereinafter "portfolio companies")*2. The Company's material risks in the execution of its business are stated in subsections a. through c. below.

Additionally, please refer to "(2) SoftBank Vision Funds business," "(3) SoftBank business," and "(4) Arm business" for the material risks in the SoftBank Vision Funds segment, SoftBank segment, and Arm segment, respectively.

*2 As new AI-related initiatives, in January 2025, SBG announced the "Stargate Project" to build AI infrastructure in the U.S. for OpenAI Inc., a U.S.-based AI research and development company, and its affiliates (hereinafter "OpenAI"). In February 2025, the Company also announced a partnership with OpenAI to develop and commercialize a cutting-edge enterprise AI solution, "Cristal intelligence."[1] Furthermore, in March 2025, SBG reached an agreement with OpenAI to make a follow-on investment of up to USD 40 billion in OpenAI Global, LLC, OpenAI Inc.'s for-profit subsidiary. After accounting for the USD 10 billion planned to be syndicated to co-investors, the Company's effective investment amount is expected to be up to USD 30 billion. Also in March 2025, SBG agreed with Ampere Computing Holdings LLC—a U.S.-based semiconductor design company specializing in high-performance, energy-efficient, and sustainable AI computing based on the Arm compute platform—and certain of its equity holders, to acquire 100% of its equity interest. The progress and outcome of these initiatives may be influenced by a variety of factors and may not proceed as expected by the Company. These factors include advances in AI technologies, changes in the competitive environment, the establishment or strengthening of laws, regulations, and other rules, the status of obtaining necessary approvals and permissions from regulatory authorities, and, with regard to the follow-on investments in OpenAI Global, LLC (up to USD 30 billion, the planned investment amount for the second closing whose targeted investment timing is December 2025), the completion of a recapitalization of OpenAI Global, LLC's economic waterfall and the issuance of convertible preferred shares in a new entity.

1 "Cristal intelligence" is a provisional name and not the official designation.

a. Investment activities overall

(a) Market environment

The Company invests mainly in information and technology companies that leverage AI; however, the valuation of these companies can vary significantly depending on the outlook for technological progress and market growth. Therefore, the Company's equity value of holdings may be affected by these types of sector-specific factors, in addition to macroeconomic, monetary policy, and stock market trends. In addition, private portfolio companies are also affected by trends in the venture capital and IPO markets.

Since Arm continues to be a consolidated subsidiary after its listing in September 2023, its stock price change does not affect the Company's financial condition and results of operations. However, the stock price change has a substantial effect on the Company's equity value of holdings since Arm shares represent a large portion of the Company's equity value of holdings.

Moreover, the Company may be affected by foreign exchange rate movements in connection with its ownership of foreign currency-denominated assets and liabilities.

The Company aims to conduct stable financial management to withstand the impacts of market volatility. For details, see "Message from Our CFO" on pages 18-21.

(b) International conditions and regulatory trends

The Company invests in companies and other entities that operate not only in Japan, but also in countries and regions overseas, such as the U.S., China, India, Europe, and Latin America. Therefore, due to changes in political, military, or social circumstances and to the establishment of new laws, regulations, systems and other rules (hereinafter "laws and regulations") and the strengthening thereof (including changes in interpretation and implementation) in those countries and regions, the investment activities of the Company and the business activities of portfolio companies may not develop as expected. Laws and regulations include, besides those related to investment, laws and regulations related to businesses such as AI, semiconductors, data centers, energy, telecommunications services, internet advertising, e-commerce, financial services and payments, automated driving, robotics, logistics, and to other corporate business activities (including, but not limited to, laws and regulations related to business permits and licenses, national security, import and export, personal information and privacy protection, the environment, product liability, fair competition, consumer protection, prohibition of bribery, labor management, intellectual property rights, prevention of money laundering, taxation, and foreign exchange). The investment activities of the Company and the business activities of portfolio companies are directly or indirectly affected by those laws and regulations. Recently, countries have been taking steps to implement stricter regulations from a national security perspective, against the backdrop of factors such as the Russia-Ukraine conflict, the situation in the Middle East, and intensified U.S.-China rivalry. For example, the introduction of laws and regulations to restrict investment in specific countries or companies could constrain the Company's investment activities, as well as cause the realization of investments to be delayed or the terms and conditions for the realization of investments to deteriorate. Additionally, some countries are moving to strengthen export controls for certain advanced technologies and related products and to revise tariff policies. If these heightened geopolitical risks result in further supply chain disruptions, restrictions on the import and export of specific products and technologies, or increased trade costs, the business development and operating results of portfolio companies may be adversely affected.

Moreover, the investment activities of the Company may require approvals and permissions from the regulatory authorities of relevant countries, or the Company's involvement with portfolio companies may be restricted. If the necessary approvals and permissions cannot be obtained or other restrictions cannot be avoided, the Company may be unable to successfully implement its investment or divestment plans as it expects.

Risk Factors

The Company collects information about the changes in the external environment described above and assesses the impact they may have on investment activities, while receiving advice from outside advisers. Concurrently, the Company works to address each of these regulations. In addition, the Company continuously monitors the concentration of investments in specific countries or regions, and business sectors, within its investment portfolio. By doing so, the Company identifies risks and reflects them in its management decisions.

(c) Business development of portfolio companies

The Company aims to maximize returns from a medium- to long-term perspective by making investments in information and technology companies that leverage AI. However, portfolio companies may be unable to develop businesses as envisioned at the time of the investment decision, due to factors including the obsolescence of portfolio companies' technologies and business models, and intensified competitive environments. This may lead to a significant deterioration in business performance or a drastic revision of their business plans. Moreover, the Company may provide loans, loan guarantees, additional investment or other forms of financial support as deemed necessary to improve their shareholder value, if they are unable to develop businesses as anticipated. Providing such support could increase the Company's exposure to those portfolio companies. Nevertheless, the Company has a general policy of not making investments solely for the purpose of providing relief.

Even after making investments, the Company continuously monitors major risk factors of portfolio companies, including financial and management information, key performance indicators, differences between business plans at the time of the investment decision and actual progress, and the status of corporate governance. To address these risk factors, the Company implements measures such as providing advice and dispatching officers to improve the management of portfolio companies, as necessary.

(d) Investment decisions

In the investment decision-making process, the Company may make investment decisions while misjudging the risks concerning such factors as the technology, business model, competitive environment, financial condition, compliance, and governance of an investment target, or the integrity of the founders and managers who have critical influence. In particular, the transparency, accuracy, and completeness of information on which the Company bases its investment decisions are relatively more likely to be inadequate at private companies.

In the investment decision-making process, the Company seeks to assess investment-related risks by conducting due diligence on important factors of the target, while obtaining the cooperation of, for example, outside financial, legal and tax advisers as necessary, in addition to referring to research and reviews by the relevant internal departments. Based on the results of such procedures, investment decisions are made by either the Board of Directors of SBG, the Investment Committee to which authority is delegated by the Board of Directors, or the Investment Committee of the fund management subsidiary.

b. Fund procurement

The Company utilizes a diverse range of procurement methods, such as loans from financial institutions and the issuance of bonds, as well as raising funds through asset-backed financing and selling assets.

For loans from financial institutions and bonds, if the procurement environment deteriorates due to factors such as changes in interest rates or credit rating, the Company may be unable to raise funds at the planned timing, scale, or conditions. In addition, various covenants may be attached to the debts. If these covenants are breached, the Company may forfeit the benefit of the term with respect to such obligations. Furthermore, in connection with this forfeiture, the Company may be requested to make lump-sum repayments with respect to other obligations.

For asset-backed financing (excluding prepaid forward contracts) using public equities such as Arm shares, or private equities, if the value of eligible equity holdings declines, the Company may be required to post additional cash collateral or incur prepayment obligations. The Company may also face difficulties in raising new funds and refinancing.

Regarding fundraising through the sale of asset holdings, the Company may be unable to sell assets at anticipated prices when necessary due to factors such as sluggish market liquidity, contractual restrictions on asset sales, and delays in scheduled IPOs.

To control risks related to fund procurement, the Company raises funds with timing and methods that are deemed appropriate based on careful monitoring of market conditions. In particular, when borrowing from financial institutions, issuing corporate bonds, and conducting asset-backed financing, the Company increases the stability of each type of fund procurement by conducting prior reviews and implementing measures based on various anticipated scenarios. Through these measures, the finance departments strive to maintain a sufficient cash position in accordance with SBG's financial policy.

c. Management team

The Company's major subsidiaries and investment funds are run autonomously, the subsidiaries by their respective CEOs and other leaders, and the investment funds by the CEOs of fund operating subsidiaries described below. However, unforeseen situations with respect to Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, who plays a pivotal role in the Company's management, could impede the overall activities of the Company.

If such an unforeseen situation were to occur, the decision-making process could be affected. To minimize this impact, the Company has drawn up contingency plans. In addition, the Nominating & Compensation Committee periodically discusses succession plans.

(2) SoftBank Vision Funds business

SoftBank Vision Funds (SVF1, SVF2 and LatAm Funds, hereinafter "SVF") aim to maximize returns over the lifecycle of each of the funds by making investments in technology companies primary leveraging AI that are deemed to have high growth potential. SBG invests in these investment funds as a limited partner. Additionally, the Company's wholly owned subsidiaries who manage these funds (SBIA, which manages SVF1, as well as SBGA, which manages SVF2 and LatAm Funds, hereinafter the "Managers") are respectively entitled to receive management fees, performance-linked management fees, and performance fees, each of which is measured by reference to the investment activities of the investment funds.

The material risks at SVF and their Managers are stated in subsections a. through d. below. In this section (2), the phrase "portfolio companies" refers to the investees of SVF.

a. Business execution risks of portfolio companies

Many portfolio companies are seeking to leverage new technologies such as AI and big data to create new business models. There are various risks involved for these companies to develop their businesses as planned, earn profits, and establish a solid business foundation.

In particular, these risks include: that they may not be able to develop technologies or implement business models as expected, or provide products and services that meet customer needs and market practices; their unit economics may not be strong enough to fully cover the cost of the platform and continued investment in technological advancement; they lose out to other new entrants with the latest technologies or to incumbents with strong business foundations; they are unable to adjust themselves to their expansion into adjacent businesses or different geographies and to changes in the economic or business environment; they are not

Risk Factors

able to secure profits if the customer acquisition costs, such as advertising and sales staffing, significantly exceed their original plans; and, they are unable to respond to growing compliance complexity and/or manage the costs for privacy and AI across varying jurisdictions.

In addition, as the strategic importance of advanced technology in national security has been growing in recent years, and with a backdrop of a challenging relationship between the U.S. and China, it is possible that stricter regulations in various countries will be introduced, which may adversely affect the business development of the portfolio companies or expected return on investment.

Furthermore, many portfolio companies have funding needs for business development. If the fund-raising environment deteriorates, it may not be possible to raise funds on the expected terms, resulting in the need to cut costs materially, which may impede growth, or to raise funds on terms that dilute the Company's share in the portfolio company.

At the Managers, the investment risk team plays a central role in identifying these risks early and mitigating them through the investment approval process and ongoing post-investment monitoring.

b. Lack of opportunity to exit from investments

Due to the illiquid nature of many of the investments that SVF may acquire, as well as economic, legal, political, or other factors, there can be no assurance that SVF will be able to monetize such investments as originally planned. Additionally, SVF may be prohibited by contract or other limitations from selling certain securities for a period, which may mean that SVF is unable to sell investments at favorable market prices.

Approval of an exit strategy is a key part of the Managers' Investment Committees' considerations. Exit strategies are regularly reviewed and updated by the Managers' investment teams. Exit strategies are also stress tested under various market conditions by the investment risk team to aid forward planning. In setting up a long-term fund structure, it was anticipated that multiple economic downturns could occur and that some investments may take longer to exit than others.

c. Securities issued by public companies

SVF's investment portfolios may contain securities issued by public companies. Such asset holdings are subject to risks that include increased obligations to disclose information regarding such companies, limitations on the ability of SVF to dispose of such securities at their discretion, increased likelihood of shareholder litigation and insider trading allegations being brought against such companies' executives and board members, including employees of the Managers. In addition, there may be increased costs associated with addressing each of the aforementioned risks.

The primary mechanism employed to mitigate the market risk following a liquidity event is to follow a deliberate plan for selling down the positions to minimize the market impact and to maximize the value of the proceeds. The Managers also examine whether to hedge the foreign-exchange risk should the securities be denominated in a currency whose exchange rate relative to USD is volatile.

Additionally, the operational and compliance risks that arise while managing SVF's public securities positions are managed through an appropriate control framework spanning the Managers' operational, compliance, and enterprise risk activities including, policies, staff training, whistleblower helpline, pre-trade approval processes (including the approval of trading counterparties), and post-trade reconciliations and exception monitoring.

d. Securing and retaining human resources

The Managers seek to maximize the equity value of SVF funds that they respectively manage, by carefully selecting investments and promoting growth after investment through the provision of a wide range of support. For the success of these investment activities, it is essential to secure and retain capable personnel who possess broad knowledge of technology and financial markets as well as specialized skills in managing investment businesses. A failure of the Managers to secure or retain an adequate number of capable personnel could have an adverse effect on the maintenance or expansion of the investment scale and future investment performance of the investment funds they manage.

In order to maintain their broad investment and management capabilities, the Managers provide various HR support programs and ensure the human capital in the firm has the requisite skill sets to meet business objectives. The Managers conduct a range of efforts including regularly reviewing performance, organization design, and training and development, as well as moving staff across the organization to ensure they fulfil their potential.

(3) SoftBank business

SoftBank Corp. and its subsidiaries (hereinafter the "SoftBank Corp. Group") engage in its core business of telecommunications, in addition to providing services such as Yahoo! JAPAN, LINE, and PayPay, and developing its business in various fields within the information and technology domain. The material risks at the SoftBank Corp. Group are stated in subsections a. through f. below.

a. Changes in the market environment and competition

The telecommunications-related market has seen major changes in the business environment, mainly driven by the strengthening of pro-competitive policies and new entrants from different industries, and users have also been increasingly seeking more inexpensive and varied services. In order to address the market environment described above, the SoftBank Corp. Group deploys services, products and sales methods that fit consumer preferences. However, if the SoftBank Corp. Group is unable to meet the expectations of consumers for price plans, voice and data communications quality and so forth, or if the service and products provided by the SoftBank Corp. Group have significant defects, there are no assurances that the SoftBank Corp. Group will be able to maintain its current number of subscribers. Moreover, the introduction, amendment, or change in interpretation or application of laws, regulations, systems, and so forth, could result in the effective restriction of services and products that the SoftBank Corp. Group can deliver to its customers, or of sales methods and price plans, etc., causing the SoftBank Corp. Group to experience a decline in revenue and to incur a larger financial burden.

In certain instances, the SoftBank Corp. Group's competitors may have a competitive advantage over the SoftBank Corp. Group in terms of capital, services and products, technology development capabilities, price competitiveness, customer base, sales capability, brands, public recognition, or overall capability in all of these, for example. If these competitors were to sell services and products that harness these competitive advantages to a greater extent than at present, the SoftBank Corp. Group may be placed at a disadvantage in sales competition, including price competition, may be unable to provide services and products, or acquire or retain customers, as anticipated, or may experience a decrease in Average Revenue Per User (ARPU). Furthermore, the services and products of startup companies and new entrants could raise competition with the SoftBank Corp. Group's services and products. Alternatively, it may be costly for the SoftBank Corp. Group to develop the newly emergent services and products needed to demonstrate competitiveness.

The SoftBank Corp. Group may conduct internal realignment for purposes such as streamlining overlapping business resources, speeding up decision-making, and generating greater synergies among businesses. However, if the SoftBank Corp. Group is unable to sufficiently capture the expected benefits of the realignment, problems such as trouble with and delays in services to be rolled out, adverse effects on strategies and synergies, and disruptions associated with the realignment could arise.

b. Response to technology and business models

The SoftBank Corp. Group's primary business domain is the information technology industry, which is subject to rapid changes in technology and business models. Notably, technologies related to generative AI and AI agents have been evolving dramatically and have significantly impacted existing business models.

Risk Factors

The SoftBank Corp. Group is constantly undertaking measures such as surveying the latest technology and market trends, conducting verification trials to introduce services with highly competitive technologies, and considering alliances with other companies. However, there are no assurances that the development of new technologies will proceed on time or results will be delivered as planned, or that common standards or specifications will be established and commercial viability will be achieved. Even if the aforementioned measures are undertaken, the SoftBank Corp. Group may be unable to develop or introduce outstanding services, technologies, and business models in keeping with market trends due to the inability to appropriately adapt to changes in the market environment in a timely manner, such as the emergence of new technologies and business models, or due to the inability to deploy equipment and facilities rapidly and efficiently. In this case, the SoftBank Corp. Group's service offerings could lose competitiveness in the market, possibly curtailing the number of subscribers that the SoftBank Corp. Group is able to acquire or retain, or reducing ARPU.

c. Leakage or inappropriate use of information and inappropriate use of products and services supplied by the SoftBank Corp. Group.

In its business operations, the SoftBank Corp. Group handles customer information (including personal information) and other confidential information. The SoftBank Corp. Group strives to build a framework to protect and manage information assets appropriately, including the appointment of a Chief Information Security Officer and education and training sessions on information security for officers and employees. However, this information could be leaked, lost, or involved in a similar incident, either intentionally or accidentally by the SoftBank Corp. Group (including officers and employees of the SoftBank Corp. Group and people related to subcontractors), or through a malicious cyber-attack, hacking, computer virus infections, or other form of unauthorized access or other means by a third party.

Moreover, if the products and services supplied by the SoftBank Corp. Group are used inappropriately for crimes and so forth such as fraud and the like, it could impair public trust in the SoftBank Corp. Group and the SoftBank Corp. Group's credibility.

Such an occurrence could reduce the SoftBank Corp. Group's competitiveness and give rise to significant costs to the SoftBank Corp. Group for payment of damages and modification of security systems, in addition to having an adverse impact on the SoftBank Corp. Group's credibility or corporate image and making it difficult to acquire or retain customers.

Furthermore, LY Corporation, a significant group company, has submitted reports concerning the incident of unauthorized access it announced on November 27, 2023 to the Ministry of Internal Affairs and Communications (MIC) and the Personal Information Protection Commission of Japan (PPC). LY Corporation is implementing measures in response to this administrative guidance and recommendation. Additionally, in November 2024, a malfunction occurred in LINE Album, a service provided by LY Corporation, in which image data from other users was mistakenly included in album thumbnail images. As a result, on March 8, 2025, LY Corporation received administrative guidance from MIC. LY Corporation regards this as a serious incident that diminishes trust in its role as a platform operator serving a large user base, and it is implementing measures to prevent a recurrence. Furthermore, since its reorganization as LY Corporation, LY Corporation and its group companies have been working to develop and continuously strengthen a framework to ensure the efficient and proper functioning of its group's overall data governance.

However, if the measures of LY Corporation and SoftBank Corp. are judged to be inadequate or insufficient, this could lead to impairment of trust in the SoftBank Corp. Group, a decrease in demand for the SoftBank Corp. Group's services or other such consequences. Such outcomes could have an impact on the SoftBank Corp. Group's businesses.

d. Consignment of operations

The SoftBank Corp. Group consigns in whole or part to subcontractors customer sales activities, acquisition and retention of customers, and telecommunications network construction and maintenance for various services and products, along with the execution of other related operations. In addition, the SoftBank Corp. Group's information search services make use of other companies' search engines and paid search advertising distribution systems. While the SoftBank Corp. Group strives to reduce risks in the supply chain, if these subcontractors (including their directors and employees, or related parties) are unable to execute operations in line with the SoftBank Corp. Group's expectations, or if a human rights infringement-related issue occurs, such as a case where the information of the SoftBank Corp. Group's customers is obtained without authorization, it could have an impact on the SoftBank Corp. Group's business.

Moreover, any damage to the credibility or corporate image of these subcontractors as a result of the kind of incident described above would also have an impact on the SoftBank Corp. Group's credibility or corporate image. Furthermore, if these subcontractors should fail to comply with laws and regulations, the SoftBank Corp. Group could receive a warning or administrative guidance from the regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and the SoftBank Corp. Group's credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers.

e. Service disruptions or decline in quality due to faults in related systems and other factors

In the provision of various services by the SoftBank Corp. Group, including telecommunications networks and, systems for customers such as Yahoo! JAPAN, LINE and PayPay, there is a possibility that a major problem could occur if the SoftBank Corp. Group were to become unable to continuously provide the services, or were to suffer a decline in the quality of the services, due to human error or serious problems with equipment or systems (including factors due to natural disasters and other unpredictable events), or cyber-attack, hacking or other form of unauthorized access or other causes by a third party. The SoftBank Corp. Group has built redundancy into its networks, along with clearly defining restoration procedures in preparation for systems faults and other incidents. In the event of a system fault or other incident, the SoftBank Corp. Group conducts restoration activities with appropriate capabilities in place, such as setting up an Incident Response Headquarters according to the scale of the incident. Even with these measures in place, the SoftBank Corp. Group may be unable to avoid disruptions of services or declines in quality. If such disruptions of services or declines in quality were to become widespread or significant time were required to restore services, the SoftBank Corp. Group's credibility or corporate image could deteriorate, making it difficult to acquire and retain customers.

f. Economic security

In accordance with the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (hereinafter, the "Economic Security Promotion Act"), SoftBank Corp. and LY Corporation were designated as specified social infrastructure providers (core infrastructure providers) in the telecommunications business on November 16, 2023. From May 17, 2024, this new regulatory framework became effective. If SoftBank Corp. or LY Corporation fail to comply with a national government review mandated by the Economic Security Promotion Act, the authorities may impose administrative measures against them, such as recommendations or orders for business improvement or suspension. These administrative measures may potentially cause temporary business suspensions, delays, or additional capital expenditures, as well as extra measures and costs, and impairment of public trust in the SoftBank Corp. Group. Such outcomes could have an impact on the SoftBank Corp. Group's businesses, financial position, and results of operations.

(4) Arm business

Arm's operations primarily consist of developing and licensing its high-performance and energy-efficient Arm compute platform, including central processing unit (CPU) products and other complementary products. Arm

Risk Factors

licenses its CPU and other products to semiconductor companies, original equipment manufacturers (OEMs) and other organizations to design their chips. These chips are built into end products such as smartphones, tablets and PCs, and vehicles, by systems companies. Arm's revenue includes licensing fees for Arm's technology, and royalties received on chips with Arm's products that the licensees have shipped. The material risks at Arm are stated in subsections a. through k. below.

a. Change in the industry business dynamic

Demand for Arm's technology and services is largely dependent on the semiconductor and electronics industries, which are volatile and intensely competitive and generally characterized by declining average selling prices over the life of a generation of chips. The revenue Arm generates from licensing activities is also largely dependent on the rate at which semiconductor and systems companies develop and adopt new generations of Arm's products, which is affected by the demand for these companies' chips and other products. Decreasing demand from systems companies for chips based on Arm's products would directly and adversely affect the amount of royalty revenues Arm receives.

Arm's success depends substantially on the acceptance of its products and services by semiconductor and systems companies. There are competing architectures in the market and there is no certainty that the market will continue to accept Arm's products.

The semiconductor and electronics industries have also become increasingly complex and subject to increasing design and manufacturing costs. Many of Arm's customers utilize third-party vendors for electronic design automation tools and the manufacture of their semiconductor designs. Arm works closely with those third parties to ensure that its technology is compatible with their design tools and manufacturing processes. However, if Arm fails to optimize its products appropriately or if Arm's access to such tools and processes is hampered, then Arm's products may become less desirable.

In order to mitigate against these risks, Arm's management team regularly reviews its strategy and long-term product development plans to test that Arm is developing products to meet future needs. Arm works with many partners and companies in the semiconductor and electronics industries and is well positioned to detect any change and act accordingly.

b. Competition

The market for Arm's products is intensely competitive and characterized by rapid changes in design and manufacturing technologies, end-user requirements, industry standards, and frequent new products and improvements. Arm anticipates continued challenges from current and new competitors, including established technologies, such as the x86 architecture, and free, open-source technologies, such as the RISC-V architecture.

Arm's competitors may devote greater resources to the development, promotion and sale of products and services, they may offer lower pricing and different customer engagement models, and their performance, features and product quality may be more desirable than those of Arm. Arm may therefore have to invest substantial resources to further develop its ecosystem that allows it to compete with alternative architectures.

Arm mitigates against these risks by working closely with leading semiconductor companies. Arm's established ecosystem includes many software and chip design engineers who understand how to build Arm-based chips and write software optimized for Arm processors. Arm invests in this ecosystem to help further reduce the total cost of developing and maintaining a portfolio of Arm-based chips.

c. Development of new products and changes in business model

To remain competitive, Arm must continue to innovate and develop new products and services, as well as enhancements to existing products and services, in response to expressed or anticipated customer demand and market opportunities. This has resulted in Arm allocating resources to, and exploring, new markets and/or different products and solutions for existing and prospective customers in various end markets, including, without limitation, new products in Arm's IP portfolio, as well as solutions beyond individual IP designs such as compute subsystems, chiplets and complete end chip solutions. Any products or solutions that constitute an entry into new markets or offerings of different solutions may be unsuccessful for any number of reasons.

For example, as with any company entering a new market or offering new products or solutions, Arm will compete with companies that have a more established presence, long-standing customer relationships and established brand awareness or may have significantly greater resources dedicated to such markets and solutions than Arm. Further, Arm's customers may prefer to continue integrating Arm's IP components in their products and solutions, and, therefore, Arm's more integrated compute products may not be adopted by customers on Arm's expected timeline or at all. To the extent any such developments in Arm's product offerings, and other future changes to Arm's products and services, create real or perceived conflicts with companies that are important to Arm's business, such customers or partners may terminate or materially reduce their relationship with Arm and seek alternative architectures or products from competitors.

In addition, in order to remain competitive, Arm may need to reduce the prices of its products or services or otherwise change the structure and terms of its customer relationships or business model. Arm can provide no assurance that customers will accept these changes. In such case, Arm may not realize the anticipated financial benefits of such changes as anticipated, on the expected timeline, or at all.

Additionally, increases in the number or value of licenses signed in the future may not materialize in the same way or at all under a new business model and, therefore, licensing revenue and royalty revenue may be lower than expected. Further, the use of a new business model may have unexpected consequences for Arm, including making Arm's products less attractive to customers.

In order to mitigate these risks, Arm undertakes extensive reviews in relation to its new business models, including undertaking discussions with its customers in advance of implementing key changes, in order to ensure that any risks are identified and managed appropriately.

d. Research and development

To remain competitive, Arm must continue to innovate and develop new products, applications and enhancements to existing products and services, particularly as next-generation technology is adopted by market participants. Allocating and maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the evolving demands of the market is essential to Arm's continued success, but Arm's allocations may be inadequate or Arm may pursue research and development initiatives based on assumptions about future demand that prove to be incorrect.

In order to mitigate these risks, Arm's management team regularly reviews its research and development resources.

e. Customer concentration

A significant portion of Arm's total revenue is generated from a limited number of key customers. As a result of this customer concentration, Arm is particularly susceptible to adverse developments affecting its key customers and their respective businesses.

In order to mitigate this risk, Arm typically develops multiple processors each year, reducing the impact of a customer deciding not to move forward with Arm.

f. Fragmentation of the global market

The global market for Arm's products may be impacted by geopolitical factors. A shift towards geopolitical rivalry could lead to the fragmentation of the global semiconductor market, as certain countries want more end-to-end control of architecture, leading to increased architectural fragmentation and a reduced role for a global architecture. For Arm, this could lead to increased costs to support region specific products, reduced

Risk Factors

revenue as a result of lost investment in territories that no longer use Arm products and loss of potential markets and future licensing opportunities.

Arm mitigates this risk by working with trade authorities to reduce the risk of any impact of new trade barriers and reviewing its strategy to ensure that it is developing products in line with the future needs of the industry.

g. Concentration on China

A significant portion of Arm's revenues are derived from Chinese semiconductor companies and OEMs, and from non-Chinese semiconductor companies and OEMs that utilize Arm's products in chips and end products sold into China. A failure of Arm to maintain China-sourced revenues, access new and existing markets in China or gain traction for new business areas in China, or a loss of Arm's market share in China, could materially and adversely affect Arm's results of operations and competitive position.

China is a significant source of semiconductor industry revenues. However, the near-term growth prospects of the Chinese semiconductor industry and related industries are unclear due to the uncertain effects of trade and national security policies, continued elevated levels of indebtedness, and related policies. A prolonged downturn or slow recovery in the Chinese semiconductor industry or economy generally could materially and adversely affect Arm.

In addition, regulatory and legislative actions, including trade and national security policies of the U.S. and Chinese governments, currently do and could in the future limit or prevent Arm from transacting business in China or with Chinese customers or suppliers.

Arm mitigates these risks by ensuring that any U.S/China policy changes are kept under close review. In addition, Arm regularly reviews Arm China's*[3] sales pipeline and any requests from Arm China to deviate from standard licensing contracts in order to monitor and manage developments in the Chinese market.

*3 Arm China is a joint venture between SBG's subsidiary and Chinese investors, through which Arm accesses the Chinese market.

h. Protection of IP rights

Arm's success and ability to compete depends significantly on protecting its intellectual property rights. Arm primarily relies on patent, copyright, trade secret and trademark laws, trade secret protection and contractual protections, such as confidentiality, invention assignment and license agreements with its employees, customers, partners and others to protect its intellectual property rights. The steps Arm takes to protect its intellectual property rights may be inadequate. Arm also may not be able to obtain desired patents. Arm's exposure to different legal jurisdictions may also impact its ability to exercise its contractual and other rights around intellectual property in such jurisdictions. If Arm is unable to successfully navigate the relevant legal and regulatory environment and/or enforce its intellectual property and/or contractual rights in relevant jurisdictions, its business, results of operations, financial condition and prospects could be materially and adversely impacted.

Litigation has been and may be necessary to enforce Arm's patents and other intellectual property rights. Any such litigation could be costly and would divert the attention of management and technical talent from normal business operations.

Arm is involved in pending litigation, including but not limited to lawsuits with Qualcomm, Inc. and Qualcomm Technologies, Inc. (together "Qualcomm") and Nuvia, Inc. Arm can provide no assurances regarding the outcome of the litigation or how the litigation will affect Arm's relationship with or revenue from Qualcomm, which is currently a major customer of Arm. Arm's involvement in such litigation could cause significant reputational damage in the industry, in its relationship with Qualcomm and/or other third-party partners.

Arm mitigates against these risks by closely monitoring developments in relevant jurisdictions in relation to patents, litigation trends, and incidence of claims.

i. Infringement of proprietary rights

Arm has in the past been and it may in the future be subject to claims by third parties alleging infringement, misappropriation or other violation of third-party intellectual property rights. Under Arm's customer agreements, it agrees in some cases to indemnify customers if a third party files a claim asserting that its products infringe such third party's intellectual property rights. Such claims can result in costly and time-consuming litigation, require Arm to enter into royalty or licensing arrangements, subject Arm to damages or injunctions restricting the sale of its products, result in invalidation of a patent or family of patents, require Arm to refund license fees to its customers or to forgo future payments or require Arm to redesign or rebrand certain of its products.

Arm mitigates these risks by designing and implementing its products without the use of intellectual property belonging to third parties, except under strictly maintained procedures and with the benefit of appropriate license rights.

j. Brand and reputation

Arm's brand and reputation are critical factors in its relationships with customers, employees, governments, suppliers, and other stakeholders. Arm's reputation can be impacted by catastrophic events, incidents involving unethical behavior or misconduct, product quality, security or safety issues, allegations of legal noncompliance, internal control failures, corporate governance issues, security incidents, workplace incidents, climate issues, the use of its technology for illegal or objectionable applications, marketing practices, media statements, the conduct of suppliers or representatives, and other issues that result in adverse publicity. Arm's own internal use of artificial intelligence, or AI, including but not limited to generative AI, concerns about Arm's practices related to AI, and machine learning, or ML, or the ultimate uses of Arm's products in conjunction with AI and ML technologies, even if unfounded, could damage Arm's reputation. If Arm fails to respond quickly and effectively to these corporate crises and other similar threats, the ensuing negative public reaction could significantly harm its brand and reputation. Arm's brand and reputation may also be damaged by the actions of third parties that are imputed to Arm, for example, through Arm China.

Arm mitigates these risks by investing in the verification and validation of its products. Arm has rigorous quality assurance and verification and validation processes to reduce the risk of faults or bugs. Arm regularly gathers feedback from its customers and partners to determine whether the perception of Arm is changing, and ensure that corrective action can be taken early if customers are becoming less satisfied with its products or behavior.

k. Export restrictions and trade barriers

Arm's headquarters are in the U.K., and it currently operates in jurisdictions around the world, including the U.S., China, India, South Korea, Japan, Taiwan, and Europe. Risks associated with these international operations include exposure to political, economic and financial conditions and expected and unexpected changes in legal and regulatory environments.

Arm is subject to governmental export and import requirements that could subject Arm to liability or restrict its ability to license its products. If the U.S. Department of Commerce were to further broaden U.S. export restrictions on foreign-origin items, this could subject more of Arm's products to U.S. export controls and restrictions. Furthermore, if the U.S. government implemented expanded economic sanctions on specific countries or regions where certain customers and trading partners are based, that could impact Arm's freedom to license its products to designated countries or entities.

Trade relations between countries where Arm does business or where Arm's customers have end customers have recently been volatile. The U.S. government has imposed enhanced sanctions and export controls impacting the provisions of certain services and cross-border transfer of technology and software products

Risk Factors

and announced new licensing requirements which impact exports of some of Arm's customer's ICs and certain related items. The U.S. government also recently announced increased tariffs applicable to U.S. imports. These measures may increase costs and/or reduce distribution in key markets.

Arm mitigates against these risks by maintaining strong relationships with the U.S., U.K., and EU export control authorities in order to effectively monitor any policy and regulatory developments.

(5) Others

a. Compliance

The Company conducts investment activities pursuant to laws and regulations in each country. If the Company and its portfolio companies (including officers and employees) conduct activities in breach of those laws and regulations, regardless of whether they were aware of the breach or not, the Company and its portfolio companies may be subject to administrative sanctions or legal measures. As a result, the credibility and corporate image of the Company and its portfolio companies may be impaired, their contracts may be canceled by business partners, or a financial burden may be incurred. Furthermore, in countries and regions in which the Company and its portfolio companies conduct business activities, tax laws and regulations may be newly introduced or amended, or their interpretation or enforcement may be revised, leading to additional tax burdens. Views differing with those of tax authorities may also give rise to additional tax burdens.

The Company has established the SoftBank Group Code of Conduct, which applies to all officers and employees, in order to go beyond compliance with laws and regulations and conduct corporate activities based on a high ethical standard. The Company also works to strengthen the Group compliance structure and carries out activities to increase the knowledge and awareness of officers and employees, such as training. In addition, the legal departments collect information on new or revised laws and regulations, while receiving advice from outside advisers.

b. Intellectual property

Infringement of SBG's SoftBank brand by a third party could impair the corporate image or credibility of SBG and subsidiaries that employ the SoftBank brand. Additionally, infringement of the intellectual property of subsidiaries and portfolio companies by a third party could have a negative impact on these companies' business development and results of operations. On the other hand, if the Company and its portfolio companies were to unintentionally infringe on intellectual property rights held by a third party, the Company and such portfolio companies may be prevented from using the intellectual property or subjected to claims for compensatory damages, license fees, and so forth from the third party.

In light of the importance of SBG's brands in supporting sustained business growth, SBG strives to strategically obtain trademarks worldwide, while evaluating the intellectual property activities and strategies of subsidiaries and forming intellectual property partnerships with them. Through these and other efforts, SBG aims to protect and utilize intellectual property throughout the Group as a holding company.

c. Litigation

The Company faces the possibility of lawsuits by third parties claiming compensatory damages for the alleged infringement of rights or benefits. These third parties may comprise shareholders, portfolio companies, business partners, and employees (including current and past shareholders and employees of portfolio companies). Such lawsuits could hinder the Company's investment activities or may impair the Company's corporate image, as well as create a financial burden.

d. Sustainability

The Company believes that it is crucial to take the initiative and implement substantive sustainability efforts. However, the Company's sustainability activities may diverge significantly from the expectations of internal and external stakeholders, including investors; for example, investors may judge that sustainability factors are not sufficiently integrated into the Company's governance structure and management strategy, or that the Company's measures are inadequate for addressing identified material issues relating to sustainability, especially issues with priorities such as "Responsible AI," "Climate change," or "Human capital." In these cases, the Company's evaluation by stakeholders may deteriorate and adversely affect its investment and financing activities.

In addition, the Company may be unable to adequately assess the risks and opportunities associated with the sustainability aspects of portfolio companies. In these cases, portfolio companies may be unable to develop their businesses as expected by the Company. Moreover, if sustainability-related regulations over the Company's investment activities and/or its portfolio companies' business activities are tightened, the pace of investment may slow down or the cost to address such regulations may increase.

Furthermore, SBG identifies sustainability-related risks and opportunities through such means as conducting hearings within SBG and major group companies. The Sustainability Committee, which is chaired by the Chief Sustainability Officer ("CSusO") appointed by SBG's Board of Directors, regularly discusses sustainability-related issues and countermeasures, along with strengthening sustainability-related response measures and disclosures.

Also, in investment activities, each investment entity analyzes the risks and opportunities associated with the sustainability aspects of portfolio companies and carries out comprehensive investment evaluations.

e. Information security

Amid the rising threat of cyber-attacks around the world in response to recent international conditions, the Company and its portfolio companies may be unable to completely prevent cyber-attacks, hacking, computer virus infections, or other forms of unauthorized access or internal misconduct. The inability to prevent such events could lead to the leakage, alteration, or loss of information, or cause other such security incidents. Such occurrences may impair the credibility and corporate image of the Company and its portfolio companies and may hinder their business activities. The Company and its portfolio companies may also incur financial losses or additional cost outlays or other responses may be needed to address such occurrences.

The Chief Information Security Officer (CISO), who is appointed by the Board of Directors, is responsible for the information security of the Company. Under the leadership of the CISO of SBG, the Company endeavors to protect information assets by identifying vulnerabilities and risk factors that could threaten information security and by implementing information security measures focused on organizational, physical, technical, and human dimensions according to risk.