



## Disclaimers

This Annual Report provides relevant information about SoftBank Group Corp. (“SBG”) and its subsidiaries (together with SBG, the “Company”) and its affiliates (together with the Company, the “Group”) and does not constitute or form any solicitation of investment including any offer to buy or subscribe for any securities in any jurisdiction.

This Annual Report contains forward-looking statements, beliefs or opinions regarding the Group, such as statements about the Group’s future business, future position and results of operations, including estimates, forecasts, targets and plans for the Group. Without limitation, forward-looking statements often include the words such as “targets,” “plans,” “believes,” “hopes,” “continues,” “expects,” “aims,” “intends,” “will,” “may,” “should,” “would,” “could,” “anticipates,” “estimates,” “projects” or words or terms of similar substance or the negative thereof. Any forward-looking statements in this Annual Report are based on the current assumptions and beliefs of the Group in light of the information currently available to it as of the date hereof. Such forward-looking statements do not represent any guarantee by any member of the Group or its management of future performance and involve known and unknown risks, uncertainties and other factors, including but not limited to, the success of the Group’s business model; the Group’s ability to procure funding and the effect of its funding arrangements; key person risks relating to the management team of SBG; risks relating to and affecting the Group’s investment activities; risks relating to SB Fund (defined as below), its investments, investors and investees; risks relating to SoftBank Corp. and the success of its business; risks relating to law, regulation and regulatory regimes; risks relating to intellectual property; litigation; and other factors, any of which may cause the Group’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking statements. For more information on these and other factors which may affect the Group’s results, performance, achievements or financial position, see “Risk Factors” on SBG’s website at [https://group.softbank/en/ir/investors/management\\_policy/risk\\_factor](https://group.softbank/en/ir/investors/management_policy/risk_factor). None of the Group nor its management gives any assurances that the expectations expressed in these forward-looking statements will turn out to be correct, and actual results, performance, achievements or financial position could materially differ from expectations. Persons viewing this Annual Report should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking statements contained in this Annual Report or any other forward-looking statements the Company may make. Past performance is not an indicator of future results, and the results of the Group in this Annual Report may not be indicative of, and are not an estimate, forecast or projection of, the Group’s future results.

The Company does not guarantee the accuracy or completeness of information in this Annual Report regarding companies (including, but not limited to, those in which SB Funds have invested) other than the Group which has been quoted from public and other sources.

## Regarding Trademarks

Names of companies, products and services that appear in this Annual Report are trademarks or registered trademarks of their respective companies. “Co., Ltd.,” “Ltd.,” “Corporation” and “Inc.” have been omitted from company names except in certain circumstances.

## Important Notice – Trading of SBG Common Stock, Disclaimer Regarding Un-sponsored American Depositary Receipts

SBG encourages anyone interested in buying or selling its common stock to do so on the Tokyo Stock Exchange, which is where its common stock is listed and primarily trades. SBG’s disclosures are not intended to facilitate trades in, and should not be relied on for decisions to trade, un-sponsored American Depositary Receipts (“ADRs”). SBG has not and does not participate in, support, encourage or otherwise consent to the creation of any un-sponsored ADR programs or the issuance or trading of any ADRs issued thereunder in respect of its common stock. SBG does not represent to any ADR holder, bank or depositary institution, nor should any such person or entity form the belief, that (i) SBG has any reporting obligations within the meaning of the U.S. Securities Exchange Act of 1934 (“Exchange Act”) or (ii) SBG’s website will contain on an ongoing basis all information necessary for SBG to maintain an exemption from registering its common stock under the Exchange Act pursuant to Rule 12g3-2(b) thereunder. To the maximum extent permitted by applicable law, SBG and the Group disclaim any responsibility or liability to ADR holders, banks, depositary institutions, or any other entities or individuals in connection with any un-sponsored ADRs representing its common stock.

The above disclaimers apply with equal force to the securities of any of the Group which are or may in the future be the subject of un-sponsored ADR programs, such as SoftBank Corp. or Z Holdings Corporation.

## Notice Regarding Fund Information Contained in This Annual Report

This Annual Report is furnished to you for informational purposes and is not, and may not be relied on in any manner as, legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy limited partnership or comparable limited liability equity interests in any fund managed by a subsidiary of SBG, including SB Investment Advisers (UK) Ltd. (“SBIA”), SBLA Advisers Corp. (“SBLA”) and any of their respective affiliates (collectively, the “SB Fund Managers” and each an “SB Fund Manager”) (such funds together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle collectively, the “SB Funds” and each an “SB Fund.” For the avoidance of doubt, the SB Funds include, among other funds, SoftBank Vision Fund L.P. (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the “Vision Fund I” or “SVF1”), and SoftBank Vision Fund II-2 L.P. (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the “Vision Fund II” or “SVF2”), which are managed by SBIA and its affiliates, SoftBank Latin America Fund L.P. (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the “SoftBank Latin America Fund” or “LatAm Fund”), which is managed by SBLA and its affiliates. None of the SB Funds (including the Vision Fund I, Vision Fund II and SoftBank Latin America Fund), the SB Fund Managers (including SBIA and SBLA), any successor or future fund managed by a SB Fund Manager, SBG or their respective affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of the SB Funds or any other entity referenced in this presentation, or future performance of any successor or the future fund managed by a SB Fund Manager. Information relating to the performance of the SB Funds or any other entity referenced in this Annual Report has been included for background purposes only and should not be considered an indication of the future performance of the relevant SB Fund, any other entity referenced in this Annual Report or any future fund managed by an SB Fund Manager. References to any specific investments of an SB Fund, to the extent included therein, are presented to illustrate the relevant SB Fund Manager’s investment process and operating philosophy only and should not be construed as a recommendation of any particular investment or security. The investment performance of individual investments of an SB Fund may vary, and the performance of the selected transactions is not necessarily indicative of the performance of all of the applicable prior investments. The specific investments identified and described in this Annual Report do not represent all of the investments made by the relevant SB Fund Manager, and no assumption should be made that investments identified and discussed therein were or will be profitable.

The performance of an SB Fund in this Annual Report is based on unrealized valuations of portfolio investments. Valuations of unrealized investments are based on assumptions and factors (including, for example, as of the date of the valuation, average multiples of comparable companies, and other considerations) that the relevant SB Fund Manager believes are reasonable under the circumstances relating to each particular investment. However, there can be no assurance that unrealized investments will be realized at the valuations indicated in this Annual Report or used to calculate the returns contained therein, and transaction costs connected with such realizations remain unknown and, therefore, are not factored into such calculations. Estimates of unrealized value are subject to numerous variables that change over time. The actual realized returns on the relevant SB Fund’s unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the relevant SB Fund Manager’s valuations are based.

Past performance is not necessarily indicative of future results. The performance of an SB Fund or any future fund managed by an SB Fund Manager may be materially lower than the performance information presented in this

Annual Report. There can be no assurance that each SB Fund or any future fund managed by the relevant SB Fund Manager will achieve comparable results as those presented therein.

The actual realized return on unrealized investments by an SB Fund may differ materially from the performance information indicated in this Annual Report. No assumption should be made that investments identified and discussed in this Annual Report were or will be profitable, or that investments made in the future will be comparable in quality or performance to the investments described therein.

Third-party logos and vendor information included in this Annual Report are provided for illustrative purposes only. Inclusion of such logos does not imply affiliation with or endorsement by such firms or businesses. There is no guarantee that an SB Fund Manager, an SB Fund's portfolio companies, any future portfolio companies of a future fund managed by an SB Fund Manager or SBG will work with any of the firms or businesses whose logos are included in this Annual Report in the future. SBIA and SBLA manage separate and independent operations and processes from each other and those of SBG and any SB Funds managed by SBIA or SBLA are solely managed by SBIA or SBLA respectively.

### Adoption of IFRSs

The Company has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) from the three-month period ended June 30, 2013 (the first quarter of the fiscal year ended March 31, 2014). The date of transition to IFRS was April 1, 2012. The financial data for the year ended March 31, 2013, has also been presented based on IFRS.

### Definition of Terms

"Fiscal 2020" refers to the fiscal year ended March 31, 2021, and other fiscal years are referred to in a corresponding manner in this Annual Report. "FYE" denotes the fiscal year-end. For example, "FYE2020" denotes March 31, 2021, the last day of fiscal 2020.

### Notice Regarding PFIC Status

It is possible that SBG and certain subsidiaries of SBG may be a "passive foreign investment company" ("PFIC") under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. For the fiscal year ended March 31, 2021 we believe that SBG and certain subsidiaries of SBG were PFICs. We recommend that U.S. holders of SBG's shares consult their tax advisors with respect to the U.S. federal income tax consequences to them if SBG and its subsidiaries are classified as PFICs. SBG is not responsible for any tax treatments or consequences thereof with respect to U.S. holders of SBG's shares.

### Company Names

Company names and abbreviations used in this Annual Report, unless otherwise stated or interpreted differently in the context, are as follows.

Company names and abbreviations	Definition
SoftBank Group Corp. or SBG	▶ SoftBank Group Corp. (stand-alone basis)
The Company	▶ SoftBank Group Corp. and its subsidiaries
The Group	▶ SoftBank Group Corp. and its subsidiaries and associates
SoftBank Vision Fund 1 or SVF1	▶ SoftBank Vision Fund L.P. and its alternative investment vehicles
SoftBank Vision Fund 2 or SVF2	▶ SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles
SoftBank Vision Funds	▶ A collective term for SoftBank Vision Fund 1 and 2
SBIA	▶ SB Investment Advisers (UK) Limited
SoftBank Latin America Fund	▶ SoftBank Latin America Fund L.P.
SB Northstar	▶ SB Northstar LP
SoftBank	▶ SoftBank Corp.
Brightstar	▶ Brightstar Global Group Inc.
Fortress	▶ Fortress Investment Group LLC
Sprint	▶ Sprint Corporation
Alibaba	▶ Alibaba Group Holding Limited
Arm	▶ Arm Limited
T-Mobile	▶ T-Mobile US, Inc.

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Information Revolution  
— Happiness for everyone

### **Information Revolution—Happiness for everyone**

We are guided by a corporate philosophy of “Information Revolution—Happiness for everyone.” We aim to maximize our corporate value while being a corporate group that provides essential technologies and services needed most by people around the world.

### **Continue to evolve to capture growth opportunities**

We view the Information Revolution as a major growth opportunity, where information technology (IT) transforms societies and lifestyles. By firmly seizing this important moment, we wish to contribute to people’s happiness over the long term. To make this happen, it is imperative that we identify changes in social needs faster than anyone else and continue to evolve by optimizing the Group’s structure to maximize benefits from the technologies and business models that will be the driving forces in the future.



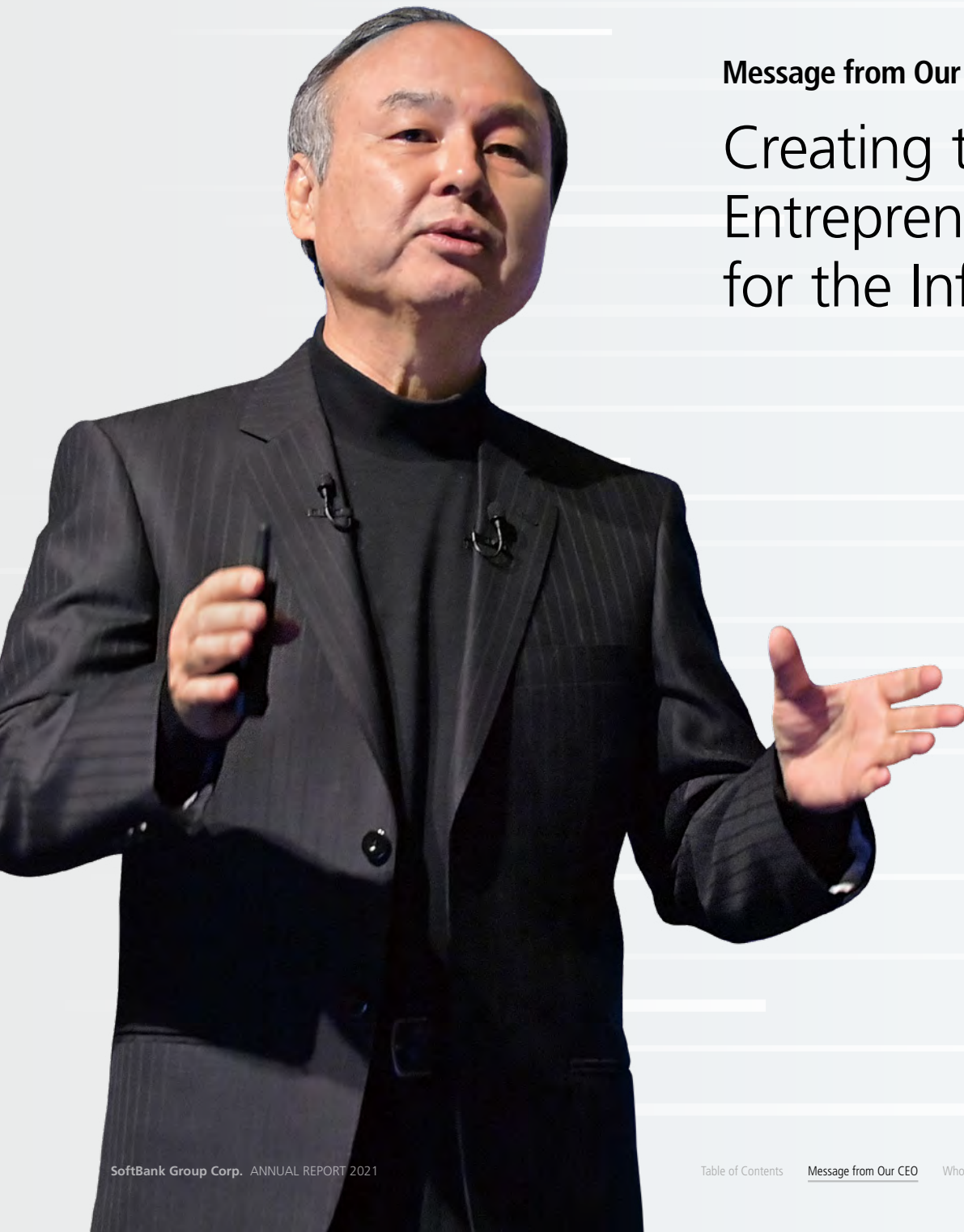
## Bolster investment for the age of AI

Today, the incorporation of artificial intelligence (AI) into a variety of business models is reshaping the way value is created, and many industries are starting to be fundamentally redefined. In this situation, to capture the huge opportunities of market expansion and the creation of new industries driven by using AI, we are expanding investments under the *Cluster of No.1 Strategy*, a unique strategy for orchestrating the organization. Our investments are made in companies that are expected to help promote the Information Revolution based on the investment theme of AI and are largely made through SoftBank Vision Fund 1 and SoftBank Vision Fund 2, as well as either directly by SBG, a holding company, or through its subsidiaries.

## Cluster of No.1 Strategy to achieve long-term growth

The *Cluster of No.1 Strategy* aims for a diverse group of companies with outstanding technologies or business models in their respective fields. It encourages these companies to continue to evolve and grow together by creating synergies based on capital ties and shared vision while making decisions independently. As a strategic investment holding company, SBG influences the decision-making of the group of companies formed under the *Cluster of No.1 Strategy*. However, we will not require majority equity interest ownership or the integration of brands, as we value the independence of each company. In this way, by diversifying the Group's portfolio with many different types of companies, we will change and expand business lines flexibly and continue to grow for as long as 300 years.

# Aiming to Grow for 300 Years



## Message from Our CEO

# Creating the Future with AI Entrepreneurs as a “Vision Capitalist” for the Information Revolution

### **SoftBank Group = A capital provider driving the Information Revolution**

Over the past three or four years, I have often been asked “What is SoftBank Group?” I have also heard comments like, “I like Masayoshi Son as an entrepreneur, but not so much as an investor.” While I am not simply an investor in the traditional sense, I had been providing the short explanation that SBG is an investment company. At the same time, I felt frustrated about how best to explain what the company really is. I would therefore like to take this opportunity to define SBG once again: Put simply, SBG is a capital provider driving the Information Revolution.

The Industrial Revolution, which began in the U.K. in the latter half of the 18th century, gained further momentum in other countries in the 19th century driven by the development of the steam engine. Providing the impetus for this revolution were inventors such as James Watt. In addition to inventors, capitalists including the Rothschilds, who took risks and provided capital to inventors, played an indispensable role. For example, while it was Mr. Watt who significantly increased the efficiency of the steam engine, it was the Rothschilds who took the risk and provided the huge amounts of capital that helped spur the popularity of railroads in Europe. In this manner, inventors and capitalists together drove the Industrial Revolution, which triggered ongoing global GDP growth. Now, about 200 years later, in the 21st century, the Information Revolution is about to bloom. In similar fashion to the role played by inventors during the Industrial Revolution, entrepreneurs such as Jeff Bezos of Amazon, Steve Jobs of Apple and Bill Gates of Microsoft have been instrumental in leading the Information



## Message from Our CEO

Revolution. And just as in the Industrial Revolution, the Information Revolution is steadily advancing as capital providers invest more and more into entrepreneurs.

SBG is especially keen to focus on AI, which is the most advanced component of the Information Revolution. We are proud to say that SBG is likely the largest provider of capital to entrepreneurs in the field of AI. AI is redefining every industry, including autonomous driving, healthcare, finance, education, and retail. As of June 18, 2021, we have made 264 investments (including 44 that have been approved by the respective investment committees but have not yet been completed)\*<sup>1</sup> through SoftBank Vision Fund 1 and 2 as well as SoftBank Latin America Fund. Many of these portfolio companies are not yet profitable, but as a capital provider, we are taking risk and making investments.

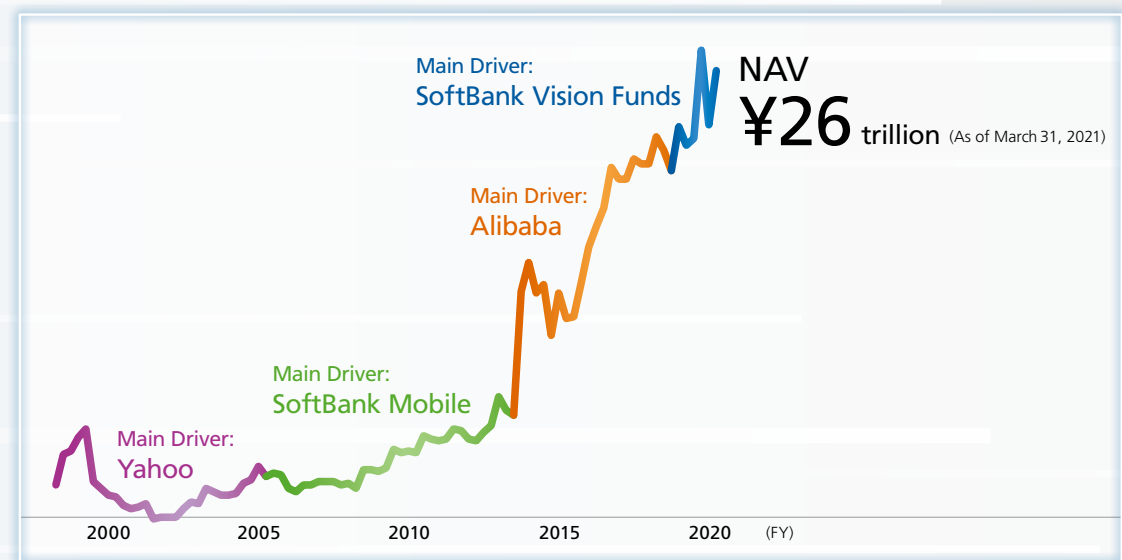
Just as human power was replaced by machines in the Industrial Revolution, I suspect machines will be replaced by AI in the Information Revolution. And, just as the Rothschilds played a pivotal role in the Industrial Revolution, I would hope that SBG, as a capital provider, will become a key player in the Information Revolution. This is what being a capital provider for the Information Revolution means.

### SoftBank Vision Funds have been driving NAV growth recently

As a capital provider, SBG's most important indicator is Net Asset Value (NAV), which is the equity value of holdings less the net debt.\*<sup>2</sup> Many operating companies focus on net income, but for us this is not the most important indicator. While fluctuations occur on a daily basis, SBG's NAV came in at ¥26 trillion as of March 31, 2021. Looking back over the past 20 years or so, Yahoo! Inc. and Yahoo Japan led SBG's NAV growth from the late 1990s to the mid-2000s, SoftBank Mobile (currently SoftBank) then became the main driver from 2006, followed by Alibaba from 2014 when the company went public. Most recently, SoftBank Vision Funds, which I have been focusing on the most, are taking the lead in driving NAV forward. In this manner, the driving force has switched as the Information Revolution has evolved.

While SBG has made a lot of investments since the cradle of the Internet,

we did not have enough capital at that time as a capital provider. Through investments in companies like Yahoo! Inc., Yahoo Japan, Alibaba, SoftBank Mobile, Sprint, and Supercell, we achieved an internal rate of return (IRR) of 43% over the 27 years from 1994 to 2021. As far as SoftBank Vision Funds are concerned, results fell short of expectations until the first half of 2020. Critics commented that my insight was not as good as before or that I had become too greedy. Owing to the subsequent V-shaped recovery, however, the net equity IRR of SoftBank Vision Fund 1 and SoftBank Vision Fund 2 came in at 43%\*<sup>3</sup> by the end of March 2021, which is in line with the result of SBG's other investments and a level that we can be proud of. That said, there have been certain investments that make me feel embarrassed just recalling their names. Accordingly, there are many lessons that we have learned, which we have applied to the next investment decisions and results have followed.



Note: The graph is color-coded by the major assets that have driven the NAV increase in each period for illustrative purposes.

### The goal of a capital provider is to create the future

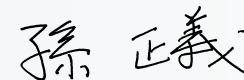
The most important goal for investors is to make money, but for capital providers, it is to create the future. While similar in nature, there are significant differences. The Rothschilds, as a capital provider, laid the foundation for our lives in the Industrial Revolution, and the future (from then) up to the present. Likewise, SBG, as a capital provider for the Information Revolution, has made it our mission to help shape the future.

Naturally, the focus of investors and capital providers is completely different. Looking at global market capitalization by industry from 1994 to 2021, the real estate sector grew five times, retail eight times, finance 12 times, and manufacturing 13 times. Investors pay close attention to the daily movements of indicators that affect the stock prices of these industries, such as interest rates, exchange rates, and employment statistics, as well as the monetary policies of the authorities, and make decisions based on these indicators. However, for capital providers who are looking to shape the future over a 10- to 30-year span, these indicators are not necessarily important. As a capital provider, all I see is how technology is going to create a paradigm shift. In the formative years of the Internet, most Internet companies did not generate profits. Nevertheless, SBG took the risk and invested tens of billions of yen. At the time, investing in companies that were not making a profit was beyond the understanding of ordinary people, and even in the U.S., I was criticized as “the last bubble man from Japan.” However, buoyed by the advance of the Information Revolution, the Internet industry grew at a CAGR of 34%, or 2,000 times, from 1994 to 2021 (the same period that I mentioned earlier). My point here is that the greater the risk capital providers take to shape the future, the greater the expected return, and this is how they have been able to achieve a great return. Yet, the Information Revolution has only just begun. I am confident that AI will continue to expand the market capitalization of the Internet industry.

### Bringing the “Information Revolution—Happiness for everyone” to fruition as a Vision Capitalist

In the Industrial Revolution, inventors and capital providers shared a vision to create the future. In the Information Revolution, especially the Information Revolution driven by AI, SBG will share a vision with AI entrepreneurs and aspire to shape the future together. For example, if autonomous driving using AI becomes widespread, we could see a world without traffic accidents; if medical science evolves dramatically through AI analysis, a world free of fatal diseases will be possible; and if online education using AI becomes widely available, all children can have equal access to education. In our daily lives, the way we spend money, work, and enjoy our leisure time is changing dramatically. AI is about to bring us a whole new lifestyle.

Recently, I am sometimes asked if SBG is a venture capitalist (VC). In simple terms, SBG may be a huge VC. From my perspective, however, I am not comfortable with this definition. I believe that SBG is a VC—“Vision Capitalist” that will shape the future of the Information Revolution over the course of several decades. Our corporate philosophy of “Information Revolution—Happiness for everyone” has not changed since our first day of business 40 years ago, no matter how many times our business has changed. As a capital provider for the Information Revolution and a Vision Capitalist, we will continue our efforts to make this philosophy a reality.



Masayoshi Son  
Representative Director,  
Corporate Officer,  
Chairman & CEO



## Q | What are your thoughts on share buybacks?

**A** I believe that our announcements of a share buyback program totaling ¥2.5 trillion in March 2020 and the fact that we completed it by May 2021 have been well received by many shareholders and investors. Share buybacks as a means to provide returns to shareholders is an important theme that I always keep in mind. It is also an important agenda item and an ongoing topic of discussion among the management team. However, weighing when and to what scale a buyback should be conducted are equally important. It is vital that we adopt a balanced approach, taking into consideration a variety of factors including our financial condition and available investment opportunities at the time. With this in mind, I cannot say exactly when we will conduct share buybacks in the future.

I myself am the largest shareholder of SBG and believe that the stock price is important. At

the same time, NAV is the most important indicator for SBG as a capital provider. So it is vital that the management team, including myself, work very hard to reduce the gap (discount) between the NAV per share and SBG's stock price. I also recognize that it is our responsibility to do our best so that shareholders understand and appreciate our efforts.

However, if we look back, the amount of share buybacks conducted since 2011 totaled ¥3.8 trillion, including the ¥2.5 trillion conducted since March 2020. Together with dividends, we believe that the total shareholder return is quite high. I hope that our shareholders will take a longer view. It is sad that people are only interested in share buybacks and are mainly concerned with whether we will conduct another such initiative or how much the next buyback program will be.

## Q | What are your thoughts on succession planning?

**A** When I was 19 years old and still in college, I made a 50-year plan for my life. Put simply, my plans were to make a name for myself in my 20s, build up funds in my 30s, take on bold challenges in my 40s, complete my businesses in my 50s, and hand them over to the next generation in my 60s. I have been saying since I was 19 that the most difficult and most important of these five stages will be the final stage of handing over to the next generation. The mission of a founder is to establish a foundation that will ensure the company survives and prospers for a long time. With this in mind, I will work steadfastly to ensure a

smooth succession of the business so that SBG can continue to grow for 300 years.

With advances in medical science and a full tank of motivation, I have started to comment that I may still be CEO after the age of 69 as a protective measure (I am 63 years of age as of June 30, 2021). Alternatively, I may hand over the position of CEO to a successor and remain deeply involved as Chairman. In any case, passing the baton successfully is the most important theme and I believe that I must identify a successor candidate during my 60s who will gradually take over the management of the company.

\*1 The sum of SVF1 (92 total portfolio companies), including JVs / affiliates among portfolio companies and SVF1 and 11 fully exited companies as of May 31, 2021; SVF2 (72 portfolio companies) as of May 31, 2021, 13 portfolio companies of SVF2 invested between June 1, 2021 and June 18, 2021, 44 companies post-investment committee approval but pre-investment closing of SVF2 as of June 18, 2021; and SoftBank Latin American Fund (43 total portfolio companies) as of May 31, 2021. Of this total and regarding pre-investment closing projects, there can be no assurances that any plans described herein will be realized, and all such plans are subject to uncertainties and risks. There can be no assurance that pre-investment closing projects will ultimately be acquired by SVF2 or any future fund managed by SBIA.

\*2 See page 65 for the assumptions used to calculate the equity value of holdings and net debt.

\*3 Net Equity IRR (SBG LP + Manager's Performance Fee). Net Equity IRR of SVF1 and SVF2, 43%, represents the aggregate combined performance since inception for SBG's investments in SoftBank Vision Funds.

Net Equity IRR means the internal rate of return of Class A Equity Interests after taking into account management fees, performance fees (carried interest), preferred equity coupon, operational expenses, organizational expenses and other expenses borne by the Limited Partners. It is computed using the Limited Partners' Class A Equity cash outflows (capital contributions) and inflows (distributions), net of investment-related financing, as well as the Net Asset Value attributable to Class A Equity Interests as of March 31, 2021. Net Equity IRR (SBG LP + Manager's Performance Fee) reflects the Net Equity IRR specific to SBG's Class A Equity Interests, modified to reflect the additional impact of performance fee payments and related accruals from the perspective of the Manager. With regard to SVF1, the Manager's performance fee related to exits prior to the end of the investment period has been paid in full to the Manager and is subject to clawback provisions. As of March 31, 2021, SVF2's committed capital comprises Class A Equity Interests, only, with SBG as the sole Limited Partner. SoftBank Vision Funds have a limited operating history and accordingly, performance information may not be representative and actual realized return on these unrealized investments may differ materially from the performance information indicated herein. SoftBank Vision Funds' performance is based in part on valuations of certain investments that were collectively acquired recently by the funds from SBG; accordingly, the performance information herein, which is based in part on valuations of unrealized investments, is not indicative of future results. SBG is under no obligation to collectively offer similar assets to SVF1 or SVF2 in the future.

## NAV (Net Asset Value)

# NAV: Key Performance Indicator

As of March 31, 2021

We set NAV (Net Asset Value) as a key performance indicator. NAV is calculated by deducting net debt from the equity value of holdings in the investment portfolio of SBG, a strategic investment holding company. We believe NAV is the most appropriate indicator for evaluating SBG, which manages its investment portfolio comprising Group companies and investees.



$$\text{NAV (Net Asset Value)} = \text{Equity value of holdings} - \text{Net debt}$$

Note: The equity value of holdings and net debt each exclude amounts to be settled at maturity or borrowings that are part of asset-backed finance. The calculation of net debt excludes interest-bearing debt and cash and cash equivalents, etc., attributable to entities within the Company, including listed subsidiaries such as SoftBank and Z Holdings, and entities managed on a self-financing basis, such as SVF1, SVF2, Arm, PayPay, and Fortress, along with SB Northstar, an asset management subsidiary responsible for investments in listed stocks and other instruments.

See page 65 for the assumptions used to calculate the equity value of holdings and net debt.



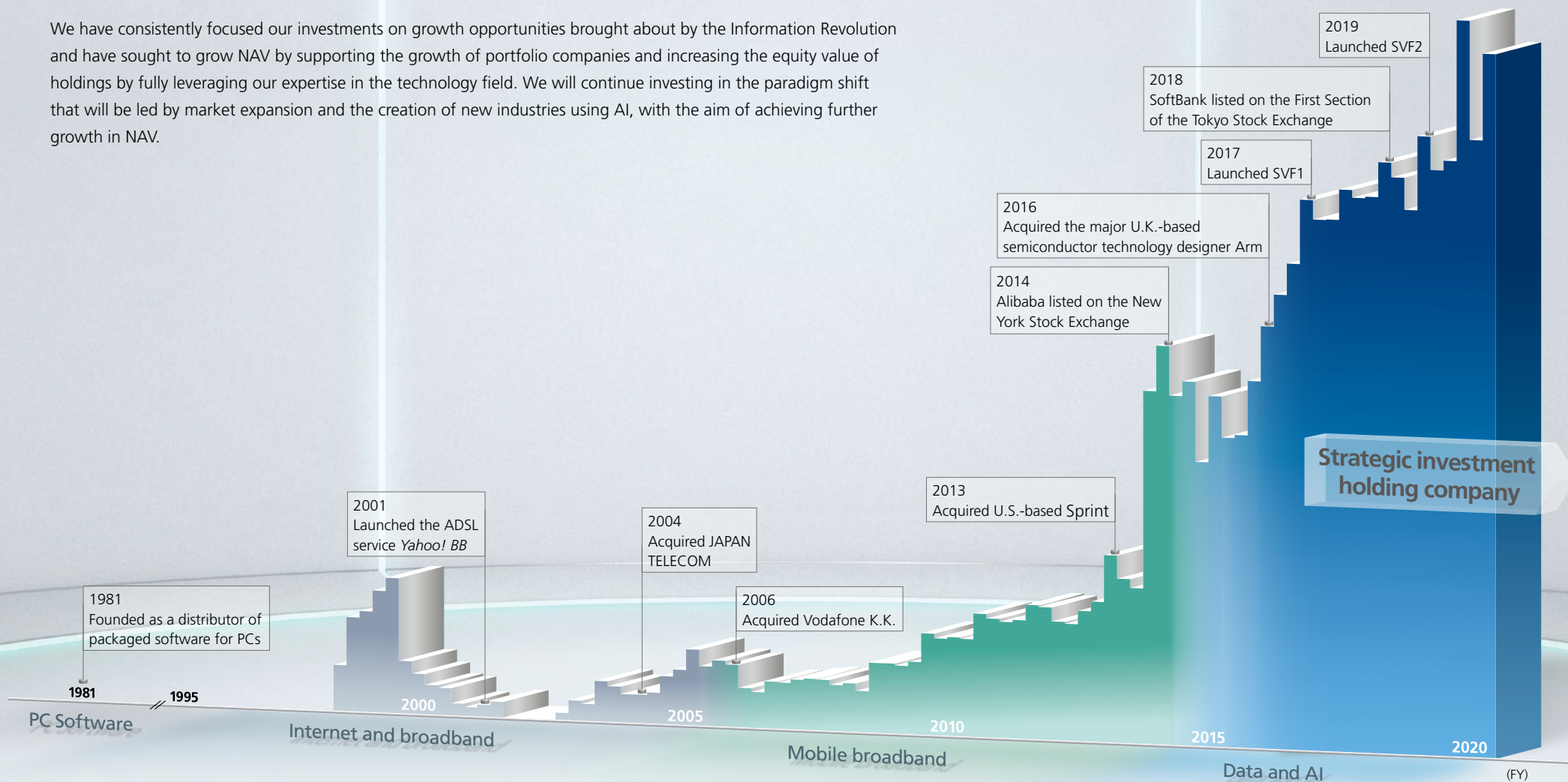
## NAV (Net Asset Value)

# Boosting NAV Growth by Investing in the Information Revolution

We have consistently focused our investments on growth opportunities brought about by the Information Revolution and have sought to grow NAV by supporting the growth of portfolio companies and increasing the equity value of holdings by fully leveraging our expertise in the technology field. We will continue investing in the paradigm shift that will be led by market expansion and the creation of new industries using AI, with the aim of achieving further growth in NAV.

NAV  
¥26.1 trillion

As of March 31, 2021



Note: NAV data for each quarter-end. See page 8 for details of the NAV of ¥26.1 trillion (as of March 31, 2021). The NAV data are Company estimates based on the information available to it, and the accuracy or completeness of the information is not guaranteed as the figures are not audited. NAV trends are not a guarantee of future figures and are not indicative of the price of SBG's common shares or any securities held by the Company and should not form the basis of investment decisions. The figures are based on data before considering taxes unless otherwise stated.



## Our Transformation

# Our Vision Is Consistent. Our Investment Areas Continue to Evolve

**From 1981** SOFTBANK Japan was established in September 1981 with the aim of becoming a “software bank” that would play a role in the infrastructure of the information society. At the time of establishment, we engaged mainly in the distribution of packaged software. Since then, we have achieved growth by quickly and definitively capturing trends in the development of information technology through our investment business. While engaging in “time machine management” to bring businesses born in the U.S. to Japan, we set up SoftBank Holdings in the U.S. in 1994 to gather information on Internet-related companies and undertake strategic investments. Through one of SoftBank Holding’s investments, we invested in Yahoo! Inc., a newly established company in the U.S.

**From 1996** From 1996, which we positioned as the “First Year of the Internet,” we started to accelerate our strategic investments in Internet-related businesses around the world. In addition to undertaking a succession of transactions including the acquisition of Ziff-Davis Publishing, a major computer-related publishing company in the U.S., and investment in E\*TRADE Group, a major online securities trading service provider, we rolled out some of the world’s most advanced Internet business models in Japan through subsidiaries one after another, including the establishment of Yahoo Japan (currently Z Holdings) through a joint venture with Yahoo! Inc. In 1999, we transitioned to a pure

holding company, creating the prototype for the current Group that unites subsidiaries and associates as an investment portfolio. Around this time, we also invested in Alibaba (then Alibaba.com), which continues to demonstrate remarkable growth as a leader in China’s explosive e-commerce market. In anticipation of the evolution of the Internet business model, we strengthened our investment in the telecommunications business in Japan after entering the new millennium. In 2001, we launched the broadband service *Yahoo! BB* and strengthened investments in enterprise business centered on the fixed-line telecom business through the acquisition of JAPAN TELECOM in 2004. In addition, we enhanced our corporate reputation and brand recognition in Japan by acquiring a professional baseball team (currently the Fukuoka SoftBank HAWKS) in 2005.

**From 2006** In 2006, we acquired Japan arm of Vodafone (currently SoftBank) and shifted our investment focus to mobile communications. Leveraging our expertise of the Internet business, we rapidly expanded our customer base by introducing innovative price plans, enhancing our network, and expanding the lineup of handsets, including the launch of iPhone 3G as the first provider in Japan in 2008. As a result of this series of initiatives, SoftBank has grown from a company with a stock value of approximately ¥1.75 trillion at the time of acquisition to one with a market capitalization

### Founding of the company and rise of the PC



### Driving Internet and broadband diffusion in Japan



### Expanding investment focused on mobility





## Our Transformation

of approximately ¥6.96 trillion (as of June 30, 2021). Meanwhile, following the Great East Japan Earthquake, we established SB Energy in October 2011 and began investing in solar, wind and other natural energy power generation businesses. In 2013, fully leveraging the experience and know-how cultivated in Japan, we acquired Sprint and expanded our investment in the U.S. telecommunications market.

**From 2015** With the name change to the current SoftBank Group Corp. in July 2015, our position as a strategic investment holding company became increasingly clear. Anticipating the age in which AI will be used to an even greater extent, in September 2016 we acquired Arm, a major semiconductor designer company based in the U.K. This acquisition helped further broaden and deepen our technology expertise to drive the Information Revolution. In May 2017, SoftBank Vision Fund 1 commenced operations. Since then, it has been making large-scale investments in high-growth-potential companies that leverage AI. In December 2018, SoftBank, a core subsidiary in the telecom business field, went public, giving shape to the current Group

### Further driving the Information Revolution as a strategic investment holding company

structure, with SBG acting as a holding company that engages in global investment activities. With SoftBank Vision Fund 2 launched in October 2019, our investment activities developed with further geographical and strategic diversification.





**From 2020** As we entered the year 2020, we started to see a flow of the “harvest” of our investments we made over the past few years. In April 2020, SBG completed the long-pending merger between Sprint and T-Mobile, and in June, we sold about two-thirds of the T-Mobile shares acquired through the merger. In September 2020, SBG agreed to sell all of its shares in Arm to NVIDIA. While the world has seen the explosive spread of COVID-19, which has had a major impact on the global economy, the pandemic also accelerated the adoption of digital services across all industries. As a result, our portfolio companies that have benefited from this digitalization, particularly those of SVF1 and 2, have been going public one after another since the second half of 2020. We will continue to strengthen our investment in innovative companies that are pioneering the future using AI and look forward to evolving and growing together.



## The SBG Investment Portfolio

### Classification of Assets Included in NAV

As of March 31, 2021

Reportable segments	Equity value of holdings			Total (A)* <sup>1</sup>	Total consolidated carrying amount of assets held (B)* <sup>1</sup>	Difference (A)–(B)
	Subsidiaries	Equity method associates	Investments accounted for using FVTPL			
Investment Business of Holding Companies		 Alibaba Group 阿里巴巴集团 ¥12.7 trillion	 T-Mobile ¥1.5 trillion Investments in listed stocks ¥1.7 trillion SBG's other portfolio companies ¥1.0 trillion	¥16.9 trillion	¥7.0 trillion	¥9.9 trillion
SVF1 and Other SBIA-Managed Funds	SVF1 ¥6.2 trillion SVF2 ¥1.3 trillion			¥7.5 trillion	¥7.5 trillion	—
SoftBank	 SoftBank ¥2.3 trillion			¥2.3 trillion	¥1.4 trillion	¥0.9 trillion
Arm	 arm ¥2.7 trillion* <sup>2</sup>			¥2.7 trillion	¥2.5 trillion* <sup>2</sup>	¥0.2 trillion
Other			SoftBank Latin America Fund portfolio companies ¥0.4 trillion	¥0.4 trillion	¥0.4 trillion	—
Total				¥29.8 trillion	¥18.8 trillion	¥11.0 trillion

Note: See page 65 for the assumptions used to calculate the equity value of holdings.

\*1 The total value of assets held and total consolidated carrying amount of assets held are solely for the assets listed in the table.

\*2 SBG and SVF1 hold 75.01% and 24.99% of Arm shares, respectively. Arm's equity value of ¥2.7 trillion is attributed to SBG's holdings and the value of the remaining SVF1's holdings is included in SVF1. Arm's consolidated carrying amount of ¥2.5 trillion is attributed to SBG's holdings.



## SVF1 and SVF2

Equity value of holdings:  
(As of March 31, 2021) **¥7.5 trillion**

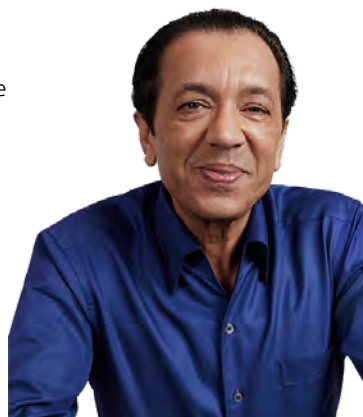
SVF1, which began operations in 2017, aims to maximize returns from a medium- to long-term perspective, with investments in high-growth-potential companies that are leveraging data and AI, particularly in companies colloquially known as “unicorns.” The fund has invested in 92 companies (including exited investments) as of March 31, 2021 at a cumulative investment cost of \$85.7 billion, achieving a cumulative investment gain of \$55.0 billion.

SVF2 was launched in October 2019, with the aim of facilitating the continued acceleration of the AI revolution through investment in market-leading, tech-enabled growth companies. SBG is the sole limited partner investing in SVF2, with a committed capital of \$40.0 billion as of June 23, 2021. The fund has invested a total of \$6.7 billion in 44 companies as of March 31, 2021, achieving a cumulative investment gain of \$4.5 billion.

SBIA, the Company's wholly owned subsidiary, acts as the manager of SVF1 and SVF2, and is entitled to receive management fees and performance fees from both funds.

### Rajeev Misra

Corporate Officer, Executive Vice President,  
SoftBank Group Corp.  
CEO, SoftBank Investment Advisers



See pages 16-23 for details.

## SoftBank

Equity value of holdings:  
(As of March 31, 2021) **¥2.3 trillion**  
(TSE: 9434)

SoftBank's predecessor is primarily the Japanese unit of Vodafone, which was acquired in 2006. SoftBank currently serves as the Company's principal operating company in Japan and listed its shares in December 2018. SoftBank aims to further grow its core telecommunications business under its *Beyond Carrier strategy*, as well as expand its non-telecommunications business through the growth of Z Holdings, which became a subsidiary in June 2019, and the creation of new businesses. As of March 31, 2021, the cumulative number of smartphone subscribers was 25.93 million, and the cumulative total of fiber-optic service contracts was 6.92 million. In the non-telecommunications domain, the business integration of Z Holdings and communication app provider LINE was completed in March 2021.

The Company sold part of the shares in SoftBank held by the Company's wholly owned subsidiary for a total of ¥1.5 trillion in May and September 2020. SoftBank's strategic importance remains unchanged, so the Company intends to continue to hold its post-sale shares held (ownership percentage: 40.9% as of March 31, 2021) over the medium to long term. The annual dividend paid to the said subsidiary was ¥254.6 billion in fiscal 2019 and ¥217.6 billion in fiscal 2020. This represents an important and stable source of cash.

### Junichi Miyakawa

President & CEO, SoftBank Corp.



See the SoftBank IR website for details.

arm


Equity value of holdings:  
(As of March 31, 2021) **¥2.7 trillion**

Established in 1990, Arm's operations primarily consist of licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and related technologies. Since the Company's acquisition in September 2016, Arm has aimed to develop new technologies to maintain or increase its share in its existing markets and acquire share in new markets, while increasing its technical capabilities in important investment areas such as mobile computing, infrastructure, automobiles, and IoT. In March 2021, Arm introduced the *Armv9* architecture which will be the underlying technology for many future product families. This architecture has the potential to provide higher performance as well as enhanced security, privacy, and confidentiality.

In September 2020, a wholly owned subsidiary of the Company and SVF1 entered into a share purchase agreement with U.S. semiconductor manufacturer NVIDIA, whereby the Company will sell all of the shares in Arm held by the subsidiary and SVF1 to NVIDIA for up to \$40 billion. This is expected to take approximately 18 months to close following the execution of the purchase agreement.



**Simon Segars**  
CEO, Arm Limited

 See pages 24 and 25 for details.

 **Alibaba Group**  
阿里巴巴集团

Equity value of holdings:  
(As of March 31, 2021) **¥12.7 trillion**  
(NYSE: BABA, HKSE: 9988)

Founded in 1999, Alibaba's mission is to "make it easy to do business anywhere." Its businesses consist mainly of core commerce, which operates the CtoC marketplace *Taobao* and the BtoC marketplace *Tmall*, along with cloud computing and digital media and entertainment.

In September 2019, founder Jack Yun Ma resigned as chairman, and the company is advancing its growth strategy under the direction of his successor, CEO Daniel Yong Zhang. As of March 31, 2021, annual active consumers for the Alibaba Ecosystem reached over one billion, including 811 million consumers on its China retail marketplaces. GMV transacted in the Alibaba Ecosystem was CNY 8.1 trillion (\$1.2 trillion) for the fiscal year ended March 2021, which mainly included China retail marketplaces GMV of CNY 7.5 trillion (\$1.1 trillion).

The Company initially invested in Alibaba in 2000. As of March 31, 2021, the Company owns 5,390 million shares of Alibaba common stock (voting rights 24.8%).



**Daniel Yong Zhang**  
Chairman and CEO,  
Alibaba Group Holding Limited


 See Alibaba's IR website for details.

**T Mobile™**

Equity value of holdings:  
(As of March 31, 2021) **¥1.5 trillion**  
(NASDAQ: TMUS)

On April 1, 2020, the merger of Sprint, which had been a subsidiary of the Company, and T-Mobile US, Inc. in an all-stock transaction was completed. As consideration for the merger, the Company received 305 million shares (24.7% of shares outstanding) of the new combined company T-Mobile US ("T-Mobile") and the right to acquire 49 million T-Mobile shares for no additional consideration if T-Mobile's share price exceeds the predetermined amount over a certain period of time. Since the merger, T-Mobile has leveraged the largest, fastest, and most reliable 5G network in the U.S. to increase mobile service contracts to 103 million (as of March 31, 2021), surpassing AT&T to become No. 2 in the industry.

The Company sold approximately two-thirds of its T-Mobile shares held for \$20.1 billion in June-August 2020. T-Mobile's parent company Deutsche Telekom AG holds call options for the majority of T-Mobile shares continued to be held by the Company.


 See T-Mobile's IR website for details.

## Investments in listed stocks

Equity value of holdings:  
(As of March 31, 2021) **¥1.7 trillion**

The Company has been investing in highly liquid listed stocks from the first quarter of fiscal 2020 to diversify assets and manage surplus funds, focusing mainly on the information and technology field. From the second quarter, asset management subsidiary SB Northstar has been acquiring and selling listed stocks and other instruments and engaging in derivative and credit transactions related to listed stocks. As of March 31, 2021, its portfolio included Amazon, Facebook, TSMC, PayPal, and Microsoft.

The interest in SB Northstar is indirectly held 67% by SBG and 33% by Masayoshi Son, SBG's Representative Director, Corporate Officer, Chairman & CEO. If, at the end of the fund life (12 years + 2-year extension), SB Northstar has any unfunded repayment obligations to SBG, Masayoshi Son will pay his pro rata share of any such unfunded obligations based on his relative ownership percentage of SB Northstar.

 See pages 85 and 86 for details.

## Others

Equity value of holdings:  
(As of March 31, 2021) **¥1.4 trillion**

"Others" includes SBG's other portfolio companies such as online finance provider Social Finance, and flexible office space operator WeWork,\* online insurance company Lemonade, as well as investees of SoftBank Latin America Fund.

SoftBank Latin America Fund is a technology fund that engages in investment activities throughout Latin America, including Argentina, Brazil, Chile, Colombia, and Mexico. As of March 31, 2021, the fund held 37 investments, including Brazilian online bank Banco Inter, online used car sales platform operator KAVAK HOLDINGS and home delivery app service provider Rappi. The fund had invested a cumulative total of \$2,605 million, with a fair value of \$4,013 million, as of the same date.

\* The value of WeWork shares held by SVF1 is included in SVF1.



# SoftBank Vision Funds: Investment Strategy

## Realizing Our Vision

Fiscal 2020 was a transformational year for SoftBank Vision Funds and the world.

The pandemic affected each of us in ways none of us could have predicted. We have had to be even more agile as individuals and as an organization and pull together to navigate uncharted territory. I truly believe that we have emerged stronger, and I am humbled by the resilience our team has shown in the face of such once-in-a-lifetime adversity. We have worked tirelessly for our firm, our LPs, and our portfolio companies.

SoftBank Group has completed its transition to an investment company, with SoftBank Vision Funds as the centerpiece for private investing. Since inception, SoftBank Vision Fund 1 has had 14 companies go public and as of March 31, 2021, generated cumulative gross investment gains of \$55.0 billion<sup>\*1</sup> and distributed \$22.3 billion to LPs.<sup>\*2</sup> Recent highlights include the IPOs of Auto1, Coupang, DoorDash, Opendoor and Relay Therapeutics, as well as the sale of OSISOFT. We believe the announced SPAC mergers of Grab and WeWork, and the pending acquisition of Arm by NVIDIA, will create additional opportunities to unlock value when those transactions close.

SoftBank Vision Fund 2<sup>\*3</sup> is also off to a strong start. As of March 31, 2021, we invested \$6.7 billion<sup>\*1</sup> in 44 companies,<sup>\*4</sup> and we have a robust pipeline of investments globally. The public listings of Beike, Seer, and Qualtrics have already driven up the fund more than \$4.0 billion<sup>\*1</sup> since inception.

I expect that fiscal 2021 will be an exciting year. We now have many arrows in our investing quiver and the flexibility to partner across the life cycle of companies from early stage through to IPO. Our unparalleled ecosystem will only continue to grow and become even more attractive to founders drawn by its potential to accelerate their company's growth.

### Built to last

In just four years, we have built a platform that will enable us to invest in AI companies for decades to come. SoftBank Investment Advisers is now comprised of more than 300 employees across 10 global offices, and we continue to grow. In addition to our strong investment team, we have built an organization that

can support our portfolio companies throughout their life cycle.

For example, our operating group is a collection of experienced operators who help our portfolio companies enter new markets, navigate growth, and leverage the SoftBank Group ecosystem. They play a critical role in ensuring our portfolio companies can benefit from working with each other, as well as SoftBank Group companies and investments.

We also have more than 100 colleagues dedicated to control functions, including compliance, investment risk, operational risk, internal audit, valuations, and legal. Every quarter, our valuations team analyzes and values each and every one of our portfolio companies.

Our capital markets group now manages more than \$50 billion of public stock. They help ensure we take a disciplined and balanced approach to monetizing our assets. As more portfolio companies list publicly, our public holdings should continue to grow.

### A sustainable and equitable future

We are steadfast in our belief that investing in the technology of the future can unlock even greater returns for the economies and societies of tomorrow.

From our investments to our social impact initiatives, we strive to have a positive impact on the world. From the start, we have aligned our work with the UN's Sustainable Development Goals (SDGs), which provide a mission-led framework we know our founders, employees and LPs value. In fiscal 2020, many of our

<sup>\*1</sup> SBG consolidated basis

<sup>\*2</sup> Distributions include realized proceeds and preferred equity coupon distributed or paid to limited partners from fund inception to March 31, 2021. They are net of return of recyclable utilized contributions that were simultaneously retained and reinvested and do not include the return of recyclable unutilized contributions.

<sup>\*3</sup> The information included herein is made for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy limited partnership interests in any fund, including SoftBank Vision Fund 2 (SVF2). SVF2 has yet to have an external close, and any potential third party investors shall receive additional information related to any SVF2 investments prior to closing.

<sup>\*4</sup> Number of investments includes investments in portfolio companies made by SVF2 and joint ventures with existing portfolio companies from fund inception to March 31, 2021. It does not include hedges related to the investments.

#### Rajeev Misra

Corporate Officer, Executive Vice President,  
SoftBank Group Corp.  
CEO, SoftBank Investment Advisers

## SoftBank Vision Funds: Investment Strategy

portfolio companies globally were in the vanguard of the response to COVID-19 through contributions such as developing medical treatments, supporting our frontline workers and supplying basic needs.

We continue to take concrete action to foster a more equitable tech and VC ecosystem that better reflects the societies we serve. Now in its second year, our Emerge program champions diversity by connecting underrepresented founders with the capital, tools and networks needed to help scale their businesses. Applications recently opened for our second Emerge cohort, this time in Europe. Drawing on SoftBank Group's unique convening power, we are pleased to expand this year's program to bring together a coalition of leading European VCs and seed-stage investors to partner in this critical endeavor.

### A vision accelerated

Like Masa, I have always believed artificial intelligence will have a greater impact on the economy than the PC, the Internet or the mobile stages of the Information

Revolution. Earlier technologies revolutionized a few industries, like advertising and e-commerce. We believe AI will transform every industry in the world. COVID-19 and the pandemic that followed validated Masa's vision, and accelerated it.

Looking ahead, it is clear that the pandemic will permanently reshape our economy in ways that we are just beginning to understand. It is our view that most of the acceleration we have seen will be permanent. Once new habits are developed, they tend to stick, especially when they make your life easier. We believe this will disproportionately benefit our portfolio companies because they are driving innovation forward in many of the industries that are benefiting from this surge in demand, including e-commerce, entertainment, healthcare, education, fintech, food delivery and logistics.

This interim period is a time of tremendous opportunity and risk, and our ability to invest and monetize wisely through this transition, and help our portfolio companies navigate it, will determine the ultimate success of both SoftBank Vision Funds.

\*5 Funding rounds, public listings and strategic exits include investments in SoftBank Vision Fund 1 and SoftBank Vision Fund 2.

### Validation of our vision



Note: The information herein is provided solely for illustrative purposes, reflecting the current beliefs of SBIA as of the date hereof, is based on a variety of assumptions and estimates that are subject to various risks. Any forecasts, targets or estimates presented herein are subject to a number of important risks, qualifications, limitations, and exceptions that could materially and adversely affect the illustrative scenarios or results presented herein. Accordingly, actual results may differ materially. For the avoidance of doubt, it should not be understood as the "track record" or projected performance of SoftBank Vision Fund 1, SoftBank Vision Fund 2 or any other fund or investment vehicle managed by SBIA. There can be no assurances that any plans described herein will be realized on the terms expressed herein or at all, and all such plans are subject to uncertainties and risks, as well as investor consents and regulatory approvals, as applicable. Selected investments presented herein are solely for illustrative purposes and do not purport to be a complete list of SoftBank Vision Fund 1 investments and SoftBank Vision Fund 2 investments. References to investments included herein should not be construed as a recommendation of any particular investment or security. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. See pages 22 and 23 for a more complete list of investments of SoftBank Vision Fund 1 and SoftBank Vision Fund 2. Exit or IPO information is presented solely for illustrative purposes, has been selected in order to provide examples of current and former SoftBank Vision Fund 1 and SoftBank Vision Fund 2 investments that have been publicly listed and do not purport to be a complete list thereof. Individual investors' results may vary. References to specific investments should not be construed as a recommendation of any particular investment or security.

# SoftBank Vision Funds: In Focus

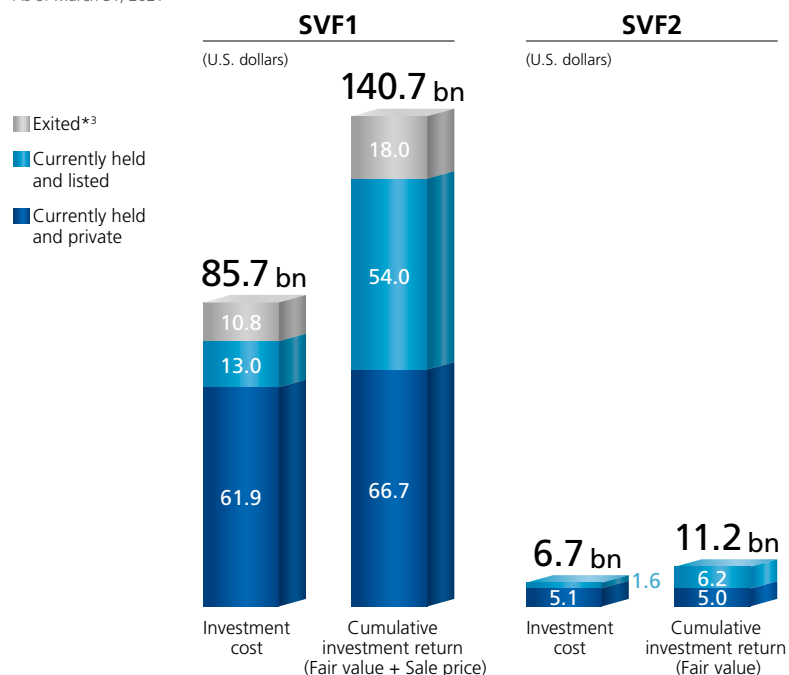
See SoftBank Vision Funds' website for further details.

## Investment results

As of March 31, 2021, SoftBank Vision Funds have invested in 136 companies across nine sectors. Their cumulative investment gains of \$59.5 billion\*<sup>1</sup> have been achieved on an acquisition cost base of \$92.4 billion,\*<sup>1</sup> representing a 1.6x multiple on invested capital. This brings the total fair value\*<sup>2</sup> of both funds to \$151.9 billion.

## Performance snapshot

As of March 31, 2021



Notes:

1. For a certain investment that was once decided to be transferred from SBG to SoftBank Vision Fund 1 but canceled afterwards, its unrealized gain / loss incurred for the period leading up to the decision to cancel the transfer are not included.
2. Before deducting third-party interests, tax, and expenses

In the last four years, SoftBank Vision Fund 1 has made 92 investments\*<sup>4</sup> and created significant value for its LPs. Dozens of the portfolio companies have proven to be bold disruptors in large markets. Significant value is unlocked when our portfolio companies list publicly. Backed by these records, we, SoftBank Investment Advisers believe investors will continue to be receptive to our strong, market-leading private companies as they step into the public markets. Already, SoftBank Vision Fund 1 has distributed \$22.3 billion to its LPs.

Many entrepreneurs are now leveraging data and AI in new ways to redefine major industries, and we are ramping up our pace of investments to meet the opportunity. The capital commitment in SoftBank Vision Fund 2 was recently expanded to \$30 billion through an additional \$20 billion commitment from SBG.\*<sup>5</sup> Through SoftBank Vision Fund 2 we have already partnered with 44 companies as investees. We are excited about the potential of each individual investment. Taken together, we believe our portfolio companies represent a compelling, well diversified portfolio.

We also launched three SPACs during fiscal 2020. SVF Investment Corp., SVF Investment Corp. 2 and SVF Investment Corp. 3 raised \$604 million, \$230 million and \$320 million, respectively. These three investment vehicles give us flexibility to partner with fast-growing, IPO-ready technology companies of different sizes.

We believe we have several competitive advantages, including our:

- Global team of investing and operating professionals, and their ability to source compelling opportunities.
- Clear focus on companies leveraging data and AI.
- Unparalleled ecosystem of SoftBank Group companies.
- Deep local networks, and the operational expertise entrepreneurs need to build industry-leading businesses.

\*<sup>1</sup> SBG consolidated basis

\*<sup>2</sup> Includes sale price of exited investments

\*<sup>3</sup> Value of exited investments for SoftBank Vision Fund 1 (SVF1) includes associated derivative costs and gain / loss.

\*<sup>4</sup> Number of investments includes investments in portfolio companies made by SVF1 and joint ventures with existing portfolio companies from fund inception to March 31, 2021. It does not include hedges related to the investments.

\*<sup>5</sup> As of May 11, 2021. The committed capital of SBG has been increased to \$40 billion as of June 23, 2021.



## Disciplined and balanced approach to monetizations

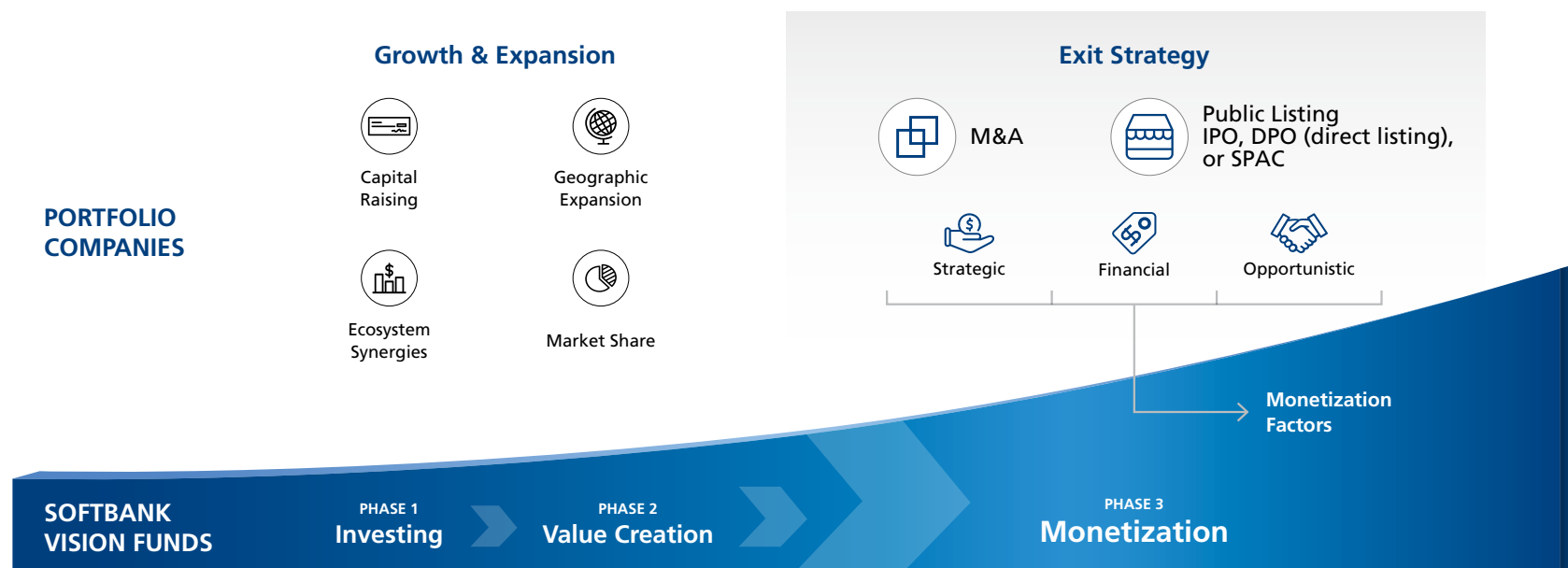
To maximize value, we have developed a balanced and disciplined approach to monetizing assets. As a portfolio company matures and experiences a liquidity event – such as an IPO or sale – we are positioned to begin monetizing our holdings.

In our decision to monetize or continue holding a specific company, we consider a number of factors including:

- Strategic: A changing competitive landscape or shifting geopolitical risks might lead us to accelerate or postpone monetizing.

- Financial: If a public stock price has increased beyond our bull case expectations, we would consider accelerating our monetization plans.
- Diversification: If we have a large position in a stock, we may reduce some of our position to diversify our public holdings even if we are bullish on the company.
- Opportunistic situations: If we receive, for example, an inbound offer from strategic buyers to acquire one of our portfolio companies.

## Disciplined monetization and distributions



Note: The information provided herein is for illustrative purposes only and reflects the beliefs of SoftBank Investment Advisers as of the date of this report. There can be no assurance that the operations and / or processes of SoftBank Investment Advisers, SoftBank Vision Fund 1 and SoftBank Vision Fund 2 described in this report will continue throughout the life of SoftBank Vision Fund 1, SoftBank Vision Fund 2 or any successor fund managed by SoftBank Investment Advisers, and such processes and operations may change.

## Increasing distributions to LPs

We balance our desire to be long-term, patient investors with our goal to make regular distributions to LPs. In fiscal 2020, distributions were driven by our public positions and the sale of OSIs.

The SoftBank Vision Fund 1 distribution waterfall outlines how proceeds are allocated among our LPs.

Each cascade is a pool. Once each pool is filled, distributions cascade down to the next pool. This cascading waterfall is designed to provide each LP with appropriate risk-adjusted returns.

First, we pay any accrued preferred equity coupon to the LPs, which is 7% annually on the outstanding preferred equity capital. Of the total \$22.3 billion in proceeds distributed to LPs as of March 31, 2021, \$4.7 billion has been used to pay the coupon to SoftBank Vision Fund 1's preferred equity investors.

We then return contributions to the LPs, with preferred equity investors taking priority over the equity investors. The effect of these distributions is to reduce the outstanding preferred equity capital, which in turn decreases SoftBank Vision Fund 1's coupon payment, and going forward, increases the portion of returns

flowing through to equity holders. We have returned \$14.0 billion in preferred equity capital to date, including \$9.5 billion in fiscal 2020, which has reduced our outstanding preferred equity capital to \$21.2 billion. This means our 7% annual coupon payment has also declined meaningfully.

Once we have paid the coupon and returned contributions from preferred equity investors, we then start to distribute to our equity investors. In exchange for being placed at this later stage of the waterfall, equity investors receive all the residual gains, excluding the performance fee to SoftBank Investment Advisers. Our equity investors, including SBG, have received \$1.5 billion of capital return and an additional \$2.1 billion distribution of gains.

Simultaneously to the distribution of gains to our equity investors, performance fees are paid to SoftBank Investment Advisers as the investment manager of SoftBank Vision Fund 1.

Over the next eight to 10 years of SoftBank Vision Fund 1, we believe there will be many other opportunities to monetize our companies and make distributions as more of them publicly list or get acquired.

## Distributions have significantly reduced ongoing coupon payments

Inception to March 31, 2021

	(A) Fund Commitment	(B) Drawn Capital* <sup>6</sup>	(C) Return of Capital* <sup>7</sup>	(B) - (C) Outstanding Capital* <sup>8</sup>
Preferred Equity	\$40.0 bn	\$35.2 bn	\$14.0 bn	\$21.2 bn
Equity	\$58.6 bn	\$51.8 bn	\$1.5 bn	\$50.3 bn
Total	\$98.6 bn	\$87.0 bn	\$15.5 bn	\$71.5 bn

\*<sup>6</sup> Drawn capital includes fund commitment drawn down through capital calls and return of callable utilized contributions that were retained and reinvested, less return of callable unutilized contributions. Drawn capital excludes any drawdowns or returns of callable contributions which fall due post March 31, 2021.

\*<sup>7</sup> Return of capital includes return of non-callable contributions and return of callable utilized contributions from financing distributions.

\*<sup>8</sup> Outstanding capital includes drawn capital less return of capital (as defined above).

Note: The information herein is presented solely for SoftBank Vision Fund 1. These highlights are provided solely for illustrative purposes and individual investors' results may vary. Past performance is not necessarily indicative of future results.

# Economy of SoftBank Vision Funds

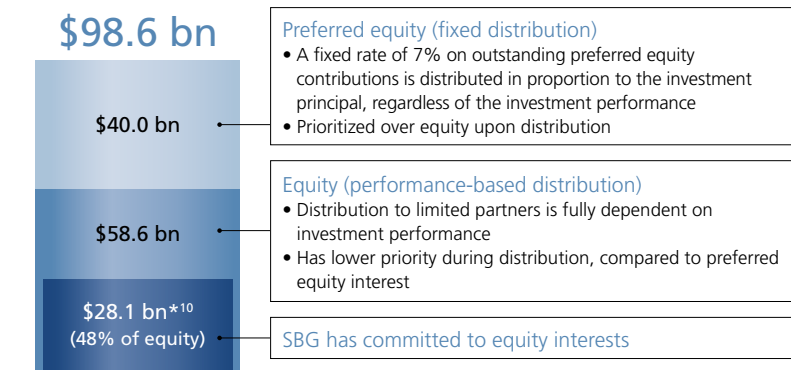
## SVF1

Contributions by the limited partners are classified as “equity (performance-based distribution)” and “preferred equity (fixed distribution)” depending on the terms and conditions of distribution. Preferred equity is prioritized over equity with regard to distribution and return of contribution. SBG participates in SVF1 as a limited partner and contributes to equity.

SBIA, SBG’s wholly owned and independent subsidiary that manages SVF1, is entitled to receive management fees and performance fees,\*<sup>9</sup> each of which is measured by reference to the investment activities of SVF1, in accordance with the limited partnership agreement. Management fees are calculated by multiplying 1% per annum to equity contributions used to fund investments. Performance fees are calculated using the specified allocation method when SVF1 receives cash through disposition, dividend, and monetization of an investment.

### Committed capital

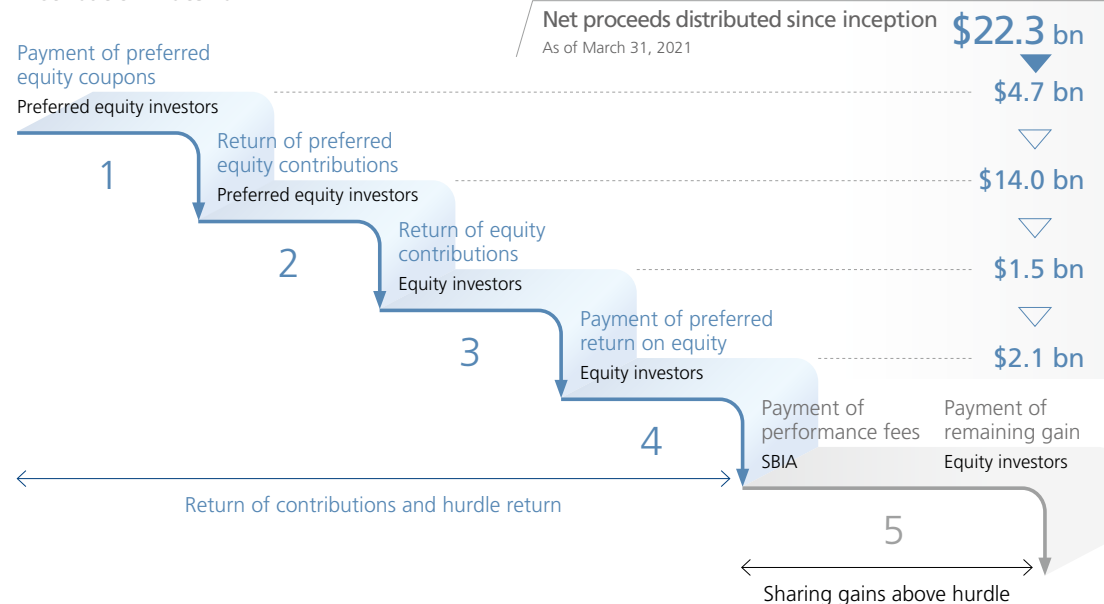
As of March 31, 2021



#### Notes:

- Fixed distribution is subject to the terms and conditions of SVF1 Limited Partnership Agreement; there can be no assurance that the fixed distribution percentage will reflect actual results for any limited partner.
- The information on this page is for illustrative purposes only. Any waterfall mechanics or capital distributions are subject in all cases to SVF1 fund documents.

## Distribution waterfall



## SVF2

**\$40.0 bn**

**\$20.0 bn**

SBG is the sole limited partner investing in SVF2. Its total committed capital, which was \$20.0 billion as of March 31, 2021, has been increased to \$40.0 billion as of June 23, 2021.

\*<sup>9</sup> Management fees and performance fees received are subject to clawback provisions, which are triggered under certain conditions based on investment performance.

\*<sup>10</sup> Excludes committed capital for an incentive scheme related to SVF1.

# SoftBank Vision Funds: Portfolio Companies

As of March 31, 2021; excludes exited investments

## SoftBank Vision Fund 1

Listed securities 

Cumulative acquisition cost of investments: \$74.9 billion\*

Total fair value of investments: \$120.7 billion\*

Total of 81 investments



### Consumer

Brainbees Solutions Private Limited (FirstCry)  
 Bytedance Ltd.  
 Coupang, Inc.   
 Esquared Capital Limited (Klook)  
 Fanatics Holdings, Inc.  
 GetYourGuide AG  
 Grofers International Pte. Ltd.  
 Oravel Stays Private Limited (OYO)  
 OYO Hotels Japan  
 OYO Technology & Hospitality (China) Pte. Ltd.  
 Plenty United Inc.  
 PT Tokopedia



### Edtech

Zuoyebang Education Limited



### Enterprise

Automation Anywhere, Inc.  
 Cambridge Mobile Telematics Inc.  
 Cohesity, Inc.  
 Cohesity APJ Pte. Ltd.  
 Globality, Inc.  
 GPCY Holding (Gympass)  
 MapBox Inc.



### Fintech

Creditas Financial Solutions, Ltd.  
 Etechaces Marketing and Consulting Private Limited (PolicyBazaar)  
 Greensill Capital Pty Ltd.  
 Kabbage, Inc.  
 OakNorth Holdings Limited  
 One97 Communications Limited (PayTM)  
 OneConnect Financial Technology Co., Ltd.   
 Pollen, Inc. (C2FO)  
 VNLife Corporation Joint Stock Company  
 Zhongan Online P&C Insurance Co., Ltd.   
 ZA Tech Global Limited (Zhongan's affiliate)



### Frontier Tech



Arm Limited  
 Brain Corporation  
 CloudMinds Inc.  
 Energy Vault, Inc.  
 Fungible Inc.  
 Improbable Worlds Limited  
 Light Labs, Inc.  
 Zymergen, Inc.  
 1 other investment



### Health Tech

CollectiveHealth, Inc.  
 Good Doctor Technology Limited  
 Guardant Health, Inc.   
 Guardant Health AMEA, Inc.

HealthKconnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)

Relay Therapeutics, Inc.   
 Roivant Sciences Ltd.  
 Vir Biotechnology, Inc. 





### Logistics

Delhivery Private Limited  
 DoorDash, Inc.   
 Flexport, Inc.  
 Full Truck Alliance Co. Ltd.  
 FTA International Co., Limited (Full Truck Alliance's affiliate)  
 Truck Champion Limited (Full Truck Alliance's affiliate)  
 GoBrands, Inc. (goPuff)  
 Local Services Holding Limited (Alibaba Local Services)  
 Loggi Technology International  
 Nauto, Inc.  
 Nuro, Inc.  
 Rappi Inc.  
 Reef Global Inc.  
 Zume, Inc.



### PropTech

CLUTTER INC.  
 Compass, Inc.  
 Katerra Inc.  
 Opendoor Technologies Inc.   
 View Inc. 

\*SBG consolidated basis

Note: SoftBank Vision Funds investments presented herein are solely for illustrative purposes. References to individual investments should not be construed as a recommendation of any specific investment or security.



## SoftBank Vision Funds: Portfolio Companies

As of March 31, 2021; excludes exited investments

WeWork Inc.  
WeWork Greater China Holding Company B.V.  
WeWork Japan GK  
Ziroom Inc.



### Transportation

ANI Technologies Private Limited (Ola)  
Aurora Innovation Inc.  
Auto1 Group GmbH  
Fair Financial Corp.  
Getaround, Inc.



GM Cruise Holdings LLC  
GRAB HOLDINGS INC.  
Guazi.com Inc.  
Uber Technologies, Inc.  
Xiaoju Kuaizhi Inc. (DiDi)



## SoftBank Vision Fund 2

Listed securities

Cumulative acquisition cost of investments: \$6.7 billion\*  
Total fair value of investments: \$11.2 billion\*  
Total of 44 investments



### Consumer

Baron App, Inc. (Cameo)  
Chengxin Technology Inc. (DiDi Grocery)  
Keep Inc.  
Lenskart Solutions Private Limited  
Manticore Games, Inc.  
Memphis Meats, Inc.  
OrderMark, Inc.  
Tempo Interactive Inc.  
Whoop, Inc.



### Edtech

Zhangmen Education Inc.  
Happy\_seed (Cayman) Limited (VIPThink)  
Sorting Hat Technologies Pvt. Ltd (Unacademy)



### Enterprise

Behavox Ltd.

JOB AND TALENT HOLDING LIMITED  
MindTickle Inc.  
Redis Labs Ltd.  
SendBird, Inc.  
Standard Cognition, Corp.



### Fintech

eToro Group Ltd.  
Klarna Holding AB  
1 other investment



### Frontier Tech

Guangzhou Xaircraft Technology Co., Ltd.  
Patsnap Limited  
Qualtrics International Inc.  
1 other investment



### Health Tech

Biofourmis Holdings Pte. Ltd.  
EDDA Healthcare and Technology Holding Limited  
ElevateBio LLC  
Encoded Therapeutics, Inc.

GoForward, Inc.  
Karius, Inc.  
Pear Therapeutics, Inc.  
QuantumPharm Inc. (XtalPi)  
ScriptDash Inc. (Alto Pharmacy)  
Seer, Inc.  
Tessera Therapeutics, Inc.  
Vividion Therapeutics, Inc.



### Logistics

Berkshire Grey, Inc.  
Flock Freight, Inc.  
Full Truck Alliance Co. Ltd.  
Shipbob, Inc.



### Proptech

KE Holdings Inc. (Beike)



### Transportation

Tier Mobility GmbH  
Voyager Group Inc. (DiDi AV JV)

\*SBG consolidated basis

Note: SoftBank Vision Funds investments presented herein are solely for illustrative purposes. References to individual investments should not be construed as a recommendation of any specific investment or security.

## Arm: Business Strategy

# Reaping the Returns from Investing for the Long Term

### Leading the world in semiconductor technology

Arm is a global leader in the development of semiconductor technology and is central to the pervasive computing that is shaping today's connected world. Arm's processor technology is the world's most widely licensed and deployed semiconductor design of its kind and is used in virtually all smartphones, the majority of tablets and digital TVs, and a significant proportion of all chips with embedded processors. As new markets for electronics emerge, they are often based on Arm's advanced processor designs, including IoT, self-driving vehicles, and industrial automation.

### Arm's business model

Arm licenses processor designs to semiconductor companies that incorporate the technology into their computer chips. Licensees pay an up-front fee to gain access to our technology, and a royalty on every chip that uses one of our technology designs. Typically, the royalty is based on the selling price of the chip.

Each Arm design is suitable for a wide range of end applications and can be reused in a variety of chip families to address multiple markets. Each new chip family generates a new stream of royalties. An Arm design may be used in many different chips and may ship for more than 25 years.

### Investing for the long term

In our fast-paced world, new applications, device categories and markets are continually emerging, many of which require advanced semiconductors to provide their capabilities. In contrast, it can take many years to develop the technology that is used in these new devices. Arm is investing today for products that consumers and enterprises will start using in 5-10 years' time. Since being acquired by SBG in 2016, Arm has significantly increased investment in R&D to ensure that it can develop technology suitable for all these new opportunities.

Arm has been investing to develop new processor technology to:

- Maintain its market position in areas where it is already strong, such as smartphones, consumer electronics, and embedded computing;

- Increase royalty revenue per chip by increasing value where it can provide more technology (graphics processors and machine learning processors) or more valuable technology (one that increases performance and security);
- Establish market leadership in emerging technology areas including autonomous vehicles, IoT, and augmented reality headsets;
- Introduce new business models to change competitive landscape, for example, by directly licensing its technology to OEMs and cloud companies.

### Reaping the returns on investment

After years of accelerated investment, in fiscal 2020, Arm started to see increasing revenue growth as its new products have started to come to market. This is despite the COVID-19 pandemic, and the majority of its customers working from home for the entire fiscal year.

Arm's technology royalty revenue grew 16.7% year-on-year due to:

1. The ramp of 5G smartphones sales has been much greater than 4G. As smartphone chip sales normally account for over 50% of Arm's royalty revenue, this ramp has been a big benefit for Arm.
2. The rapid global rollout of 5G networks by operators has driven Arm's royalty revenue as many basestations and wireless network equipment are based on Arm processors.
3. The beginnings of the ramp of Arm-based server chip.

All the number of chips is currently low, it is big increase on the prior year and is expected to continue to ramp over the next few years.

**Simon Segars**  
CEO, Arm Limited



## Arm: Business Strategy

Arm's technology non-royalty revenue (technology licensing revenue and software and services revenue) declined 1.7% year-on-year due to weakness early in the year due to uncertainty regarding the impact of the pandemic, which was offset later in the year by:

1. Recently introduced products such as the *Neoverse* range of processors for the data center, and *Ethos* machine learning processors that are taking AI everywhere.
2. New customers including an increase in the number of start-ups building their first products around Arm technology.

During the year, Arm signed over 160 license deals, which is much higher than its historical run rate. In addition, multiple high-value deals did not contribute much revenue to fiscal 2020 and will yield the majority of revenue in future periods.

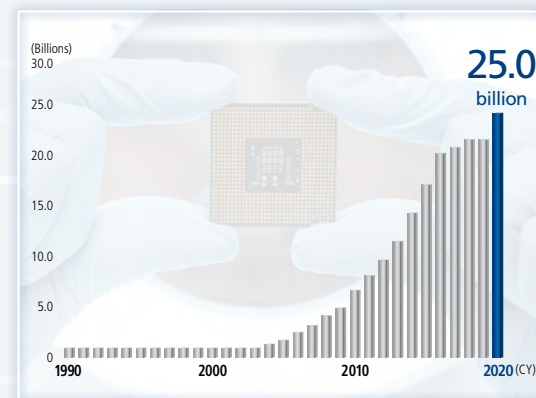
It takes our customers time to develop complex system-on-chips, and so licenses signed today are not expected to yield royalty revenue for another 2-3 years. However, if the chips are commercially successful, they can bring additional royalty revenue streams that may last for years, and even decades, to come. Most of Arm's royalty revenue growth in fiscal 2020, is therefore due to licenses signed in 2017 or earlier.

Since 2020, it was widely reported that some OEMs were struggling to source the semiconductor chips needed for their products. For example, some automotive companies had to pause production due to lack of chips. Part of this problem was caused by the very strong demand for 5G smartphones and networking equipment. Some chip manufacturers prioritized chips for these markets, resulting in shortages elsewhere. As Arm has a very high share of chips going into smartphones and wireless connectivity equipment, Arm benefitted from the higher chip sales in these areas.

## Sparking the world's potential

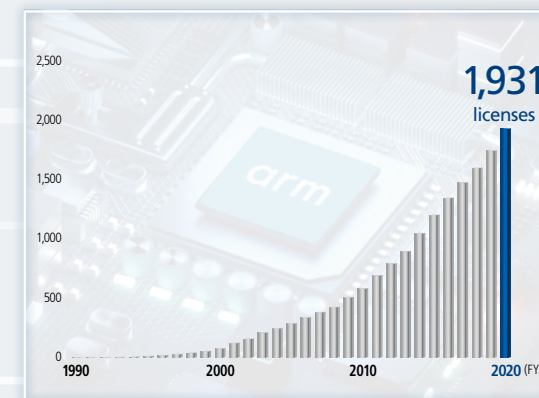
Arm is hiring brilliant engineers from all over the world and is bringing them together to create the new technology that will spark the world's potential. In fiscal 2020, Arm increased its R&D headcount by 11.0% year-on-year, as it continues to develop more advanced technology and to further expand its product portfolio. Arm is confident that consumers will continue to want smarter devices for themselves and their families; enterprises will want to offer more sophisticated products and services using AI algorithms to better match their offerings to their customers. Arm wants its technology to provide the spark that enables consumer and enterprises to fulfill their ambitions.

Arm-based chip shipments\*<sup>1</sup>



\*<sup>1</sup> Based on royalty reports received by Arm from its customers during each year. Adjusted to include any catch-up chip shipments if initial royalty reports did not include all Arm-based chip shipments.

Cumulative licenses\*<sup>2</sup>



\*<sup>2</sup> Adjusted to remove licenses that are no longer expected to yield future royalty revenue.

### Entry into agreement for sale of all shares in Arm with NVIDIA

In September 2020, the Company entered into a share purchase agreement with NVIDIA, whereby the Company will sell all of the shares in Arm in a transaction valued up to \$40 billion. See pages 78 and 79 for details.



## Message from Our CFO

# Demonstrating Our Ability to Deliver and Validating Our Strategy

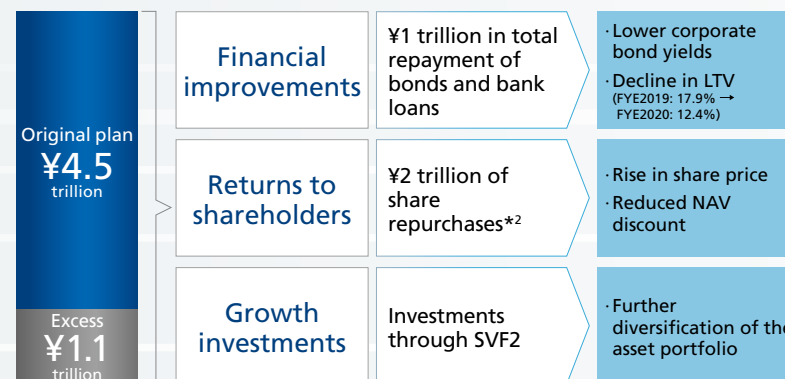
### The pandemic has highlighted our strength of being a strategic investment holding company

The world underwent significant changes in fiscal 2020 due to the COVID-19 pandemic. The stock market has been highly volatile due to a variety of factors including the initial spread of the novel coronavirus and its negative effects, the economic stimulus measures by governments around the world, and the prospect of the resumption of economic activity. Under these circumstances, we posted consolidated net income\*<sup>1</sup> of ¥4,988 billion, a record high for any company in Japan, driven by the investment businesses particularly SoftBank Vision Funds. In addition, the equity value of our holdings grew to ¥29.8 trillion (as of March 31, 2021) despite the large-scale asset monetization. I believe that the efforts of each Group company contributed to this result amid the adverse conditions imposed by the pandemic. While we are pleased with the strong performance of the investment businesses, we also acknowledge the importance of ensuring that we sustain this trend going forward.

### Carried out our commitment by completing the ¥4.5 trillion program

In March of last year, just before the start of fiscal 2020, SBG's stock price fell by more than half amid deteriorating market conditions caused by the COVID-19 chaos, although there was no significant change in our fundamentals. This in turn caused considerable concern among our shareholders and many other stakeholders. In response to this situation, in the same month, we announced a program to sell or monetize up to ¥4.5 trillion of our assets and to use the proceeds to repurchase up to ¥2 trillion of the common stock and apply the rest for financial improvement (the "¥4.5 trillion program"). Since April 2020, we swiftly executed carefully planned programs while minimizing the impact on the market. By the end of September 2020, we completed the monetization based on the program, with the proceeds totaling ¥5.6 trillion. The success was partly due to the better-than-expected turnaround in market conditions, but also largely because nearly 80% of our equity value of holdings (¥26.3 trillion as of

#### Results of the ¥4.5 trillion program



\*<sup>1</sup> Net income attributable to owners of the parent

\*<sup>2</sup> Amount of share repurchase totaled ¥2.5 trillion, including ¥500 billion authorized prior to the ¥4.5 trillion program and repurchased between March 16, 2020, and June 15, 2020.

March 31, 2020) consisted of highly liquid, high-quality listed stocks.

We always seek to allocate capital in a well-balanced manner to the three purposes: new investments, shareholder returns, and financial improvements to enhance corporate value as a strategic investment holding company. While we focused on shareholder returns and financial improvements in this program, we managed to monetize ¥1.1 trillion in excess of the initially planned ¥4.5 trillion and were able to allocate the proceeds to new investments and cash reserves for future investments, which also contributed to our consolidated net income.\*<sup>1</sup>

Our share repurchases during the period from

#### Yoshimitsu Goto

Board Director, Corporate Officer,  
Senior Vice President,  
CFO, CISO & CSuSO  
Head of Finance Unit  
Head of Administration Unit  
SoftBank Group Corp.



## Message from Our CFO

March 2020 to May 2021 totaled ¥2.5 trillion,\*<sup>2</sup> including ¥500 billion announced prior to the ¥4.5 trillion program. I believe this share repurchase on a scale unparalleled in the world at a time when our stock price was declining directly signaled our thoughts on the level of our stock price at the time to the market and was reflected in the performance of the stock price thereafter. Moreover, we repurchased a total of ¥392.5 billion of corporate bonds in Japan and overseas and repaid ¥610 billion in bank loans to provide returns to our creditors.

As a financial indicator of a strategic investment holding company, we place the highest importance on loan-to-value (LTV), which is calculated as net debt divided by the equity value of holdings.\*<sup>3</sup> Our finance policy is to maintain LTV below 25% under normal circumstances. As a result of completing the ¥4.5 trillion program, our LTV ratio was 12.4% and our cash position was ¥2.9 trillion as of March 31, 2021, far exceeding the ¥1.6 trillion in bond redemptions over the next two years, providing us with further sufficient financial buffer.

I am pleased that we were able to return more to our stakeholders than expected and achieve positive financial results amid volatile global markets, during which our

stock price and credit spread were also greatly affected. I feel that we managed to satisfy and reassure our investors through the completion of this program, and more importantly, I am proud that we have demonstrated our ability to execute our business and our commitment to carry out our strategy as articulated.



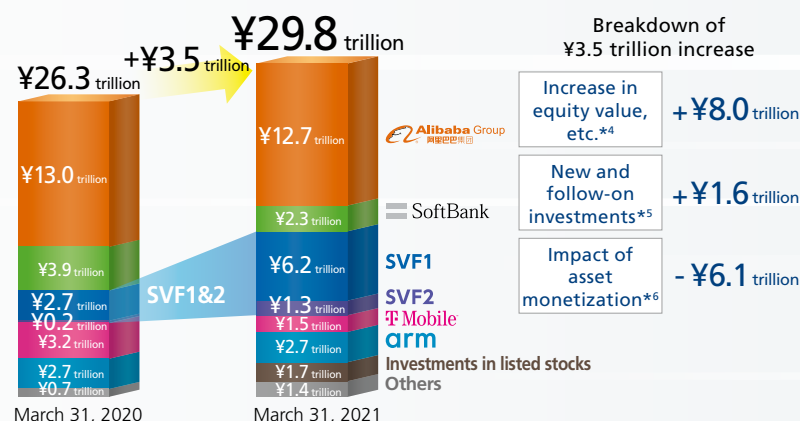
\*<sup>3</sup> See page 65 for the assumptions used in the calculation of net debt and equity value of holdings.

## SoftBank Vision Funds' breakthrough diversified our portfolio

The equity value of our holdings came in at ¥29.8 trillion as of March 31, 2021, up ¥3.5 trillion from the previous fiscal year-end, more than offsetting the decrease in value through the large-scale asset monetization. On top of this, we made progress in diversifying our asset holdings. The value of Alibaba, in which we invested more than 20 years ago, has represented a large portion of the value of our equity holdings. Investors have often pointed out that this proportion is too high. In fiscal 2020, due to the strong growth in the value of SoftBank Vision Funds' equity holdings, the relative proportion of Alibaba showed a year-over-year decline from 49% to 43% as of March 31, 2021, leading to the diversification of our portfolio.

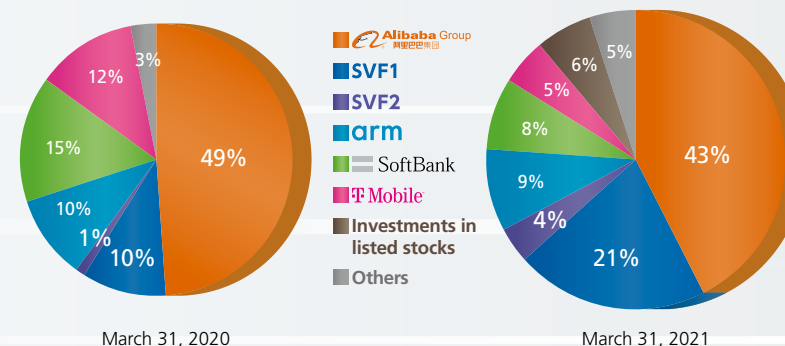
### Equity value of holdings grew despite the large scale monetization

Excluding asset-backed finance



### Further diversifying portfolio; Alibaba's proportion declined as the value of SoftBank Vision Funds increased

Excluding asset backed finance



\*<sup>4</sup> Increase in equity value, etc.:

Total change in the equity value from March 31, 2020, to March 31, 2021, less the amount of new and follow-on investments and monetization

\*<sup>5</sup> New and follow-on investments: Total amount of new and follow-on investments made by SBG and its subsidiaries in FY2020

\*<sup>6</sup> Impact of asset monetization: Includes impact of monetization of ¥5.6 trillion and an increase in other asset-backed finance (amendments to some of the contracts and others).

## Message from Our CFO

We hope the asset mix will further improve and move closer to an optimal shape as we continue to work on increasing the value of SoftBank Vision Funds.

The value of SoftBank Vision Funds has increased because many of their portfolio companies benefitted from the accelerated adoption of digital services in the wake of the pandemic. Another factor is the investment style of SoftBank Vision Funds. As they focus on investment in “unicorn” companies, the probability of success tends to be higher than start-ups due to the shorter time horizon until publicly listing, although the timing of public listing and its expected market value are unclear at the time of the investment. Having said that, to maximize investment performance, it is essential to have a system in place for investment decision-making, post-investment monitoring, and risk management, as well as a strong organization to support these activities and the ability to raise funds. We have experienced some difficulties in the past including significant drops in the valuation of some of our portfolio companies. Learning from these experiences, we are now working to create a mechanism that will enable us to generate recurring profits in our investment business.

### Replicating the growth of the investment businesses on an expanded scale while maintaining financial discipline

We have set our financial strategy for fiscal 2021 as “firmly keeping financial policy” and “financial management to enable reproduction at investment business on an expanded scale.” Our financial policy remains unchanged. In other words, we continue to adhere to the three key policies, as the cornerstone of our defense, of keeping LTV below 25% under normal circumstances, maintaining funds that cover at least two years of bond redemptions, and securing recurring distribution and dividend income from SoftBank Vision Funds and other subsidiaries.

With regard to the new policy of “financial management to enable reproduction at investment business on an expanded scale,” we will establish a cycle of investment and recovery and raise funds to capture attractive investment opportunities. We believe that having a system in place that enables the timely execution of a variety of financing methods using appropriate leverage while

### Financial strategy for FY2021

#### Establish optimal financial strategy as an investment company

##### Firmly keeping financial policy

- Manage LTV below 25% in normal times (upper threshold of 35% even in times of emergency)
- Maintain funds covering bond redemptions for at least the next 2 years
- Secure recurring distribution and dividend income from SoftBank Vision Funds and other subsidiaries

##### Financial management to enable reproduction at investment business on an expanded scale

- Establish a cycle of investment and recovery
- Procure funds to capture attractive investment opportunities

synchronizing it with business management will minimize the loss of investment opportunities and ultimately maximize our corporate value. As we establish this cycle, I expect the recovered funds from the various mature investment businesses to start contributing more than the funds supplied by the holding company. However, even if we can manage our investment funds without debt financing, we would still choose to add a moderate level of leverage to further reduce the loss of investment opportunities.

In fiscal 2021, we expect to communicate with various markets, as we will have major bond redemptions coming up and need to raise strategic funds to expand and reproduce our investments at a greater scale. I would like to use this as an opportunity to meet many investors and communicate our strengths and strategies to increase our corporate value and hope to broaden the investor base who will support us.

### Strengthening ESG perspectives throughout the Group

In fiscal 2020, to further strengthen ESG initiatives, we built an internal foundation and enhanced information disclosure. In June 2020, I was

## Message from Our CFO

appointed as Chief Sustainability Officer (CSusO), and we newly established the Sustainability Committee. Since then, we have gained a better understanding of the environmental, social, and governance initiatives that had been undertaken separately by each Group company, and begun establishing Group-wide policies and targets. In May 2021, to incorporate ESG perspectives into our investment process, we revised the Portfolio Company Governance and Investment Guidelines Policy. We made it clear that both opportunities and risks arising from environmental and social factors should be evaluated within the investment and monitoring process. Both the stock and bond markets evaluate us from various angles including ESG perspectives. In the same way, we believe that proactively encouraging our portfolio companies to take ESG initiatives will lead to an increase in the value of our assets over the medium to long term.

In particular, we have made significant progress in corporate governance. We newly established the Nominating & Compensation Committee and improved the gender diversity of the Board of Directors by appointing a female director. Also, in November 2020, we made a big step forward in strengthening the supervisory function of the Board of Directors by separating the management decision-making functions from the business execution functions, which also increased the ratio of External Board Directors to 44%. As of June 2021, External Board Directors now account for a majority of the Board as a result of our subsequent efforts to improve the effectiveness of governance.

We have been actively involved in contributing to the sustainable development and resilience of local communities. In fiscal 2020, in response to the COVID-19 pandemic we were among the first to procure and provide protective gear and antibody test kits to medical institutions and other places in need. In July 2020, we established a nonprofit PCR test center to support the prevention of the spread of the virus. In the future, we will continue to place importance on our ability to swiftly provide goods and services that are truly needed by society.

On the environmental front, our major subsidiaries have already taken proactive measures to fight climate change, such as expanding renewable energy businesses and setting targets for reducing greenhouse gas emissions. Against this backdrop,

we have reaffirmed that maintaining and preserving the global environment is the foundation of the Group's sustainability and growth, and in May 2021, we established the Environmental Policy as a Group policy. We will continue to monitor the progress of each Group company's initiatives, promote information disclosure, and reduce environmental burdens throughout the Group.

We are now at the stage of implementation to realize our ESG-related goals and policies. In addition to further enhancing nonfinancial information disclosure, we will strive to strengthen our ESG initiatives throughout the Group so that we can report our progress to investors as appropriate.

### Sustainability integration into investments

#### Initiatives made to date

- Under the corporate philosophy of "Information Revolution—Happiness for everyone," we have implemented environmentally and socially friendly investments and businesses.
- ESG assessment has also been conducted in the investment process of SoftBank Vision Funds.

Sector	Portfolio companies	Contribution
Transportation	GM Cruise <sup>(SVF1)</sup> DiDi <sup>(SVF1)</sup>	For reducing traffic accidents
Health Tech	Guardant Health <sup>(SVF1)</sup> Vir Biotechnology <sup>(SVF1)</sup> Seer <sup>(SVF2)</sup> Karius <sup>(SVF2)</sup>	For accelerating the development of new drugs, improving people's well-being through the prevention of diseases
Edtech	Zuoyebang Education <sup>(SVF1)</sup> Zhangmen Education <sup>(SVF2)</sup> VIPThink <sup>(SVF2)</sup>	For providing an educational environment to more people at a lower cost

#### FY2021

Integrating the Company's ESG approaches into the investment process

- Revised "Portfolio Company Governance and Investment Guidelines Policy" (May 2021).
- Evaluate opportunities and risks arising not only from a governance perspective but also from environment and social perspectives, and use the results for investment decisions and post-investment monitoring.



## Sustainability: Our Approach

### Sustainability Vision

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

“Information Revolution—Happiness for everyone.” Our corporate philosophy embodies our determination to make people happier, even to future generations 300 years from now. To enable people live in harmony with the planet, we will live up to our responsibility as a leader in the Information Revolution to realize a sustainable society.

### Sustainability principles

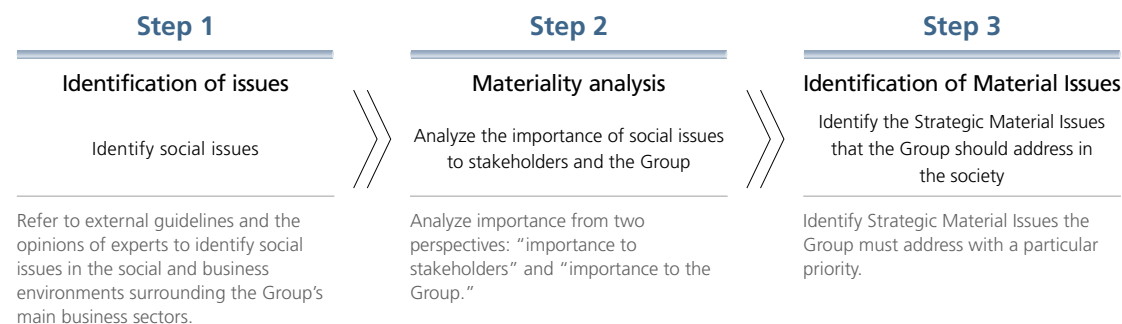
SBG sets SoftBank Group Sustainability Principles as a guideline for the Group to appropriately advance sustainability activities. Based on the principles, we have identified material issues (“Strategic Material Issues”) reflecting the business characteristics and social demands of each Group company. We have also defined six activity themes for the Group to promote its sustainability initiatives autonomously.

#### Six activity themes – our direction

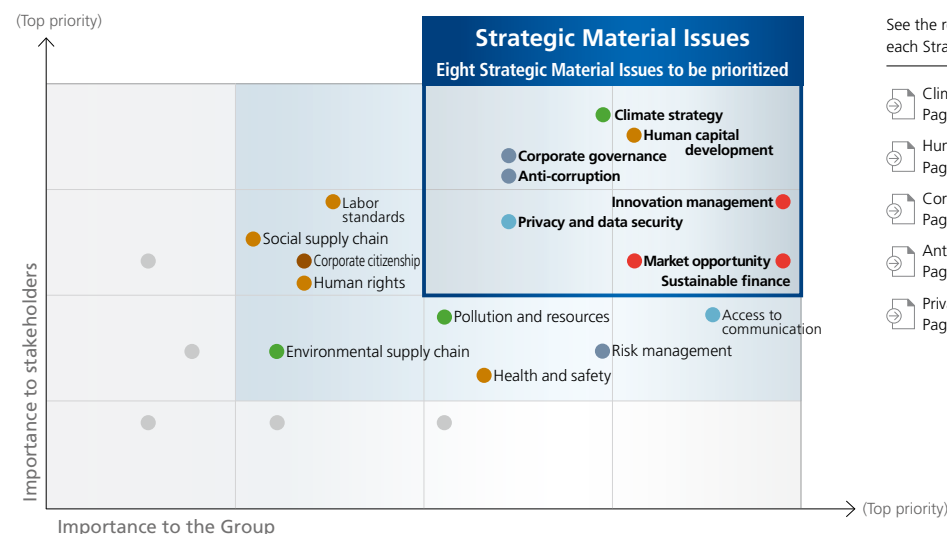
1. Drive sustainable growth and innovation in society by uniting wisdom and knowledge
2. Take responsibility by responding to emerging issues that come with technological advancement
3. Ensure the growth of the future generations and our business by creating higher quality employment for all
4. Leverage breakthrough technologies to resolve environmental issues, including energy problems
5. Demonstrate highly transparent governance and integrity to win further trust of our stakeholders
6. Maximize our potential as a group by joining forces with people around the world to make a positive impact on society

### Identifying material issues (“Strategic Material Issues”)

SBG classified issues to be addressed from two perspectives: the importance to stakeholders and to the Group. Among these issues, we identified eight key issues as Strategic Material Issues that should be addressed with priority. 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.



### Strategic Material Issues



See the respective pages for the each Strategic Material Issues

- Climate strategy  
Pages 32-35
- Human capital development  
Page 37
- Corporate governance  
Pages 42-51
- Anti-corruption  
Page 55
- Privacy and data security  
Page 51

Note: Colors indicate the six activity themes.

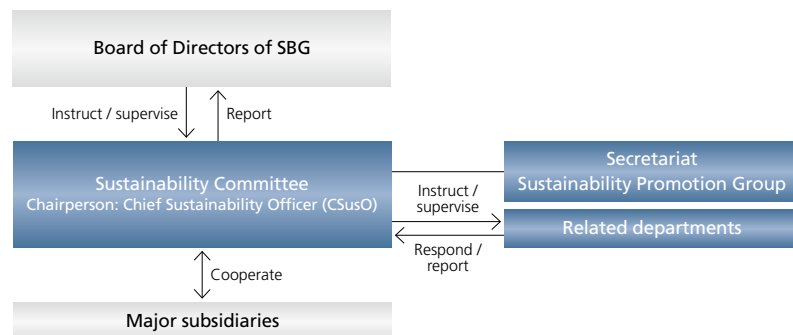
## Sustainability: Our Approach

### Sustainability governance structure

In promoting sustainability, SBG has appointed Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President and Chief Financial Officer (CFO), as its Chief Sustainability Officer (CSusO). Our aim is to achieve more competitive management by examining risks and opportunities from both financial and non-financial perspectives. We also established the Sustainability Committee, which is chaired by the CSusO and composed primarily of Corporate Officers as its members, to collaborate with related departments and major subsidiaries depending on the agenda. The Committee regularly discusses important ESG (Environmental, Social, and Governance) issues surrounding the Group and its promotion policies, by taking into account the requests from our stakeholders. The content of the discussions are reported to the Board of Directors.

During fiscal 2020, the Committee met in October 2020 and March 2021. Discussions covered future action policies regarding an active response to climate change; responsibility for human rights; responsibility for corporate transactions, including the supply chain and portfolio companies; the incorporation of ESG into the investment process; and other important issues for the Group.

### Sustainability governance structure





### Sustainability in investment activities

SBG believes that promoting the sustainability of the portfolio companies will lead to greater returns from investment activities. Based on this belief, we revised our “Portfolio Company Governance and Investment Guidelines Policy” in May 2021 to clarify that not only governance, but also environmental and social factors should be integrated into the selection of investments and the post-investment monitoring process. Similarly, we continue to examine ways of establishing best practices at the Company to ensure greater returns without sacrificing the speed of investment decision-making.

### Major external ESG evaluations\*<sup>1</sup>

The Group’s major sustainability-related evaluations are as follows.

#### Selection for ESG indices

Indices		Company names
<b>FTSE4Good Index Series</b>	 FTSE4Good	SBG SoftBank Z Holdings
<b>FTSE Blossom Japan Index</b>	 FTSE Blossom Japan	SBG SoftBank Z Holdings
<b>MSCI Japan Empowering Women Index (WIN)</b>	<b>2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</b>	SBG Z Holdings
<b>MSCI Japan ESG Select Leaders Index</b>	<b>2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</b>	SoftBank Z Holdings

\*<sup>1</sup> As of June 30, 2021

\*<sup>2</sup> THE INCLUSION OF SoftBank Group Corp. and Z Holdings 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. and Z Holdings 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.

\*<sup>3</sup> THE INCLUSION OF SoftBank Corp. and Z Holdings 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 Corp. and Z Holdings 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.

### External evaluations

SBG and SoftBank received an A- score in climate change from CDP, which evaluates corporate initiatives for the environment.

## Sustainability: Environment

# Global Environment Conservation Initiatives Looking to the Next 300 Years

We are actively addressing climate change and enhancing energy efficiency in order to maintain and preserve the global environment.

### Environmental Policy formulation

SBG formulated the Group's "Environmental Policy" in May 2021, under the recognition that maintaining and preserving the global environment serves as the foundation for the Group's sustainability and growth. In accordance with this policy, the Group engages in business activities in consideration of the global environment.

#### Key points in our Environmental Policy (summary)

- Comply with laws and regulations concerning environmental conservation
- Recognize the impacts and the associated risks and opportunities of climate change, and work to mitigate and adapt to climate change
- Strive to reduce environmental burdens by reducing greenhouse gas emissions, reducing energy and resource use, and establishing a procurement network that takes the natural environment into consideration
- Strive to prevent or reduce negative impacts on the environment and biodiversity
- Strive to disclose information on the environment and promote active communication with stakeholders

### Responding to climate change

The Group recognizes that addressing climate change is a global and urgent social issue and strives to reduce greenhouse gas emissions associated with our business activities. We are also actively engaged in addressing climate change throughout society in cooperation with our major subsidiaries and related organizations.

### Reducing greenhouse gas emissions

Each Group company has set a goal to reduce greenhouse gas emissions from its business activities and is working to achieve it.

#### Major subsidiaries' greenhouse gas reduction goals (excerpt)

<b>SoftBank</b>	Carbon-Neutral 2030 Declaration
<b>Z Holdings</b>	Announcement of the medium- and long-term environmental goals for the entire Z Holdings group during fiscal 2021
<b>Yahoo Japan</b>	100% conversion to renewable energy for the electricity used during fiscal 2023
<b>Arm</b>	Commitment to achieve Net-Zero Carbon by 2030

#### Carbon-Neutral 2030 Declaration **SoftBank**

In May 2021, SoftBank announced its "Carbon-Neutral 2030 Declaration" as its commitment to reducing its greenhouse gas emissions to virtually zero by 2030.

SoftBank purchases electricity from SB Power, a subsidiary operating the electricity retail business, and has converted 30%\*<sup>1</sup> of the electricity used at its mobile phone base stations to electricity from virtually renewable energy sources.\*<sup>2</sup> This ratio is planned to reach at least 50% in fiscal 2021 and 70% in fiscal 2022. SoftBank is also working to convert the source of electricity for other facilities and equipment to renewable energy. Moreover, SoftBank is contemplating direct procurement of electricity generated by SB Energy, an SBG subsidiary operating a renewable energy business. Along with transitioning to renewable energy, SoftBank aims to achieve carbon neutrality by 2030 by applying AI, IoT, and other cutting-edge technologies to save power consumption in its facilities and equipment.

\*1 Fiscal 2020

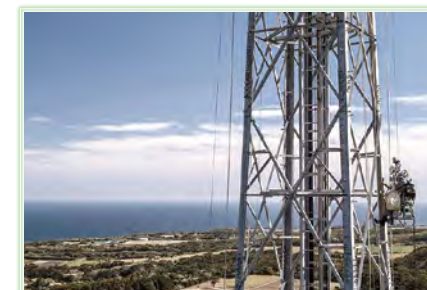
\*2 Electricity from virtually 100% renewable energy sources using non-fossil certificates with renewable energy designation



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



See the "ESG Data / External Evaluation" of the "Sustainability" section on our website for environment-related data.



SoftBank's mobile phone base station

### For early transition to 100% renewable energy **Z Holdings** **Yahoo Japan**

Z Holdings plans to announce the medium- and long-term environmental goals for the entire group during fiscal 2021.

Yahoo Japan, a major subsidiary of Z Holdings, declared the “FY2023 100% Renewable Energy Challenge” in January 2021. While many companies aim to transition to 100% renewable energy for the electricity used in their business activities over 20 to 30 years, Yahoo Japan is undertaking this challenge in the short period of approximately three years.

### Arm commits to achieve Net-Zero Carbon by 2030 **Arm**

Arm has declared its commitment to achieving net-zero carbon emissions\*<sup>3</sup> in its operations by 2030. Arm is seeking to achieve absolute reductions wherever possible in direct and indirect greenhouse gas emissions to achieve this goal before we consider investments in offsetting initiatives.

As part of this, Arm is strategically promoting the use of renewable electricity, and has committed to the use of 100% renewable electricity across the Arm estate by 2023. As of March 31, 2021, over 70% of electricity consumption from the Arm global estate was from renewable energy, including the headquarters office in Cambridge, U.K.



Arm headquarters office in Cambridge, U.K.

## Investment activity initiatives

### Climate change investor framework membership and investment case study **SBIA**

SBIA, which manages SVF1 and SVF2, joined the Climate Change Framework One Planet\*<sup>4</sup> as founding members of the Private Equity working group in November 2020. Through its membership in this initiative, SBIA is looking to support efforts to advance the understanding of climate related risks and opportunities within investment portfolios.

SBIA has made a number of investments which are having a positive impact on climate change. These include Tier Mobility (SVF2), a fully carbon-neutral sharing mobility service, Energy Vault (SVF1), a creator of long-duration renewable energy storage solutions, and GM Cruise (SVF1), a developer of zero-emission electric self-driving cars.



Electricity scooter mobility service provided by Tier Mobility

## Promoting decarbonization through collaboration

### Participation in Japan Climate Initiative **SBG** **SB Energy**

SBG and SB Energy have participated in the Japan Climate Initiative (JCI)\*<sup>5</sup> since its foundation in 2018. Both companies exchange opinions with companies, local governments, and nongovernmental organizations that actively take measures to fight climate change, and apply the JCI's activities in the Group's overall efforts to decarbonize. In addition, by endorsing JCI's announcements (declarations, public comments, and opinion ads), we stress the urgency of climate action to society.

**JAPAN  
CLIMATE  
INITIATIVE**

### Endorsed JCI announcements

<b>October 2018</b>	Japan Climate Action Summit Declaration
<b>May 2019</b>	A statement of “Japan needs an ambitious long-term strategy to show Japan’s decarbonization leadership to the world”
<b>January 2021</b>	Renewable energy target of 40–50% by 2030

\*<sup>3</sup> To reduce absolute greenhouse gas emissions including carbon dioxide in line with a 1.5°C temperature pathway, and balance any residual emissions with carbon sequestration offsets.



\*<sup>4</sup> See the official website for details of the Climate Change Framework One Planet.



\*<sup>5</sup> The JCI was formed to strengthen the communication and exchange of information and opinions by companies, local authorities, and NGOs that are actively fighting climate change. Together with CDP Japan and WWF Japan, the Renewable Energy Institute, founded by Masayoshi Son, serves as the secretariat. See the official website for details.



### Collaboration with renewable energy-related initiatives SBG

In 2011, SBG, together with local governments, established Renewable Energy Council\*<sup>6</sup> and Government-Designated Cities Renewable Energy Council.\*<sup>7</sup> Led by 34 prefectures throughout Japan and the local governments of 20 cities, these two alliances share information to promote the wider use of renewable energies and make policy recommendations to the Japanese government. As their secretariat, SBG is involved in the administration of both alliances as a neutral party.

### Initiatives for enhanced energy efficiency

The efficient and sustainable use of energy and resources is critical for environmental conservation. The Group engages in reducing the use of energy and resources in its business activities and developing and providing products and services that contribute to improved energy efficiency.

### Business activity initiatives

#### Energy-saving measures at new head office building SBG others

Along with SoftBank and other Group companies, SBG relocated its headquarters to the Tokyo Portcity Takeshiba Office Tower in 2020-2021. As a cutting-edge smart building, the new office building employs LED lighting that uses motion sensors to automatically adjust brightness, automatically operated blinds, and other energy-saving technologies.



New Head Office Building: Tokyo Portcity Takeshiba Office Tower

### Product development-based initiatives

#### Next-generation lithium-ion battery development SoftBank

Since 2018, SoftBank has worked with multiple research institutes including NIMS,\*<sup>8</sup> universities, manufacturers, and other companies in an effort to research and develop battery material technologies and to exchange information on such. Having advanced the development of a large capacity yet lightweight lithium-ion battery with a high specific energy density, in March 2021, together with U.S.-based Enpower Greentech, we successfully produced a prototype battery with a specific energy density of 450 Wh/kg, approximately twice that of existing models.



Lithium-ion battery (prototype) jointly developed by SoftBank and Enpower Greentech

In addition, SoftBank established the SoftBank Next-generation Battery Lab in June 2021. This lab evaluates and verifies a variety of next-generation batteries from around the world with the aim to become a platform for advancing the development of next-generation batteries by promoting research and development and early commercialization going forward.

### Initiatives to enhance employee awareness

The Group has clearly stated the following environmental considerations in the SoftBank Group Code of Conduct and works to ensure that all the Group employees are fully aware of them through training and other measures to promote a greater understanding.

- Strive to provide innovative solutions that have a positive impact on the environment and society.
- Lead globally and act locally to reduce and improve our impact on the environment.
- Conduct our business activities with consideration for the global environment and the effective utilization of limited natural resources.

The Group also encourages employees to consider the environment as part of regular business and requires them to control and reduce greenhouse gas emissions and to consider environmental protection when handling industrial waste.



\*<sup>6</sup> Renewable Energy Council works together with local governments from 34 prefectures and corporations throughout Japan. See the official website for details (available only in Japanese).



\*<sup>7</sup> Government-Designated Cities Renewable Energy Council works together with local governments from 20 cities and corporations throughout Japan. See the official website for details (available only in Japanese).

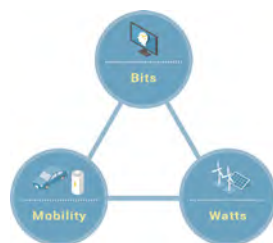
\*<sup>8</sup> National Institute for Materials Science

# SB Energy Toward a decarbonized society through widespread use of renewable energy

SB Energy, which promotes renewable energy businesses in Japan and overseas, aims to decarbonize the Group and society by further expanding the use of renewable energy.

## Promoting widespread use of renewable energy through three businesses of Watts, Bits, and Mobility

Engaged in the renewable energy-based power generation business (Watts) since its establishment in 2011, SB Energy has expanded its scale to boast one of the largest power generation capacities in Japan today. More recently, SB Energy has been working to provide total solutions, from power generation to power use, based on renewable energy. This move includes expansion of its business domains to include an energy platform building business (Bits) that combines AI, IoT, and renewable energy, and a services business (Mobility) that combines power storage systems and renewable energy. Going forward, SB Energy will utilize its advantages afforded by developing, owning, and operating renewable energy power plants as the upstream side with the aim of creating new businesses that take a bird's-eye view of midstream and downstream power application.



## Watts: Renewable energy generation and supply in Japan and abroad

Ever since the domestic launch of its first solar power plant operations in 2012, SB Energy has continued to drive the renewable energy-based power generation business in Japan and abroad. Today, SB Energy operates 48 power plants\* in Japan with a total generation capacity of 671MW,\* equivalent to the annual power consumption of approximately 216,000 standard households in Japan. Outside Japan, SB Energy has secured 326,000ha\* of land in Mongolia and obtained approximately 50MW\* of generation capacity. In addition to conventional large-scale power plants, SB Energy has also expanded into new businesses that directly supply power from small-scale power plants to businesses.

## Bits: Stable power supply utilizing AI and IoT

Stabilizing the supply-demand balance is a particularly critical challenge for renewable energy, where the amount of power supply is easily affected by weather. SB Energy is working to ensure a stable supply of electricity derived from renewable energy sources by adjusting the power supply-demand balance through the integration of AI, IoT, and other technologies with its energy business.

\* As of March 31, 2021

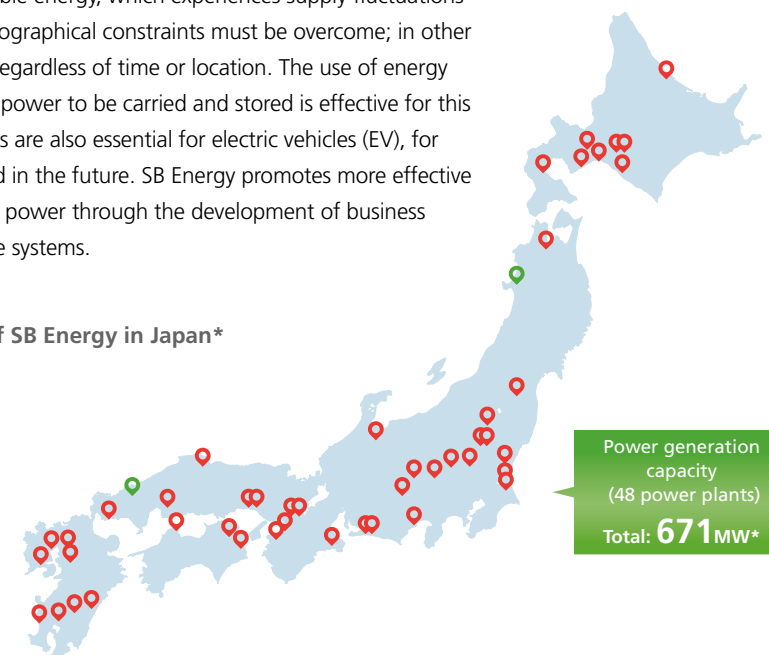
## Mobility: Enabling power usage at any time and place through storage systems

In order to effectively use renewable energy, which experiences supply fluctuations due to weather, temporal and geographical constraints must be overcome; in other words, power must be available regardless of time or location. The use of energy storage technologies that enable power to be carried and stored is effective for this purpose. Superior storage systems are also essential for electric vehicles (EV), for which widespread use is expected in the future. SB Energy promotes more effective use of renewable energy-sourced power through the development of business models that utilize energy storage systems.

## Renewable energy projects of SB Energy in Japan\*

- Solar power plant
- Wind power plant

Annual power consumption of  
**216,000**  
standard households



Power generation capacity  
(48 power plants)  
Total: **671MW\***

## Sustainability: Society

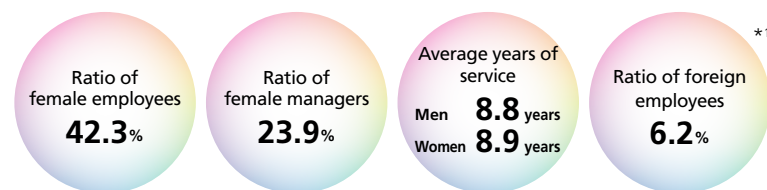
# Our Social Efforts as a Leader in the Information Revolution

As a leader in the Information Revolution, we will fulfill our responsibilities to society by contributing to the resolution of social issues that have emerged as a result of the development of information technology and the advance of globalization. We will also contribute to the creation of an environment where all people are respected and can take on challenges in their own way.

### Promoting diversity and inclusion

#### Creating a workplace that embraces diversity **SBG**

SBG believes the driving force for the growth of the entire Group is each employee being able to fully express his or her individuality and abilities. By advancing the hiring and promotion to management positions of individuals regardless of their gender or nationality, we are creating a workplace rich in diversity where female employees and employees of different nationalities can play an active role.



#### Creating employment and workplace where people with disabilities can play an active role **SBG**

SBG makes no distinction between potential employees in the hiring process or after they join the Company and aims to create a positive working environment for everyone so that each employee, regardless of disability, can work to the best of his or her capabilities.

#### Promoting the understanding of foreign employees and sexual minorities such as LGBTQ **SoftBank**

SoftBank conducts educational activities through training sessions and internal events, including the Diversity Week program, to promote understanding among employees who work together. By continuing these activities in

parallel with developing its internal systems, SoftBank is working toward the creation of a more comfortable working environment for everyone.

### Promoting flexible work styles

SBG respects the fundamental rights of its employees while striving to ensure equal opportunities as well as occupational safety and good health. With the goal of achieving our vision of “becoming a corporate group needed most by people around the world,” we are working to create an environment in which all Group employees can maximize their capabilities.

#### Work-style reform **SBG**

SBG respects the work-life balance of its employees and has established various systems to ensure the balance. We also take various measures to reduce long working hours, including the use of technologies.

#### Examples of measures to promote work-style reform

- Company-wide introduction of Work from Home
- Company-wide introduction of the super flextime system<sup>\*2</sup>
- Attendance management linked to the office entry-exit management system using facial recognition
- Periodic delivery of attendance alert e-mails using an RPA<sup>\*3</sup> system (understanding of the attendance registration status, long-working-hour alerts based on a predictive simulation of working hours, and encouragement of taking annual leave)
- Promotion of “Premium Friday”<sup>\*4</sup>



See the “ESG Data / External Evaluation” of the “Sustainability” section on our website for data related to human resources and diversity.

<sup>\*1</sup> Ratios and years are as of March 31, 2021.

<sup>\*2</sup> Flextime system with no core work hours

<sup>\*3</sup> RPA stands for robotic process automation, a technology that automates business processes and tasks carried out on computers previously performed by humans.

<sup>\*4</sup> A private-public initiative aimed at revitalizing consumption and changing lifestyles by moving the end of the workday forward on the last Friday of each month.

### Creating a workplace environment where employees can work in good health

SBG is working to identify and reduce occupational health and safety risks in order to maintain a workplace environment where all employees can work in good physical and mental health.

#### Identifying and addressing labor risks SBG

To prevent the occurrence of occupational accidents and ensure compliance with established labor practices, SBG conducts labor risk assessments, which include regular employee stress checks, monitoring and forecasting of long working hours, and checks for harassment as part of employee satisfaction surveys. As part of its effort to optimize working hours for employees, we also simulate monthly and annual working hours for individual employees by using an attendance tracking system, take action in response to employees expected to work long hours, and continuously report working hours to management.

#### Safety measures in the event of an emergency, including a pandemic SBG

SBG has systems in place to ensure the safety of employees whenever an emergency strikes, including natural disasters such as an earthquake or a typhoon and pandemics. With the government declaring a state of emergency in response to the spread of COVID-19 in April 2020, we required all employees in principle to work from home. Further showing our commitment to creating an environment in which employees can work with peace of mind, we introduced measures designed to prevent the spread of the virus in August 2020, including periodic saliva PCR tests and a temperature-sensing entry system. With an eye toward ongoing changes in how our employees work, we are promoting the development of an office automation system allowing work at any time or place, the use of cloud computing for systems and information, and enhanced security measures.



Facial-recognition entry-exit system with a temperature-sensing function

### Human resources strategy

SBG expects each of its employees to be a professional and strive to excel in his or her field. In our hiring and career development activities, we are looking for people who share our vision unwavering since our founding, who thrive on change, and who can continually improve themselves.

#### Hiring professionals SBG

SBG hires professionals based on the “Three Core Competencies” – Smart, Professionalism, and Relation. Our basic policy is to hire the best person for the position regardless of age, gender, nationality, and other factors and we are committed to a more diverse workforce.

“Three core competencies” we seek in our employees:



#### Self-driven career development SBG

SBG has established a system for self-driven career development so that each employee can enhance his or her “three core competencies” aforementioned. We provide internal education and training services, including English conversation courses, and also allocate education budgets to each department so that employees can independently select and attend external training programs of their choice. We have also established a dual-employment system, under which employees may engage in a second job to promote personal growth through diverse experiences, and support employees in the realization of their career goals.



See page 51 for details on information security.



### Respect for human rights

Under the corporate philosophy of “Information Revolution—Happiness for everyone,” SBG aims to properly develop and improve the power of the Information Revolution toward happiness for humanity.

Accordingly, we recognize the importance of respecting human rights for all people in every aspect of our corporate activities. With this in mind, we have established our Human Rights Policy, which stipulates basic matters pertaining to human rights. We periodically update this policy to conform to changing social priorities.

### Human rights promotion structure

Initiatives related to the protection and promotion of human rights require cross-departmental collaboration. SBG has accordingly established a system in which specialized teams in various fields, including human resources, compliance, risk management, and sustainability, work together to take appropriate actions. The Group companies have also established a system to stimulate internal communication regarding human rights, so that human rights risks specific to each business domain can be identified and appropriately responded to.

### Improving awareness of human rights

In order to disseminate our Human Rights Policy to executives and employees and raise awareness of human rights, SBG conducts ongoing education and enlightenment through training and other programs. We also hold periodic roundtable discussions between the human resources department and employees with the goal of creating a better human resources system and a stronger corporate organization. In addition, we require our external stakeholders, including investees and business partners, to act in compliance with all laws and regulations related to human rights.

### Human Rights Policy

SBG has established its Human Rights Policy that acts as the minimum standard with which all officers and employees of the Group must comply. The policy mainly calls for respecting the human rights of all stakeholders, treating them with dignity and respect, always complying with laws and regulations, and acting with the utmost respect for international human rights principles. The policy also strictly forbids discrimination, harassment, forced labor, and child labor.



See our website for the full text of our Human Rights Policy.

#### Key points in our Human Rights Policy (summary)

- We support the international standards regarding human rights such as the International Bill of Human Rights, while promoting group-wide measures to respect human rights.
- We will comply with human rights laws and regulations and respect international human rights principles to the fullest extent possible.
- We will not engage in any acts of discrimination, directly or indirectly, on the basis of characteristics that define an individual's identity.
- We will not engage in harassment of any kind.
- We will not engage in any human rights violations or illegal activities, including forced labor, child labor, slave labor, or human trafficking.
- We will strive to maintain a safe, sanitary, and healthy working environment.
- We will respect fundamental labor rights.
- We will strive to pay competitive, above-living-wage monetary compensation and benefits.
- We will identify human rights risks and work to reduce them.

SBG will continue to raise awareness of human rights and work to ensure respect for human rights throughout the Group.

## Contributing to local communities and society

### Using *Pepper* to support next-generation education SBG

SBG launched the “Pepper Social Contribution Program” using the humanoid robot *Pepper* in order to help resolve social issues and support programming education for elementary and junior high school students. Support for next-generation educational activities using *Pepper* is not limited to Japan, but is also being implemented in countries around the world, including the U.S., Canada, and China.



Elementary and junior high school students participating in the program

### Leveraging the Group's strengths to support disaster relief and reconstruction efforts The Group

As a corporate group based in Japan, which is prone to earthquakes and other natural disasters, the Group is actively and continuously providing support to affected areas.

The year 2021 marks the 10th anniversary of the Great East Japan Earthquake, and we remain engaged in a wide range of activities to support the people in the areas impacted by that disaster. The Group will continue to provide assistance to the affected areas.

#### Major reconstruction support activities following the Great East Japan Earthquake

- Recovery activities immediately after the disaster
- Lending mobile phones and satellite phones to people in the affected areas free of charge
- Supporting the resolution of local issues by setting up support stations in the affected areas
- Using online services to raise funds and gather/disseminate information
- Support for fostering the next generation and creating businesses for the future of the affected areas

## Supporting founders

### Accelerator to support underrepresented founders

#### Emerge accelerator program

SBIA launched Emerge, an accelerator to support and invest in underrepresented founders with the aim of creating a more equitable Tech and VC ecosystem. In addition to workshops, mentoring, and other interactive sessions with the Group's executives, Emerge helps connect businesses with investors through showcase events.

#### First Emerge cohort (from March to May 2020)\*<sup>5</sup>

##### Program highlights

Mentors: 40  
Accelerator curriculum (hours): 80  
Investors attended the showcase: 150+

##### Founder demographic

Female: 9  
Black: 8  
Latinx: 2

### Investment fund to support underrepresented founders in the U.S.

#### SB Opportunity Fund

The Group aims to address systemic racism and create a more diverse and inclusive society. As part of our efforts to achieve this aim, we established the \$100 million SB Opportunity Fund to invest in businesses led by underrepresented founders\*<sup>6</sup> in the U.S. Through this fund, we have invested in 54 companies.\*<sup>7</sup> The fund intends to reinvest a major portion of profits into new investments in companies led by founders of color.



Founders of fund portfolio companies (partial)

\*<sup>5</sup> Our second Emerge cohort was launched in Europe in June 2021.

\*<sup>6</sup> African-American, Latinx, and Native-American founders.

\*<sup>7</sup> As of June 30, 2021



SoftBank special website for reconstruction support from the Great East Japan Earthquake (available only in Japanese)



Website for the joint project of Yahoo! Japan and LINE “The Power to Overcome: 10 Years After the Great East Japan Earthquake” (available only in Japanese)



See the official website for details of the “SB Opportunity Fund.”

# Sustainability: Our Response to COVID-19

## Addressing the Changing Situation of the Pandemic

In response to COVID-19, SBG is offering a range of support and initiatives in line with changing situations. These include the provision of supplies to medical personnel and the establishment of a PCR testing center. In addition, each Group company is leveraging its business characteristics and particular strengths to address social issues arising from the pandemic.

### From April 2020 to March 2021

#### Supplying personal protective equipment SBG

With the goal of eliminating the shortage of personal protective equipment (PPE) brought on by the spread of COVID-19, SBG quickly procured PPE leveraging our network, and provided to the national government, local governments, medical institutions, and private companies for no profit.

#### Supplies provided (cumulative through to March 31, 2021)

- Masks: approx. 350 million units
- Face shields: approx. 410,000 units
- Gowns: approx. 10 million units
- Protective clothing: approx. 1 million units
- Nitrile rubber gloves: approx. 2 million units
- Goggles: approx. 85,000 units

### From May 2020 to present

#### Providing antibody testing kits SBG

We have provided approximately 330,000\*<sup>1</sup> testing kits free of charge to medical institutions so that the state of the infection in Japan could be quickly assessed. By supplying these kits, we contributed to the understanding of the infection status particularly of healthcare workers. Moreover, the disclosure of results served to understand the infection situation in Japan and the study of countermeasures to the pandemic.



Distributing antibody testing kits

### From July 2020 to present

#### Establishing and operating PCR testing facilities SBG

SBG established Coronavirus Inspection Center\*<sup>2</sup> in July 2020 to provide safe, high-quality saliva PCR tests to local governments and private companies affordably at actual cost price. SBG also began offering saliva PCR testing services to individuals in February 2021 using HELPO, a healthcare app provided by a SoftBank group company, HEALTHCARE TECHNOLOGIES, allowing individuals to easily apply for the test online.

In June 2021, we also started offering genome analysis of COVID-19 variants at the testing facility in Chiba Prefecture. With this new capacity, we aim to contribute to Japan's central government and local governments in understanding infection routes and to the development of vaccines by pharmaceutical companies.

### From June 2021 to present

#### Establishing large-scale vaccination sites SBG

SBG established a large-scale vaccination site at *WeWork Nogizaka* and began the vaccination of healthcare workers, Group employees, shop staff and call center staff in June 2021.

By expanding the number of vaccination sites including SBG's Takeshiba Headquarters and *FUKUOKA PayPay Dome*, plans are in place to vaccinate approx. 250,000 people, including local residents.



Vaccination site at WeWork Nogizaka

\*<sup>1</sup> Cumulative through June 30, 2021



\*<sup>2</sup> The company name was changed to SB Coronavirus Inspection Center in January 2021. See its official website for details (available only in Japanese).

Approx.  
**1.7 million**  
PCR tests to date  
(as of June 30, 2021)

## Sustainability: Our Response to COVID-19

### Ensuring fast delivery of accurate and reliable information

**Yahoo Japan** **Agoop**

Given the uncertainty and unpredictable nature of the situation surrounding the pandemic, accurate and reliable information plays an important role in maintaining social infrastructure. Yahoo Japan and Agoop are aggregating and disseminating information that demonstrates the power of information technology. Such initiatives actively contribute to the rational choice of action and countermeasures to prevent the spread of the virus.

#### Information services and functions being provided (excerpt)\*3

##### Yahoo Japan\*4

- *Yahoo! News*: Release of a summary on new COVID-19 cases
- *Yahoo! MAP*: Provision of a live map showing particularly crowded areas and COVID-19 vaccination map
- *Yahoo! JAPAN* app: Added function allowing the user to receive up-to-date information from local governments

##### Agoop

- An analysis of changes in the flow of people amid the spread of COVID-19 is available for free on a special website.



Yahoo! MAP: Live map showing particularly crowded areas.

Map data © Mapbox © OpenStreetMap © Zenrin Co., Ltd. © Yahoo Japan

### Deferment of fee payment and support for online learning **SoftBank**

In addition to enforcing infection prevention measures at stores and other locations, SoftBank is extending the payment deadlines for customers finding it difficult to pay their communications bills due to the pandemic. Furthermore, in order to support the learning environment of students forced to take online classes due to COVID-19, the company offered free of charge up to 50GB of additional data for customers age 25 or younger.\*5 It also provided at no charge the "Smart Coach" online lesson service to schools that were temporarily shuttered.\*6

### Initiatives in collaboration with SVF1 portfolio companies **SVF1**

Working together, SoftBank Vision Funds companies aim to amplify one another's strengths and accomplish more than they could on their own. In 2020, many companies in the SoftBank Vision Funds ecosystem mobilized in response to the social COVID-19 pandemic issue\*7. Below are three examples of where SVF1 portfolio companies have joined forces to create even greater impact.



In the U.S., REEF Technology and Uber are partnering to deliver needed goods to consumers. REEF converted parking lots into fulfillment centers and launched its online "Stock-Up Mart" on UberEats' technology platform. UberEats manages last-mile delivery of goods to consumers.



Grab, Tokopedia, and OVO jointly contributed IDR1 billion to Indonesia's Taskforce for Accelerating Handling of COVID-19. The funds were used to purchase staple foods, which were distributed by Grab's motorcycle taxis.



In the U.S., Flexport and Clutter are working together to move PPE to the frontlines. Flexport is handling shipping and Clutter is providing storage facilities and delivering this protective gear to healthcare workers.

\*3 As of April 30, 2021

\*4 Provided only in Japan

\*5 From April 3, 2020, to August 31, 2020

\*6 From March 9, 2020, to June 30, 2020



\*7 See "Response to COVID-19" on our website for more details of initiatives by SVF1 portfolio companies.



## Sustainability: Governance

# Ensuring Effective Governance Is Vital to Realize Our Vision

See “Corporate Governance” on our website for the latest information.

Based on SBG’s Corporate Governance Report filed with the Tokyo Stock Exchange on June 25, 2021.

### 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.” The Company aims to be a provider of essential technologies and services to people around the world while maximizing its corporate value. SBG recognizes that it is vital to maintain effective corporate governance to realize this vision. We continue to strengthen governance by formulating the charter and

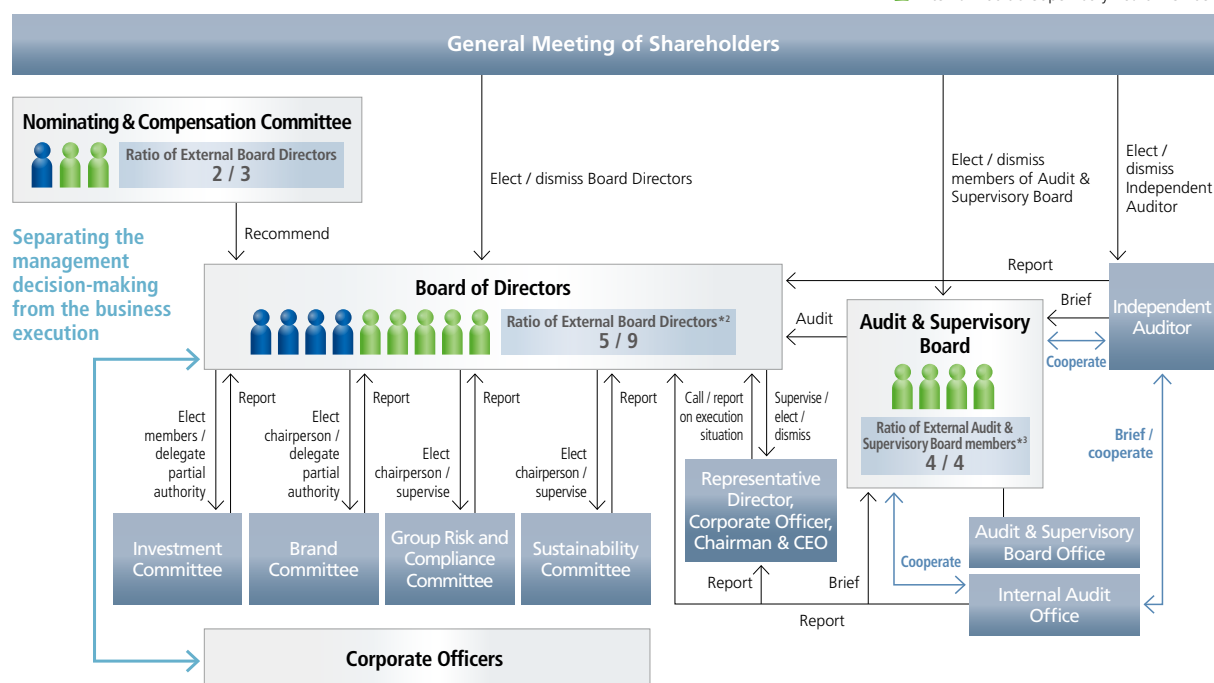
regulations; the SoftBank Group Charter to share the Group’s fundamental concept and corporate philosophy, the Group Company Management Regulations of the SoftBank Group to set out the management policy and management framework for the Group companies, and the SoftBank Group Code of Conduct to be complied by the Company and its Board Directors and employees.

### SBG’s path to strengthening governance

- 1994 Registered as an OTC stock with the Japan Securities Dealers Association (1998 Listed on the First Section of the Tokyo Stock Exchange)
- 1995 Appointed the first foreign national Board Director
- 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)  
Started livestreaming of earnings results briefings
- 2003 Started livestreaming of the General Meeting of Shareholders
- 2006 Companies Act 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 from two to four; 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

\*1 Chief Risk Officer

### Corporate governance system



\*2 Of the five External Board Directors, four are designated as Independent Officers.

\*3 Of the four External Audit & Supervisory Board members, three are designated as Independent Officers.

### Approach and policies on Group management

SBG is working to increase NAV (Net Asset Value) while building a corporate group that engages in a wide range of businesses in the information and technology sectors through direct investment (including investments made through subsidiaries), including that in Group companies such as SoftBank, Arm, and Alibaba, and investments in investment funds such as SVF1 and SVF2. In this process, each portfolio company will seek self-sustained growth, while SBG, as a strategic investment holding company, will support each portfolio company in its increase of corporate value by promoting collaboration among the portfolio companies by leveraging the Group network.

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

#### Portfolio Company Governance and Investment Guidelines Policy

In January 2020, SBG formulated its Portfolio Company Governance and Investment Guidelines Policy to clarify the standards related to the corporate governance of portfolio companies that should be considered when SBG and its subsidiaries\*<sup>4</sup> consider an investment. This policy covers a wide range of important corporate governance issues such as a portfolio company's board composition, founder and management rights, rights of shareholders (including matters on super-voting shares), and mitigation of potential conflicts of interest. The policy sets forth general principles and allows for each investing entity to exercise discretion with certain limitations. Each investing entity is required to monitor the corporate governance of each portfolio company and regularly report the results to SBG. Annual assessments of compliance with this policy were reported to SBG's Board of Directors in January 2021. Moreover, in May 2021 SBG revised this policy to go beyond corporate governance to include environmental and social items with respect to a series of processes from investment screening through post-investment monitoring to annual assessment.

\*<sup>4</sup> Includes SVF1 and investment subsidiaries managed by subsidiaries of SBG.

### Board of Directors

SBG's Board of Directors is composed of members with a wealth of knowledge and experience in business management and a global perspective, and is not limited by nationality, ethnicity, gender, or age. The maximum number of Board Directors is set at 11\*<sup>5</sup> under the Articles of Incorporation. As of June 23, 2021, the Board of Directors consisted of nine members (five of whom are External Board Directors) and includes two foreign nationals and one woman.

Agenda items for discussion at Board 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, loans, and borrowings that exceed a certain amount. In addition, Special Directors are put in place for the purpose of prompt decision-making 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.

\*<sup>5</sup> The maximum number of Board Directors was changed from 15 to 11 as resolved at the 41st Annual General Meeting of Shareholders on June 23, 2021.

### Summary of results of the Board of Directors evaluation

From November 2020 to April 2021, SBG evaluated the overall effectiveness of the Board of Directors in the following manner.

Subjects	All Board Directors (Executive Board Directors and External Board Directors) and Audit & Supervisory Board members
Evaluation method	An independent organization was employed to conduct questionnaires and interviews with subjects including the composition and operation of the Board and its support systems
Evaluation results	Confirmed the overall efficacy of the Board
Comments from the evaluators	<ul style="list-style-type: none"><li>● Important matters to be fulfilled by the Board of Directors: Discuss management strategy and planning; establish and supervise internal control systems; supervise conflicts of interest; and manage and supervise Group companies and portfolio companies</li><li>● Matters to be further strengthened by the Board of Directors:<ul style="list-style-type: none"><li>· Enhanced reports for the entire Group status (such as risk status) and means of supervising conflicts of interest</li><li>· Improvement of Board of Directors' meeting materials (including enrichment of information necessary for considering and discussing the agenda)</li><li>· Necessity of ensuring the effectiveness of oversight related to the nomination and remuneration of Board Directors and senior management within the Nominating &amp; Compensation Committee</li></ul></li></ul>

## Skill matrix of Board Directors and Audit & Supervisory Board members

SBG believes it is important for Board Directors and Audit & Supervisory Board members who participate in the Board of Directors to have a wide range of viewpoints and experience, as well as a high level of expertise, to ensure the Board maintains diversity and engages in active discussions and decision-making. As of June 23, 2021, the skill matrix (skill set desired 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	Diversity
Board Director	Masayoshi Son	✓	✓			✓		
	Yoshimitsu Goto	✓	✓	✓				
	Ken Miyauchi	✓	✓			✓		
	Kentaro Kawabe	✓	✓			✓		
	Masami Iijima	✓	✓		✓			
	Yutaka Matsuo		✓			✓	✓	
	Lip-Bu Tan	✓				✓		✓
	Keiko Erikawa	✓				✓		✓
	Kenneth A. Siegel		✓		✓			✓
Audit & Supervisory Board member	Maurice Atsushi Toyama		✓	✓				
	Yuji Nakata		✓		✓			
	Soichiro Uno		✓		✓			
	Keiichi Otsuka		✓	✓				

## Board Directors As of June 23, 2021 (Numbers of shares held are as of March 31, 2021)

Representative Director, Corporate Officer, Chairman & CEO

Sep 1981 Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO  
 Jan 1996 President & CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)  
 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.)

### Masayoshi Son

Jun 2015 Director, Yahoo Japan Corporation (currently Z Holdings Corporation)  
 Sep 2016 Chairman and Executive Director, ARM Holdings plc  
 Jun 2017 Chairman & CEO, SoftBank Group Corp.  
 Mar 2018 Chairman and Director, Arm Limited (to present)  
 Nov 2020 Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)  
 Apr 2021 Board Director, Founder, SoftBank Corp. (to present)

Number of shares held in SBG:  
460,161 thousand shares



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

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.)  
 Oct 2000 Head of Finance Department, SoftBank Corp. (currently SoftBank Group Corp.)  
 Apr 2006 Director, Vodafone K.K. (currently SoftBank Corp.)  
 Jul 2012 Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)  
 Oct 2013 President & CEO and acting owner, Fukuoka SoftBank HAWKS Corp. (to present)

### Yoshimitsu Goto

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. (to present)

Number of shares held in SBG:  
1,078 thousand shares

\*CISO: Chief Information Security Officer \*CSusO: Chief Sustainability Officer



Board Director

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 2012 Director, Yahoo Japan Corporation (currently Z Holdings Corporation)  
 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 Chairman, SoftBank Corp. (to present)

Number of shares held in SBG:  
2,532 thousand shares



Board Director

Dec 1996 Director, Dennotai Corporation  
 Sep 1999 CEO, Dennotai Corporation  
 Aug 2000 Joined Yahoo Japan Corporation (currently Z Holdings Corporation)  
 May 2009 Representative Director, GyaO Corporation (currently GYAO Corporation)  
 Apr 2012 Corporate Officer, Chief Operating Officer, President of Media Business Group, Yahoo Japan Corporation (currently Z Holdings Corporation)  
 Jun 2018 President and Representative Director, President Corporate Officer, CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)  
 Sep 2018 Board Director, SoftBank Corp. (to present)  
 Oct 2019 President and Representative Director, President Corporate Officer, CEO, Yahoo Japan Corporation (to present)  
 Jan 2020 Executive Director, ZOZO, Inc. (to present)  
 Mar 2021 President and Representative Director, Co-CEO, Z Holdings Corporation (to present)  
 Jun 2021 Board Director, SoftBank Group Corp. (to present)

Number of shares held in SBG:  
0.2 thousand shares



## Independence standards and qualifications for External Board Directors

SBG elects Independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board elects Independent External Board Director candidates who can contribute to increasing corporate value through their qualifications, ability, and deep knowledge in their fields of expertise. SBG also elects candidates for their ability to actively participate in constructive discussions and frankly express their opinions. 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 discussions at the Board meetings, and SBG makes management judgments and decisions based on these discussions.

### Major activities or reasons for appointment of External Board Directors

Name	Major activities or reasons for appointment	Attendance rate and attendance of Board of Directors meetings for FY2020
Masami Iijima	Activities Makes remarks to support business judgments and decision-making based on his extensive knowledge and broad experience in corporate management and governance, acquired through his career in the management of a trading conglomerate with global business development. Also, as Chairperson of the Nominating & Compensation Committee, leads objective discussions from an independent standpoint and plays an important role in consulting with the Board of Directors.	100% 14 of 14 meetings
Yutaka Matsuo	Activities Makes remarks to support business judgments and decision-making 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 Nominating & Compensation Committee, expresses objective opinions from an independent standpoint and plays an important role in consulting with the Board of Directors.	100% 14 of 14 meetings
Lip-Bu Tan	Activities Makes remarks to support business judgments and decision-making based on his extensive knowledge and broad experience in investment and corporate management, acquired through his career in the management of an international venture capital company specializing in the technology field.	100% 8 of 8 meetings
Keiko Erikawa	Reasons for appointment Since founding KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Ms. Erikawa has played a vital role in developing and strengthening the business foundation of the Group as a corporate manager and a finance manager, and therefore has extensive knowledge and experience related to corporate management and technology. SBG expects that she will use her wealth of knowledge and experience to supervise SBG and offer advice and has therefore appointed her as an External Board Director for the further growth of the Group.	—
Kenneth A. Siegel*	Reasons for appointment After joining Morrison & Foerster LLP in August 1986, Mr. Siegel became Partner of the firm in January 1994 and thereafter Managing Partner of Morrison & Foerster Tokyo Office (Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho) in August 1996. Having engaged in corporate acquisitions, joint venture deals, and strategic alliances, he has extensive knowledge and experience as a lawyer. Although he does not have management experience, SBG expects that he will use his wealth of knowledge and experience to supervise SBG and offer advice and has therefore appointed him as an External Board Director for the further growth of the Group.	—

\*Reasons for non-designation as an Independent Officer: Mr. Siegel concurrently holds positions with Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho and Morrison & Foerster LLP. SBG did not designate him as an Independent Officer as the amount of compensation to be paid to these firms in the future is yet to be determined, regardless of whether there are any transactions between SBG and those firms.

### External Board Directors As of June 23, 2021 (Numbers of shares held are as of March 31, 2021)

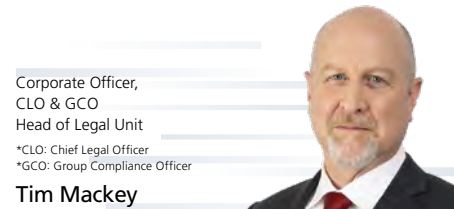
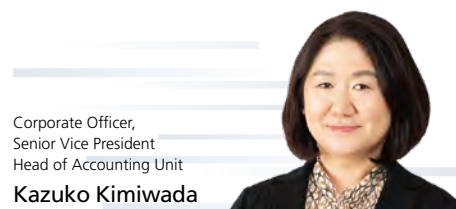
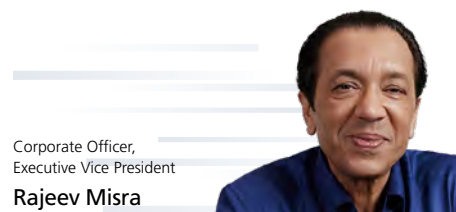
<b>Independent</b>	Apr 1974	Joined MITSUI & CO., LTD.	
External Board Director, Independent Officer	Apr 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit, MITSUI & CO., LTD.	
<b>Masami Iijima</b>	Apr 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit, MITSUI & CO., LTD.	
	Apr 2008	Executive Managing Officer, MITSUI & CO., LTD.	
	Jun 2008	Representative Director, Executive Managing Officer, MITSUI & CO., LTD.	
	Oct 2008	Representative Director, Senior 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 2016	Director, Ricoh Company, Ltd. (to present)	
	Jun 2018	Board Director, SoftBank Group Corp. (to present)	
	Jun 2019	Director, Isetan Mitsukoshi Holdings Ltd. (to present)	
	Jun 2019	Counsellor, Bank of Japan (to present)	
Number of shares held in SBG:	Apr 2021	Director, MITSUI & CO., LTD.	
1 thousand shares	Jun 2021	Counselor, MITSUI & CO., LTD. (to present)	
			
<b>Independent</b>	Apr 2002	Researcher, National Institute of Advanced Industrial Science and Technology	
External Board Director, Independent Officer	Aug 2005	Visiting Scholar, Stanford University	
	Oct 2007	Associate Professor, Graduate School of Engineering, the University of Tokyo	
	Apr 2019	Professor, Graduate School of Engineering, the University of Tokyo (to present)	
	Jun 2019	Board Director, SoftBank Group Corp. (to present)	
<b>Yutaka Matsuo</b>			
Number of shares held in SBG:			
—			
<b>Independent</b>	Dec 1987	Founder and Chairman, Walden International, Inc. (to present)	
External Board Director, Independent Officer	Oct 2008	CEO, Cadence Design Systems, Inc. (to present)	
	Nov 2015	Director of the Board, Hewlett Packard Enterprise	
	Apr 2019	Director of the Board, Schneider Electric Corporation (to present)	
	Jun 2020	Board Director, SoftBank Group Corp. (to present)	
<b>Lip-Bu Tan</b>			
Number of shares held in SBG:			
—			
<b>Independent</b>	Jul 1978	Founded KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Senior Executive Director	
External Board Director, Independent Officer	Apr 1994	Director, foundation for the Fusion Of Science and Technology (to present)	
	Jun 2001	Chairman and CEO, KOEI Corporation (currently KOEI TECMO AMERICA Corporation)	
	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. (to present)	
	Jun 2014	Board Director, TECMO KOEI EUROPE LIMITED (currently KOEI TECMO EUROPE LIMITED) (to present)	
Number of shares held in SBG:	Apr 2015	Chairman Emeritus (Director), KOEI TECMO GAMES CO., LTD. (to present)	
94 thousand shares	Jun 2021	Board Director, SoftBank Group Corp. (to present)	
			
External Board Director	Aug 1986	Joined Morrison & Foerster LLP	
<b>Kenneth A. Siegel</b>	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)	
Number of shares held in SBG:			
—			



## Corporate Officer system

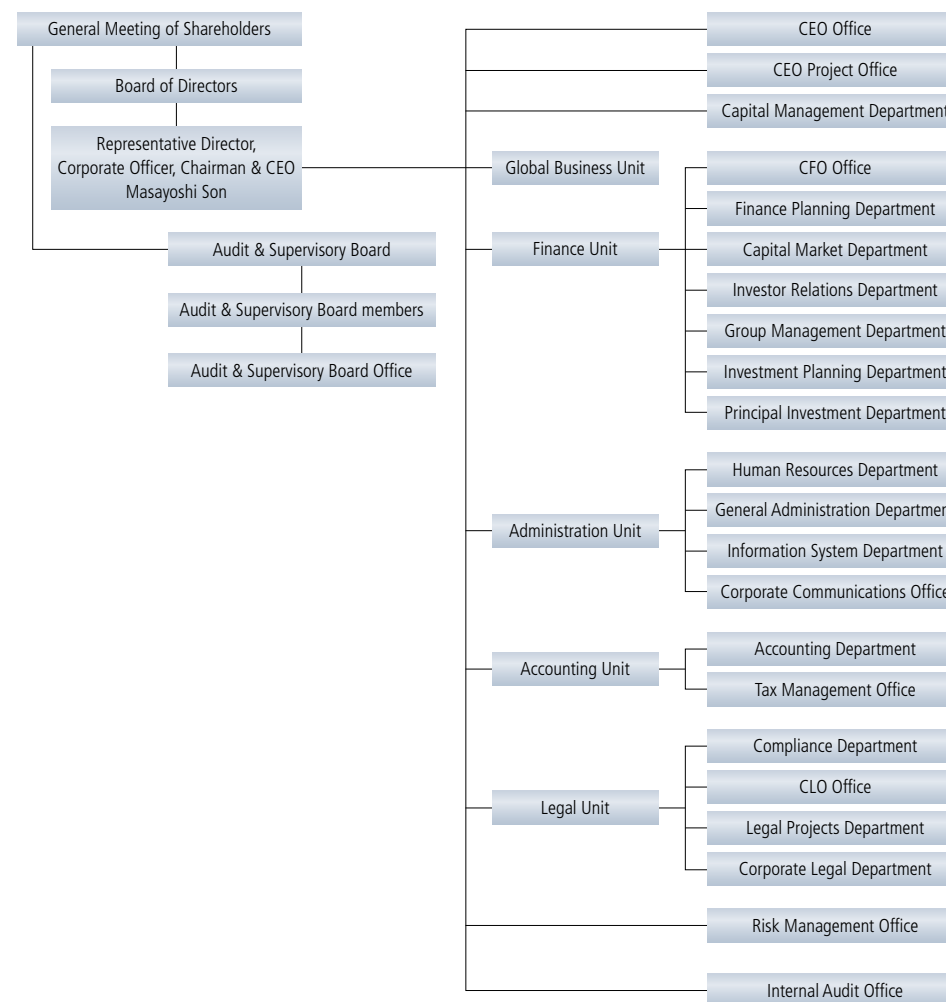
SBG adopted a Corporate Officer system in July 2012 to further strengthen its business execution functions. In November 2020, SBG appointed new Corporate Officers along with its restructuring of the Board of Directors. This move served to clarify the individuals responsible for business execution by separating the management decision-making function from the business execution function. As of July 1, 2021, SBG's Corporate Officers were as follows.

### Corporate Officers



## Organizational chart

As of July 1, 2021



## Audit & Supervisory Board members and the Audit & Supervisory Board

Audit & Supervisory Board members attend Board of Directors meetings, allowing them to monitor and verify decision-making by the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, to audit the execution of duties by the Board Directors of SBG, Audit & Supervisory Board members receive regular reports from and conduct interviews as necessary with Board Directors, employees, auditors of major subsidiaries, and other personnel. 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, the audit policy and plan are formulated and details of various internal and external meetings attended only by full-time members are reported to part-time members. In addition, the Audit & Supervisory Board 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 the appropriateness of reappointing the Independent Auditor each fiscal year.

### Major activities or reasons for appointment of External Audit & Supervisory Board members

Name	Major activities or reasons for appointment	Attendance rate and attendance for FY2020	
		Board of Directors meetings	Audit & Supervisory Board meetings
Maurice Atsushi Toyama	Activities Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant, State of California, U.S.	100% 14 of 14 meetings	100% 13 of 13 meetings
Yuji Nakata	Reasons for appointment Has extensive knowledge and experience related to corporate management and risk management, having served as Representative Executive Officer and a risk management manager at financial institutions. SBG appointed him as External Audit & Supervisory Board member with the expectation that he will conduct audits from a fair, objective, and independent standpoint based on his knowledge and experience.	—	—
Soichiro Uno*	Activities Makes remarks based on his extensive knowledge and experience as a lawyer.	100% 14 of 14 meetings	100% 13 of 13 meetings
Keiichi Otsuka	Reasons for appointment Has extensive knowledge and experience as a Certified Public Accountant. Although Mr. Otsuka does not have management experience other than as an external officer, SBG appointed him as External Audit & Supervisory Board member with the expectation that he will conduct audits from a professional standpoint based on his knowledge and experience, and from a more independent standpoint.	—	—

\*Reasons for non-designation as an Independent Officer: Mr. Uno concurrently holds a partner post at Nagashima Ohno & Tsunematsu. SBG did not designate him as an Independent Officer as the amount of compensation to be paid to the firm in the future is yet to be determined, regardless of whether there are any transactions between SBG and the firm.

## Audit & Supervisory Board members As of June 23, 2021 (Numbers of shares held are as of March 31, 2021)

### Independent

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

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  
 Jun 2015 Full-time Audit & Supervisory Board member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

### Maurice Atsushi Toyama

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

Number of shares held in SBG:

—



### Independent

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

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, Nomura Holdings, Inc.  
 Nov 2008 Senior Managing Director, Nomura Securities Co., Ltd.  
 Apr 2016 Executive Managing Director, 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)

### Yuji Nakata

Number of shares held in SBG:

—



External Audit & Supervisory Board member

Apr 1988 Joined Nagashima & Ohno Law Office (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan  
 Nov 1993 Passed the bar examination of the State of New York, U.S.

### Soichiro Uno

Lawyer

Number of shares held in SBG:

—



### Independent

External Audit & Supervisory Board member, Independent Officer

Nov 1978 Joined Price Waterhouse Accounting Office  
 Aug 1982 Registered as a Certified Public Accountant  
 Jul 1998 Representative Partner, Aoyama Audit Corporation  
 Sep 2006 Representative Partner, Aarata Audit Corporation (currently Pricewaterhouse Coopers Aarata LLC)  
 Jun 2016 Audit & Supervisory Board Member, TBK Co., Ltd. (to present)  
 Jul 2016 Representative of Otsuka CPA Office (to present)  
 Jan 2017 Director, Shizuoka Bank (Europe) S.A. (to present)  
 Jun 2021 Audit & Supervisory Board member, SoftBank Group Corp. (to present)

### Keiichi Otsuka

Certified Public Accountant

Number of shares held in SBG:

—



## 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 in fiscal 2020, the consecutive auditing period, the number of assistants for the audit duties, the policy for selection of the audit corporation, and evaluation of the audit corporation by the Audit & Supervisory Board for the fiscal year are as follows.

#### Names of Certified Public Accountants who executed audit duties

Designated Limited Liability Partner and Engagement Partners: Masayuki Nakagawa, Naofumi Yamazumi, Ryo Sakai, and Yusuke Masuda

#### Consecutive auditing period

15 years

#### Composition of the assistants who supported the audit duties

Certified Public Accountants: 23, Others: 32

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

The Audit & Supervisory Board sets 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 2020. If the Audit & Supervisory Board determines that reappointment is inappropriate, it considers other candidates for Independent Auditor in accordance with such criteria, upon consideration of factors such as audits at other companies.

The Audit & Supervisory Board has resolved, as its decision-making policy of dismissal of or not reappointing the Independent Auditor, that the Independent Auditor can 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 of or not reappointing 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 that impairs the qualification or independency of the Independent Auditor.

### Compensation for audits and other duties (fiscal 2020)

#### Compensation for auditing Certified Public Accountants and other assistants

	Compensation for audit certification (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	770	16
Consolidated subsidiaries	1,728	333
Total	2,498	349

Note:

The non-audit duties for SBG mainly 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 (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	—	76
Consolidated subsidiaries	3,472	824
Total	3,472	900

Note:

The non-audit duties for SBG mainly consist of advisory services for taxation and other matters. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of advisory services in connection with new businesses.

#### 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.

### 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, quarterly reviews, audit results, and other matters. The two parties 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, about the audit plan and the results of internal audits performed on each department of SBG and its major subsidiaries. The two parties also cooperate as necessary by exchanging information and opinions, among other measures.

The Independent Auditor receives explanations from the Internal Audit Office on the audit plan and, when necessary, on the results of internal audits and other matters.

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

#### Investment Committee

The Investment Committee comprises four Board Directors or Corporate Officers elected by the Board of Directors (Masayoshi Son, Yoshimitsu Goto, Marcelo Claure, and Rajeev Misra). The Investment Committee makes decisions on matters set forth in the Regulations of the Investment Committee including investments, loans, and borrowings under a certain amount. Decisions are only approved by majority agreement. If a majority agreement is not reached, the matter is brought to the Board. All decisions of the committee are reported to the Board.

#### Brand Committee

The Brand Committee comprises five members including the chairperson (Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO 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 Corporate Legal Department 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 makes decisions on matters set forth in the Regulations of the Brand Committee, including the licensing of the SoftBank brand. Decisions are only approved by unanimous agreement. All decisions made by the committee are reported to the Board.

### Voluntary committees

#### Nominating & Compensation Committee

Based on the Nominating & Compensation Committee Regulations, the Nominating & Compensation Committee deliberates on standards for election and dismissal, proposals of candidates, individual compensation, and policies concerning evaluation and compensation for Board Directors, and reports the results of such deliberation to the Board of Directors. The Nominating & Compensation Committee members are elected by the Board from among Board Directors, and a majority of the committee members are Independent External Board Directors. The committee currently comprises three Board Directors (Independent External Board Director Masami Iijima as the committee chairperson; Independent External Board Director Yutaka Matsuo; and Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son).

#### Group Risk and Compliance Committee (GRCC)

The GRCC serves the purpose of supervising the risk management and compliance program of the Group, and holding ongoing discussions over their important issues, promotion policies, and related issues. The GRCC is composed of three members including the chairperson (Corporate Officer, Chief Legal Officer, and Group Compliance Officer Tim Mackey), who has been appointed by the Board of Directors, and two members (Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO Yoshimitsu Goto, and Corporate Officer, Senior Vice President Kazuko Kimiwada). The GRCC deliberates on matters related to the risk management and compliance activities of SBG and its Group companies as set forth in the GRCC Management Regulations. The committee's agenda items and discussion results are reported to the Board on a regular basis (at least once per year) based on the Board of Directors Regulations.

#### Sustainability Committee

The Sustainability Committee serves the purpose of holding ongoing discussions over important issues and promotion policies related to the sustainability of SBG and its Group companies. The committee comprises four members, including the chairperson (Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO Yoshimitsu Goto), who has been appointed by the Board of Directors, and three members (Corporate Officer, Senior Vice President Kazuko Kimiwada; Corporate Officer, Chief Legal Officer and Group Compliance Officer Tim Mackey; and the head of the General Administration Department Tatsuya Iida). The Sustainability Committee deliberates on matters regarding sustainability as set forth in the Sustainability Committee Operation Regulations. The committee's agenda items and discussion results are reported to the Board as appropriate.

### Policy on determining compensation amounts and calculation methods

#### Overview of the executive compensation system

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 reasonably competitive compensation 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" on the next page. For Board Directors whose main duties are as officers of subsidiaries and Group companies, the compensation is determined by respecting the compensation policy of each company, based on the *Cluster of No. 1 Strategy*, 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.



## 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 SBG compensation policy and is found to be both rational and reasonable. The aggregate amount of compensation for Board Directors was capped at ¥5 billion in monetary compensation and ¥5 billion in share-based compensation,\*<sup>1</sup> while that for Audit & Supervisory Board members was capped at ¥160 million.\*<sup>2</sup>

Compensation of Board Directors for fiscal 2020 has been decided by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO, within the range of authority entrusted to him by the resolution of the Board of Directors. However, following the establishment of the Nominating & Compensation Committee, compensation hereafter shall be decided subject to consultation with this committee for ensuring further rationality and reasonableness. The Nominating

## Components of executive compensation

	Component	Details	Overview
Aggregate Compensation for Board Directors* <sup>3</sup>	Fixed compensation	Basic compensation	<ul style="list-style-type: none"> <li>Annual amount is set on an individual basis and paid in fixed monthly cash installments.</li> <li>Amount of compensation is decided on an individual basis, taking into consideration whether officers are full-time or part-time, as well as their positions and the duties they are in charge of.</li> </ul>
	Performance-based compensation* <sup>4</sup>	Cash bonuses	<ul style="list-style-type: none"> <li>Incentive for short-term performance</li> <li>Cash bonuses are paid every fiscal year as compensation for the execution of duties while in office.</li> </ul>
		Share-based payment	<ul style="list-style-type: none"> <li>Incentive to improve corporate value over the medium to long term</li> <li>Stock options using stock acquisition rights are provided with the aim to encourage executives to make continuous management effort, while sharing mutual interest with shareholders through increases in share prices.</li> <li>The content of stock acquisition rights includes 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). The exercisable period will be set within a range of 10 years from the day following their allotment date.</li> </ul>

\*<sup>3</sup> Excludes compensation for External Board Directors

\*<sup>4</sup> 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 basis and shall take into consideration individual performance based on each officer's ability and achievements, as well as company performance including consolidated financial results, the stock price, and NAV (Net Asset Value).

& Compensation Committee shall review the proposed compensation from multiple viewpoints including consistency with the SBG compensation policy and report back to the Board of Directors on its deliberation details. Moreover, to ensure independence, compensation of each Audit & Supervisory Board member for fiscal 2020 was decided by consultation among the Audit & Supervisory Board members, after the conclusion of the Annual General Meeting of Shareholders in June 2020.

\*<sup>1</sup> 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.

\*<sup>2</sup> Resolved at the 41st Annual General Meeting of Shareholders on June 23, 2021. Resolved to cap compensation at ¥160 million. 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 2020)\*<sup>5</sup>

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)	5	373	418	1	792
External Board Directors	4	122	–	–	122
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board members)	1	24	–	–	24
External Audit & Supervisory Board members	3	52	–	–	52
Total	13	571	418	1	990

## Total consolidated compensation paid to respective Board Directors whose total consolidated compensation is ¥100 million or more (fiscal 2020)\*<sup>5</sup>

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 (of which undetermined amount)	Others
Masayoshi Son	100	Board Director	SBG	39	2	–	–
			SoftBank Corp.	–	–	59 (–)	–
Ronald D. Fisher	917	Board Director	SB Investment Advisers (US) Inc.	424	425	–	68
Yoshimitsu Goto	480	Board Director	SBG	63	416	–	1
Ken Miyauchi	635	Board Director	SoftBank Corp.	120	228	287 (–)	–
Simon Segars	1,882	Board Director	Arm Limited	143	1,024	700 (700)	15
Marcelo Claure	1,795	–	SB Group US Inc.	807	–	–	987
Katsunori Sago	250	–	SBG	249	–	–	1
Rajeev Misra	931	–	SB Investment Advisers (UK) Limited	807	–	–	124

\*<sup>5</sup> See "Annotations" on page 65 for details.

### Information Security

SBG constructs a mechanism that manages information security risks continuously and efficiently to secure adequacy of the entire Group's operations.

#### Constructing an Information Security Governance Structure

Yoshimitsu Goto, Board Director of SBG, is appointed as Chief Information Security Officer (CISO) to promote and strengthen the Group's information security.

#### Information Security Policy Compliance

SBG formulated and disclosed its Information Security Policy that sets forth the information security principles to be complied with by the Company and its officers and employees (including temporary employees). SBG appropriately protects and manages information that SBG retains in the course of its business and requires all contractors, consultants, and other third parties engaged in work for SBG to comply with this Policy.

#### Initiatives to Strengthen Information Security

##### "Zero Trust" Compliance

SBG advances security measures based on the concept of "Zero Trust," or not trusting anything by default. Conventionally, SBG had implemented perimeter-type security measures that isolate internal and external networks from each other based on the idea that internal networks are safe whereas the Internet and other external networks are dangerous. With the emergence of internal network incursions by targeted attacks and the increasing use of cloud-based services on external networks, however, perimeter-type security measures have reached their limits in terms of addressing threats and changes in the environment. Therefore, SBG recently revised its information security measures and shifted to "Zero Trust" type networks that only permit connections when trust can be established. This transition will realize robust information security and flexible work styles independent of location or network.

##### Information Security Training

SBG provides ongoing security training for the purpose of raising awareness and capabilities related to information security among its officers, employees, and outsourced workers.

### Policy for constructive dialogue with shareholders

To promote constructive dialogue with shareholders and other investors, SBG assigns IR duties to a Board Director, Corporate Officer, Senior Vice President and has established the Investor Relations Department as the responsible department, which conducts IR activities in close coordination with related departments such as Accounting, Finance, Legal, and General Administration. SBG discloses this structure on its website and in its Corporate Governance Report.

The management and the Investor Relations Department respond to requests for dialogue from shareholders and other investors within reason, paying careful attention to the handling of material facts subject to insider trading regulations. In addition to individual discussions, SBG holds earnings results briefings and investor briefings to explain the status of its businesses to shareholders and other investors. The Investor Relations Department compiles the opinions of shareholders and other investors obtained in the dialogue and periodically reports them to management.

#### Primary Activities

**Number of meetings with institutional investors/analysts**  
668 (fiscal 2020)

**Constructive dialogue with shareholders (Major discussion topics)**

- Investment strategies and capital policies
- ESG initiatives
- Disclosure enhancements

**IR events held with online accessibility**

- Annual General Meeting of Shareholders (livestream)
- Earnings results briefings (livestream)
- Investor briefings (on-demand stream)



See our IR website for the latest information.

#### Message from Our Global Head of Investor Relations

As the Investor Relations Department, we put the greatest importance on dialogue with our investors. Along with clearly presenting the Company's strategies and business performance, we listen closely to the thoughts and opinions of our investors. Through such dialogue, we make sure to create a virtuous cycle whereby we build a mutual understanding with our investors and their expectations are reflected within management.

We are often told that our business model is complicated and changes rapidly. Our reply is that while we enhance our disclosure in line with these changes, our vision and corporate philosophy remain consistent. We continue to deepen dialogue with our investors to achieve sustainable growth for the Company.

**Yotaro Agari**

Global Head of  
Investor Relations



## Message from Ms. Yuko Kawamoto

# Governance Matters to Fully Integrate Masa's Talents into Shareholders' Value

Ms. Yuko Kawamoto resigned from the position of External Board Director of SBG on June 22, 2021, in accordance with the announcement of her appointment as Commissioner of the National Personnel Authority and her assumption of office as President of the authority on June 23, 2021. Ms. Kawamoto contributed the following message in May 2021 prior to her resignation.

### SBG: Quite different from what I had seen and heard from outside

In June 2020, I was invited to join SBG as an External Board Director after being approached by a U.S. lawyer whom I had often worked with. This was just around the time when the business performance of the company was in serious decline due to various factors including issues at WeWork. As Japan's second-largest company in terms of market capitalization and with entrepreneurship, I saw SBG as a company that employed leverage to lower the cost of capital and promote business, which is rare in Japan. In contrast, the company was said to be facing various governance issues. Specializing in governance and finance, I decided to accept the invitation after an interview with Masa, confident that I could make good use of my knowledge and experience.

Almost one year after assuming the position, I feel it is rare for the image of a company that one sees and hears about from outside to be so different from its actual figure. Having lost none of the spirit of a venture company in its formative years, SBG engenders excitement as a dynamic, swift-acting company. Sometimes, therefore, rules come after the decisions are made, and some might say the company has some weakness in that regard. In reality, however, the employees are professionals in their respective fields. Even if the required infrastructure is not always in place, steps

are taken on the frontlines to accomplish tasks in an appropriate manner. Moreover, long before the sudden rise in SDGs momentum across the world and in Japan, Masa consistently stated that "we aim to be a company that grows for 300 years." One could say that the world is now catching up, but SBG has not communicated in that way. The company is determined to follow its own path unrestricted by so-called common wisdom and trends. Maybe it is a sense of being externally shy, or maybe it is because of the idea that "society will understand some day without proactive explanation." It is a pity, anyhow, that some of these wonderful realities are not well known to the public.

The Board is well diverse comprising members from varied backgrounds and nationalities, except for gender diversity with the ratio of female directors to total at 11%. SBG is a truly global company where discussions are always conducted from a global perspective. I believe that the main role of External Board Directors is to bring awareness to the executive function. In my experience, External Board Directors have often been catalysts for change; in other words, they alert a company to the path it should take and support the desired change and work to increase shareholders' value. SBG, however, is making constant changes itself every day. I have therefore focused on asking such questions as "Are the rules in place?" "Are there any deficiencies in the framework?" and "What steps have been taken to ensure internal coordination?" while putting forward various proposals. I teach a postgraduate course on corporate governance, and I believe that I have been able to confirm what needs to be checked. Unlike traditional large companies, decision-making in SBG is quick. Once a matter is accepted, implementation is immediate, with the results for all to see, and that is rewarding. When I mentioned the need for a chief risk officer (CRO), I was impressed with the speed when one was appointed two months later. Although External Board Directors are not necessarily familiar with the details and background of individual investments, we have always been briefed by Masa or the responsible teams. I, in turn, have endeavored to fulfill an oversight function by asking questions from an objective viewpoint until fully satisfied.

**Yuko Kawamoto**

Former External Director of SoftBank Group Corp.

## The challenge is to ensure accountability in a way that fits recognized frameworks

I have a different view to the image that is sometimes raised in public and by the media that Masa does not listen to people's opinions, acts arbitrarily and is inconsistent. In reality, I believe it is rare for a CEO to listen to others so attentively. At Board meetings, Masa always asks for opinions on each agenda item, so any member who does not think hard and have an opinion is unable to stand his or her ground. I have been quite impressed by this attitude. Masa is also willing to change both his mind and direction quickly in a positive way after he listens to different opinions of various people. There were times when the direction was changed due to opposition from External Board Directors. There were also times when he decided to fundamentally reconsider his future approach based on lessons learned. Ideas are put forward one after another and revised at a rapid pace. This sometimes creates a gap with the risk-averse Japanese conventional mindset and can be seen as problematic from the outside. Looking at the way SBG is developing its business, however, I have learned a lot about what it means to take risks and push forward with business.

One of the challenges is that although the direction, speed, ideas and energy are all considered great, sometimes the rules and systems are not checked in time to make decisions. As I mentioned earlier, Masa listens sincerely to the opinions of the External Board Directors. There are times, however, when the process is simplified because of the extraordinary speed. Then there might be a lack of sufficient explanation. One possible way to improve that is to increase the number of in-house personnel responsible for performing checks. It would also help to carefully study global rules and standards, review examples from other companies and obtain second or third opinions from outside professionals. Public and media interest in SBG and Masa remains extremely high. While it is often good to be in the public eye, it also increases the possibility of misunderstandings.

## Hoping SBG will establish an optimal governance structure

I regret deeply that I must step down as an External Board Director of SBG after only one year due to my appointment as a commissioner of the National Personnel Authority.\* If I had an avatar, I would like to have continued. Masa is an extremely exciting individual who often lights up the spirit of those around him. In fact, it is his inspiration that gave me the courage to take on a new challenge and accept a difficult role in service of the country.

SBG needs to formulate a form of governance that allows Masa to fully demonstrate his talents, which can then be integrated into shareholders' value. This does not imply restrictions or constraints but rather an oversight function that allows the organization to reach its full potential. This is the responsibility not only of executives but also each employee. It would be nice if the "obligation to dissent," or to disagree when necessary, was more widespread throughout SBG. Amid the moves to strengthen the Corporate Governance Code and the demands of investors, and in part because I remained vocal at Board meetings over this past year, I believe an atmosphere has been fostered where discussions can be held more frankly including the External Board Directors and Audit & Supervisory Board members. Masa is charming and not to be feared. I would hope that each executive and employee will work with an awareness toward governance that maximizes shareholders' value and thereby develop an even better form of governance that is genuinely representative of SBG and its unique qualities. SBG's biggest challenge for the future is to design a succession plan. Apple and Microsoft have also been following this path, with Amazon recently making an announcement in that regard. Although another challenge to be overcome, I am confident that SBG will succeed. I look forward to SBG's continued growth as a global company representing Japan.



\* The National Personnel Authority is a neutral and specialized organization responsible for ensuring fairness in personnel administration and protecting the interests of national public employees in accordance with the National Public Service Act. Commissioners are appointed by the Cabinet of Japan with approval of the Diet. The appointment and dismissal of Commissioners is attested by the Emperor. See the National Personnel Authority website for details.



## Compliance

# Commitment to Complying with Laws and Acting with Integrity

### Compliance is our business foundation

We believe that going beyond legal and regulatory compliance, a commitment to integrity 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 the authority to appoint a group compliance officer (GCO) as the chief officer responsible for compliance across the Company. In September 2020, Tim Mackey was appointed as the GCO. Similarly, each subsidiary appoints a Chief Compliance Officer (CCO). The GCO and CCOs have the responsibility to implement systems designed to ensure compliance with the 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.

SBG has periodically held global CCO forums, in which the GCO and CCOs participate, to mitigate risks, share best practices and strengthen the relationship with subsidiaries.

### 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 to 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. The GRCC reports regularly to SBG's Board of Directors on the effectiveness of those programs.

#### Group compliance structure



#### Structure of ethics and compliance program



## Compliance

### 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 specific examples to guide the Company's officers and employees to ethical conduct, including Q&As, definitions, and red flags regarding various areas such as anti-corruption, prohibition on discrimination, confidentiality, conflicts of interest, antitrust laws, money laundering, insider trading, workplace, and whistleblowing. In addition, in May 2021, SBG has established the "Supplier Code of Conduct" to clarify the ethical standard we would like our suppliers to follow.

SBG implemented Group Policies that establish group-wide minimum requirements 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, and the environment.

SBG continues to review and revise our Code of Conduct and Group Policies as appropriate.

#### Top page of the SoftBank Group Code of Conduct website



### 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.

The Company provides training for officers and employees regarding high-risk areas such as insider trading and conflicts of interest. SBG has introduced a global training system and provides trainings about the Code of Conduct and certain high-risk areas to Group companies in Japan and abroad.

As one example of the awareness-raising activities, SBG holds a Compliance Awareness Month annually for officers and employees of SBG and those at its major subsidiaries in Japan and overseas. SBG also periodically delivers animation videos featuring familiar compliance issues to enable its officers and employees learn again about ethical behaviors.

### Monitor, audit, and review

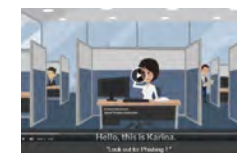
SBG has implemented global ethics and compliance helplines and receives reports and consultations from the Company's officers and employees, as well as third-parties such as business partners, regarding compliance violations that involve the Company or its officers and employees. Reports and consultations can be made anonymously to the extent permitted by laws and regulations. We received several hundred reports and requests for advice in fiscal 2020 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 conducts an annual employee survey to measure its ethical culture. In fiscal 2020, SBG conducted a global employee survey not only for SBG but also for its subsidiaries in Japan and overseas and used the results of the survey to improve our ethics and compliance programs.

#### Compliance Starts with YOU!



FY2020 compliance slogan



Compliance awareness animation video



See our website for the full text of the "Supplier Code of Conduct."



See the "SoftBank Group Code of Conduct" on our website for details.

## Risk Management

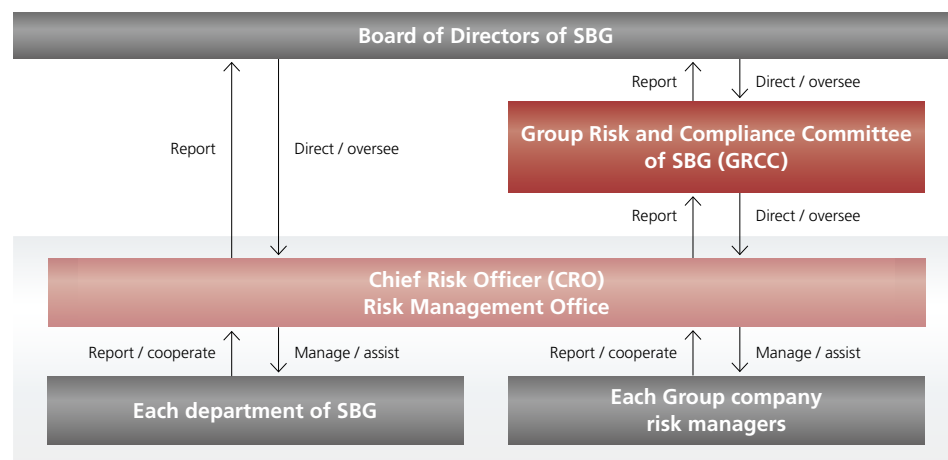
# Developing a System to Reduce and Prevent Risks

### Risk management system

In November 2020, we appointed the Chief Risk Officer (CRO) and established the Risk Management Office to strengthen our risk management system. Supervised by the CRO, the Risk Management Office spearheads Group-wide risk management activities.

With regard to the risk management of SBG, each department is responsible for the reduction and prevention of risks arising from its operation based on the Risk Management Regulations. At the Group level, each Group company appoints risk managers and takes the initiative autonomously to reduce and prevent risks in its business activities in accordance with the Group Company Management Regulations, which stipulate matters to be reported to SBG. These policies and regulations are reviewed periodically and approved by resolutions of SBG's Board of Directors, among others. In addition, when an incident occurs that may have a material impact on the Group's execution of business activities or reputation, an immediate report to the Risk Management Office is required in accordance with our policies and regulations. Depending on the situation, the Risk Management Office collaborates with SBG's departments and Group companies to ensure that appropriate measures are taken.

### Group risk management system



We also have set up the Group Risk and Compliance Committee (GRCC) to oversee risk management across the Group. The GRCC, which consists of key senior officers, engages to enhance the Group-wide risk management system by discussing risk management objectives and countermeasures for material risks. The Risk Management Office reports quarterly to the GRCC and the Board of Directors on the status of Group-wide risk management to ensure that the risk management activities are properly directed and overseen.

### Risk management initiatives

The Risk Management Office engages to strengthen risk management activities by identifying and responding to risks, with the aims of eliminating and/or reducing obstructive factors to the sustainable growth of the entire Group.

### Identifying risks

The Risk Management Office is pursuing the following initiatives in order to gain a comprehensive understanding of the various risks the Group is facing.

#### Prior confirmation of important agenda items

The Risk Management Office reviews important agenda items and proposals to be resolved by SBG's Board of Directors and other decision-making bodies. By ensuring that risk-related information is properly reflected in agenda items, the Risk Management Office provides the information necessary for decision-making.

#### Group-level risk analysis

We recognize that maintaining a sound financial base is one of the management challenges for the Group. Accordingly, the Risk Management Office conducts stress tests to analyze how a potentially significant future deterioration in economic and financial conditions might adversely affect our key management indicators. For portfolio companies in which we make intensive investments, the Risk Management Office also strives to understand the material risk factors that these companies are facing.

## Risk Management

### Collection of risk-related information from each Group company and department

The Risk Management Office regularly collects information on risks, including non-financial risks, identified by Group companies and SBG's departments, and receives incident reports when risks are materialized.

### Responding to risks

Based on information collected by the procedures above, the Risk Management Office identifies

material risks at the Group level by analyzing and evaluating the impact and likelihood of the risks. Material risks are reported to and discussed by the GRCC and the Board of Directors. Based on the results of those discussions, the Risk Management Office monitors the status to consider countermeasures to confirm the effectiveness of those countermeasures.

We continue to aim to avoid or minimize losses in the Group and implement initiatives to enable us to identify and respond to risks in a timely manner.

### Message from Our Chief Risk Officer (CRO)

#### Enhanced structure by the newly established Risk Management Office

In November 2020, we established the Risk Management Office to manage Group-wide risk management, and I was appointed Chief Risk Officer to head the new office. This organizational change reflects the importance of a risk management function that is independent of the business execution as SBG evolves into an investment company.

SBG is exposed to significant investment risks through its equity investments in listed and unlisted high-tech companies via SVF1 and SVF2, as well as SB Northstar and SoftBank Latin America Fund. At the same time, we maintain a flexible financial management approach, including keeping LTV at a low level and maintaining funds covering bond redemptions for the next two years, providing a foundation that supports SBG's business model. In particular, we monetized some of our assets as part of the ¥4.5 trillion program announced in March 2020. This highlights our management policy of placing top priority on swift decision-making in preparation for crises and securing a sound financial base.

The Risk Management Office works to strengthen risk management activities with the aims of eliminating and minimizing the obstructive factors to the sustainable growth of the Group. Factors that could threaten the financial base of the Company, which actively invests in equities and utilizes its assets to raise funds, include market crises, such as the global financial crisis triggered by the subprime mortgage crisis, and the sharp deterioration of the business of large portfolio companies. Accordingly, we conduct stress tests based on assumptions of past large-scale market fluctuations and identify concentration risks for large investees. In these ways,

we contribute to discussions aimed at enhancing our crisis preparedness. With respect to our main business of investing in unlisted companies via SVF1, SVF2, and other vehicles, we aim to strengthen our system for monitoring and analyzing the status of new investments as well as post investments.

With respect to non-financial risks, we focus on identifying risks that may threaten the sustainable growth of the entire Group and the status of responses to such risks through regular collaboration with SBG's departments and major Group companies. We also engage with relevant parties to discuss various risks such as governance, conflict of interest, reputation, information leaks, ESG-related matters including climate change and human rights to assess the importance of each risk and consider countermeasures from a Group-wide perspective. These major financial and non-financial risks are reported to the Board of Directors and GRCC on a regular basis to contribute to management decisions.

With a wide range of investment targets and a rapidly changing business environment, it is essential for us to continually enhance our risk management framework as swift decisions are made daily. To ensure sustainable growth of the Group over the long term, we will continue seeking and applying the best practice that suits the Company so we can identify risks at an early stage and avoid or minimize losses.

#### Kiyoshi Ichimura

CRO (Chief Risk Officer)  
Head of Risk Management Office





# Risk Management: Risk Factors

## Risk Factors

SoftBank Group Corp. is a strategic investment holding company that manages an investment portfolio formed through investments, made either directly or through investment funds, in a large number of companies. The investment portfolio encompasses SBG's subsidiaries and associates ("Group companies") and investments not included in the former (collectively, "portfolio companies," including Group companies). These portfolio companies operate in a wide range of markets globally. Accordingly, a variety of risks accompany the execution of SBG's investment activities and the portfolio companies' business activities. The major risks that SBG believes could significantly affect investors' investment decisions as of June 23, 2021 are outlined below. However, these risks do not include all the risks that SBG and portfolio companies could face and additional risks may arise in the future. Forward-looking statements were determined as of June 23, 2021, unless otherwise stated.

### (1) Business Model

Based on its unique organizational strategy, the *Cluster of No. 1 Strategy*, SBG endeavors to enhance NAV\*<sup>1</sup> through its investment portfolio consisting of companies engaged in diverse businesses in the information and technology sector. SBG's portfolio includes investments made through direct investments (including investments made through subsidiaries), such as in Group companies (for example, SoftBank Corp., Arm, and Alibaba), as well as those made through investment funds such as SoftBank Vision Fund 1 and SoftBank Vision Fund 2.

As a result of investments in the information and technology sector, SBG's investment portfolio is significantly affected by market trends in this sector. It is also significantly exposed to the market environment surrounding initial public offerings (IPOs), as investments are made primarily in late-stage unlisted companies in the investment businesses of SBG (including investments made through subsidiaries) and SVF. Furthermore, from the fiscal year ended March 31, 2021, investments in listed stocks and other instruments were initiated through its asset management subsidiary SB Northstar, centered on large high-technology companies. The investment value of those portfolio companies could decrease due to market volatilities or various other factors. As a result, the equity value of SBG's holdings could decrease, and thereby lead to a decline in NAV and deterioration in LTV.\*<sup>2</sup> In parallel, the recording of valuation losses on assets such as equity holdings could cause SBG's consolidated results of operations and financial position to deteriorate, thereby adversely affecting SBG's ability to make new investments and the success of its financial strategies.

SBG recognizes that building a diverse investment portfolio is a crucial management priority, however, as Alibaba shares accounted for just over 40% of the equity value of SBG's holdings as of March 31, 2021, fluctuations in the investment value of Alibaba shares could significantly affect the equity value of SBG's holdings as well as its NAV and LTV.

\*1 NAV (Net Asset Value) = equity value of holdings – net debt. See page 65 for the assumptions used to calculate the equity value of holdings and net debt.

\*2 LTV (Loan to Value) = net debt ÷ equity value of holdings. See page 65 for the assumptions used to calculate the equity value of holdings and net debt.

### (2) Fund Procurement

SBG aims to meet the funding requirements for new investments on an ongoing basis, through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds, and raising funds through asset-backed financing. This also applies to SBG's wholly owned subsidiaries that procure funds for SBG. However, if SBG is unable to dispose of equity assets or procure funds when the funds are needed for new investments, it could miss investment opportunities and its ability to continue to increase NAV may be compromised. For certain asset-backed financing using equity holdings, in the event that the value of its eligible holdings declines due to a deterioration in the stock market or other factors, SBG may be required to post additional cash collateral or incur prepayment obligations. In addition, SBG could find it difficult to raise new funds.

SBG also raises funds through sources including loans from financial institutions and the issuance of bonds to meet funding needs of its investment activities. If interest rates rise due to changes in monetary policies or in financial markets, or SBG's creditworthiness declines due to a decrease in the value of owned assets or a deterioration in its results of operations, which could lead to a downgrade in SBG's credit ratings, SBG's financing costs could increase, thereby adversely affecting SBG's consolidated and non-consolidated results of operations. Further, an inability to raise funds at the planned timing, scale, or conditions could adversely affect SBG's investment activities and financial position.

SBG (including wholly owned subsidiaries that procure funds) may raise new funds, refinance, sell some of its assets, or take other measures to secure resources to repay its debt. SBG strives to maintain a sufficient cash position in a stable manner with financial discipline, by raising funds at times it deems appropriate based on careful monitoring of market conditions. However, if faced with prolonged unfavorable funding conditions, SBG may be forced to dispose of equity assets on unfavorable terms or to execute unplanned equity asset disposals in order to secure resources for repayment, which could adversely affect the equity value of SBG's holdings, NAV, and consolidated and non-consolidated results of operations.

Various covenants may be attached to SBG's debt, including loans from financial institutions and corporate bonds. If the possibility of a breach of any of these covenants arises and SBG is unable to take steps to avoid such breach, SBG may forfeit the benefit of the term with respect to such obligations and, accordingly, may be requested to make lump-sum repayments with respect to other obligations. As a result, SBG's creditworthiness may decline, and its financial position could be significantly adversely affected.

### (3) Management Team

SBG is managed under the leadership of a management team centered on Masayoshi Son, who serves as Representative Director, Corporate Officer, Chairman & CEO of SBG. The major portfolio companies and investment funds, in which SBG invests, are run autonomously by management teams led by their respective CEOs and other leaders. For example, Junichi Miyakawa serves as President & CEO of SoftBank Corp. and Simon Segars serves as CEO of Arm. In addition, Rajeev Misra (Corporate Officer, Executive Vice President of SBG) serves as CEO of SBIA, the manager of SVF.

SBG has adopted the management structure described above. However, if an unforeseen situation were to befall key members of the management team, the decision-making process could be affected. To minimize this impact, SBG strives to draw up and revise contingency plans, including action guidelines and proactive measures. However, there is no assurance that these measures will be successful. Unforeseen situations with respect to members of the SBG Group's management, particularly Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, could impede the overall activities of SBG.

### (4) Investment Activities Overall

SBG engages in investment activities such as corporate acquisitions, establishment of subsidiaries and joint ventures, and investments in operating companies (including listed and unlisted companies), holding companies (including companies that effectively control other companies through various contracts), and investment funds. Moreover, SBG invests in listed stocks and other instruments through its asset management subsidiary SB Northstar. These investment activities are subject to risks such as those stated in subsections a. through d. below, and if these risks materialize, the asset value of portfolio companies (i.e., the equity value of SBG's holdings) could decrease, resulting in a decrease in NAV and deterioration of LTV. In parallel, the recording of valuation losses on assets, such as the equity value of SBG's holdings, could adversely affect its consolidated results of operations and financial position.

Among the portfolio companies, there are risks associated with SVF and SoftBank Corp. that are considered to be highly material because they could have a particularly large impact on consolidated operating results.

## Risk Management: Risk Factors

For information on those risks, please see “(5) SoftBank Vision Fund 1 and SoftBank Vision Fund 2” and “(6) SoftBank Corp. Group.”

### a. Political situations, monetary and fiscal policies, and trends in international conditions

SBG invests in 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, if economic situations or financial markets in such countries and regions deteriorate due to changes in political and social situations, monetary and fiscal policies, international conditions such as trade disputes or conflicts, natural disasters due to factors such as climate change, or public health crises such as the spread of infectious diseases, including COVID-19, the investment activities of SBG and the business activities of portfolio companies may not develop as expected. For example, SBG's execution and realization of investments could be delayed, the terms and conditions of investment realizations could deteriorate, or the businesses and results of operations of each portfolio company could be adversely affected by a decrease in demand for, or a stagnation in the supply of, their services and products. Further, with respect to investments in unlisted companies with low liquidity, if market conditions deteriorate sharply or other similar issues arise, SBG may not be able to sell its interests in such companies at the timing, scale, or conditions desired by SBG. As a result, the equity value of SBG's holdings, NAV, LTV, consolidated and non-consolidated results of operations may be adversely affected.

Notably, the COVID-19 outbreak, which started to spread from the beginning of 2020, has greatly affected the global economic situation, and its impact continues to this day. In the fiscal year ended March 31, 2021, governments around the world have been implementing fiscal stimulus and monetary easing measures, and expectations that vaccination programs progress in some countries will encourage greater economy activity have led to an overall market recovery in the second half of the fiscal year. The technology sector, where SBG focuses its investment strategies, has been positively impacted by the accelerated adoption of digital services to address the pandemic. However, there is no guarantee that the current positive impact will be sustained in light of uncertainties associated with the pandemic. The effect on SBG could turn into a negative impact in the future, or such negative impact could last longer than expected.

Apart from this, SBG's foreign currency-denominated investments in overseas companies could incur losses due to changes in foreign exchange rates. Further, in the preparation of SBG's consolidated financial statements, the local currency-based revenues, expenses, assets, and liabilities of Arm and other overseas Group companies are converted into Japanese yen. Consequently, fluctuations in foreign exchange rates could adversely affect SBG's consolidated results of operations and financial position.

### b. Investment regulations

The investment activities of SBG may require approvals and permissions from regulatory authorities of relevant countries or may be subject to restrictions on involvement in portfolio companies. In addition, new or stricter regulations on investment activities may be enacted in relevant countries. SBG addresses each of these regulations by ensuring close cooperation between its legal department and concerned parties, including external advisers. However, if the necessary approvals and permissions cannot be obtained or other restrictions cannot be avoided, SBG may be unable to successfully implement its investment plans.

For example, with respect to certain U.S. investments, SBG has entered into national security agreements with the companies that are considered covered investments (herein subsection b, the “covered companies”) and the relevant regulatory authorities and agencies of the U.S. government. Pursuant to these national security agreements, SBG and the covered companies have agreed to implement measures to safeguard U.S. national security. Implementing these measures could result in increased costs or constraints on selection of facilities, contracts, personnel, suppliers, and business operations within the U.S.

### c. Investment decisions

SBG makes direct investments (including investments through subsidiaries) without going through investment funds (for example, SVF). In the investment decision-making process for these cases, SBG seeks to appropriately estimate the investment target's equity value and to assess risks related to the target's businesses, finances, corporate governance, compliance, and internal controls, by conducting due diligence on the target's business, technology, business model, market size, business plan, competitive environment, financial condition, legal compliance, etc. For this purpose, SBG obtains the cooperation of, for example, outside financial, legal and tax advisers, in addition to the relevant internal departments. Moreover, an objective review of the adequacy of the due diligence findings is carried out by a dedicated review department. Based on the results of such reviews, investment decisions are made by the Board of Directors or the Investment Committee to which authority is delegated by the Board of Directors.

Particularly, with respect to the risks associated with the corporate governance of portfolio companies, SBG has set out its “Portfolio Company Governance and Investment Guidelines Policy” to clarify the standards related to the corporate governance of portfolio companies that should be taken into account by SBG and its subsidiaries (including, in principle, SVF and other investment subsidiaries managed by SBG's subsidiaries) when they consider an investment. This policy covers a wide range of important corporate governance issues, addressing matters such as a portfolio company's composition of directors, founder and management rights, rights of shareholders (including matters on super-voting shares), and mitigation of potential conflicts of interest. The policy sets forth general principles and allows for each investing entity to exercise discretion with certain limitations. Each investing entity is required to monitor the corporate governance of each portfolio company and regularly report the results to SBG.

However, even with such a prudent investment decision-making process in place, there is still a possibility of overestimating the corporate value, technology, business model, or market size of an investment target, or underestimating risk. Investment decisions could also be made while misjudging the integrity of founders and managers who have crucial influence. Consequently, after making an investment, the asset value of the investment (i.e., the equity value of SBG's holdings) could decrease, thereby leading to a decrease in NAV and deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

### d. Decrease in the asset value of portfolio companies

Even after making investments, SBG has a system in place in which major risk factors of portfolio companies are continuously monitored and reported to management, 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. In addition, based on the findings of the monitoring, SBG takes the necessary measures to improve the management of portfolio companies, such as providing necessary advice, dispatching human resources at various levels (including officers and managers), and introducing business partners.

However, portfolio companies may be unable to develop businesses as envisioned by SBG at the time of the investment decision, due to factors including the obsolescence of portfolio companies' technologies and business models and intensified competitive environments, in addition to the macro external factors described in “a. Political situations, monetary and fiscal policies, and trends in international conditions.” This may lead to a significant deterioration in business performance or a drastic revision of their business plans. There is also a possibility that the portfolio companies may increase their capital, which could result in a significant dilution of the per-share value of such portfolio companies' shares. In such cases, the asset value of portfolio companies may decrease, and SBG may record valuation losses on financial assets such as shares or impairment losses on goodwill, property, plant and equipment, and intangible assets acquired through investment, and may

## Risk Management: Risk Factors

not receive the expected returns, such as profit sharing, from portfolio companies or be able to recover the investment. Consequently, the equity value of SBG's holdings and NAV could decrease, thereby leading to a deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

Moreover, on a non-consolidated basis, any decline in the value of assets that were acquired through investment activities, including equity interests, could cause SBG to recognize a valuation loss, which could adversely affect SBG's results of operations and the distributable amount. Furthermore, a deterioration in the results of operations of portfolio companies could result in an inability to receive dividends from portfolio companies as expected, which could adversely affect cash flows.

In addition, SBG may provide loans, loan guarantees, additional investment or other forms of financial support to portfolio companies as deemed necessary to improve their shareholder value, if they are unable to develop businesses as envisioned at the time of the investment decision, are unable to create desired synergies with other portfolio companies, or need more funds than anticipated for business development. This could increase SBG's risk exposure to those companies. Nevertheless, SBG has a general policy of not making investments solely for the purpose of providing relief to the portfolio companies of investment funds.

### (5) SoftBank Vision Fund 1 and SoftBank Vision Fund 2

SoftBank Vision Fund L.P. ("SVF1") and SoftBank Vision Fund II-2 L.P. ("SVF2" and, together with SVF1, "SVF") invest primarily in equity-related investments in the technology sector (including telecoms, internet and media). SVF is managed by SBG's wholly owned subsidiary in the U.K., SB Investment Advisers (UK) Limited, which is authorized and regulated by the U.K.'s Financial Conduct Authority. SBG invests in SVF as a limited partner. Also, SBIA is entitled to receive management fees and performance fees, each of which is measured by reference to the investment activities of SVF.

As of March 31, 2021, the total committed capital for SVF1 was \$98.6 billion (including \$33.1 billion from SBG and its subsidiary),\*<sup>3</sup> cumulative contributions from limited partners were \$85.4 billion (including \$29.3 billion from SBG and its subsidiary), and remaining undrawn committed capital was \$13.2 billion (including \$3.8 billion from SBG and its subsidiary).

As of March 31, 2021, SBG was the sole limited partner in SVF2 and the total committed capital for SVF2 was \$20.0 billion,\*<sup>4</sup> cumulative contributions from SBG were \$6.8 billion, and remaining undrawn committed capital was \$13.2 billion.

SVF and SBIA are subject to particular material risks, including those stated in subsections a. through k. below. SBIA has established a Risk Management Framework ("RMF") to embed risk management in the business and decision-making procedures across SBIA globally, but it may not be able to fully avoid the emergence of such risks. If any of these risks were to emerge, they could adversely affect the value of the investment portfolio of SVF, thereby deteriorating the financial results of SVF and SBIA. A decrease in the value of investments in SVF could also adversely affect the equity value of SBG's holdings and thereby lead to a decline in NAV and deterioration in LTV. In parallel, the recording of such valuation losses on equity holdings could adversely affect SBG's consolidated results of operations and financial position.

In this section (5), the term "portfolio companies" refers to the investees of SVF.

\*<sup>3</sup> Includes \$2.5 billion earmarked for purposes of an incentive scheme related to SVF1.

\*<sup>4</sup> As of June 23, 2021, SBG's committed capital to SVF2 has been increased to \$40.0 billion.

### RMF of SBIA

This framework covers all aspects of risk management (both operational and investment) and sets a framework for identifying, assessing and mitigating risks.

The principles underlining SBIA's RMF are:

- "Tone from the top" (i.e., the Board is ultimately responsible for risk management and risk should be taken into account in key business decisions)
- The establishment of an effective risk culture across the organization which supports the business to meet investors' expectations, the firm's strategic objectives, and regulatory requirements
- Identifying and mitigating risks in a forward-looking manner, allowing management to take proactive action as required to safeguard assets of limited partners and SBIA's reputation
- Ensuring that material existing or emerging risks are actively identified, measured, mitigated, monitored and reported
- Meeting the risk management requirements of local and Group company regulators

### a. Impact on the results of operations

All entities that comprise SVF are consolidated by SBG. Investments held by SVF are measured at fair value at the end of every quarter. Changes in fair value are recognized as gain and loss on investments (except for gain and loss on investments in subsidiaries) in operating income from Gain (loss) on investments at SVF1, SVF2, and others in the consolidated statements of income. With respect to unlisted companies, fair value is measured by combining multiple methods, such as the price of recent transactions, discounted cash flow, and market comparable companies. Fair value of listed companies is determined by the market price at which they trade. A decline in the fair value of the investments—due to factors such as a deterioration in the results of operations of portfolio companies or a downturn in financial markets and economic conditions—could lead to a deterioration in the results of operations of SVF, which could have an adverse effect on SBG's consolidated results of operations and financial position. Further, on a non-consolidated basis, a deterioration in the results of operations of SVF could cause SBG to record a valuation loss on investment made as a limited partner, which could have an adverse effect on its results of operations and distributable amount.

The portfolio companies in which SVF has invested that SBG is deemed to control under IFRS, are treated as subsidiaries of SBG. The results of operations as well as assets and liabilities of said subsidiaries are reflected in SBG's consolidated financial statements. Therefore, a deterioration in the results of operations of said portfolio companies that are subsidiaries could have an adverse effect on SBG's consolidated results of operations and financial position. Gain and loss on investments in said subsidiaries that are recognized at SVF are eliminated in consolidation.

To ensure the appropriateness of fair value measurements, SVF has a robust valuation process, which is overseen by SBIA's Valuation and Financial Risk Committee ("VFRC"). VFRC follows the SBIA Global Valuation Policy when valuing SVF's investments and valuations are prepared in line with IFRS 13 Fair Value Measurement and the International Private Equity and Venture Capital Valuation Guidelines on a quarterly basis. In addition to this, independent valuations of SVF1's portfolio companies are conducted on a semi-annual basis by independent third-party valuation firms who have been appointed and engaged by SVF1's investor advisory board. SBIA is required to take into account (to the extent appropriate in accordance with SBIA's regulatory obligations) all valuations received from such independent third-party valuation firms.

### b. Investment performance

Net proceeds from the investment performance of SVF are distributed to limited partners, who comprise SBG and, for SVF1, third-party investors. They are also distributed to SBIA as performance fees. If SVF experiences a deterioration in investment profitability and is unable to generate investment performance as planned, SBG could be unable to receive performance-based distributions as a limited partner in accordance with its expectations or could be unable to recover its capital contributions. SBIA may also be unable to receive performance fees in accordance with expectations.

## Risk Management: Risk Factors

Further, SBIA receives performance fees on the realization of gains, including after the disposition of investments, receipt of dividends from investments, and monetization of shares. The existence of a performance fee may create an incentive for SBIA to make and cause SVF to make more speculative investments than they would otherwise make in the absence of such performance-based fees. Performance fees received are subject to a clawback provision (a provision requiring the return of performance fees received in the past), which is triggered under certain conditions based on future investment performance. Therefore, if the investment performance of SVF1 does not exceed a certain level, SBIA may be unable to receive performance fees in accordance with expectations. Also, if the investment performance at the time of liquidation of SVF1 does not exceed a certain level, the amount of performance fees that have been received by SBIA up until then could be reduced, or SBIA may not be able to receive performance fees.

### c. Leverage

SVF may utilize borrowings to bridge capital calls and incur leverage on a portfolio basis. For the purpose of this disclosure, “leverage” refers to any method by which SVF’s exposure is increased and may take the form of direct borrowing, issuance of debt or mezzanine securities, trading on margin, use of derivative instruments and other forms of direct and indirect borrowings. All of these uses or exposures to leverage will increase the exposure of SVF’s investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the corresponding market of the investment. In the event an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of SVF’s equity in such investment could be significantly reduced or even eliminated and, if such leverage has recourse to multiple investments, it may also reduce or eliminate the value of these other investments. In the event SVF is unable to generate sufficient returns to meet its obligations under borrowings, SVF may have to realize investments prematurely, adversely impacting returns to investors. As of the end of March 2021, SVF1’s outstanding borrowing for the purpose of monetizing its investments was \$4.0 billion.

SBIA closely monitors SVF1’s leverage levels and associated cash flows, both in compliance with limitations set out in the SVF1 fund and facility documentation, and from an ongoing liability and pipeline investment perspective. Such leverage levels and any potential cash flow issues are reported to senior management by both the finance and investment risk teams for action. SVF has a strong liquidity position, with certain uncalled limited partner capital reserved in order to meet loan interest payments and other SVF liabilities. SBIA always aims to continue to maintain an adequate cash buffer for SVF.

### d. Lack of opportunity to exit from investments

Due to the illiquid nature of many of the investments that SVF may acquire, SBIA is unable to predict with complete certainty what the exit strategy will ultimately be for any given position. Accordingly, there can be no assurance that SVF will be able to realize such investments in a timely manner. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. SVF may be prohibited by contract or other limitations from selling certain securities for a period of time which may mean that SVF is unable to take advantage of favourable market prices.

Approval of an exit strategy is a key part of the SBIA Investment Committee’s considerations and exit strategies are regularly reviewed and updated by SBIA’s investment teams. Exit strategies are also stress tested under various market conditions by the investment risk team to allow for 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.

### e. Non-controlling investments and limited rights as shareholder

SVF may hold non-controlling interests in certain portfolio companies and, therefore, may have a limited ability to protect its interests in such companies and to influence such companies’ management. In addition, SVF may invest alongside financial, strategic or other third-party co-investors (including Group companies) through joint ventures or other entities which may have larger or controlling ownership interests in such entities or portfolio companies. In such cases, SVF will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom SVF is not affiliated and whose interests may at times conflict with the interests of SVF.

### f. Securing and retaining human resources

SBIA seeks to maximize the equity value of the investment funds that it manages, including SVF, 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. SBIA has broad investment and management capabilities, and aims to ensure staff retention through various HR support programs; from training and development to moving staff across the organization to ensure they fulfil their potential. SBIA and its Remuneration Committee have a total compensation philosophy linked to performance that is believed to be very competitive against the market. However, the inability of SBIA to secure or retain an adequate number of such capable personnel (including in light of increasing competition among alternative asset firms; financial institutions; private equity, growth equity and venture capital firms; investment managers and other industry participants for hiring and retaining qualified investment professionals and other factors) could have an adverse effect on the maintenance or expansion of the investment scale and future investment performance of the investment funds it manages.

### g. Limited partners

For each of SVF’s investments, SBIA issues capital calls to its limited partners. The inability of limited partners to contribute capital for any reason could restrict the investment amounts of SVF and could result in it being unable to invest as planned. Whilst other limited partners are required to meet shortfall amounts, subject to certain limitations, as the interests in SVF1 are concentrated amongst a few significant investors, including SBG itself, the adverse impact of a limited partner’s failure to comply with a capital call may be greater than it would be if the interests were held across a more diverse group of investors. In addition, certain third-party limited partners that provide large committed capital amounts to SVF1 have a veto over investments above a certain threshold amount, and the exercise of a veto could result in SBIA being unable to conduct investments as planned, including an investment that is a follow-on investment that SBIA considers necessary or appropriate to enhance or protect SVF1’s interests in a pre-existing investment.

### h. Regulation of new technologies or business models

SVF’s portfolio includes companies that are advancing the use of or are conducting research and development in relation to new technologies such as AI and big data and companies that are rolling out new business models that are different from existing business models. The business fields in which these types of new technologies and business models are offered (for example, autonomous vehicles and ride-sharing services) may be subject to specific and strict regulations and licencing regimes in many countries and regions. With the development of related laws, the introduction of, or changes in, regulations could have an adverse effect by creating financial burdens or restrictions on portfolio companies’ business development and their results of operations by, for example, requiring portfolio companies to change, suspend, or discontinue the deployment of technologies, business models, or related research and development plans. Licenses and permits required



## Risk Management: Risk Factors

to provide certain technology related services are subject to various conditions and there is no assurance that SVF's portfolio companies will be able to satisfy such conditions.

### i. Concentration of investments in specific business fields

SVF holds investments in multiple companies in specific business fields, which in some cases leads to a high level of concentration of investments in said business fields. For example, SVF1 has invested in companies that provide ride-sharing services, including Uber Technologies, Inc., Xiaoju Kuaizhi Inc., and GRAB HOLDINGS INC. In such business fields, a deterioration in the business environment, such as sluggish demand or intensified market competition (including competition among portfolio companies), could result in a deterioration in the results of operations, such as a decrease in the profitability of a portfolio company, an inability to develop a business in accordance with expectations at the time of SVF's investment, or a deterioration in the market's valuation of said business fields. Such developments could adversely affect the results of operations or the fair value of portfolio companies.

Concentration risk is measured and reported by the SBIA investment risk team to SBIA senior management and considered by the members of SBIA's Investment Committee and board. Diversification is implemented or the risk is accepted through the investment process, including review by SBIA's Investment Committee and, as required, SVF1's investor advisory board.

### j. Listed company holdings

SVF's investment portfolio may contain securities and debt issued by listed companies. Such investments may subject SVF to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies resulting from the availability of quoted market prices, increased obligations to disclose information regarding such companies, limitations on the ability of SVF to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees of SBIA, and increased costs associated with each of the aforementioned risks. In addition, securities traded on a public exchange are subject to such exchange's right to suspend or limit trading in certain or all securities that it lists. Such a suspension could render it temporarily impossible for SVF's positions to be liquidated, and thereby expose SVF to losses.

The primary mechanism employed to mitigate the market risk posed by the listed securities held by SVF following a liquidity event is to follow a deliberate plan for selling down the positions so as to minimize the market impact of SBIA's activity and maximize the value of the proceeds. In some cases, SBIA will also reduce its exposure by entering into derivative contracts (for example, by selling a covered call option). SBIA also examines whether to hedge the foreign-exchange risk should the securities be denominated in a currency whose exchange rate relative to USD is volatile.

The operational and compliance risks that arise while managing SVF's listed securities positions are managed through an appropriate control framework involving SBIA's middle office, compliance and operational risk functions, including the investment risk team. These controls include pre-trade approval processes, such as the approval of trading counterparties, and post-trade reconciliations and monitoring.

### k. SPAC

To potentially pursue a wider range of investment opportunities, SBIA US may form a special purpose acquisition company ("SPAC") for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the company has not yet identified at the time of the offering and it aims to complete such business combination within two years from the closing of each offering. However, investment in a SPAC as sponsor entails risks, such as

litigation risk due to the failure to identify and address risks of target company prior to business combination, or the risk of failure in finding a SPAC target thus no business combination will occur. Such risks may result in a decline in the sponsor's reputation.

### (6) SoftBank Corp. Group

SoftBank Corp. and its subsidiaries (Z Holdings Corporation, for example) (collectively herein (6), "SoftBank Corp.") mainly conduct telecommunications, internet advertising, and e-commerce businesses. There are risks associated with SoftBank Corp. that are considered to be highly material, including those stated in subsections a. through c. below. If the following risks materialize, SoftBank Corp.'s results of operations could deteriorate, which could result in a decrease in asset value (i.e., the equity value of SBG's holdings), and thereby lead to a decrease in NAV and deterioration of LTV. In parallel, the recording of impairment losses on goodwill, property, plant and equipment, and intangible assets acquired through investment and the incorporation of SoftBank Corp.'s performance could also adversely affect SBG's consolidated results of operations and financial position.

#### a. Leakage and inappropriate use of information

In its business operations, SoftBank Corp. handles customer information (including personal information) and other confidential information. This information could be leaked or lost, or may be used inappropriately in breach of laws and regulations or policies, or involved in a similar incident, either intentionally or accidentally by SoftBank Corp. (including officers and employees and people related to subcontractors) or through a malicious cyberattack, hacking, computer virus infection, or other form of unauthorized access by a third party or other means. Such an occurrence could damage SoftBank Corp.'s competitiveness, and incur significant costs to SoftBank Corp. for payment of damages and modification of security systems, in addition to having an adverse impact on SoftBank Corp.'s credibility or corporate image and making it difficult to acquire and retain customers. These outcomes could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

On March 17, 2021, LINE Corporation, which was acquired in conjunction with a business integration in the fiscal year ended March 31, 2021, announced, among other matters, that it had granted an affiliated subcontractor company in China viewing authority over certain personal information acquired from users. Moreover, in connection with this incident, LINE Corporation received orders from the Personal Information Protection Commission and the Ministry of Internal Affairs and Communications on March 19, and the Financial Services Agency on March 22, to submit reports based on the applicable laws. Accordingly, LINE Corporation has submitted reports on its intended responses to this incident. No evidence of unauthorized access or an information leak has been confirmed in this incident. However, considering that there were some deficiencies in terms of security control measures and explanations to users, SoftBank Corp. views this matter as an extremely serious incident and is implementing measures to deal with the incident accordingly. Looking ahead, SoftBank Corp. will work to strengthen governance regarding the appropriate handling of personal information. However, if such measures to strengthen governance do not function effectively, SoftBank Corp. could be subject to administrative sanctions by the authorities, sustain damage to its credibility, suffer a decline in demand for its services, and may need to formulate and implement additional measures and so forth. Consequently, these outcomes could adversely affect SoftBank Corp.'s business development, financial position, and results of operations.

SoftBank Corp. 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. SoftBank Corp. maintains and controls this level of information security through various measures. Specifically, SoftBank Corp. implements physical security control measures such as restricting access to work areas that involve customer information and other

## Risk Management: Risk Factors

confidential information, and establishing room access management rules specific to those restricted areas. SoftBank Corp. has introduced an AI-based predictive detection (behavior detection) system for internal misconduct. Certain conditions, such as the use of business PCs and the intranet and the status of access to internal servers by officers and employees, are monitored. SoftBank Corp. also conducts monitoring and defensive measures against unauthorized access via cyberattacks from outside the company. Moreover, SoftBank Corp. partitions and sets apart access rights and networks to be used for various types of information, according to the information security level. Furthermore, SoftBank Corp. has established policies and rules on the management and strategic use of data from within and outside the company, thereby strengthening the internal management system concerning matters such as the confidentiality of telecommunications and the handling of personal information.

### b. Steady provision of services

#### (a) Capacity enhancement of telecommunications networks

To maintain and enhance the quality of its telecommunications services, SoftBank Corp. needs to, and systematically continues to, increase the capacity of its telecommunications networks (by securing required spectrum, for example) based on the forecast of future network traffic (communication volume). However, if the actual traffic is significantly higher than expected, or if SoftBank Corp. fails to increase network capacity in a timely manner, the quality and reliability of its services and corporate image may deteriorate, which may adversely affect its ability to acquire and retain customers. Moreover, additional capital investment may be required, which may adversely affect the business development, financial position and results of operations of SoftBank Corp.

#### (b) Service disruptions or decline in quality due to system faults and other factors

If human error, equipment or system problems, cyberattacks by third parties, hacking or other unauthorized access occurs in the various services provided by SoftBank Corp., such as telecommunications networks and systems for customers, there is a possibility that a serious problem could occur, including an inability to provide services continuously or a decline in the quality of services. SoftBank Corp. has taken measures such as building redundancy into systems, clearly defining restoration procedures in preparation for incidents such as system faults, and creating appropriate capabilities that facilitate rapid recovery from system faults and similar problems should they occur. Even with these measures in place, if such disruptions or a decline in quality are not avoided and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

#### (c) Natural disasters, accidents and other unpredictable events

SoftBank Corp. constructs and maintains telecommunications networks, information systems, and other systems necessary for the provision of various services, including internet and telecommunications services. In the past few years, there has been a heightened risk of sustaining damage from major natural disasters, such as earthquakes and typhoons, owing to factors such as the increased likelihood of the occurrence of a Nankai Trough earthquake or an earthquake directly under the Tokyo metropolitan area and the progression of climate change. Natural disasters such as earthquakes, typhoons, floods, tsunamis, tornadoes, heavy rainfall, snowfall, or volcanic activity; the amplification of those natural disasters due to climate change in recent years; other unexpected disruptions such as fires or power outages or shortages; and unpredictable events such as terrorist attacks or the spread of infectious diseases could interfere with the normal operation of telecommunications networks, information

systems, and other systems. This could hinder the provision of various services by SoftBank Corp. In order to ensure that it can provide a stable telecommunications environment even in the aforementioned circumstances, SoftBank Corp. has introduced measures to build redundancy into networks and mitigate power outages at network centers and base stations. In addition, SoftBank Corp. has implemented measures such as strategically placing network centers, data centers, and other key facilities throughout Japan, as part of efforts to mitigate the impact of the aforementioned circumstances on the provision of various services. Even with these measures in place, if the provision of various services is hindered, and these impacts become widespread and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. Moreover, significant costs may be incurred by SoftBank Corp. for recovery and repair of telecommunications networks, information systems, and other systems. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

### c. Dependence on management resources of other companies

#### (a) Consignment of operations

SoftBank Corp. consigns certain sales activities, acquisition and retention of customers, network construction and maintenance mainly for telecommunications services, and execution of other related operations in whole or part to subcontractors. In addition, SoftBank Corp.'s information search services make use of other companies' search engines and paid search advertising placement systems. SoftBank Corp. conducts credit investigations when it selects subcontractors and regularly monitors their results of operations and other conditions and audits their operations even after concluding contracts with them. If these subcontractors (including officers and employees and related parties) are unable to execute operations in line with SoftBank Corp.'s expectations, or if they engage in activities such as the unauthorized acquisition of information concerning SoftBank Corp. and its customers, or the use of such information for purposes other than intended, SoftBank Corp.'s business development could be adversely affected.

As these subcontractors are responsible for the sale of SoftBank Corp.'s services and products, damage to the credibility or corporate image of these subcontractors would also have a negative impact on SoftBank Corp.'s credibility or corporate image, which could hinder the acquisition and retention of customers. As a result, SoftBank Corp.'s business development, financial position and results of operations could be adversely affected.

Furthermore, if these subcontractors should commit any acts in breach of laws and regulations, SoftBank Corp. could be investigated and held accountable for non-fulfillment of its supervisory responsibility by, for example, receiving a warning or administrative guidance from the relevant regulatory authorities. SoftBank Corp.'s credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers. Consequently, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected.

#### (b) Use of facilities, etc. of other companies

SoftBank Corp. makes use of certain telecommunications lines and facilities owned by other operators when constructing the telecommunications networks required for providing telecommunications services. While SoftBank Corp. uses the telecommunications lines and facilities of multiple operators, in principle, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected if it becomes difficult to continue to use the facilities of these operators, or if usage agreements are revised on disadvantageous terms for SoftBank Corp., by, for example, increasing utilization or connection fees for those facilities.

## Risk Management: Risk Factors

### (c) Use of Yahoo! brands

In the businesses of SoftBank Corp. and Yahoo Japan Corporation, SoftBank Corp. makes use of Yahoo! brands belonging to a subsidiary of U.S. company Verizon Communications Inc. in certain service names, such as *Yahoo! JAPAN*, *Y!mobile*, and *Yahoo! BB*. If SoftBank Corp. becomes unable to use these brands due to a drastic change in its relationship with the company or other reasons, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected.

### (d) Procurement of various equipment

SoftBank Corp. procures telecommunications equipment, network devices, and so forth (including but not limited to radio equipment for mobile phone base stations, for example). As a general rule, SoftBank Corp. has adopted a policy of procuring equipment from multiple suppliers to build its network. Even so, SoftBank Corp. expects that it may remain highly dependent on specific companies for equipment. SoftBank Corp. may be unable to switch suppliers or equipment in a timely manner without requiring large cost outlays should problems occur with the procurement of equipment in a case where SoftBank Corp. relies heavily on a specific supplier. Such problems could include supply interruptions, delivery delays, order volume shortfalls, and defects. Suppliers may also cease to provide the maintenance and inspection services required for telecommunications equipment to maintain performance. Either of these situations could impede SoftBank Corp.'s provision of services, making it difficult to acquire and retain customers; cause SoftBank Corp. to incur additional costs for changing a supplier; or lead to a decline in sales of telecommunications equipment. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

## (7) Laws, Regulations, and Systems

SBG conducts investment activities pursuant to laws, regulations, and systems; administrative guidance and sanctions by government agencies (including but not limited to deregistration, revocation of licenses and fines); and so forth ("laws and regulations") in each country. Moreover, portfolio companies conduct business activities in compliance with laws and regulations in various fields in each country. Specifically, these laws and regulations cover an expansive range of areas. Among them are laws and regulations pertaining to investments and various laws and regulations pertaining to businesses such as telecommunications services, internet advertising, e-commerce, energy, AI, robotics, ride sharing, finance and settlement services, and other corporate business activities (including but not limited to laws and regulations related to business permits, import and export activities, protection of personal information and privacy, the environment, product liability, fair competition, consumer protection, anti-bribery, labor affairs, intellectual property, prevention of money laundering, taxation, and foreign exchange). SBG and its portfolio companies are affected by these laws and regulations both directly and indirectly.

Revisions to laws and regulations, the enforcement of new laws and regulations, or new interpretations and applications of laws and regulations (including amendments thereof) could hinder SBG's investment activities or its portfolio companies' business activities. For example, SBG may be unable to develop its investment activities and portfolio companies may be unable to develop their business activities in accordance with expectations, new investments or businesses may be restricted, or monetization of investments may be delayed or become impossible. In addition, incurring a new or increased financial burden could adversely affect SBG's consolidated and non-consolidated results of operations. The legal department of SBG collects information on new or revised laws and regulations, mainly related to investment activities, and receives advice from outside advisers.

Furthermore, in countries and regions in which SBG or its portfolio companies conduct business activities, tax laws and regulations may be newly introduced or amended, or their interpretation or enforcement may

be revised. Views differing with that of tax authorities may give rise to additional tax burdens. In these cases, SBG's consolidated and non-consolidated results of operations or financial position could be adversely affected.

Apart from this, SBG has been undertaking measures to strengthen its Group compliance structure for complying with laws and regulations and to facilitate an improvement in the knowledge and awareness of officers and employees through training sessions and other means. In spite of such efforts, if SBG 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, SBG and its portfolio companies may be subject to administrative sanctions or guidance by government agencies (including deregistration, revocation of licenses and fines), or may face cancellation of business agreements by business partners. As a result, the credibility and corporate image of SBG and its portfolio companies may be impaired, or its business activities may be hindered. In addition, SBG may incur a financial burden, which could adversely affect SBG's results of operations and the asset value of its portfolio companies.

## (8) 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 Arm's intellectual property by a third party could have a negative impact on Arm's business development and results of operations. On the other hand, if portfolio companies were to unintentionally infringe on intellectual property rights held by a third party, 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 all cases, the equity value of SBG's holdings, NAV, LTV, and consolidated and non-consolidated results of operations could be adversely affected.

## (9) Litigation

SBG 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 (including current and past shareholders of portfolio companies), portfolio companies, customers, business partners, and employees (including current and past employees of portfolio companies). Such lawsuits could hinder SBG's investment activities or may impair SBG's corporate image, as well as create a financial burden that could adversely affect SBG's consolidated and non-consolidated results of operations.

## (10) Sustainability

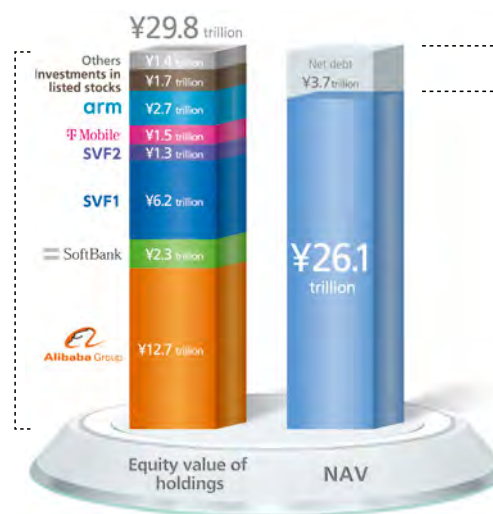
SBG believes that it is crucial to take the lead and implement essential activities to address Environmental, Social and Governance ("ESG") factors. SBG emphasizes the integration of ESG and management. Therefore, it has appointed the CFO as Chief Sustainability Officer ("CSusO"), the manager responsible for sustainability. Also, SBG has set up a Sustainability Committee chaired by the CSusO. The Sustainability Committee regularly discusses ESG priorities that should be addressed to mitigate and avoid ESG risks, while strengthening ESG-related disclosure. In investment activities, SBG has adopted a Group policy of formulating management plans for evaluation processes at each investing entity and carrying out comprehensive investment evaluations, in order to analyze the opportunities and risks associated with the sustainability aspects of portfolio companies. However, SBG's ESG activities may diverge significantly from the expectations of stakeholders, and SBG may be unable to conduct investment activities that give due consideration to sustainability. In these cases, portfolio companies may be unable to develop their businesses as expected. This could have the effect of reducing the asset value of those portfolio companies (i.e., the equity value of SBG's holdings).

# Annotations

## Breakdown of equity value of holdings

- The sum of (a) and (b) below
  - (a) Listed shares: calculated by multiplying the number of shares held by SBG by the share price of each listed share
  - (b) Unlisted shares: calculated based on the fair value of unlisted shares, etc. held by SBG
- Value equivalent to SBG's portion of an asset management subsidiary's NAV, etc. + (c) below
  - (c) The amount equivalent to the outstanding margin loan backed by Alibaba shares executed by the asset management subsidiary in October 2020
- Calculated based on the acquisition cost of SBG, excluding the number of shares held by SVF1
- The sum of (d) to (f), less (g) and (h) below
  - (d) Value calculated by multiplying the number of T-Mobile shares held by SBG (including the number of shares subject to call options (101,491,623 shares) received by Deutsche Telekom AG) by the share price of T-Mobile
  - (e) Fair value of SBG's right to acquire T-Mobile shares (48,751,557 shares) for no additional consideration under certain conditions
  - (f) Fair value of the right of a subsidiary of SBG to receive T-Mobile shares under certain conditions, in connection with the transaction in which T-Mobile sold T-Mobile shares to a trust that issued cash mandatory exchangeable trust securities
  - (g) The amount of derivative financial liabilities relating to the call options received by Deutsche Telekom AG
  - (h) The loan amount that is accounted as the amount borrowed through non-recourse asset-backed financing out of the total borrowing amount through a margin loan using T-Mobile shares pledged as collateral. (Because SBG has, as an exception, guaranteed a portion of the \$4.38 billion margin loan, \$2.36 billion, the amount after deducting the \$2.02 billion cap on the guaranteed obligations, is considered as a borrowing amount under non-recourse asset-backed financing. As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral for the margin loan).
- Value equivalent to SVF2's holding value + performance fees accrued
- Value equivalent to SBG's portion of SVF1's holding value + performance fees accrued, etc.
- Calculated by multiplying the number of SoftBank shares held by SBG by the share price of SoftBank, less (i) below
  - (i) The amount equivalent to the outstanding margin loan backed by SoftBank shares
- Calculated by multiplying the number of Alibaba ADSs (equivalent of the number of Alibaba shares held by SBG) as of December 31, 2020, by the ADS price, less (j) to (l) below
  - (j) The sum of the amount to be settled at maturity (calculated by using the share price of Alibaba) of the prepaid forward contracts using Alibaba shares, such as collar contracts and call spread
  - (k) The amount equivalent to the outstanding margin loan backed by Alibaba shares executed by the asset management subsidiary in October 2020
  - (l) The amount equivalent to the outstanding margin loan backed by Alibaba shares executed in March 2021

## Notes on "NAV (Net Asset Value)" page 8



## Calculation of net debt

- Net debt = SBG net interest-bearing debt
- SBG net interest-bearing debt = SBG gross debt - SBG cash position, etc.
- SBG gross debt = Consolidated gross debt - gross debt of subsidiaries (non-recourse) - gross debt of the asset management subsidiary
- SBG gross debt: adjusted (m) to (t) below
  - (m) JPY Hybrid Bonds issued in September 2016: 50% of outstanding amount, which is recorded as debt in consolidated B/S, is treated as equity
  - (n) USD Hybrid Notes issued in July 2017: 50% of outstanding amount, which is recorded as equity in consolidated B/S, is treated as debt
  - (o) JPY Hybrid Loan executed in November 2017: 50% of outstanding amount, which is recorded as debt in consolidated B/S, is treated as equity
  - (p) JPY Hybrid Notes issued in February 2021: 50% of outstanding amount, which is recorded as debt in consolidated B/S, is treated as equity
  - (q) Deducting the financial liabilities relating to prepaid forward contracts using Alibaba shares, such as collar contracts
  - (r) Deducting the amount equivalent to the outstanding margin loan backed by SoftBank shares.
  - (s) Deducting the loan amount that is accounted as the amount borrowed through non-recourse asset-backed financing out of the total borrowing amount through a margin loan using T-Mobile shares pledged as collateral (see (h) in "Calculation of equity value of holdings")
  - (t) Deducting the amount equivalent to the outstanding margin loan backed by Alibaba shares executed in March 2021
- SBG cash position, etc. = Consolidated cash position, etc. - cash position, etc. of subsidiaries (non-recourse) - cash position, etc. of the asset management subsidiary
- Cash position etc. of subsidiaries that managed on a self-financing basis: the sum of cash position, etc. of SoftBank, SVF1, SVF2, Arm, etc.
- Consolidated gross debt: excludes cash position of banking business of The Japan Net Bank (currently PayPay Bank)
- Gross debt of subsidiaries that managed on a self-financing basis: the sum of gross interest-bearing debt of SoftBank, SVF1, SVF2, Arm, etc.

## Notes on "Our Transformation" page 10



- ① Professional monthly magazines that introduce PCs and software by manufacturer
- ② Electronics show held in Osaka, Japan, in 1981
- ③ PC game softwares released by Hudson Soft, with which SBG signed an exclusive wholesale agreement
- ④ SoftBank Japan's first publication *Pocket Computer Library*
- ⑤ Corporate logo used until December 2004
- ⑥ Mascots *Harry Hawk* and *Honey Hawk* of the *Fukuoka SoftBank HAWKS*
- ⑦ The logo for *Yahoo! BB*, a comprehensive broadband commercial service using ADSL
- ⑧ *Yahoo! JAPAN* top page (then)
- ⑨ ADSL modems distributed free of charge to promote the spread of broadband services
- ⑩ Airborne base stations and mobile base station vehicles deployed near the venue to alleviate communication congestion during an event
- ⑪ The first mobile handset to feature a Cycloid Style LCD capable of receiving terrestrial digital TV broadcasts
- ⑫ Acquired Vodafone K.K. (Left: William Morrow, then Representative of Vodafone K.K.; Right: Masahiro Inoue, then President and CEO of Yahoo Japan (currently Z Holdings))

## Notes on "Total amount of compensation by title (fiscal 2020)" page 50

1. Aside from the amounts listed, there was no compensation paid to External Officers as Board Directors and Audit & Supervisory Board members from the subsidiaries of SBG for fiscal 2020.
2. "Board Directors (excluding External Board Directors)" includes two Board Directors who resigned from their positions on the Board of Directors of SBG on June 25, 2020, and November 1, 2020, respectively, and one Board Director who resigned from the position on the Board of Directors of SBG on November 9, 2020, and was appointed as a Corporate Officer on the same day. "Total amount of compensation" and "Subtotals for each type of compensation" excluded the amount of compensation as the Corporate Officer after resigning from the position on the Board of Directors.
3. Pursuant to the resolution of the 38th Annual General Meeting of Shareholders held on June 20, 2018, regarding the annual aggregate compensation of Board Directors, monetary compensation shall not exceed ¥5 billion per year, while compensation in the form of stock acquisition rights allotted as stock options separately from the aforementioned compensation shall not exceed ¥5 billion per year.
4. Pursuant to the resolution of the 41st Annual General Meeting of Shareholders held on June 23, 2021, regarding the annual aggregate compensation of Audit & Supervisory Board members, monetary compensation shall not exceed ¥160 million per year.

## Notes on "Total consolidated compensation paid to respective Board Directors whose total consolidated compensation is ¥100 million or more (fiscal 2020)" page 50

1. Company name and subtotals for each type of consolidated compensation are stated based on the compensation agreements between each Board Director and the Group.
2. "Of which undetermined amount" in "Share-based payment" refers to an amount of cash-settled share-based compensation, which was calculated based on the share price at the end of this fiscal year because the settlement date had not arrived. This amount will fluctuate subject to the share price in the period up to the settlement date.
3. ¥228 million out of the share-based payment to Ken Miyauchi from SoftBank represents the amount to be paid in the form of restricted stock on July 20, 2021, and will be recorded in the consolidated statement of income for the following fiscal year.
4. Marcelo Claude, Katsunori Sago, and Rajeev Misra resigned from their positions on the Board of Directors of SBG on November 9, 2020. On the same day, Marcelo Claude was appointed as the Corporate Officer, Executive Vice President & COO; Katsunori Sago was appointed as the Corporate Officer, Executive Vice President & CSO; and Rajeev Misra was appointed as the Corporate Officer, Executive Vice President. "Amount of consolidated compensation" and "Subtotals for each type of consolidated compensation" excluded the amount of compensation as the Corporate Officers after resigning from their positions on the Board of Directors.
5. Katsunori Sago resigned from the position of Corporate Officer, Executive Vice President & CSO on March 31, 2021.
5. Other compensation to Marcelo Claude represents mainly expenses related to relocations of his activity base that were paid from SB Group US Inc.





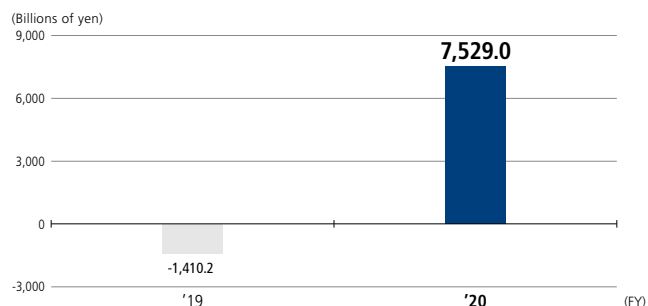
# Financial Section

- 067 Graphs: Key Consolidated Financial Data
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# Graphs: Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

## Gain on investments (Figures prior to FY2018 are not presented.)

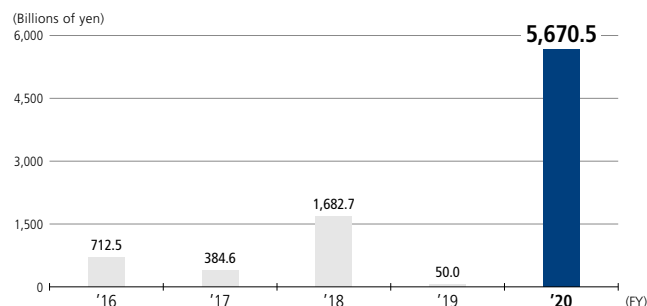


FY2020

Gain on investments

**+ ¥8.9 trillion YoY**

## Income before income tax

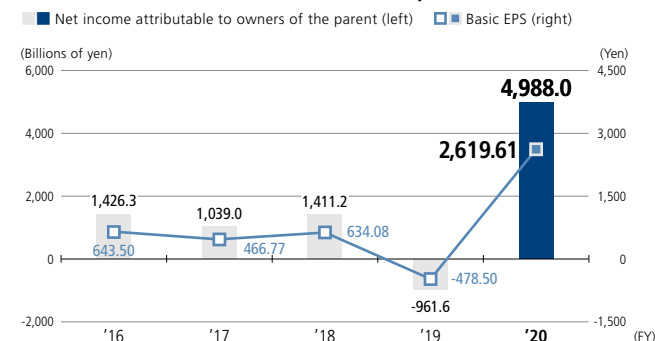


FY2020

Income before income tax

**+ ¥5.6 trillion YoY**

## Net income attributable to owners of the parent / Basic EPS



FY2020

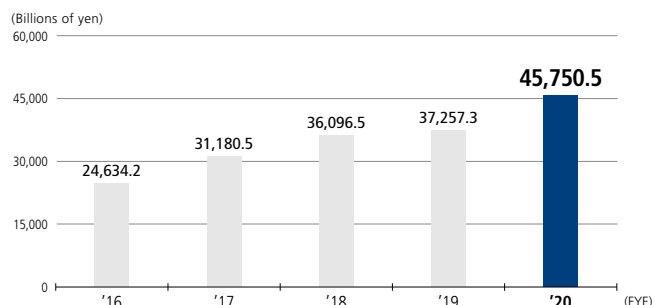
Net income attributable to owners of the parent

**+ ¥5.9 trillion YoY**

Basic EPS

**¥2,619.61**

## Total assets

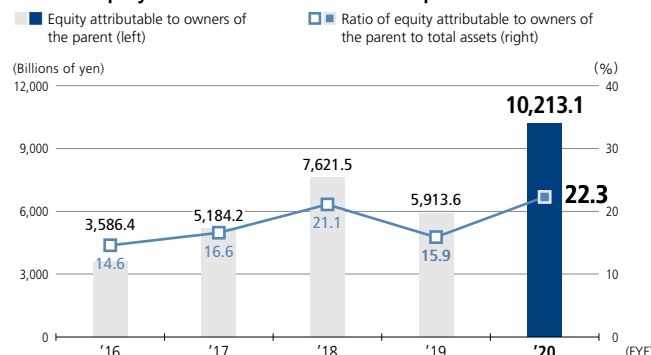


FYE2020

Total assets

**+22.8% YoY**

## Equity attributable to owners of the parent / Ratio of equity attributable to owners of the parent to total assets



FYE2020

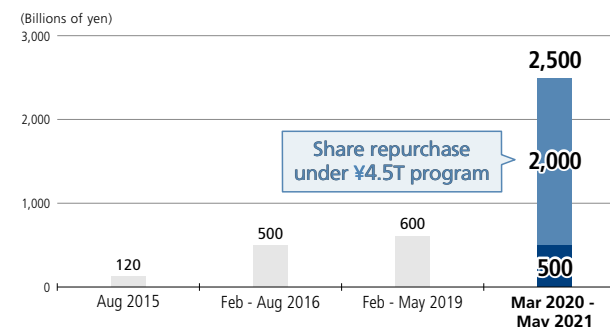
Equity attributable to owners of the parent

**+72.7% YoY**

Ratio of equity attributable to owners of the parent to total assets

**22.3%**

## Share repurchase



Share repurchase from March 2020 to May 2021

**¥2.5 trillion**

- Notes: 1. Sprint and Brightstar ceased to be a subsidiary of the Company in FY2020. Operating results of Sprint and Brightstar are excluded from FY2018 and FY2019.  
 2. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. Basic EPS has been retroactively adjusted to reflect the impact of the share split.  
 3. The Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in FY2018, and IFRS 16 "Leases" in FY2019. The information for each previous fiscal year is not restated.  
 4. See page 75 for details of the ¥4.5 trillion program.

# Eleven-Year Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

	JGAAP		IFRS			
(Millions of yen)	FY2010	FY2011	FY2012	FY2013	FY2014	
Net sales	3,004,640	3,202,436	3,202,536	6,666,651	8,504,135	
Operating income* <sup>1</sup>	629,163	675,283	799,399	1,077,044	918,720	
Income before income tax	480,613	632,257	715,504	924,049	1,213,035	
Gain (loss) on investments* <sup>1</sup>	—	—	—	—	—	
Net income attributable to owners of the parent	189,713	313,753	372,481	520,250	668,361	
Total assets	4,655,725	4,899,705	7,218,172	16,690,127	21,034,169	
Total equity attributable to owners of the parent	619,253	936,695	1,612,756	1,930,441	2,846,306	
Interest-bearing debt* <sup>2</sup>	2,075,801	1,568,126	3,707,853	9,170,053	11,607,244	
Net interest-bearing debt* <sup>3</sup>	1,209,636	547,299	2,257,806	7,059,286	8,182,817	
Net cash provided by operating activities	825,837	740,227	813,025	860,245	1,155,174	
Net cash used in investing activities	(264,448)	(375,656)	(874,144)	(2,718,188)	(1,667,271)	
Net cash provided by (used in) financing activities	(397,728)	(196,667)	471,477	2,359,375	1,719,923	
Net increase (decrease) in cash and cash equivalents	159,457	168,069	417,944	524,433	1,295,163	
Cash and cash equivalents at the fiscal year-end	847,155	1,014,559	1,439,057	1,963,490	3,258,653	
Major Indicators	(Units)					
ROA	%	4.2	6.6	6.0	4.4	3.5
ROE	%	34.8	40.3	29.7	29.5	28.0
Ratio of equity attributable to owners of the parent to total assets	%	13.3	19.1	22.3	11.6	13.5
Per share data* <sup>4</sup>	(Units)					
Basic EPS	¥	87.64	142.89	166.26	218.48	281.10
Diluted EPS	¥	84.29	139.38	164.04	217.34	279.38
Equity per share attributable to owners of the parent	¥	286.07	426.35	676.78	812.17	1,196.74
Dividend per share	¥	2.50	20.00	20.00	20.00	20.00
Others	(Units)					
Number of shares outstanding	'000	1,082,350	1,098,515	1,191,500	1,188,456	1,189,197
Number of subsidiaries		178	196	235	756	769
Number of associates		92	97	108	105	120
Number of employees (consolidated basis)		21,799	22,710	25,891	70,336	66,154

## Eleven-Year Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

	IFRS						
(Millions of yen)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	
Net sales	8,881,777	8,901,004	9,158,765	6,093,548	5,238,938	5,628,167	
Operating income* <sup>1</sup>	908,907	1,025,999	1,303,801	2,073,636	—	—	
Income before income tax	919,161	712,526	384,630	1,682,673	50,038	5,670,456	
Gain (loss) on investments* <sup>1</sup>	—	—	—	—	(1,410,153)	7,529,006	
Net income attributable to owners of the parent	474,172	1,426,308	1,038,977	1,411,199	(961,576)	4,987,962	
Total assets	20,707,192	24,634,212	31,180,466	36,096,476	37,257,292	45,750,453	
Total equity attributable to owners of the parent	2,613,613	3,586,352	5,184,176	7,621,481	5,913,613	10,213,093	
Interest-bearing debt* <sup>2</sup>	11,922,431	14,858,370	17,042,188	15,685,106	14,272,208	19,547,976	
Net interest-bearing debt* <sup>3</sup>	9,248,363	11,923,065	13,617,254	12,056,031	11,027,565	14,016,812	
Net cash provided by operating activities	940,186	1,500,728	1,088,623	1,117,864	1,117,879	557,250	
Net cash used in investing activities	(1,651,682)	(4,213,597)	(4,484,822)	(2,908,016)	(4,286,921)	(1,468,599)	
Net cash provided by (used in) financing activities	43,270	2,380,746	4,626,421	2,202,291	2,920,863	2,194,077	
Net increase (decrease) in cash and cash equivalents	(689,046)	(386,505)	1,151,548	523,868	(489,503)	1,293,710	
Cash and cash equivalents at the fiscal year-end	2,569,607	2,183,102	3,334,650	3,858,518	3,369,015	4,662,725	
Major Indicators	(Units)						
ROA	%	2.3	6.3	3.7	4.2	(2.6)	12.0
ROE	%	17.4	46.0	23.7	22.0	(14.2)	61.9
Ratio of equity attributable to owners of the parent to total assets	%	12.6	14.6	16.6	21.1	15.9	22.3
Per share data* <sup>4</sup>	(Units)						
Basic EPS	¥	201.25	643.50	466.77	634.08	(478.50)	2,619.61
Diluted EPS	¥	194.16	637.82	454.19	628.27	(485.33)	2,437.29
Equity per share attributable to owners of the parent	¥	1,139.42	1,646.20	2,151.13	3,380.33	2,619.32	5,588.80
Dividend per share	¥	20.50	22.00	22.00	22.00	44.00	44.00
Others	(Units)						
Number of shares outstanding	’000	1,146,900	1,089,282	1,089,498	1,053,833	2,067,996	1,738,517
Number of subsidiaries		739	763	1,141	1,302	1,475	1,408
Number of associates		122	130	385	423	455	535
Number of employees (consolidated basis)		63,591	68,402	74,952	76,866	80,909	58,786

Notes: 1. The Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in FY2018, and IFRS 16 "Leases" in FY2019. The information for each previous fiscal year is not restated.

Terminology differences between JGAAP and IFRSs are as follows. (JGAAP / IFRSs)

- Income before income taxes and minority interests / income before income tax
- Net income / net income attributable to owners of the parent
- Total shareholders' equity / total equity attributable to owners of the parent
- Ratio of total shareholders' equity / ratio of total equity attributable to owners of the parent
- Net income per share / basic EPS
- Diluted net income per share / diluted EPS
- Shareholders' equity per share / equity per share attributable to owners of the parent

2. The figures for FY2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Leases."

3. As of June 1, 2015, GungHo Online Entertainment, Inc. ("GungHo") no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for FY2014 were revised retrospectively and presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate.

4. The Company sold all of its shares in Supercell Oy ("Supercell") to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations. Net income of Supercell for FY2015 was revised retrospectively and presented under discontinued operations.

\*1 From FY2020 "operating income" is no longer presented and "gain (loss) on investments" is newly presented. Information in FY2019 is restated in the same manner. For details, see "Changes in presentation of consolidated statement of income."

\*2 Includes lease liabilities from FY2019. Deposits for banking business of The Japan Net Bank, Limited (currently PayPay Bank Corporation) are not included in interest-bearing debt.

\*3 Calculated by subtracting cash position (cash and cash equivalents + short-term investments recorded as current assets (both excluding those of The Japan Net Bank, Limited (currently PayPay Bank Corporation))) from the presented interest-bearing debt.

\*4 Basic EPS and diluted EPS are calculated based on net income attributable to owners of the parent (net income).

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. Per share information has been retroactively adjusted to reflect the impact of the share split.



# Management's Discussion and Analysis of Results of Operations and Financial Position

As of June 23, 2021

## Results of Operations

### 1. Highlights of results

#### Gain on investments of ¥7,529.0 billion

##### – Gain on investments at SVF1, SVF2, and others of ¥6,292.0 billion

- SVF1 recorded realized gain on sales of investments (net) of ¥423.7 billion, resulting from the sales of investments in Guardant Health (partial), OSIsoft, Uber (partial), and others. In addition, SVF1 recorded unrealized gain on valuation totaling ¥4,285.1 billion for listed portfolio companies (including gains of ¥2,597.8 billion for Coupang and ¥661.1 billion for DoorDash). Unrealized gain on valuation (net) for unlisted portfolio companies totaled ¥1,193.0 billion.
- SVF2 recorded unrealized gain on valuation (net) of ¥490.3 billion, mainly due to strong stock performance of listed portfolio companies such as KE Holdings.

##### – Gain on investments at Investment Business of Holding Companies of ¥945.9 billion:

In connection with the merger of Sprint and T-Mobile US, Inc. and the subsequent partial sale of T-Mobile shares, gain relating to sales of T-Mobile shares of ¥421.8 billion, unrealized gain on valuation of investments of ¥219.6 billion related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥264.4 billion resulting from an increase in the fair value of a contingent consideration were recorded. Conversely, investment loss from investments in listed stocks and other instruments of ¥232.9 billion was recorded.

#### Income before income tax of ¥5,670.5 billion (increased ¥5,620.4 billion yoy)

- Finance cost of ¥307.3 billion\*
- Derivative loss (excluding gain (loss) on investments) of ¥480.3 billion\*
- Change in third-party interests in SVF1 of ¥(2,246.4) billion\*

#### Net income attributable to owners of the parent of ¥4,988.0 billion (increased ¥5,949.5 billion yoy)

- Net income from discontinued operations of ¥711.2 billion was recorded, primarily reflecting gain relating to loss of control of Sprint.

### 2. Continued strong performance of investment business

**SVF1:** During the fourth quarter, AUTO1, Coupang, and View were listed, bringing the total number of listings for the fiscal year to six. As of the fiscal year-end, 11 out of a total of 81 portfolio companies were listed.

**SVF2:** During the fourth quarter, Qualtrics was listed. As of the fiscal year-end, three out of a total of 44 portfolio companies were listed.

**SPACs:** During the fourth quarter, seven special purpose acquisition companies (SPACs) controlled by subsidiaries were listed, including three controlled by SBIA US, bringing the total number of listed SPACs at the fiscal year-end to nine. One of the SPACs completed a merger with an operating company.

### 3. Completion of the ¥4.5 trillion program

**Sale or monetization of assets:** The Company completed sale or monetization of assets totaling ¥5.6 trillion over the six months from April to September 2020, through the partial sale or monetization of shares of T-Mobile, Alibaba, and SoftBank Corp.

**Share repurchase:** The size of the share repurchase was set at a total of up to ¥2.0 trillion. Of this, the Company repurchased shares for a cumulative total of ¥1,742.2 billion by March 31, 2021. The Company completed the repurchase by acquiring a cumulative total of ¥2.0 trillion by May 12, 2021.

**Debt reduction:** The Company reduced debt by a total of ¥1 trillion by the fiscal year-end through repurchasing domestic corporate bonds and foreign currency-denominated corporate bonds, as well as repaying senior loans and borrowings made under the commitment line.

The rest of the proceeds has been invested in highly liquid listed stocks in readiness for future investment opportunities.

### 4. Dividend per share for fiscal 2020 is ¥44

### 5. Business integration of Z Holdings Corporation and LINE Corporation completed on March 1, 2021

\* recorded as a cost for the fiscal year

Notes: Abbreviations for Management's Discussion and Analysis of Results of Operations and Financial Position

The fiscal year / Fiscal 2020: Fiscal year ended March 31, 2021

The first quarter: Three-month period ended June 30, 2020

The second quarter: Three-month period ended September 30, 2020

The third quarter: Three-month period ended December 31, 2020

The fourth quarter: Three-month period ended March 31, 2021

The previous fiscal year / Fiscal 2019: Fiscal year ended March 31, 2020

The fiscal year-end: March 31, 2021

The previous fiscal year-end: March 31, 2020



See page 75 for details of the ¥4.5 trillion program.

## Changes in presentation of consolidated statement of income

SBG is a strategic investment holding company managing a portfolio of investments in a wide range of companies, made either directly (including investments through subsidiaries) or through investment funds (such as SVF1). On April 1, 2020, Sprint ceased to be a subsidiary of the Company following the completion of the merger between Sprint and T-Mobile US, Inc. Given that investment activities have taken on greater importance in the Company's overall consolidated financial results, the Company has revised the presentation of the Consolidated Statement of Income starting from the first quarter.

Specifically, "operating income" is no longer presented and "gain (loss) on investments" is newly presented to show investment performance in the consolidated financial results.

In line with no longer presenting "operating income" in the Consolidated Statement of Income, the Company has revised segment income in each reportable segment to "income before income tax."

### Consolidated Statement of Income after the revision of the presentation

<b>Net sales</b>
<b>Gross profit</b>
<b>Gain (loss) on investments</b> <ul style="list-style-type: none"><li>• Gain (loss) on investments at Investment Business of Holding Companies</li><li>• Gain (loss) on investments at SVF1, SVF2, and others</li><li>• Gain (loss) on other investments</li></ul>
<ul style="list-style-type: none"><li>• Selling, general and administrative expenses</li><li>• Finance cost</li><li>• Income (loss) on equity method investments</li><li>• Derivative gain (loss) (excluding gain (loss) on investments)*, etc.</li></ul>
<b>Income before income tax</b>
<b>Net income attributable to owners of the parent</b>

\* Derivative gain (loss) not included in "gain (loss) on investments" is presented as "derivative gain (loss) (excluding gain (loss) on investments)"

## Major impact from the COVID-19 pandemic on markets and businesses of the company

During the fiscal year, the global economic situation was greatly affected by the spread of the novel coronavirus (COVID-19) and the pandemic that followed, which continues to this day. Governments around the world are implementing fiscal stimulus and monetary easing measures to counter the economic impacts of the pandemic, and expectations that vaccination programs progress in some countries will encourage greater economic activity have led to a sharp overall market recovery in the second half of the fiscal year, with new capital continuing to flow in. In particular, the technology sector, where the Company focuses its investment strategies, has been positively impacted by the accelerated adoption of digital services to address the pandemic. In the fiscal year, the S&P 500 Information Technology Sector was up 73%. These factors resulted in the strong performance of the Company's investments, particularly at SVF1 and SVF2, leading to a consolidated gain on investments of ¥7,529,006 million for the fiscal year. However, there is no guarantee that the current positive impact will be sustained in light of uncertainties associated with the pandemic, and the direction and degree of impact may vary from investment to investment.

In particular, SVF1 recorded unrealized gain on valuation (net) of ¥5,478,148 million for the fiscal year, mainly due to the new listings of investees and the subsequent rise in stock prices supported by favorable stock market conditions, as well as increases in the fair values of unlisted portfolio companies where listings have been decided, that had new funding rounds, or have seen increased customer usage of services during the COVID-19 crisis. Businesses in sectors such as e-commerce, entertainment, healthcare, education, food delivery, and the future of work have benefited from the accelerated adoption of digital services. Many SVF1 companies in these sectors have successfully raised additional funding from new and existing investors at higher valuations than in prior rounds. The Company believes these new funding rounds reflect the strong underlying growth of each company's business. Conversely, companies in sectors such as travel and hospitality are recovering at a slower pace.

## OVERALL RESULTS FOR FISCAL 2020

	Fiscal 2019	Fiscal 2020	Change	Change %
<b>Continuing operations</b>				
Net sales	5,238,938	<b>5,628,167</b>	389,229	7.4%
Gross profit	2,654,665	<b>2,874,929</b>	220,264	8.3%
Gain on investments				
Gain on investments at Investment Business of Holding Companies	484,308	<b>945,944</b>	461,636	95.3%
Gain (loss) on investments at SVF1, SVF2, and others	(1,844,867)	<b>6,292,024</b>	8,136,891	–
Gain (loss) on other investments	(49,594)	<b>291,038</b>	340,632	–
Total gain on investments	(1,410,153)	<b>7,529,006</b>	8,939,159	–
Selling, general and administrative expenses	(2,060,080)	<b>(2,271,497)</b>	(211,417)	10.3%
Finance cost	(293,897)	<b>(307,250)</b>	(13,353)	4.5%
Income on equity method investments	624,015	<b>616,432</b>	(7,583)	(1.2%)
Derivative gain (loss) (excluding gain (loss) on investments)	15	<b>(480,251)</b>	(480,266)	–
Change in third-party interests in SVF1	540,930	<b>(2,246,417)</b>	(2,787,347)	–
Other loss	(5,457)	<b>(44,496)</b>	(39,039)	–
Income before income tax	50,038	<b>5,670,456</b>	5,620,418	–
Income taxes	(792,655)	<b>(1,303,168)</b>	(510,513)	64.4%
Net income from continuing operations	(742,617)	<b>4,367,288</b>	5,109,905	–
<b>Discontinued operations</b>				
Net income from discontinued operations	(58,143)	<b>710,948</b>	769,091	–
Net income	(800,760)	<b>5,078,236</b>	5,878,996	–
Net income attributable to owners of the parent	(961,576)	<b>4,987,962</b>	5,949,538	–
Total comprehensive income	(1,290,339)	<b>5,578,244</b>	6,868,583	–
Comprehensive income attributable to owners of the parent	(1,425,587)	<b>5,482,739</b>	6,908,326	–

Note: For the fiscal year, continuing operations and discontinued operations have been presented separately. To reflect this change in presentation, figures for the previous fiscal year have been restated and presented in the same manner.

## 1. Net sales

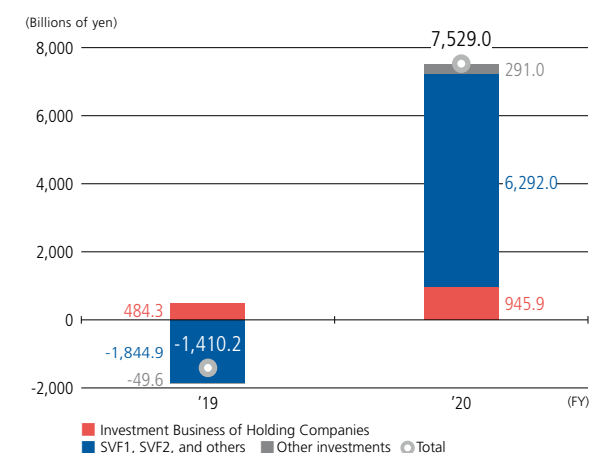
Net sales increased ¥389,229 million (7.4%) year on year, to ¥5,628,167 million. Net sales increased in the SoftBank and Arm segments.

## 2. Gain on Investments

Total gain on investments was ¥7,529,006 million.

Gain on investments at Investment Business of Holding Companies was ¥945,944 million. In relation to the merger of Sprint and T-Mobile and subsequent partial sale of T-Mobile shares, the Company recorded gain relating to sales of T-Mobile shares of ¥421,755 million, unrealized gain on valuation of ¥219,608 million related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥264,395 million associated with an increase in the fair value of the Contingent Consideration. Meanwhile, investment loss of ¥232,856 million from investment in listed stocks and other instruments was also recorded. In the previous fiscal year, a gain of ¥1,218,527 million relating to settlement of prepaid forward contracts using Alibaba shares was recorded. For details, see “Investment Business of Holding Companies Segment.”

## Gain on investments



Gain on investments at SVF1, SVF2, and others was ¥6,292,024 million. Realized gain on sales of investments (net) of ¥423,683 million was recorded as a result of the sale of all shares (including share exchanges with the shares of affiliated portfolio companies) or partial sale of shares by SVF1 in some of its portfolio companies. In addition, SVF1 recorded unrealized gain on valuation (net) totaling ¥4,285,133 million for listed portfolio companies, particularly Coupang, DoorDash, and Uber, reflecting strong stock price performance, and ¥1,193,015 million for unlisted portfolio companies, as a result of increases in the fair value of investments where listings have been decided or that had new funding rounds. SVF2 recorded unrealized gain on valuation (net) of ¥490,255 million, mainly due to strong stock performance of listed portfolio companies such as KE Holdings Inc. ("KE Holdings"). For details, see "SVF1 and Other SBIA-Managed Funds Segment."

### 3. Income before income tax

Income before income tax increased ¥5,620,418 million year on year, to ¥5,670,456 million. Major changes other than gain (loss) on investments are as follows.

Finance cost increased ¥13,353 million (4.5%) year on year, to ¥307,250 million. Interest expenses increased ¥20,069 million in the Investment Business of Holding Companies segment and ¥4,167 million in the SoftBank segment. On the other hand, interest expenses decreased ¥13,128 million in the SVF1 and Other SBIA-Managed Funds segment.

Income on equity method investments decreased ¥7,583 million (1.2%) year on year, to ¥616,432 million. Of this, income on equity method investments related to Alibaba was ¥572,516 million,<sup>(1)</sup> a decrease of ¥87,626 million (13.3%) year on year. Despite continuing strong performance in Alibaba's core operations, the decrease reflects a boost of ¥286,473 million in the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Small and Micro Financial Services Group Co., Ltd. (currently Ant Group Co., Ltd., "Ant Financial") using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries.

In addition, the Company's income on equity method investments related to Alibaba was lowered by ¥74,270 million as Alibaba recorded an expense in the quarter ended March 2021 for the fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law, which the Company recorded for the fiscal year as a significant event in the staggered three-month period.

### Net income attributable to Alibaba and the Company's income on equity method investments related to Alibaba

	Twelve months ended December 31	
	2019	2020
Alibaba	Million CNY	Million CNY
Net income attributable to Alibaba (US GAAP)	172,126	<b>159,164</b>
Net income attributable to Alibaba (IFRSs)	164,042	<b>146,275</b>
	Fiscal year ended March 31	
	2020	2021
Income on equity method investments related to Alibaba (Reference) Interest ratio as of December 31	25.32%	<b>25.02%</b>
Income on equity method investments	42,510	<b>36,197</b>
(Reference) Effective exchange rate CNY / JPY	¥15.56	<b>¥16.31</b>
Income on equity method investments	660,141	<b>572,516</b>

Derivative loss (excluding loss on investments) deteriorated ¥480,266 million year on year, to ¥480,251 million. This is mainly due to the derivative loss of ¥504,048 million which was recorded in connection with prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

### 4. Net income attributable to owners of the parent

Net income attributable to owners of the parent increased ¥5,949,538 million year on year, to ¥4,987,962 million.

Income taxes increased ¥510,513 million year on year, to ¥1,303,168 million. In addition to current income taxes recorded at SoftBank Corp. and Yahoo Japan Corporation, current income taxes associated with the sale of T-Mobile shares were recorded. Meanwhile, deferred tax expenses were recorded due to revisions of the prepaid forward contracts using Alibaba shares. On the other hand, a credit of income taxes of ¥256,060 million (profit) was recorded mainly due



to the use of loss carryforwards, to which deferred tax assets had not been recognized, against taxable income generated from the partial sale of SoftBank Corp. shares held through SoftBank Group Japan Corporation (“SBGJ”) (see “3. Partial sale of SoftBank Corp. shares” under “Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)”).

Net income from discontinued operations increased ¥769,091 million year on year, to ¥710,948 million. The Company recorded a gain of ¥720,842 million relating to loss of control of Sprint in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint and T-Mobile US, Inc.

In addition, on September 17, 2020 (U.S. time), the Company reached an agreement to sell all of its shares in Brightstar<sup>(2)</sup> and completed the transaction on October 22, 2020 (U.S. time). Brightstar’s net income or loss up until the completion of the transaction is included in the net income from discontinued operations.

## 5. Comprehensive income

Comprehensive income increased ¥6,868,583 million year on year, to ¥5,578,244 million. Of this, comprehensive income attributable to owners of the parent increased ¥6,908,326 million year on year, to ¥5,482,739 million.

## Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)

On March 23, 2020, SBG announced a program to sell or monetize ¥4.5 trillion of assets held to fund share repurchases and improve the Company's financial status through initiatives such as debt reduction. The funds obtained from the sale and monetization were to be used to repurchase up to ¥2 trillion of the Company's common stock, with the balance to be used for debt redemptions, bond buybacks, and to increase cash reserves (collectively, the "¥4.5 trillion program"). The Company completed the sale or monetization of the target amount of ¥4.5 trillion of the assets as of the second quarter-end. For the six months from April to September 2020, the amount of sale or monetization of assets totaled ¥5.6 trillion. Regarding the share repurchases of up to ¥2 trillion, from May to July 2020 the Company set the size of the repurchase of up to ¥2 trillion of its shares. The Company had repurchased a cumulative total of ¥2 trillion by May 12, 2021 and completed the share repurchase. With regard to debt reduction, the Company reduced debt by a total of ¥1 trillion by the fiscal year-end through the repurchase of domestic corporate bonds and foreign currency-denominated corporate bonds, as well as by repaying senior loans and borrowings made under the commitment line. To further improve the financial status, the rest of the proceeds has been invested in highly liquid listed stocks through the Company's asset management subsidiary SB Northstar in readiness for future investment opportunities. With these, the ¥4.5 trillion program has been completed.

For details on the investments in listed stocks by SB Northstar, see "Investment Business of Holding Companies Segment."

## Asset sales or monetization for the six months from April to September 2020

	(Trillions of yen)		
	Amount of sale or monetization		
	April to June 2020	July to September 2020	Total
1. Partial sale of T-Mobile shares and borrowings using T-Mobile shares	1.9	0.5	2.4
2. Partial monetization of Alibaba shares through prepaid forward contracts	1.5	0.2	1.7
3. Partial sale of SoftBank Corp. shares	0.3	1.2	1.5
<b>Total</b>	<b>3.7</b>	<b>1.9</b>	<b>5.6</b>

Note: Transactions completed by June 30, 2020 were converted at ¥107.74 to the U.S. dollar, and transactions completed by September 30, 2020 were converted at ¥105.80 to the U.S. dollar.

### 1. Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc.

#### a. Completion of the merger of Sprint and T-Mobile US, Inc.

On April 1, 2020, the merger of Sprint, which had been a U.S. subsidiary of the Company, and T-Mobile US, Inc. in an all-stock transaction (the "Merger") was completed. As consideration for the Merger, the Company received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met (the "Contingent Consideration"). As of the same date, Sprint ceased to be a subsidiary of the Company, and the combined new company, T-Mobile, became an equity method associate of the Company with 24.7% shareholding. For details, see "(1) Sprint" under "6. Discontinued operations" in "Notes to Consolidated Financial Statements."

#### b. Partial sale of T-Mobile shares

Subsequently, the Company, through its subsidiary, sold 173,564,426 shares on June 26, 2020 ((a) and (b) in table "Details of the Partial Sale" in the next page), 5,000,000 shares on July 16, 2020 ((c) in the table), and 19,750,000 shares on August 3, 2020 ((d) in the table) (the "Partial

Sale”) of the Company’s 304,606,049 shares of common stock of T-Mobile. T-Mobile disposed of the shares purchased from the Company’s subsidiary through a public offering in the U.S., a private placement through a trust issuing cash mandatory exchangeable trust securities, a sale to T-Mobile Board Director Marcelo Claure (Corporate Officer, Executive Vice President & COO of SBG), and a rights offering, with the proceeds transferred to the Company’s subsidiary.

As a result of the decrease in voting rights following the sale of shares on June 26, 2020, the Company lost its significant influence over T-Mobile and, on the same date, T-Mobile was removed as an equity method associate of the Company.

#### Details of the Partial Sale

Transaction	Number of shares sold (shares)	Total sale value (Millions of U.S. dollars)
(a) Public offering in the U.S. by T-Mobile	154,147,026	15,877
(b) Private placement through a trust by T-Mobile	19,417,400	1,667
(c) Sale by T-Mobile to T-Mobile Board Director Marcelo Claure	5,000,000	515
(d) Rights offering by T-Mobile	19,750,000	2,034

In addition, Deutsche Telekom AG (“Deutsche Telekom”) received call options for 101,491,623 T-Mobile shares continued to be held by the Company after the Partial Sale (the “Deutsche Telekom Call Options”).<sup>(3)</sup>

- (i) For a call option over 44,905,479 shares out of the 101,491,623 shares, the strike price is \$103.00 per share. Deutsche Telekom can exercise this option at any time after the option grant date.
- (ii) For a call option over 56,586,144 shares out of the 101,491,623 shares, the strike price is equal to the average of the daily volume-weighted average prices of the shares of T-Mobile common stock for each of the 20 trading days immediately prior to the date of exercise. Deutsche Telekom can exercise this option after the exercise of option (i) above or after October 2, 2020.

#### Number of T-Mobile shares held by the Company before and after the Partial Sale

(a) Number of shares held before the Partial Sale	304,606,049
(b) Number of shares sold through the Partial Sale	198,314,426
(c) Number of shares held after the Partial Sale ((a) – (b))	106,291,623
(d) Number of shares subject to the Deutsche Telekom Call Options	101,491,623
(e) Number of shares held after the Deutsche Telekom Call Options are exercised ((c) – (d))	4,800,000
(f) Number of shares that can be acquired through the Contingent Consideration	48,751,557
(g) Number of shares held if the shares are acquired through the Contingent Consideration ((e) + (f))	53,551,557

#### c. Borrowings using T-Mobile shares

On July 30, 2020, SBG’s wholly owned subsidiary borrowed \$4.38 billion using its T-Mobile shares pledged as collateral (margin loan). Because SBG has, as an exception, guaranteed a portion of the margin loan, \$2.3 billion is considered as the amount of assets monetized under the ¥4.5 trillion program after deducting the maximum amount of the guarantee obligations (\$2.08 billion at the time of the monetization). As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral for the margin loan.

#### 2. Partial monetization of Alibaba shares through prepaid forward contracts

From April to August 2020, SBG’s wholly owned subsidiaries, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited entered into several prepaid forward contracts using Alibaba shares with financial institutions. The Company procured an aggregate amount of \$15.4 billion. Alibaba remains an equity method associate of the Company following these transactions.

Of the abovementioned prepaid forward contracts concluded from April to August 2020, in October and November 2020 the cap (upper limit) and floor (lower limit) for the

price of shares to be settled were revised for the collar contract, and the forward contract was changed to a collar contract with a set cap and floor for the price of the shares to be settled. At the same time, the cap and floor for the price of shares to be settled were also revised for the prepaid forward contract using Alibaba shares (collar contract) concluded in the previous fiscal year. These revisions were made in response to a rise in the price of Alibaba shares at the time, with a view to capturing the upside potential during a phase of further share price increases. Moreover, a portion of the collar contract was terminated early in April 2021 in view of the current level of Alibaba's share price. For details of these, see "25. Interest-bearing debt" in "Notes to Consolidated Financial Statements."

### 3. Partial sale of SoftBank Corp. shares

In May and September 2020, SBG sold a total of 1,268,061,400 shares of common stock of its subsidiary SoftBank Corp. out of the 3,182,919,470 shares held through SoftBank Group Japan Corporation ("SBGJ") and received a total of ¥1.5 trillion, broken down as follows.

- a. May 2020: 240,000,000 shares (shareholding ratio: 5.0%) sold for ¥310.2 billion
- b. September 2020: 1,028,061,400 shares (shareholding ratio: 21.7%) sold for ¥1.2 trillion

SoftBank Corp. continues to be a subsidiary of the Company following these sales and its strategic importance to the SoftBank Group remains unchanged. Considering its importance, the Company and SBGJ have no intention of selling additional SoftBank Corp. shares and intend to continue to hold the remaining shares held for the medium to long term.

Since SoftBank Corp. continues to be a subsidiary of SBG following these sales, the amounts equivalent to the after-tax gain on the sales were recorded as "capital surplus" in the Consolidated Statement of Financial Position. In addition, a credit of income taxes of ¥256,060 million (profit) was recorded, mainly due to the SBGJ use of loss carryforwards against the taxable income generated from these transactions, to which deferred tax assets had not been recognized.

### Share repurchases based on the ¥4.5 trillion program

As of May 12, 2021

Date of Board resolution	Total number of shares repurchased	Total amount of repurchase	Repurchase period
May 15, 2020	81,940,400	JPY 500 billion	From June 17, 2020 to August 3, 2020
June 25, 2020	70,579,400	JPY 500 billion	From September 15, 2020 to December 11, 2020
July 30, 2020	106,661,500	JPY 1 trillion	From December 14, 2020 to May 12, 2021
<b>Total</b>	<b>259,181,300</b>	<b>JPY 2 trillion</b>	
(Reference: Status of share repurchase resolved before the ¥4.5 trillion program)			
March 13, 2020	107,679,300	JPY 500 billion	From March 16, 2020 to June 15, 2020

### Reduction of debt based on the ¥4.5 trillion program

SBG reduced debt by ¥1 trillion as follows by the fiscal year-end, completing the debt reduction based on the ¥4.5 trillion program.

- a. Repurchase of domestic unsecured corporate bonds with a total face value of ¥167.6 billion (July 2020)
- b. Early repayment of senior loans with an aggregate face value of ¥300.0 billion (September 2020)
- c. Repurchase of foreign currency-denominated corporate bonds with a total face value of \$0.98 billion and €0.90 billion (¥224.9 billion in total) (March 2021)
- d. Repayment of borrowings of ¥310.0 billion made under the commitment line (March 2021)

## Entry into agreement for sale of all shares in Arm

On September 13, 2020 (U.S. time), SoftBank Group Capital Limited (“SBGC”), a wholly owned subsidiary of the Company, and SVF1 entered into a Share Purchase Agreement (the “Purchase Agreement”) with NVIDIA Corporation (“NVIDIA”), a U.S.-based semiconductor manufacturer, whereby the Company will sell all of the shares in its wholly owned subsidiary Arm held by SBGC and SVF1 to NVIDIA in a transaction valued up to \$40 billion (approximately ¥4.2 trillion) (the “Transaction”). The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other closing conditions. The Transaction is expected to take approximately 18 months to close following the execution of the Purchase Agreement. In the fourth quarter, it was decided that the Internet-of-Things Services Group (ISG) businesses, which are outside the scope of the Transaction, would be managed separately from Arm’s remaining business. Arm expects the ISG businesses to be transferred from Arm by December 2021. Accordingly, the segment classification of the Company was revised, and for the fiscal year, the operating results of Arm are presented for the Arm segment excluding the contribution of the ISG businesses, while those of the ISG businesses are now included in “Other” in the reportable segments. The operating results of these businesses for the previous fiscal year have also been retrospectively presented.

Upon the closing of the Transaction, Arm will cease to be a subsidiary of the Company and will no longer be consolidated into the Company’s financial results; however, Arm will continue to be classified under continuing operations in the Company’s consolidated financial statements until the closing of the Transaction is deemed highly probable. Upon closing of the Transaction, SBGC and SVF1 expect to receive in the aggregate approximately 6.7-8.1% of outstanding NVIDIA shares (excluding treasury shares), depending on the final amount of the earn-out, if any (as discussed below). NVIDIA is not expected to become a subsidiary or an associate of the Company following the completion of the Transaction.

A breakdown of the transaction value is presented in the next table.

(Billions of U.S. dollars)

	Transaction value	Time of receipt
(1) Cash	12.0 (a) 2.0	Received on September 2020 (\$0.75 billion of which was received by Arm as consideration for a license agreement)
Consideration for the Company	(b) 10.0	Upon closing
(2) NVIDIA shares	21.5 (44.37 million shares)	Upon closing
(3) Earn-out (cash or NVIDIA shares)	Up to 5.0 (or 10.32 million shares)	Upon closing; subject to satisfaction of specific financial performance targets of Arm
(4) NVIDIA share compensation for Arm employees	1.5	Upon closing; to be received by Arm employees
<b>Total</b>	<b>Up to 40.0</b>	

### Notes:

1. The consideration described in (1) and (2) and, if any, (3) will be allocated to SBGC and SVF1 in accordance with their respective ownership ratios of Arm shares (75.01% to SBGC and 24.99% to SVF1). The proceeds received by SVF1 will be further allocated to SVF1’s limited partners, including the Company, based on a designated waterfall.
2. Transaction value of (2) and (3) is calculated based on NVIDIA shares with a price of \$484.6007 per share (the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points)

## (1) \$12.0 billion in cash

### (a) \$2.0 billion

Upon the execution of the Purchase Agreement on September 13, 2020, SBGC and Arm received cash totaling \$2.0 billion. Of this amount, \$1.25 billion was received as a deposit for part of the consideration in the Transaction (refundable to NVIDIA subject to certain conditions until the closing of the Transaction, after which such amount will become non-refundable) and \$0.75 billion was received by Arm as consideration for a license agreement that Arm and NVIDIA entered into concurrently with the execution of the Purchase Agreement.

### (b) \$10.0 billion

Upon the closing of the Transaction, SBGC and SVF1 will receive cash totaling \$10.0 billion.



**(2) \$21.5 billion in NVIDIA shares (44.37 million shares)**

Upon the closing of the Transaction, SBGC and SVF1 will receive 44,366,423 shares of NVIDIA common stock, which was determined based on a price of \$484.6007 per share (the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points). Of the NVIDIA common stock to be received, 2,063,554 shares will be subject to escrow to satisfy certain indemnification obligations of SBGC and SVF1 as set out in the Purchase Agreement.

The shares received will be recorded at their fair value at the closing of the Transaction as financial assets at FVTPL, and thereafter changes in their fair value will be recognized as net income or loss at the end of each quarter.

**(3) Earn-out up to \$5.0 billion (cash or 10.32 million NVIDIA shares)**

An earn-out of up to \$5.0 billion in cash or up to 10,317,772 shares of NVIDIA common stock (based on a price of \$484.6007 per share, being the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020 (rounded up to four decimal points)) is payable to SBGC and SVF1 subject to the satisfaction of certain financial performance targets for each of revenue and EBITDA of Arm (in each case subject to certain adjustments and excluding any amounts attributable to the

ISG businesses) during the fiscal year ending March 31, 2022 as set out in the Purchase Agreement. If Arm's financial performance exceeds the agreed floors but does not meet such targets, the earn-out will be prorated. If Arm's financial performance does not meet such floors, the earn-out will not be payable.

If SBGC and SVF1 elect to receive the earn-out in the form of NVIDIA shares, the fair value of those shares will be recorded as financial assets at FVTPL upon the closing of the Transaction, and thereafter changes in their fair value will be recognized as net income or loss at the end of each quarter.

**(4) NVIDIA stock awards representing \$1.5 billion to be granted to Arm employees**

Upon the closing of the Transaction, Arm employees will receive \$1.5 billion in NVIDIA stock awards from NVIDIA.

Since Arm is a subsidiary of the Company, unrealized valuation gain and loss associated with the change in valuation on SVF1's holding of Arm shares, as well as dividends income received from Arm, is included in segment income as "gain (loss) on investments at SVF1, SVF2, and others," but is eliminated in consolidation and not included in "gain (loss) on investments at SVF1, SVF2, and others" in the Consolidated Statement of Income.

## Major impact of the merger between Sprint and T-Mobile US, Inc. and the partial sale of T-Mobile shares on the consolidated financial statements for fiscal 2020

### Impact of the merger of Sprint and T-Mobile US, Inc.

#### Impact on the Consolidated Statement of Income

A gain relating to loss of control of Sprint of ¥720.8 billion was recorded as “net income from discontinued operations.”

#### Impact on the Consolidated Statement of Financial Position

##### Assets

- The fair value of T-Mobile shares, which were received as consideration for the Merger, of ¥2.7 trillion was recorded as “investments accounted for using the equity method” (as a result of the partial sale of T-Mobile shares mentioned below, the T-Mobile shares continued to be held by the Company were reclassified to “investment securities” at fair value).
- The Contingent Consideration, which was received as consideration for the Merger, of ¥460.7 billion was recorded as “derivative financial assets.” An increase in the fair value of ¥264.4 billion was recognized as of the fiscal year-end, after the fair value of ¥196.3 billion was recorded at the time of the Merger (this increase was recorded as derivative gain as “gain on investments at Investment Business of Holding Companies”).

### Impact of the partial sale of T-Mobile shares

#### Impact on the Consolidated Statement of Income

##### Gain (loss) on investments

Gain relating to sales of T-Mobile shares of ¥421.8 billion was recorded as “gain (loss) on investments at Investment Business of Holding Companies.” This consisted of a gain of ¥280.3 billion on sales of shares of associates, a gain of ¥296.0 billion on the revaluation of T-Mobile shares continued to be held by the Company, a derivative loss relating to the Deutsche Telekom Call Options of ¥154.5 billion, a realized loss of ¥3.1 billion on the sale of T-Mobile shares, and a gain of ¥3.0 billion on the derecognition of derivative liabilities.

#### Impact on the Consolidated Statement of Financial Position

##### Assets

T-Mobile shares continued to be held by the Company were recorded as “investment securities” at fair value (fiscal year-end: ¥1,474.4 billion). T-Mobile shares continued to be held by the Company are measured at fair value at each quarter-end, with changes recorded as “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income. Unrealized gain on valuation of investments of ¥219.6 billion related to T-Mobile shares was recorded for the period from June 26, 2020 to the fiscal year-end.

##### Liabilities

The Deutsche Telekom Call Options were recorded as “derivative financial liabilities” at fair value (the fiscal year-end: ¥204.8 billion). The Deutsche Telekom Call Options are measured at fair value at each quarter-end, with changes recorded as derivative gain and loss under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income.

#### Impact on the Consolidated Statement of Cash Flows

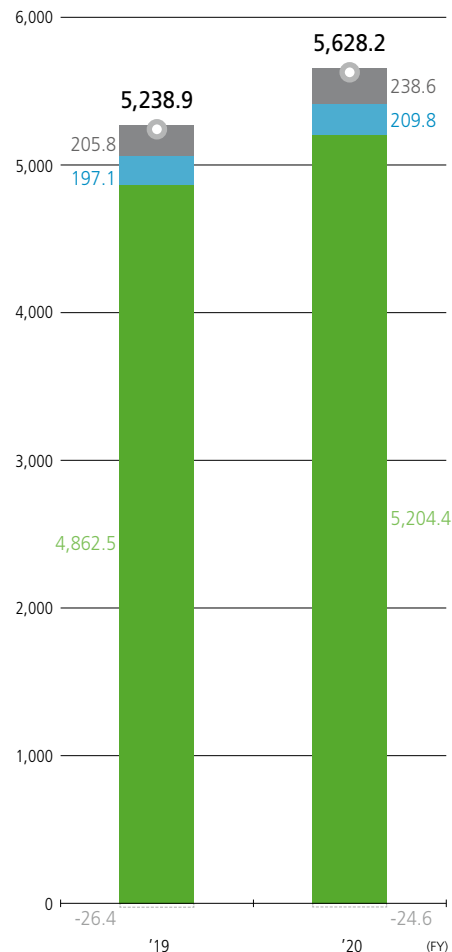
##### Cash flows from investing activities

Proceeds from the sale of T-Mobile shares of ¥2.1 trillion were recorded as “proceeds from sales/redemption of investments.”

## Summary of Segment Information

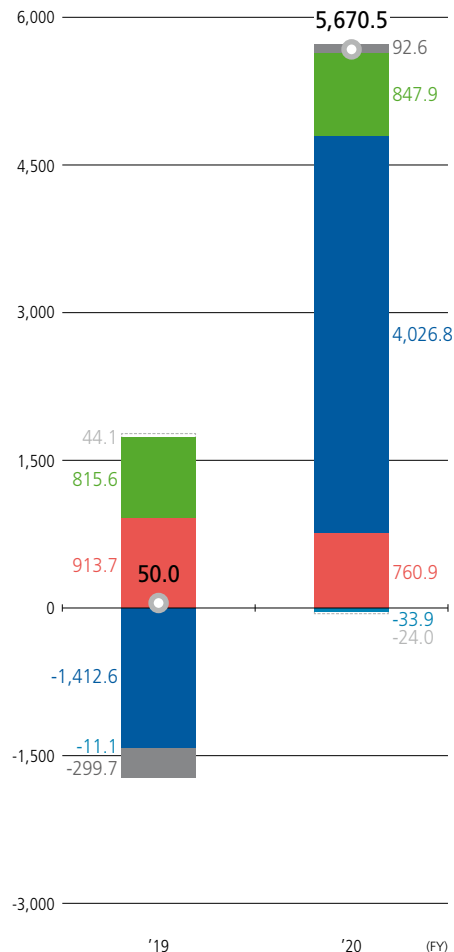
### Net sales

(Billions of yen)



### Segment income (income before income tax)

(Billions of yen)



### Segments

#### Investment Business of Holding Companies

##### Main businesses

- Investment activities by SBG and its subsidiaries

##### Core companies

- SoftBank Group Corp.
- SoftBank Group Capital Limited
- SoftBank Group Japan Corporation
- SB Northstar LP

#### SVF1 and Other SBIA-Managed Funds

##### Main businesses

- Investment activities by SVF1 and SVF2

##### Core companies

- SB Investment Advisers (UK) Limited
- SoftBank Vision Fund L.P.
- SoftBank Vision Fund II-2 L.P.

#### SoftBank

##### Main businesses

- Provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan
- Internet advertising and e-commerce business

##### Core companies

- SoftBank Corp.
- Z Holdings Corporation

#### Arm

##### Main businesses

- Design of microprocessor intellectual property and related technology
- Sale of software tools and provision of related services

##### Core companies

- Arm Limited

## Changes in reportable segments

### New establishment of the Investment Business of Holding Companies segment

In light of the greater importance of investment activities to the Company's overall consolidated financial results, the Investment Business of Holding Companies segment was newly established in the first quarter. See "OVERVIEW" under "Investment Business of Holding Companies Segment" for the overview of the segment.

### Removal of Brightstar segment

Following the classification of Brightstar as discontinued operations, Brightstar has been removed from the Company's reportable segments since the second quarter.

■ Investment Business of Holding Companies\*<sup>1</sup> ■ SVF1 and Other SBIA-Managed Funds\*<sup>1</sup>  
 ■ SoftBank ■ Arm ■ Other\*<sup>2</sup> □ Reconciliations ○ Consolidated

\*<sup>1</sup> Net sales are not recorded for this segment as it is not engaged in the sale of goods and services.

\*<sup>2</sup> Other includes the business results from PayPay Corporation, Fortress, SoftBank Latin America Fund, and Fukuoka SoftBank HAWKS Corp.

## Investment Business of Holding Companies Segment

1. Recorded gain relating to sales of T-Mobile shares of ¥421.8 billion, unrealized gain on valuation of ¥219.6 billion related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥264.4 billion resulting from an increase in the fair value of the Contingent Consideration
2. Completed the ¥4.5 trillion program\*<sup>1</sup>
3. Recorded investment loss of ¥232.9 billion from investment in listed stocks and other instruments (total investment gain and loss of SBG and SB Northstar)

\*1 For details of the sale and monetization of assets, share repurchases, and improvement of the Company's financial status through initiatives such as debt reduction under the ¥4.5 trillion program, see "Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)."

### OVERVIEW

This segment is led by SBG, which conducts investment activities, either directly or through subsidiaries, as a strategic investment holding company. The segment consists of SBG, SBGC, SBGJ, asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gain and loss on investments at Investment Business of Holding Companies comprises gain and loss on investments held by SBG either directly or through its subsidiaries, but does not include gain and loss on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment loss relating to subsidiaries' shares.

The companies comprising this segment hold approximately 110 portfolio companies, including Alibaba, T-Mobile, and WeWork Inc. ("WeWork"),\*<sup>2</sup> as well as investees of SB Northstar. They are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. With regard to the financial results of portfolio companies classified as equity method associates, income and loss are recorded as "income (loss) on equity method investments" in proportion to equity interest. Investments classified as financial assets at FVTPL are measured at fair value every quarter, and any change in fair value is recorded in the Consolidated Statement of Income as "gain (loss) on investments."

\*2 Gain and loss on investments in WeWork shares held by SVF1 is included in the SVF1 and Other SBIA-Managed Funds segment.

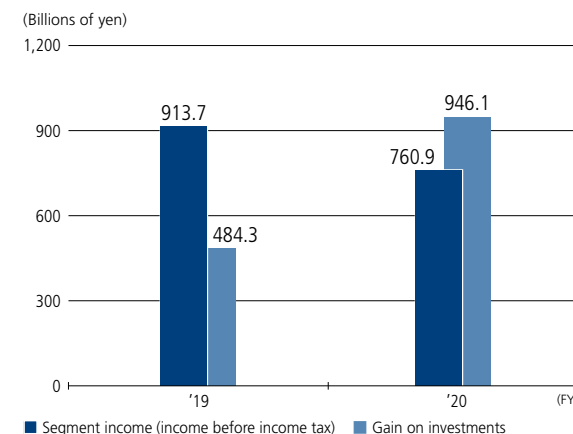
### Investment in listed stocks and other instruments by the asset management subsidiaries

The Company has been investing in highly liquid listed stocks from the first quarter, to diversify assets held by the Company and to manage surplus funds. This has been done while being firmly committed to its stated financial policies on its loan-to-value (LTV) ratio and cash position. These investments were made by SBG in the first quarter, but from the second quarter, asset

management subsidiary SB Northstar has been acquiring and selling listed stocks and other instruments and engaging in derivative and credit transactions related to listed stocks. The scale of its investments in listed stocks and other instruments fluctuates depending upon SBG's funding needs, cash on hand, and the status of the assets held by SBG.

The interest in SB Northstar is indirectly held 67% by SBG and 33% by SBG's Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son. Masayoshi Son's interest is deducted from gain and loss on investments at SB Northstar as a non-controlling interest; therefore, 67% of the gain and loss on investments impacts net income attributable to owners of the parent.

### Segment income (income before income tax) / Gain on investments



Furthermore, if, at the end of the fund life (12 years + 2-year extension), SB Northstar has any unfunded repayment obligations to SBG, Masayoshi Son will pay his pro rata share of any such unfunded obligations based upon his relative ownership percentage of SB Northstar.

## FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal 2019	Fiscal 2020	Change	Change %
Gain on investments	484,308	<b>946,107</b>	461,799	95.4% A
Gain relating to sales of T-Mobile shares	–	<b>421,755</b>	421,755	–
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	–	(1,218,527)	–
Realized loss on sales of investments at asset management subsidiaries	–	<b>(20,537)</b>	(20,537)	–
Unrealized gain on valuation of investments at asset management subsidiaries	–	<b>134,237</b>	134,237	–
Derivative loss on investments at asset management subsidiaries	–	<b>(610,690)</b>	(610,690)	–
Realized gain on sales of investments	17,777	<b>222,161</b>	204,384	–
Unrealized gain (loss) on valuation of investments	(690,669)	<b>608,448</b>	1,299,117	–
Derivative gain (loss) on investments	(66,343)	<b>185,769</b>	252,112	–
Other	5,016	<b>4,964</b>	(52)	(1.0%)
Selling, general and administrative expenses	(75,099)	<b>(102,276)</b>	(27,177)	36.2%
Finance cost	(198,535)	<b>(218,604)</b>	(20,069)	10.1% B
Income on equity method investments	657,232	<b>601,364</b>	(55,868)	(8.5%) C
Derivative loss (excluding gain (loss) on investments)	(1,886)	<b>(477,536)</b>	(475,650)	– D
Other gain	47,720	<b>11,872</b>	(35,848)	(75.1%)
<b>Segment income (income before income tax)</b>	<b>913,740</b>	<b>760,927</b>	<b>(152,813)</b>	<b>(16.7%)</b>

### A Gain on investments: ¥946,107 million

- Gain relating to sales of T-Mobile shares of ¥421,755 million was recorded. This gain resulted from (1) a gain of ¥280,341 million on sales of shares of associates in connection with the sale of 173,564,426 shares of the 304,606,049 T-Mobile shares held on June 26, 2020; (2) a gain of ¥296,013 million on the revaluation of T-Mobile shares continued to be held by the Company following the exclusion of T-Mobile from the Company's equity method associates; (3) a derivative loss of ¥154,491 million relating to the call options received by Deutsche Telekom for 101,491,623 T-Mobile shares held by the Company; and (4) a realized loss on sales of investments of ¥3,122 million from the sales of 5,000,000 T-Mobile shares held by the Company on July 16, 2020 and a further 19,750,000 shares on August 3, 2020, as well as a derivative gain of ¥3,014 million following the derecognition of derivative liabilities.
- Realized loss on sales of investments at asset management subsidiaries of ¥20,537 million and unrealized gain on valuation of investments at asset management subsidiaries of ¥134,237 million were recorded. This was due to investments in listed stocks and other instruments by SB Northstar.
- Derivative loss on investments at asset management subsidiaries of ¥610,690 million was recorded. This was due to recording losses mainly related to call options on listed stocks and short stock index futures contracts at SB Northstar.
- Realized gain on sales of investments of ¥222,161 million and unrealized gain on valuation of investments of ¥608,448 million were recorded. The former was mainly due to recording realized gain of ¥222,009 million on investments SBG made in listed stocks. The latter was mainly due to the recording of valuation gain of ¥219,608 million on investment in T-Mobile shares recognized during the period from June 26, 2020 to the fiscal year-end, as well as recording unrealized gain on valuation of investments of ¥124,420 million for Social Finance, Inc., ¥72,994 million for Lemonade, Inc., and ¥49,462 million for Berkshire Grey, Inc.<sup>(4)</sup> to reflect an increase in their fair values. Unrealized gain of ¥42,288 million on investments SBG made in listed stocks was also recorded.
- Derivative gain on investments of ¥185,769 million was recorded. This was mainly due to the recording of a gain of ¥264,395 million, representing a rise in the fair value of the right to purchase T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger between Sprint and T-Mobile US, Inc.



## B Finance cost: ¥218,604 million (increased ¥20,069 million year on year)

- Interest expenses at SBG<sup>(5)</sup> increased ¥12,406 million to ¥210,649 million. This was mainly due to an increase in interest-bearing debt as a result of wholly owned subsidiaries conducting fund procurement entering into several prepaid forward contracts using Alibaba shares from April to August 2020 with financial institutions.

## C Income on equity method investments: ¥601,364 million (decreased ¥55,868 million year on year)

- Income on equity method investments related to Alibaba was ¥572,516 million, a decrease of ¥87,626 million (13.3%) year on year. Despite continuing strong performance in Alibaba's core operations, the decrease reflects a boost of ¥286,473 million in the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Financial using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries.

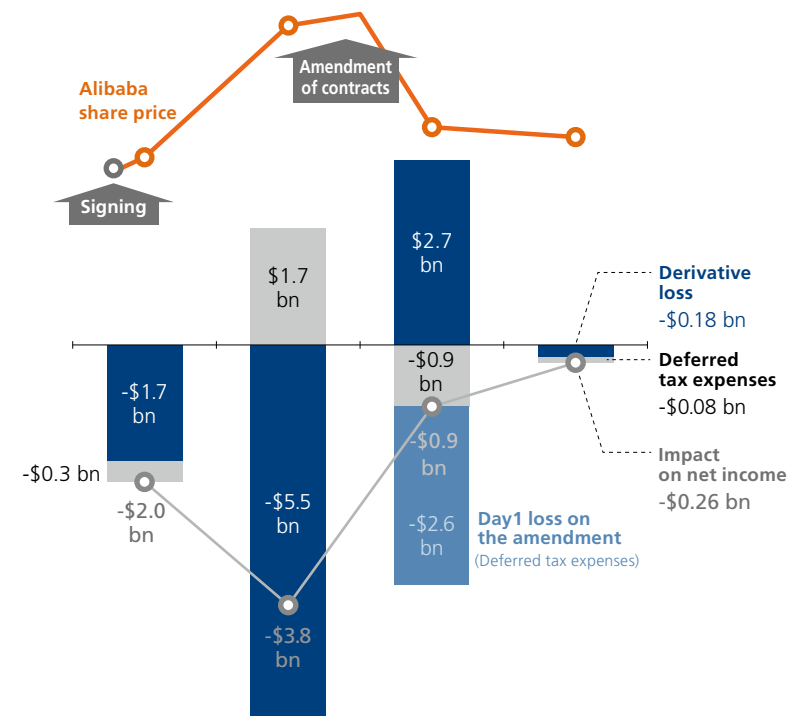
In addition, the Company's income on equity method investments related to Alibaba was lowered by ¥74,270 million as Alibaba recorded an expense in the quarter ended March 2021 for the fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law, which the Company recorded for the fiscal year as a significant event in the staggered three-month period.

- Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1 to June 25, 2020 was recorded (such income was not recorded for the previous fiscal year).

## D Derivative loss (excluding gain (loss) on investments): ¥477,536 million

- Derivative loss of ¥504,048 million was recorded in connection with the prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

## Derivative Gain (Loss) on Alibaba Prepaid Forward Contracts



	FY20Q1	FY20Q2	FY20Q3	FY20Q4	Fiscal 2020
Derivative gain (loss) (excluding gain (loss) on investments)	(179.5)	(586.9)	280.9	(18.5)	(504.0)
Deferred tax expenses	(34.1)	184.4	(94.5)	(8.8)	47.0
DAY1 Loss (deferred tax expenses) due to revisions of the prepaid forward contracts	—	—	(275.8)	—	(275.8)
Impact on net income	(213.6)	(402.6)	(89.3)	(27.3)	(732.8)

## Investment in listed stocks and other instruments by the asset management subsidiaries

### Main impact on the financial position and gain (loss) on investments

(Millions of yen)

Consolidated Statement of Financial Position				Consolidated Statement of Income						
Investor	Investment type	Account	FYE2020 balance (Parentheses show liabilities)	Account	Gain (loss)					
					Q1	Q2	Q3	Q4	FY2020	
SBG	Actual stocks	Investment securities	15,535	Realized gain on sales of investments*1	64,470	102,768	40,681	14,090	222,009	
				Unrealized gain (loss) on valuation of investments*1	20,880	75,693	(41,526)	(12,759)	42,288	
SB Northstar	Actual stocks, etc.	Investments from asset management subsidiaries	755,250	Realized gain (loss) on sales of investments at asset management subsidiaries	–	(8,060)	(84,399)	71,922	(20,537)	
		Securities pledged as collateral in asset management subsidiaries	1,427,286	Unrealized gain (loss) on valuation of investments at asset management subsidiaries*3	–	(95,082)	200,740	28,416	134,074	
	Credit transactions	Borrowed securities*2	(8,713)							
	Derivatives	Long call options of listed stocks	Derivative financial assets in asset management subsidiaries	176,627						
		Short call options of listed stocks	Derivative financial liabilities in asset management subsidiaries	(9,283)						
		Short stock index futures contracts	–	–						
		Total return swap contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	7,057	Derivative loss on investments at asset management subsidiaries	–	(292,346)	(285,256)	(33,088)	(610,690)
			Derivative financial liabilities in asset management subsidiaries	(5,390)						
			Forward contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	4,372					
					Gain (loss) on investments at Investment Business of Holding Companies	85,350	(217,027)	(169,760)	68,581	(232,856)
					Gain (loss) on investments attributable to non-controlling interests*4	–	131,829	56,305	(22,417)	165,717
					Gain (loss) on investments attributable to owners of the parent*5	85,350	(85,198)	(113,455)	46,164	(67,139)

\*1 Some of the listed shares acquired by SBG during the first and second quarters were transferred to SB Northstar during the second quarter. The difference between the acquisition value paid by SBG and the value for its transfer to SB Northstar (the "Difference Amount") for a portion of the transferred shares that was sold outside the Group by SB Northstar is included in "realized gain (loss) on sales of investments." The Difference Amount for the portion of shares that continued to be held by SB Northstar at the end of the fiscal year is included in "unrealized gain (loss) on valuation of investments." When SB Northstar sells the listed shares outside the Group, the corresponding Difference Amount is reclassified from "unrealized gain (loss) on valuation of investments" to "realized gain (loss) on sales of investments."

\*2 The fair value of the securities borrowed for short credit transactions

\*3 After elimination of intercompany transactions

\*4 33% of the gain (loss) on investments at SB Northstar

\*5 After elimination of intercompany transactions and tax expenses

\*1 Some of the listed shares acquired by SBG during the first and second quarters were transferred to SB Northstar during the second quarter. The difference between the acquisition value paid by SBG and the value for its transfer to SB Northstar (the "Difference Amount") for a portion of the transferred shares that was sold outside the Group by SB Northstar is included in "realized gain (loss) on sales of investments." The Difference Amount for the portion of shares that continued to be held by SB Northstar at the end of the fiscal year is included in "unrealized gain (loss) on valuation of investments." When SB Northstar sells the listed shares outside the Group, the corresponding Difference Amount is reclassified from "unrealized gain (loss) on valuation of investments" to "realized gain (loss) on sales of investments."

\*2 The fair value of the securities borrowed for short credit transactions

\*3 After elimination of intercompany transactions

\*4 33% of the gain (loss) on investments at SB Northstar

\*5 Excludes impacts such as selling, general and administrative expenses and tax expenses.

## Impact of the asset management subsidiaries on the Company's Consolidated Statement of Financial Position\*1

(Millions of yen)

	March 31, 2021	
Cash and cash equivalents	221,281	
Investments from asset management subsidiaries	755,250	
Securities pledged as collateral in asset management subsidiaries	1,427,286	
Derivative financial assets in asset management subsidiaries	188,056	
Other financial assets	126,472	
Other	14,407	
<b>Total assets</b>	<b>2,732,752</b>	
Interest-bearing debt	1,866,521	
Derivative financial liabilities in asset management subsidiaries	14,673	
Other	19,226	
<b>Total liabilities</b>	<b>1,900,420</b>	
Investments from Delaware subsidiaries (defined below)*2	1,348,963	
Equivalent amount of cash investments by SBG in Delaware subsidiaries	39,786	
Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management)	1,289,284	
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893	A
Retained earnings	(506,265)	B
Exchange differences on translating foreign operations	(10,366)	
<b>Equity</b>	<b>832,332</b>	C

\*1 SB Northstar's statement of financial position, excluding the impact of Alibaba shares contributed in kind to SB Northstar by SBG via Delaware subsidiaries and investments made by SB Northstar in SPACs controlled by SBIA US, is presented for reference to show the impact of SB Northstar on the Consolidated Statement of Financial Position of the Company.

\*2 Investment from the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. ("Delaware subsidiaries"), to the asset management subsidiary, SB Northstar.

## Calculation of non-controlling interests

(Millions of yen)

Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893	A
Gain (loss) attributable to non-controlling interests*3	(168,714)	
Exchange differences on translating foreign operations	(4,043)	
<b>Non-controlling interests (interests of Masayoshi Son)</b>	<b>(152,864)</b>	D

\*3 One-third of B in the table

## Interests in equity (C above)

(Millions of yen)

Interests of SBG	985,196	
Non-controlling interests (interests of Masayoshi Son)	(152,864)	D
<b>Equity</b>	<b>832,332</b>	C

## Status of Assets

### a. Actual stocks, etc.

(Millions of U.S. dollars)

	Fair value as of March 31, 2021
<b>Stock</b>	
AbCellera Biologics Inc.	265
Adobe Inc.	10
Alphabet Inc. Class C Capital Stock	575
Amazon.com, Inc.	6,211
Facebook, Inc.	3,182
Microsoft Corporation	1,030
Netflix, Inc.	382
Pacific Biosciences of California, Inc.	328
PayPal Holdings, Inc.	1,180
salesforce.com, inc.	385
Sana Biotechnology, Inc.	88
Taiwan Semiconductor Manufacturing Company Limited ADR	1,320
4D Molecular Therapeutics, Inc.	15
16 SPACs	441
Including three SPACs controlled by SBIA US *1	54
Others	3,481
NVIDIA Corporation*2	140
<b>Others</b>	
Convertible bonds	876
<b>Total</b>	<b>19,907</b>

\*1 Investments into the three SPACs that are controlled by SBIA US are eliminated as intercompany transactions in the consolidated financial statements.

\*2 The NVIDIA shares are held by SBG.

### b. Derivatives

(Millions of U.S. dollars)

	Fair value as of March 31, 2021*1	Notional principal*2
Long call options of listed stocks	1,595	13,386
Short call options of listed stocks	(84)	(2,691)
Total return swap contracts related to listed stocks	15	2,534
Forward contracts related to listed stocks	39	75
<b>Total</b>	<b>1,565</b>	<b>13,304</b>

\*1 Parentheses show liabilities.

\*2 Parentheses show short positions.

## Main interest-bearing debt in this segment

Borrower	Type	FYE2020
SBG	Borrowings	¥1,152.9 billion
	Corporate bonds	¥4,745.5 billion
	Lease liabilities	¥13.4 billion
	Commercial paper	¥246.5 billion
(Wholly owned subsidiaries conducting fund procurement*)		
West Raptor Holdings, LLC West Raptor Holdings 2, LLC Skybridge LLC Skylark 2020 Holdings Limited Scout 2020 Holdings Limited Tigress 2020 Holdings Limited	Prepaid forward contracts using Alibaba shares (floor contracts and collar contracts)	¥3,085.7 billion
Skywalk Finance GK	Borrowings using Alibaba shares	¥894.1 billion
Moonlight Finance GK	Borrowings using SoftBank Corp. shares	¥498.7 billion
Delaware Project 6 L.L.C.	Borrowings using T-Mobile shares	¥481.3 billion
SB Northstar	Borrowings	¥1,866.5 billion

\* Borrowings of these wholly owned subsidiaries conducting fund procurement are non-recourse to SBG, except for the borrowing using T-Mobile shares which SBG partially guarantees as an exception.

## Investments in WeWork

A wholly owned subsidiary of the Company other than SVF1 (hereinafter within “Investments in WeWork,” the wholly owned subsidiaries of the Company that invest in WeWork or are parties to contracts with WeWork are collectively referred to as the “WeWork Investment Subsidiary”) has invested in WeWork, an associate of the Company that operates flexible office spaces. Separately, SVF1 has invested in WeWork and its affiliates. As of the fiscal year-end, the cumulative amount of equity investments by the WeWork Investment Subsidiary and SVF1 in WeWork and its affiliated companies totaled \$10.83 billion (not including a tender offer for a total of \$922 million of WeWork shares completed in April 2021). The fair value of WeWork’s entire equity in the Company’s valuation was \$3.8 billion as of the fiscal year-end.

On March 25, 2021, WeWork entered into a definitive agreement with BowX Acquisition Corp. (“BowX”), a special purpose acquisition company (SPAC), providing for a business combination with BowX that is expected to result in WeWork becoming publicly listed on the Nasdaq Capital Market or New York Stock Exchange (NYSE) (the “Merger Transaction”). The Merger Transaction is expected to be completed during the three-month period ending September 2021, subject to receipt of BowX stockholder approval and the satisfaction of other customary closing conditions. The transaction implies a pre-money enterprise value of the company resulting from the merger (the “Merged Company”) of approximately \$9 billion. The transaction is expected to provide the Merged Company with approximately \$1.3 billion of cash, including a fully committed \$800 million PIPE (private investment in public equity), which will enable the Merged Company to fund its growth plans into the future. For details of the Merger Transaction, refer to the joint press release announced by WeWork and BowX dated March 26, 2021, “WeWork to Become Publicly Traded Via SPAC Merger with BowX Acquisition Corp.” After the completion of the Merger Transaction, the Company’s economic ownership of the Merged Company (fully diluted, including the stake held by SVF1) is expected to be approximately 56%. Pursuant to the certificate of incorporation of the Merged Company, the Company (together with SVF1) will be restricted

from exercising voting rights over more than 49.9% of the voting securities present and voting at any meeting of stockholders, and the Company (including SVF1) will be entitled to designate four out of nine directors on the board of directors of the Merged Company. The Company hence does not have control over the Merged Company. Therefore, the Merged Company will not be a subsidiary of the Company and instead it will be an associate of the Company.

Details and progress of the agreements between the Company and WeWork dated October 22, 2019 (specifically, the master transaction agreement, (the “MTA”)) and in the fiscal year are as follows.

#### **Exercise Price Reduction of Existing Commitment and Early Payment**

Pursuant to the MTA, on October 30, 2019, the WeWork Investment Subsidiary paid the full amount of \$1.5 billion for the existing commitment that was originally expected to be invested in April 2020, by lowering the exercise price from \$110.00 per share to \$11.60 per share. Of this advance payment for investment, a \$200 million portion was converted into preferred stock of WeWork in November 2019 while the remaining \$1.3 billion portion was converted into preferred stock of WeWork in April 2020.

#### **Tender Offer**

Pursuant to the MTA, the WeWork Investment Subsidiary had agreed to commence a tender offer (the “Tender Offer”) worth up to \$3.0 billion to purchase common stock and preferred stock of WeWork from certain shareholders of WeWork, other than the Company, at a price of \$19.19 per share. The WeWork Investment Subsidiary launched the Tender Offer in November 2019, but the WeWork Investment Subsidiary withdrew and terminated the Tender Offer in April 2020, asserting certain closing conditions were not satisfied. In response, in April and May 2020, lawsuits (the “Lawsuits”) were brought against the Company and SVF1 by WeWork, under the direction of the Special Committee of the Board of Directors of WeWork, and by the founder and former CEO of WeWork, Adam Neumann, by himself and through We Holdings LLC (his affiliated holding company), seeking closing of the Tender

Offer, or in the alternative, compensation for damages arising from the termination of the Tender Offer.

The Company entered into a settlement agreement (the “Settlement Agreement”) regarding the Lawsuits with WeWork, We Holdings LLC, and Adam Neumann in February 2021. Under the Settlement Agreement, the WeWork Investment Subsidiary agreed to purchase common stock and preferred stock of WeWork at a price of \$19.19 per share from (i) We Holdings LLC via a private sale in February 2021 and (ii) certain other shareholders of WeWork via a tender offer launched in March 2021 and completed in April 2021. The aggregate amount of these two purchases was \$1.5 billion. Each of the Lawsuits has been dismissed with prejudice.

The Company recorded an impairment loss of ¥54,277 million for the purchase of shares from We Holdings LLC, representing the difference between the acquisition cost and the fair value at the time of the acquisition. Subsequently, the Company recorded a gain on reversal of impairment loss of ¥21,634 million, reflecting an increase in the fair value of its holdings of common stock following the conclusion of the Merger Transaction between WeWork and BowX.

The tender offer launched, pursuant to the Settlement Agreement, in March 2021 was considered as a forward contract and accounted for as a derivative. The difference of ¥76,823 million between the fair value of the common stock and preferred stock scheduled for acquisition and the planned acquisition amount was recorded as “derivative financial liabilities (current)” in the Consolidated Statement of Financial Position as of the fiscal year-end. Moreover, for the fiscal year, the difference of ¥17,594 million between the fair value of the common stock scheduled for acquisition and the planned acquisition amount was recorded as “derivative loss (excluding gain (loss) on investments)” and the difference of ¥56,127 million between the fair value of the preferred stock scheduled for acquisition and the planned acquisition amount was recorded as a loss under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income.



### Credit Support and Notes Purchase

The Company agreed in the MTA to provide to WeWork (a) credit support for a \$1.75 billion letter of credit facility provided by financial institutions, and the WeWork Investment Subsidiary agreed to purchase or arrange to purchase (b) up to \$2.2 billion in unsecured notes and (c) up to \$1.1 billion in senior secured notes to be issued by WeWork.

Regarding (a), in December 2019, the Company entered into an agreement with financial institutions that designates the Company as a co-obligor with WeWork, while the two parties separately agreed that the Company has the right of indemnification against WeWork if and whenever the Company services such obligations. Regarding (b), the WeWork Investment Subsidiary entered into an agreement with WeWork in December 2019. As of the fiscal year-end, the WeWork Investment Subsidiary has purchased \$1.8 billion of the unsecured notes. In exchange for entering into such agreements regarding (a) and (b), the Company received warrants that are exercisable for WeWork preferred stock at an exercise price of \$0.01 per share as consideration. As of the fiscal year-end, the Company has acquired 130 million shares of preferred stock of the 136 million shares available under the warrants.

Regarding (c), the Company's obligation pursuant to the MTA to purchase or arrange to purchase such debt ceased to exist upon the termination of the Tender Offer as it was subject to and conditioned upon the completion of the Tender Offer. However, the WeWork Investment Subsidiary and WeWork entered into an agreement regarding (c) in August 2020. As of the fiscal year-end, none of the secured senior notes had been issued.

Moreover, in conjunction with WeWork's agreement relating to the Merger Transaction with BowX on March 25, 2021, the Company has also agreed with WeWork and BowX regarding the conversion and exchange of WeWork preferred stock held by the WeWork Investment Subsidiary into common stock of the Merged Company, and in addition, regarding (a), a commitment to extend credit support by the Company as co-obligor to the credit facility until February 2024, subject to the acceptance of the extension by the financial institutions as a result of the negotiation between them and the Company together with WeWork, and for (c), an amended senior secured notes facility of up to \$550 million to be purchasable by the WeWork Investment Subsidiary until February 12, 2023 or for a

period of 18 months from the closure of the Merger Transaction, whichever comes first. As consideration for this conversion of preferred stock into common stock and commitment to extend credit support by the Company as co-obligor to the credit facility as in (a), the Company plans to acquire warrants that are exercisable for common stock of the Merged Company at the price of \$0.01 per share, subject to appropriate adjustment, when each is executed upon the conversion and exchange and upon the conclusion of the agreement modification of (a), as applicable.

The (a) credit support for a \$1.75 billion letter of credit facility provided by financial institutions to WeWork corresponds to a financial guarantee contract and the (b) purchase of up to \$2.2 billion in unsecured notes to be issued by WeWork corresponds to a commitment to provide a loan at a below market interest rate ("loan commitment"). The allowance for expected credit losses for the financial guarantee contract and loan commitment is measured at the higher of either the amount of initially recognized financial liabilities less accumulated amortization or the amount of the expected credit losses. At the previous fiscal year-end, the Company recorded allowance for financial guarantee contract losses of ¥89,202 million and allowance for loan commitment losses of ¥145,133 million as "other financial liabilities (current)" in the Consolidated Statement of Financial Position. At the fiscal year-end, the Company recorded allowance for financial guarantee contract losses of ¥24,381 million and allowance for unused loan commitment losses of ¥10,218 million as "other financial liabilities (current)" in the Consolidated Statement of Financial Position.

### Exchange of WeWork China and WeWork Asia Shares for Preferred Stock of WeWork

It was agreed in the MTA that all of SVF1's interests in WeWork Greater China Holding Company B.V. ("WeWork China") and WeWork Asia Holding Company B.V. ("WeWork Asia") were to be exchanged for preferred stock of WeWork. Among these, WeWork Asia shares were exchanged for WeWork's preferred stock at \$11.60 per share in April 2020. Meanwhile, the exchange of WeWork China shares for WeWork's preferred stock was canceled.

## Investments and Loans to WeWork from the WeWork Investment Subsidiary

(Millions of U.S. dollars)

Investment type	Cumulative amount of investments and loans	Cumulative gain (loss)	Consolidated Statement of Financial Position			Consolidated Statement of Income		
			Account	Carrying amount (Parentheses show liabilities)		Account	Gain (loss)	
				FYE2019	FYE2020		FY2019	FY2020
Common stock	Breakdown omitted	Breakdown omitted	Investment securities	–	–	Loss from financial instruments at FVTPL	(417)	–
			Investments accounted for using the equity method	14	173	Loss on equity method investments* <sup>1</sup>	(40)	(109)
					Other loss	(113)	(307)	
Preferred stock			Investment securities	885	1,521		(3,213)	112
Of \$1.5 billion paid in October 2019, \$1.3 billion before conversion to preferred stock of WeWork as of the previous fiscal year-end			Other financial assets	406	–	Gain (loss) from financial instruments at FVTPL	(894)	–
Warrants exercisable for acquisition of preferred stock of WeWork (before exercise)				165	26	Derivative gain (loss) on investments	(703)	(22)
Warrants exercisable for common stock of the Merged Company (before exercise)			Derivative financial assets	–	126		–	126
Derivatives related to the tender offer that started in March 2021			Derivative financial liabilities	–	(694)	Derivative loss (excluding gain (loss) on investments)	–	(166)
						Derivative loss on investments	–	(528)
Total	6,580	(6,292)		1,470	1,152		(5,380)	(894)
Purchase of unsecured notes* <sup>2</sup>	1,800	44	Other financial assets	–	1,173		–	44
Liabilities related to loan commitment* <sup>2</sup>	–	(256)		(1,334)	(92)	Other gain (loss)	(826)	570
Liabilities related to financial guarantee contract* <sup>2</sup>	–	140	Other financial liabilities	(819)	(220)		(459)	599
Total	1,800	(72)		(2,153)	861		(1,285)	1,213

\*<sup>1</sup> WeWork became the Company's associate on October 30, 2019. As a result, net loss of WeWork from October 30, 2019 to December 31, 2021 corresponding to the Company's holding of common stock (2.75% as of the previous fiscal year-end and 6.11% as of the fiscal year-end, both of which were before dilution) was recorded.

\*<sup>2</sup> Allowances for losses from the financial guarantee contract and the loan commitment are recorded as "other financial liabilities" in the Consolidated Statement of Financial Position. The Company did not record gains or losses relating to the agreement on these contracts on the Consolidated Statement of Income at the time of execution, since the Company acquired consideration for the agreement (warrants convertible for preferred stock of WeWork at \$0.01 per share). Subsequently, at the previous fiscal year-end, the Company recorded provision for allowance for losses following a deterioration in WeWork's credit risk, which was reversed during the fiscal year mainly due to the improvement of WeWork's credit risk. For liabilities related to the loan commitment, when the WeWork Investment Subsidiary purchased the unsecured notes, a corresponding amount was reversed from "other financial liabilities" and deducted from the initial recognition amount of loan receivable recorded as "other financial assets." The unsecured notes are regularly amortized from the time when the loan receivable was recognized. Liabilities related to financial guarantee contract are regularly amortized from the fourth quarter of the previous year, when the guarantee started.

## SVF1 and Other SBIA-Managed Funds Segment

### 1. Gain on investment (net) was ¥6,357.5 billion. Segment income, after deducting change in third-party interests, was ¥4,026.8 billion.

- SVF1
  - Realized gain on sales of investments (net) of ¥424.2 billion: Sold investments in Guardant Health (partially), OSIsoft, Uber (partially), and others.
  - Unrealized gain on valuation of investments (net) of ¥5,523.1 billion from investments held at the fiscal year-end
    - Recorded ¥4,285.1 billion valuation gain for listed portfolio companies. Stock prices of all listed portfolio companies performed well. Valuation gain of ¥2,597.8 billion was recorded for Coupang and ¥661.1 billion for DoorDash.
    - Recorded ¥1,238.0 billion valuation gain (net) for unlisted portfolio companies.
- SVF2
  - Unrealized gain on valuation of investments (net) of ¥490.3 billion:
    - Recorded ¥494.1 billion valuation gain for KE Holdings and other listed portfolio companies, reflecting strong stock price performance.

### 2. Progress of investments

- SVF1
  - Investments before exit: Held 81 investments (including 11 listed portfolio companies) as of the fiscal year-end at cost totaling \$74.9 billion, with the fair value amounting to \$120.7 billion.
  - Cumulative gross gain\* since SVF1's inception reached \$55.0 billion, including cumulative realized gain of \$7.2 billion, cumulative derivative gain of \$1.5 billion, and cumulative dividend income of \$0.5 billion.
- SVF2
  - Held 44 investments (including three listed portfolio companies) as of the fiscal year-end at cost totaling \$6.7 billion, with the fair value amounting to \$11.2 billion.
- Other
  - In the fourth quarter, three SPACs controlled by SBIA US were listed.

\* Cumulative gross gain is before deducting third-party interests, tax, and expenses.

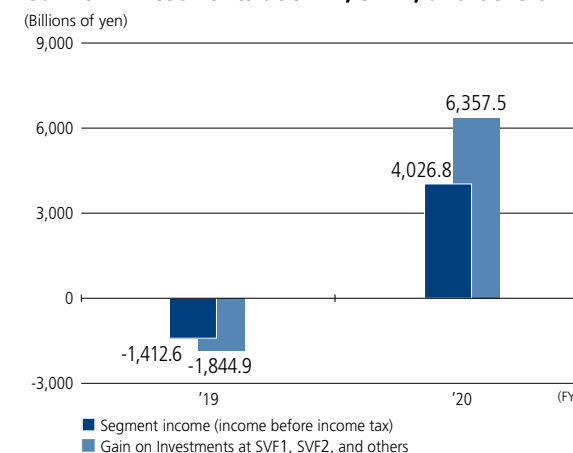
## OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund 1 (SVF1) and SoftBank Vision Fund 2 (SVF2). The funds are managed by SBIA, a wholly owned subsidiary of the Company established in the U.K., which is authorized and regulated by the Financial Conduct Authority.

SVF1 aims to maximize returns from a medium- to long-term perspective, through large-scale investments in high-growth-potential companies leveraging AI, particularly in private companies valued at over \$1 billion at the time of investment, colloquially known as “unicorns.” SVF1's investment period ended on September 12, 2019. The remaining undrawn capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and operating expenses. In principle, the life of SVF1 is until November 20, 2029 (unless extended for two additional one-year periods by SBIA).

SVF2 launched in October 2019 with committed capital from SBG, aiming to facilitate the continued acceleration of the AI revolution through investment in market-leading, tech-enabled growth companies across vintage years. As of the fiscal year-end, SBG is the sole limited partner investing in SVF2, with a total committed capital of \$20.0 billion (which has been increased to \$40.0 billion as of June 23, 2021).

### Segment income (income before income tax) / Gain on Investments at SVF1, SVF2, and others



To bridge the Company's private and public investing strategies by enabling it to potentially pursue a wider range of investment opportunities beyond the investment mandate for the private funds, in the fiscal year, SBIA US initiated investment through SPACs. In the fourth quarter, SPACs controlled by SBIA US, SVF Investment Corp., SVF Investment Corp. 2, and SVF Investment Corp. 3, listed on the Nasdaq in January, March, and March 2021, respectively. A total of \$1.15 billion was raised through these listings. Each SPAC is an investment vehicle incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the company has not yet identified at the time of the offering, and it aims to complete such business combination within two years from the closing of each offering. The SPACs intend to identify, acquire, and manage businesses in technology-enabled sectors, leveraging the Company's access to a wide range of compelling investment opportunities through its broad international presence and deep local networks. After such business combinations, the combined companies are expected to cease to be controlled by SBIA US.

For details of SPACs, see "8. Special purpose acquisition companies sponsored by the Company" in "Notes to Consolidated Financial Statements."

## Outline of principal funds in the segment

As of March 31, 2021

	SoftBank Vision Fund 1	SoftBank Vision Fund 2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Total committed capital (Billions of U.S. dollars)	98.6 The Company: 33.1* <sup>1</sup> Third-party investors: 65.5	20.0 The Company: 20.0* <sup>2</sup>
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SVF II GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019	Investment period and minimum fund life are not presented as they are subject to change following the participation of third-party investors.
Minimum fund life	Until November 20, 2029 (in principle)	

\*1 The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion earmarked for purposes of an incentive scheme related to SVF1.

\*2 As of June 23, 2021, the Company's committed capital to SVF2 has been increased to \$40.0 billion.

 See pages 22 and 23 for a complete list of SVF1 and SVF2's portfolio companies.

## Capital deployment of SVF1

As of March 31, 2021

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital <sup>(6)</sup> (B)	85.4	29.3	56.1
Return of capital (non-recallable) (C)	13.8	0.8	13.0
Outstanding capital (D) = (B) – (C)	71.6	28.5	43.1
Remaining committed capital (E) = (A) – (B)	13.2	3.8	9.4

Note: The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion earmarked for purposes of an incentive scheme related to SVF1.

As of the fiscal year-end, SBG has contributed \$6.8 billion of its committed capital to SVF2.

## FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal 2019	Fiscal 2020	Change	Change %
Gain (loss) on investments at SVF1, SVF2, and others	(1,844,867)	<b>6,357,462</b>	8,202,329	– A
Realized gain on sales of investments	58,340	<b>419,640</b>	361,300	619.3%
Unrealized gain (loss) on valuation of investments	(1,917,694)	<b>5,897,059</b>	7,814,753	–
Change in valuation for the fiscal year	(1,877,682)	<b>6,013,404</b>	7,891,086	–
Reclassified to realized gain recorded in the past fiscal year*	(40,012)	<b>(116,345)</b>	(76,333)	–
Dividend income from investments	12,848	<b>29,849</b>	17,001	132.3%
Derivative gain on investments	145	<b>1,091</b>	946	652.4%
Effect of foreign exchange translation	1,494	<b>9,823</b>	8,329	557.5%
Selling, general and administrative expenses	(86,484)	<b>(74,194)</b>	12,290	(14.2%)
Finance cost	(23,547)	<b>(10,419)</b>	13,128	(55.8%) B
Change in third-party interests in SVF1	540,930	<b>(2,246,417)</b>	(2,787,347)	– C
Other gain	1,394	<b>391</b>	(1,003)	(72.0%)
<b>Segment income (income before income tax)</b>	<b>(1,412,574)</b>	<b>4,026,823</b>	<b>5,439,397</b>	<b>–</b>

\* Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in the fiscal year is reclassified to “realized gain on sales of investments.”

During the fiscal year, SVF1 made follow-on investments totaling \$4.7 billion in existing portfolio companies and their joint ventures,<sup>(7)</sup> and sold all of its shares in eight portfolio companies<sup>(7)</sup> and a portion of its shares in five portfolio companies for a total of \$8.8 billion,<sup>(8)</sup> of which the initial acquisition costs were \$4.8 billion. SVF2 made new and follow-on investments totaling \$4.7 billion.

### Segment income

#### **A Gain on investments at SVF1, SVF2, and others: ¥6,357,462 million**

##### • SVF1

- Realized gain on sales of investments of ¥424,215 million was recorded as a result of the

sale by SVF1 of all of its shares in eight portfolio companies<sup>(7)</sup> and a portion of its shares in five portfolio companies.

- Unrealized gain on valuation of investments held by SVF1 at the fiscal year-end was ¥5,523,149 million (\$52,186 million, net) (see “Portfolio of SVF1” for a breakdown). Unrealized valuation gain totaling \$40,507 million for listed portfolio companies was recorded due to strong stock price performance, particularly of Coupang and DoorDash, which were listed in the fiscal year, and Uber. In addition, unrealized valuation gain (net) totaling \$11,679 million was recorded for unlisted portfolio companies, as a result of increases in the fair values of investments where listings have been decided or that had new funding rounds.

##### • SVF2

- Unrealized gain on valuation of investments was ¥490,255 million (\$4,633 million, net). This was primarily due to the recording of unrealized valuation gain totaling \$4,671 million for listed portfolio companies, reflecting the share price increases of KE Holdings and other listed portfolio companies following their listings in the fiscal year. See “Portfolio of SVF2” for other details.

#### **B Finance cost: ¥10,419 million (decreased ¥13,128 million year on year)**

Interest expenses decreased primarily due to a decline in the outstanding balance of borrowings made by SVF1, resulting from the repayments of borrowings made under a line of credit set up mainly to increase capital efficiency to fund investments (the “Fund Level Facility”) and those made for the purpose of monetizing a portion of certain investments (the “Portfolio Financing Facility”).

#### **C Change in third-party interests in SVF1: ¥(2,246,417) million**

This indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gain and loss on investments at SVF1, net of management and performance fees payable to SBIA, and operating and other expenses of SVF1. see “9. SVF1 and other SBIA-managed funds business” in “Notes to Consolidated Financial Statements.”

As of the fiscal year-end, SVF2 is only invested in by SBG and therefore has no third-party interests.



## Portfolio of SVF1

As of March 31, 2021

Total ((1) + (2) + (3) + (4) below)

(Billions of U.S. dollars)

	Cumulative number of investments	Cumulative investment cost A1+B1+C1	Cumulative investment return A2+B2+C2+D2	Cumulative gain*1 A3+B3+C3+D3
	<b>92</b>	<b>85.7</b>	<b>140.7</b>	<b>55.0</b>

### (1) Investments before exit (investments held at FYE2020)

Sector	Number of investments	Investment cost A1	Fair value A2	Cumulative unrealized valuation gain (loss)*2 A3	Unrealized valuation gain (loss) recorded for FY2020
a Consumer	12	10.6	42.6	32.0	30.6
b Edtech	1	0.7	1.1	0.4	0.4
c Enterprise	7	1.6	1.9	0.3	0.0
d Fintech	11	4.4	2.7	(1.7)	(1.9)
e Frontier Tech	9	11.0	11.7	0.7	1.1
f Health Tech	8	2.0	4.8	2.8	1.9
g Logistics	14	8.5	18.0	9.5	9.0
h PropTech	9	10.1	6.2	(3.9)	1.1
i Transportation	10	26.0	31.7	5.7	10.0
<b>Total</b>	<b>81</b>	<b>74.9</b>	<b>120.7</b>	<b>45.8</b>	<b>52.2</b>
(Reference)					
Listed companies*3	11	13.0	54.0	41.0	40.5
a Coupang		2.7	28.0	25.3	24.5
d OneConnect		0.1	0.1	(0.0)	0.0
d ZhongAn Insurance		0.2	0.2	(0.0)	0.1
f Guardant Health		0.1	0.9	0.8	0.5
f Relay Therapeutics		0.3	1.0	0.7	0.7
f Vir Biotechnology		0.2	1.2	1.0	0.4
g DoorDash		0.7	8.3	7.6	6.3
h Opendoor		0.4	1.5	1.1	1.2
h View		1.2	0.5	(0.7)	0.1
i AUTO1		0.7	2.3	1.6	1.8
i Uber		6.4	10.0	3.6	4.9
Unlisted companies	70	61.9	66.7	4.8	11.7
<b>Total</b>	<b>81</b>	<b>74.9</b>	<b>120.7</b>	<b>45.8</b>	<b>52.2</b>

### (2) Exited investments

	Number of investments	Investment cost B1	Sale price B2	Cumulative realized gain*1 B3	Realized gain recorded for FY2020
Partial exit	—	2.4	4.7	2.3	2.0
Full exit <sup>(7)</sup>	11	8.4	13.3	4.9	2.0
<b>Total</b>	<b>11</b>	<b>10.8</b>	<b>18.0</b>	<b>7.2</b>	<b>4.0</b>

### (3) Derivative gain and loss relating to investment

	Derivative cost C1	Fair value / settlement price C2	Cumulative derivative gain C3	Derivative gain recorded for FY2020
<b>Total (settled)</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>

### (4) Dividend income from investments

	Dividend income D2	Cumulative income D3	Dividend income recorded for FY2020
<b>Total</b>	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>

\*1 Before deducting third-party interests, tax, and expenses

\*2 For a certain investment that was once decided to be transferred from the Company to SVF1 but later canceled, its unrealized gain and loss incurred for the period leading up to the decision to cancel the transfer is not included in the presentation.

\*3 The letter attached to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

## Portfolio of SVF2

As of March 31, 2021

Total ((1) + (2) below)

(Billions of U.S. dollars)

	Cumulative number of investments	Cumulative investment cost A1+B1	Cumulative investment return A2+B2	Cumulative gain*1 A3+B3
	<b>44</b>	<b>6.7</b>	<b>11.2</b>	<b>4.5</b>

### (1) Investments before exit (investments held at FYE2020)

Company	Number of investments	Investment cost*2 A1	Fair value*2 A2	Cumulative unrealized valuation gain (loss) A3	Unrealized valuation gain (loss) recorded for FY2020
Listed companies	3	1.6	6.2	4.6	4.7
KE Holdings		1.4	6.0	4.6	4.6
Seer		0.2	0.2	0.0	0.1
Qualtrics		0.0	0.0	0.0	0.0
Unlisted companies	41	5.1	5.0	(0.1)	(0.1)
<b>Total</b>	<b>44</b>	<b>6.7</b>	<b>11.2</b>	<b>4.5</b>	<b>4.6</b>

### (2) Exited investments

	Number of investments	Investment cost B1	Sale price B2	Cumulative realized loss*2 B3	Realized loss recorded for FY2020
Partial exit	—	0.0	0.0	(0.0)	(0.0)
<b>Total</b>	<b>—</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>

\*1 Before deducting third-party interests, tax, and expenses

\*2 The investment amount and fair value of investments before exit in SVF2 include those related to a minor SVF2 ownership percentage in another portfolio company received as part of the consideration for SVF2's investment in a portfolio company.

## Listings and announced listing plans for SVF1 and SVF2 portfolio companies

As of March 31, 2021; excluding those already listed at the time of investment

Fund	Company	Listing date	Listing method
SVF1	<b>Investments before exit</b>		
	ZhongAn Insurance	September 28, 2017	IPO
	Guardant Health	October 4, 2018	IPO
	Uber	May 10, 2019	IPO
	Vir Biotechnology	October 11, 2019	IPO
	OneConnect	December 13, 2019	IPO
	Relay Therapeutics	July 16, 2020	IPO
	DoorDash	December 9, 2020	IPO
	Opendoor	December 21, 2020	De-SPAC
	AUTO1	February 4, 2021	IPO
	View	March 9, 2021	De-SPAC
	Coupang	March 11, 2021	IPO
	Compass	April 1, 2021	IPO
	WeWork	September quarter, 2021 (expected)	De-SPAC <sup>(9),(10)</sup>
	<b>Exited investments</b>		
	Ping An Good Doctor	May 4, 2018	IPO
	Slack	June 20, 2019	Direct listing
	10x Genomics	September 12, 2019	IPO
SVF2	<b>Investments before exit</b>		
	KE Holdings	August 13, 2020	IPO
	Seer	December 4, 2020	IPO
	Qualtrics	January 28, 2021	IPO
	Berkshire Grey	June quarter, 2021 (expected)	De-SPAC <sup>(10),(11)</sup>
	eToro	September quarter, 2021 (expected)	De-SPAC <sup>(10),(12)</sup>


## SoftBank Segment

1. Segment income increased 4.0% yoy: Z Holdings Corporation and the enterprise business performed strongly.
2. Business integration of Z Holdings Corporation and LINE Corporation completed on March 1, 2021.

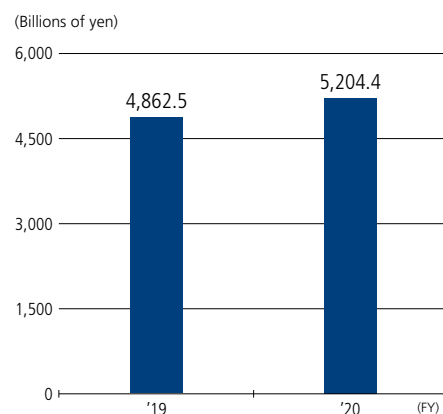
### FINANCIAL RESULTS

Segment income increased ¥32,316 million (4.0%) year on year, to ¥847,933 million, mainly reflecting strong performances by Z Holdings Corporation and the enterprise business. These were partially offset by a negative impact from recording an impairment loss on equity method investments in WeWork Japan GK and a deterioration in gain on investments.

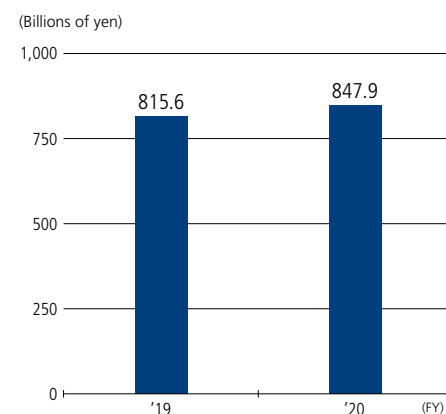
Income increased in Z Holdings Corporation, mainly due to the consolidation of ZOZO, Inc. in November 2019 and an increase in revenue of the existing e-commerce business. Income in the enterprise business increased due to an increase in mobile revenue, along with an increase in net sales of cloud services and security solutions following growth in demand for remote work-related products and services to address the COVID-19 pandemic. For the consumer business, income increased year on year, mainly due to a decline in sales commissions and the reversal of contract liabilities related to *Half Price Support*<sup>(13)</sup> in revenues.

 For more information on SoftBank Corp.'s financial results and business operations, please refer to its website at <https://www.softbank.jp/en/corp/ir/>.

### Net sales



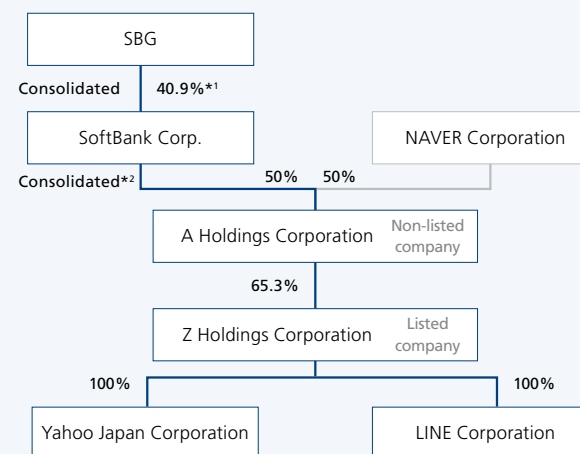
### Segment income (income before income tax)



### Completion of business integration of Z Holdings Corporation and LINE Corporation

On March 1, 2021, the business integration of Z Holdings Corporation and LINE Corporation was completed. SoftBank Corp. has positioned this integration as an important transaction for accelerating the growth of Z Holdings Corporation, which plays an important role in the Beyond Carrier strategy, and for contributing to the increase in corporate value while creating new business opportunities in the 5G era. After the integration, Z Holdings Corporation will strive to resolve social issues while capturing unmet customer needs using data and AI.

### Structure After Business Integration of Z Holdings Corporation and LINE Corporation



- \*1 Holding ratio as of March 31, 2021  
 \*2 SoftBank Corp. holds the right to appoint the majority of A Holdings Corporation's board of directors (three out of five)

Note: The structure presented is simplified for illustrative purposes

## Arm Segment

### 1. Arm introduces major new technology as a basis for future product families

- During the fourth quarter, Arm introduced the *Armv9* architecture which will be the underlying technology for many future product families that Arm will release. The *Armv9* architecture provides the users of smartphones, consumer electronics and enterprise products with higher performance as well as enhanced security, privacy and confidentiality. The *Armv9* architecture is a significant advancement over prior generations and provides an opportunity to increase pricing, driving license revenue in the near term and royalty revenue as *Armv9-based* products start to ship.

### 2. Expanding product portfolio contributes to the financial results

- Net sales increased 6.5% yoy
  - Technology royalty revenue increased 16.7% yoy (U.S. dollar-based) largely due to the strong ramp in 5G smartphones and networking equipment as well as increasing shipments into servers.
  - Technology non-royalty revenue decreased 1.7% yoy (U.S. dollar-based). Weaker licensing at the beginning of the fiscal year, due to uncertainty caused by the pandemic, being mostly offset by strong demand for Arm's expanding product portfolio since the Company's acquisition.
- Segment loss widened yoy mainly due to charges relating to share-based remuneration following the agreement for sale of all shares in Arm to NVIDIA.

## OVERVIEW

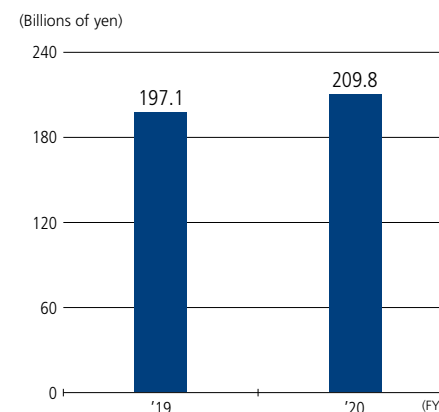
Arm's operations primarily consist of licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or increase its share of the existing markets and expand into new markets.

### Industry trends and their impact

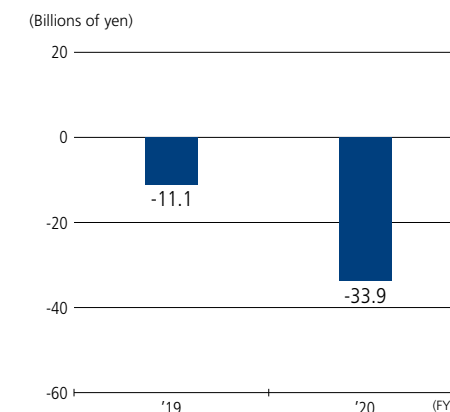
Semiconductor industry trends can have a significant impact on Arm's financial results. The industry is vulnerable to external factors, including trade disputes and sanctions against specific companies, as well as the impact from changes in economic activity caused by COVID-19. If shipments of consumer electronic devices weaken, it may lead to lower technology royalty revenue, and if customers facing reduced revenues choose to delay licensing decisions, it may lead to lower technology licensing revenue. However, it is difficult to anticipate when these events may occur and the impact on the whole semiconductor industry or Arm.

Although those risks still remain, as market conditions improve, Arm expects that its business will continue to grow. In addition, Arm is expecting that, as technology becomes more advanced, its technology will be further utilized and opportunities will expand over the long term.

### Net sales



### Segment income (income before income tax)



#### Notes:

1. In the fourth quarter, it was decided that the ISG businesses, which are outside the scope of the agreement made for sale of Arm shares to NVIDIA, would be managed separately from Arm's remaining business. Accordingly, the operating results of the Arm segment are retroactively presented for the previous fiscal year excluding the contribution of the ISG businesses.
2. Segment income includes amortization expenses of ¥48,108 million for the fiscal year and ¥50,544 million for the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

## FINANCIAL RESULTS

### Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based in U.S. dollars.

	(Millions of U.S. dollars)			
	Fiscal 2019	Fiscal 2020	Change	Change %
Technology royalty	1,095	<b>1,278</b>	183	16.7%
Technology non-royalty	714	<b>702</b>	(12)	(1.7%)
<b>Total net sales</b>	<b>1,809</b>	<b>1,980</b>	<b>171</b>	<b>9.5%</b>

Net sales increased \$171 million (9.5%) year on year due to an increase in technology royalty revenue.

### Technology royalty revenue

Technology royalty revenue increased \$183 million (16.7%) year on year. Royalty revenues were driven by the strong ramp in shipments of Arm-based 5G smartphones and the deployment of networking equipment into 5G base stations as well as increasing shipments into servers.

### Technology non-royalty revenue

Technology non-royalty revenue (technology licensing revenue and software and services revenue) declined \$12 million (1.7%) year on year. This decline is primarily due to weaker licensing by customers in the first quarter, when the impact of COVID-19 was uncertain. However, as it became clear that semiconductor sales were going to remain strong, demand for Arm new technology increased from the second quarter. Since being acquired by the Company, Arm has increased investment in R&D, which has now resulted in a product portfolio that has expanded the breadth of Arm technology to include processors optimized for servers, automotive electronics, and AI acceleration. This has led to a wider range of customers licensing Arm technology, as well as existing customers having more Arm technology to choose from, both of which are helping to drive licensing revenues. This included licenses for processors used by customers intending to build Arm-based server chips, smartphones, networking equipment and for autonomous systems such as industrial robotics and self-driving vehicles.

## Segment income

Segment loss was ¥33,873 million, deteriorating by ¥22,768 million year on year. This was mainly due to the recording of charges relating to the increases in the fair value of share-based remuneration already granted to Arm employees relating to share-based remuneration following the agreement for sale of all shares in Arm to NVIDIA and the expected acceleration of the vesting date that were triggered by the proposed acquisition of Arm by NVIDIA (including one-off charges).

## OPERATIONS

### Royalty units<sup>(14)</sup>

	(Billion)			
	Year ended December 31			
	2019	2020	Change	Change %
<b>Royalty units as reported by Arm's licensees</b>	<b>22.2</b>	<b>25.0</b>	<b>2.8</b>	<b>12.7%</b>

### Employees

	FYE2019	FYE2020
<b>Total number of employees</b>	<b>5,906</b>	<b>6,370</b>
(incl.) Technical employees	4,612	<b>5,121</b>

Notes:

1. Total number of employees: include temporary employees
2. Technical employees: employees who work on the research, creation, maintenance, deployment and support of technology products and services of Arm

Arm's licensees reported shipments of 25.0 billion Arm-based chips shipped in the year ended December 31, 2020, representing the highest-ever number of chips shipped in a year. Arm's unit shipments increased 12.7% year on year, while shipments by the Arm-relevant part of the semiconductor industry increased 6.7%<sup>(15)</sup> during the same period.

In addition, as Arm continues to enhance its R&D capabilities by hiring more employees, mainly technology related personnel, the number of Arm employees at the fiscal year-end increased 7.9% from the previous fiscal year-end.



## TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving the technology in both its mobile business and other businesses with strong growth potential.

### Arm's primary investment areas and main developments

#### Mobile computing

Opportunity	: Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
The first quarter	: Arm announced the introduction of a new technology family for premium smartphones, including a processor, a machine learning accelerator, and a graphics processor.
The second quarter	: Arm announced two new processors to be delivered in 2022. These processors are optimized for AI algorithms and augmented reality applications, have enhanced security features, and will deliver increased top performance.
The third quarter	: <ul style="list-style-type: none"> <li>Qualcomm Technologies, Inc. announced the Snapdragon 888 chip for next-generation 5G smartphones based on the Arm <i>Cortex-X1</i> processor.</li> <li>MediaTek Inc. announced the MT8195 chipset designed for next-generation mobile computers, including Chromebooks, based on the Arm <i>Cortex-A78</i> CPU and Arm <i>Mali G57</i> GPU.</li> </ul>
The fourth quarter	: <ul style="list-style-type: none"> <li>Arm introduced <i>Armv9</i>, its latest architecture for future processors.</li> <li>MediaTek Inc. announced that it has already adopted <i>Armv9</i> and its first chips incorporating the new technology will be available later in 2021 for smartphones to be shipped in 2022.</li> </ul>

#### Infrastructure

Opportunity	: Arm has a growing share in networking infrastructure and a nascent share in data center servers.
The first quarter	: <ul style="list-style-type: none"> <li>Supercomputer Fugaku with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, ranked number one in the TOP500, a global ranking based on calculation speed of supercomputers.</li> <li>Amazon Web Services, Inc. launched two new Arm-based Graviton2 services optimized for compute-intensive and memory-intensive applications.</li> </ul>
The second quarter	: Arm launched two new processors, <i>Neoverse V1</i> targeting high-performance computing and <i>Neoverse N2</i> for energy-efficient data center and edge computing applications.
The third quarter	: Amazon Web Services, Inc. launched new services optimized for networking applications, based on its Arm-based Graviton2 chips which deliver 40% better price/performance relative to the prior generation (not Arm-based).
The fourth quarter	: NVIDIA announced a new Arm-based chip Grace which will combine NVIDIA's GPU technology with Arm's CPU technology, and that the Swiss National Supercomputing Centre will build a new supercomputer utilizing this new chip.

#### Automotive

Opportunity	: As vehicles become smarter, they require more computational capability. Arm is well-positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
The first quarter	: Arm announced the development of new software that enables its graphics processors to be shared by different applications within a vehicle such as infotainment and the dashboard. AUDI AG and Samsung Electronics Co., Ltd. are among customers implementing Arm's graphics IP in vehicles to be launched in 2022.
The second quarter	: Arm launched three new processors, <i>Cortex-A78AE</i> , <i>Mali-G78AE</i> , and <i>Mali-C71AE</i> , designed to make autonomous systems, including industrial robotics and autonomous vehicles, safer and more reliable.
The third quarter	: Telechips Inc., a leading automotive technology provider, announced that it has adopted a suite of Arm technology for its next automotive chip including the <i>Mali-G78AE</i> graphics processor, <i>Cortex-A76</i> processor, and <i>Ethos-N78</i> AI processor.

#### IoT

Opportunity	: For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.
The second quarter	: Arm announced the introduction of the Cortex-R82 processor, designed specifically for computational storage <sup>(16)</sup> a new market segment that will help enable IoT gateways, which connect IoT devices and the network, and edge servers.
The third quarter	: NXP Semiconductors N.V. announced that it will expand its Arm-based i.MX products for the Industrial and IoT Edge with the integration of Arm's <i>Ethos</i> AI processors.
The fourth quarter	: STMicroelectronics N.V. and Silicon Laboratories Inc. separately announced new highly secure chips for IoT devices helping to achieve the goal of making IoT networks resistant to cyberattacks.

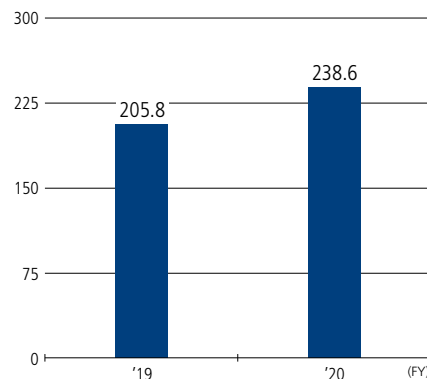


For more information about Arm, its business, and its technology, please refer to its website at <https://www.arm.com>.

## Other

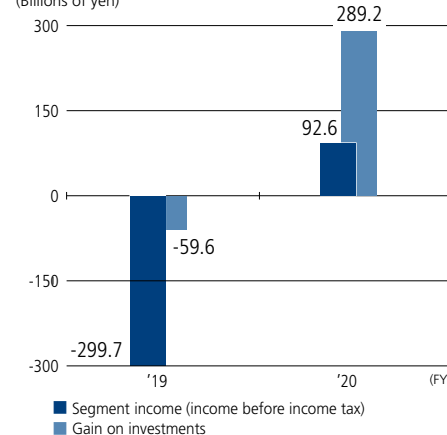
### Net sales

(Billions of yen)



### Segment income (income before income tax) / Gain on investments

(Billions of yen)



Note: Starting in the fiscal year, the operating results of Arm's ISG businesses are included in "Other" in the reportable segments. The results for the previous fiscal year have also been retrospectively revised for presentation.

Segment income for "Other" in the reportable segments totaled ¥92,625 million. The Company recorded income before income tax of ¥188,883 million at SoftBank Latin America Fund and ¥57,107 million at Fortress. Conversely, loss before income tax of ¥72,650 million at PayPay Corporation was recorded.

An overview of these results and operations follows.

#### • Investment fund business in Latin America

SoftBank Latin America Fund recorded gain on investments of ¥196,556 million following a rise in the fair value of its investments, resulting in income before income tax of ¥188,883 million. As of the fiscal year-end, the fund held 37 investments and had invested a cumulative total of \$2,605 million, with a fair value of \$4,013 million. During the fourth quarter, one SPAC controlled by a subsidiary as a sponsor in the investment fund business in Latin America was newly listed on the Nasdaq.

#### • Fortress

Fortress recorded gain on investments of ¥88,411 million due to a rise in the fair value of its investments, resulting in income before income tax of ¥57,107 million. During the fiscal year, five SPACs controlled by Fortress were newly listed, and one of these was merged with an operating company and excluded from the scope of consolidation. Furthermore, another SPAC announced a planned merger with an operating company. For details of SPACs, see "8. Special purpose acquisition companies sponsored by the Company" in "Notes to Consolidated Financial Statements."

#### • PayPay Corporation

PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before in-come tax of ¥72,650 million, mainly reflecting its continued marketing promotions aimed at gaining users and driving service usage, along with proactive measures to increase the number of stores where its services can be used. PayPay Corporation's payment services continued to see strong growth, with the number of payments for the fiscal year reaching 2,039 million, a 2.5-fold increase year on year.


### Results of PayPay Corporation included in "Other"

	(Millions of yen)			
	Fiscal 2019	Fiscal 2020	Change	Change %
Net sales	9,159	<b>29,986</b>	20,827	227.4%
Loss before income taxes	(82,217)	<b>(72,650)</b>	9,567	—

## Portfolio of Latin America Fund

As of March 31, 2021

Public securities 

Name (in alphabetical order)
Bancar Technologies Limited (Uala)
 Banco Inter S.A.
Brazilian EdTech (UOL EdTech)
Buser, Ltd.
Camino Education Ltd.
Contabilizei Company
Cortex Intelligence Ltd.
Creditas Financial Solutions, Ltd.
Descomplica
Frubana, Inc.
GPCY Holding (Gympass)
Jusbrasil
KAVAK HOLDINGS LIMITED
Konfio Limited
Loft Holdings Ltd
Loggi Technology International
MADEIRAMADEIRA LTD.
PayClip, Inc.
Petlove Cayman, Ltd.
QuintoAndar, Ltd.
Rappi, Inc.
SOLIDARIUM (Olist)
Unico Technologies Ltd (Acesso digital)
Volanty Ltd.
VTEX
12 other portfolio companies and LP interests
<b>Total of 37 investments</b>

## Financial Position

### 1. The ¥4.5 trillion program and main impacts

#### Sale and monetization of assets

##### i. Partial sale and monetization of T-Mobile shares\*<sup>1</sup>

- Recorded T-Mobile shares totaling ¥1,474.4 billion (as of the fiscal year-end) as investment securities for those shares continued to be held by the Company after the sale.
- Borrowed \$4.38 billion using T-Mobile shares (margin loan). Of this, \$2.3 billion is included as proceeds from the ¥4.5 trillion program.

##### ii. Entry into several prepaid forward contracts using Alibaba shares

- After concluding several prepaid forward contracts using Alibaba shares from April to August 2020, amendments to some of the contracts were made in October and November 2020. Financial liabilities totaling ¥3,085.7 billion (as of the fiscal year-end) were recorded relating to sale of shares by prepaid forward contracts, including the contract concluded in the previous fiscal year.

##### iii. Partial sale of SoftBank Corp. shares

- Changes in interests in subsidiaries of ¥932.4 billion (increase in capital surplus)

#### Reduction of debt

SBG repaid senior loans of ¥300.0 billion by an early repayment and borrowings made under the commitment line of ¥310.0 billion, and repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion, as well as foreign currency-denominated corporate bonds with a total face value of \$0.98 billion and €0.90 billion (¥224.9 billion in total).

#### Share repurchase

The Company repurchased ¥2,226.2 billion of its own shares during the fiscal year (of this, the amount acquired based on the ¥4.5 trillion program was ¥1,742.2 billion).

### 2. Status of main investments and fund procurement related to the asset management subsidiaries\*<sup>2</sup>

- Investments in listed stocks: Investments from asset management subsidiaries of ¥658.2 billion  
Securities pledged as collateral in asset management subsidiaries of ¥1,427.3 billion
- Derivative investments: Derivative financial assets in asset management subsidiaries of ¥188.1 billion  
Derivative financial liabilities in asset management subsidiaries of ¥14.7 billion
- Fund procurements: Borrowings of \$6.0 billion using Alibaba shares as collateral (margin loan)

### 3. Carrying amount of investments from SVF1 and SVF2 accounted for using FVTPL of ¥13,646.8 billion, an increase of ¥6,754.5 billion from the previous fiscal year-end\*<sup>3</sup>

The carrying amount of investments from SVF1 and SVF2 increased significantly; ¥5,721.6 billion for SVF1 and ¥1,032.9 billion for SVF2 from the previous fiscal year-end, mainly reflecting the increase in the fair values of their portfolio companies.

### 4. Business integration of Z Holdings Corporation and LINE Corporation

Goodwill of ¥617.1 billion and identifiable intangible assets (customer relationships and trademarks) totaling ¥407.0 billion were recorded related to LINE Corporation<sup>(17)</sup> on the acquisition date.

\*1 For details of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, see "1. Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc." under "Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)."

\*2 For details, see "Investment Business of Holding Companies Segment"

\*3 Investment in Arm is not included in investments from SVF1 as Arm is a subsidiary of the Company.

	March 31, 2020	March 31, 2021	Change	(Millions of yen) Change %
Total assets	37,257,292	45,750,453	8,493,161	22.8%
Total liabilities	29,884,375	33,794,860	3,910,485	13.1%
Total equity	7,372,917	11,955,593	4,582,676	62.2%

## Assets

	(Millions of yen)			
	March 31, 2020	March 31, 2021	Change	
Cash and cash equivalents	3,369,015	<b>4,662,725</b>	1,293,710	A
Trade and other receivables	2,072,326	<b>2,216,434</b>	144,108	B
Investments from asset management subsidiaries	–	<b>658,227</b>	658,227	C
Securities pledged as collateral in asset management subsidiaries	–	<b>1,427,286</b>	1,427,286	D
Derivative financial assets in asset management subsidiaries	–	<b>188,056</b>	188,056	E
Other financial assets	313,487	<b>1,055,222</b>	741,735	F
Inventories	185,097	<b>126,830</b>	(58,267)	
Other current assets	460,970	<b>446,739</b>	(14,231)	
Assets classified as held for sale	9,236,048	<b>38,647</b>	(9,197,401)	G
Total current assets	15,636,943	<b>10,820,166</b>	(4,816,777)	
Property, plant and equipment	1,264,516	<b>1,668,578</b>	404,062	H
Right-of-use assets	1,293,692	<b>1,147,020</b>	(146,672)	
Goodwill	3,998,167	<b>4,684,419</b>	686,252	I
Intangible assets	1,985,972	<b>2,308,370</b>	322,398	J
Costs to obtain contracts	212,036	<b>246,996</b>	34,960	
Investments accounted for using the equity method	3,240,361	<b>4,349,971</b>	1,109,610	K
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	<b>13,646,774</b>	6,754,542	L
SVF1	6,681,671	<b>12,403,286</b>	5,721,615	
SVF2	210,561	<b>1,243,488</b>	1,032,927	
Investment securities	1,211,511	<b>3,706,784</b>	2,495,273	M
Derivative financial assets	59,278	<b>908,660</b>	849,382	N
Other financial assets	1,100,694	<b>1,919,262</b>	818,568	O
Deferred tax assets	221,371	<b>206,069</b>	(15,302)	
Other non-current assets	140,519	<b>137,384</b>	(3,135)	
Total non-current assets	21,620,349	<b>34,930,287</b>	13,309,938	
Total assets	37,257,292	<b>45,750,453</b>	8,493,161	

## Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<b>Current assets</b>	
A Cash and cash equivalents	Cash and cash equivalents increased mainly due to the sale and monetization of assets under the ¥4.5 trillion program. For details, see “(Reference) Cash and cash equivalents by entity” and “Cash Flows.”
B Trade and other receivables	<ul style="list-style-type: none"> <li>Receivables (call loans and loans of the banking business) of The Japan Net Bank, Limited (currently PayPay Bank Corporation) and trade receivables of YJ Card Corporation increased.</li> <li>Brightstar recorded trade receivables of ¥143,000 million at the previous fiscal year-end, but it ceased to be a subsidiary of the Company in the fiscal year.</li> </ul>
C Investments from asset management subsidiaries	The fair values of listed stocks held by SB Northstar at the fiscal year-end were recorded.
D Securities pledged as collateral in asset management subsidiaries	Securities pledged as collateral by SB Northstar at the fiscal year-end were presented separately.
E Derivative financial assets in asset management subsidiaries	The fair values of long call options of listed stocks held by SB Northstar at the fiscal year-end were recorded.
F Other financial assets	<ul style="list-style-type: none"> <li>In conjunction with the early termination in April 2021 of a portion of the collar contract out of the prepaid forward contracts using Alibaba shares, ¥361,355 million required for the termination procedure was recorded as restricted cash at the fiscal year-end. For details, see “25. Interest-bearing debt” in “Notes to Consolidated Financial Statements.” In addition, derivative assets were reclassified from non-current assets for the contracts with a contracted term of one year or less and ¥359,115 million was recorded.</li> <li>SB Northstar pledged collateral for transactions of investment acquisition using borrowings, short credit transactions, and total return swap contracts. Margin deposits of ¥14,685 million and restricted cash of ¥111,787 million were recorded at the fiscal year-end.</li> </ul>
G Assets classified as held for sale	<ul style="list-style-type: none"> <li>Sprint’s assets were separately presented in this category at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these assets were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>Boston Dynamics, Inc.’s assets were separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale in the fiscal year.</li> </ul>



Components	Main reasons for changes from the previous fiscal year-end
Non-current assets	
H Property, plant and equipment	<ul style="list-style-type: none"> <li>SoftBank Corp. acquired telecommunications equipment including that for 5G.</li> <li>Subsidiaries operating a renewable energy power generation business overseas proceeded with construction of power stations.</li> </ul>
I Goodwill	<ul style="list-style-type: none"> <li>In conjunction with the business integration of Z Holdings Corporation and LINE Corporation, the Company recognized goodwill related to LINE Corporation<sup>(17)</sup> in the amount of ¥617,077 million on the acquisition date. For details, see "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "10. Business combinations" in "Notes to Consolidated Financial Statements."</li> <li>Goodwill of Arm increased ¥78,619 million due to a weaker yen against the U.S. dollar.</li> </ul>
J Intangible assets	<ul style="list-style-type: none"> <li>In conjunction with the business integration of Z Holdings Corporation and LINE Corporation, the Company recognized the identifiable intangible assets (customer relationships and trademarks) related to LINE corporation<sup>(17)</sup> in the amount totaling ¥406,964 million on the acquisition date. For details, see "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "10. Business combinations" in "Notes to Consolidated Financial Statements."</li> <li>Intangible assets of Arm such as technology and customer relationships decreased due to regular amortization.</li> </ul>
K Investments accounted for using the equity method	Income on equity investments related to Alibaba was recorded.
L Investments from SVF1 and SVF2 accounted for using FVTPL	<ul style="list-style-type: none"> <li>SVF1 recorded unrealized gain on valuation of investments (net) of ¥5,478,148 million, reflecting increases in the fair value of investments held at the fiscal year-end.</li> <li>SVF2 made new and follow-on investments totaling \$4.7 billion, as well as recorded unrealized gain on valuation of investments (net) of ¥490,255 million, reflecting increases in the fair value of investments held at the fiscal year-end.</li> </ul> <p>For details of the status of investments at SVF1 and SVF2, see "SVF1 and Other SBIA-Managed Funds Segment."</p>

Components	Main reasons for changes from the previous fiscal year-end
M Investment securities	<ul style="list-style-type: none"> <li>The fair value of T-Mobile shares continued to be held by the Company after the partial sale totaled ¥1,474,356 million, rising ¥219,608 million from the time of initial recognition on June 26, 2020 to the fiscal year-end. For details, see "(1) Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc." under "Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)."</li> <li>The carrying amount of investments from SoftBank Latin America Fund increased ¥327,537 million due to an increase in the fair value of portfolio companies, as well as new and follow-on investments made during the fiscal year (fiscal year-end balance: ¥441,008 million).</li> <li>Unrealized gains on valuation of investments in Social Finance, Inc. and Lemonade, Inc. were recorded at ¥124,420 million and ¥72,994 million, respectively, reflecting the increase in their fair values.</li> </ul>
N Derivative financial assets	<ul style="list-style-type: none"> <li>Derivative financial assets of ¥460,709 million were recorded related to the Company's right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger of Sprint and T-Mobile US, Inc. The fair value of these shares rose ¥264,395 million from the time of the merger to the fiscal year-end.</li> <li>Derivative financial assets related to several prepaid forward contracts using Alibaba shares increased ¥339,550 million. For details, see "25. Interest-bearing debt" in "Notes to Consolidated Financial Statements."</li> </ul>
O Other financial assets	<ul style="list-style-type: none"> <li>For the funds that were raised through initial public offerings by SPACs, which were sponsored by the Company's subsidiaries (listed and not yet merged with operating companies as of the fiscal year-end), the balance managed in the Money Market Fund as of the fiscal year-end was included. For details, see "8. Special purpose acquisition companies sponsored by the Company" in "Notes to Consolidated Financial Statements."</li> <li>Housing loans increased at The Japan Net Bank, Limited (currently PayPay Bank Corporation).</li> <li>Related to unsecured notes of WeWork purchased by the WeWork Investment Subsidiary, \$1.17 billion was recorded as long-term loans. For details, see "Investments and loans to WeWork from the WeWork Investment Subsidiary" under "Investment Business of Holding Companies Segment."</li> </ul>

**(Reference) Cash and cash equivalents by entity**

(Millions of yen)

	March 31, 2020	March 31, 2021	Change
<b>SBG / Wholly owned subsidiaries conducting fund procurement, etc.*<sup>1</sup> / SB Northstar</b>	1,461,291	<b>2,202,730</b>	741,439
SBG	1,455,385	<b>1,948,177</b>	492,792
Wholly owned subsidiaries conducting fund procurement* <sup>1</sup>	5,906	<b>33,272</b>	27,366
SB Northstar	–	<b>221,281</b>	221,281
<b>SVF1 and Other SBIA-Managed Funds segment</b>			
SVF1	186,028	<b>67,580</b>	(118,448)
SVF2	1,193	<b>63,470</b>	62,277
SBIA	38,517	<b>25,895</b>	(12,622)
<b>SoftBank segment</b>			
SoftBank Corp.	148,127	<b>302,539</b>	154,412
Z Holdings Corporation* <sup>2</sup>	242,977	<b>420,941</b>	177,964
Others* <sup>3</sup>	752,704	<b>861,412</b>	108,708
<b>Others</b>	538,178	<b>718,158</b>	179,980
<b>Total</b>	<b>3,369,015</b>	<b>4,662,725</b>	1,293,710

\*1 Includes wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C.

\*2 Includes Yahoo Japan Corporation and LINE Corporation.

\*3 Includes The Japan Net Bank, Limited (currently PayPay Bank Corporation) and its balance of cash and cash equivalents, which was ¥306,599 million at the fiscal year-end.

## Liabilities

	(Millions of yen)		
	March 31, 2020	March 31, 2021	Change
Interest-bearing debt	3,845,153	<b>7,735,239</b>	3,890,086
Lease liabilities	378,383	<b>307,447</b>	(70,936)
Deposits for banking business	873,087	<b>1,109,240</b>	236,153
Third-party interests in SVF1	24,691	–	(24,691)
Trade and other payables	1,585,326	<b>1,970,275</b>	384,949
Derivative financial liabilities in asset management subsidiaries	–	<b>14,673</b>	14,673
Derivative financial liabilities	9,267	<b>322,213</b>	312,946 A
Other financial liabilities	248,010	<b>51,285</b>	(196,725)
Income taxes payables	164,298	<b>391,930</b>	227,632 B
Provisions	11,448	<b>24,939</b>	13,491
Other current liabilities	596,499	<b>952,443</b>	355,944 C
Liabilities directly relating to assets classified as held for sale	6,454,971	<b>11,271</b>	(6,443,700) D
Total current liabilities	14,191,133	<b>12,890,955</b>	(1,300,178)
Interest-bearing debt	9,286,729	<b>10,777,736</b>	1,491,007
Lease liabilities	761,943	<b>727,554</b>	(34,389)
Third-party interests in SVF1	4,559,728	<b>6,601,791</b>	2,042,063
Derivative financial liabilities	128,075	<b>32,692</b>	(95,383)
Other financial liabilities	77,207	<b>415,407</b>	338,200 E
Provisions	88,791	<b>110,586</b>	21,795
Deferred tax liabilities	711,216	<b>2,030,651</b>	1,319,435 F
Other non-current liabilities	79,553	<b>207,488</b>	127,935
Total non-current liabilities	15,693,242	<b>20,903,905</b>	5,210,663
Total liabilities	29,884,375	<b>33,794,860</b>	3,910,485

## Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<b>Current liabilities</b>	
A Derivative financial liabilities	Derivative financial liabilities of ¥204,821 million were recorded for stock purchase options received by Deutsche Telekom for T-Mobile shares held by the Company.
B Income taxes payables	The amount equivalent to income taxes payables was recorded primarily for a gain on the partial sale of SoftBank Corp. shares at SBGJ as a selling shareholder.
C Other current liabilities	<ul style="list-style-type: none"> <li>• ¥245,053 million was recorded as the expected payment amount of withholding income tax related to dividends paid from SBGJ to SBG.</li> <li>• A deposit of \$1.25 billion received for the sale of all shares of Arm was recorded. For details, see “Entry into agreement for sale of all shares in Arm.”</li> </ul>
D Liabilities directly relating to assets classified as held for sale	<ul style="list-style-type: none"> <li>• Sprint’s liabilities were separately presented in this category at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these liabilities were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>• Boston Dynamics, Inc.’s liabilities were separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale in the fiscal year.</li> </ul>
<b>Non-current liabilities</b>	
E Other financial liabilities	The equity interests of investors other than sponsors in SPACs (listed and not yet merged with operating companies as of the fiscal year-end), which were sponsored by the Company’s subsidiaries, were included. For details, see “8. Special purpose acquisition companies sponsored by the Company” in “Notes to Consolidated Financial Statements.”
F Deferred tax liabilities	Deferred tax liabilities increased at SBG.

**(Reference) Interest-bearing debt and lease liabilities  
(total of current liabilities and non-current liabilities)**

	March 31, 2020	March 31, 2021	Change
(Millions of yen)			
<b>SBG / Wholly owned subsidiaries conducting fund procurement<sup>(1)</sup> / SB Northstar</b>	<b>8,247,063</b>	<b>12,984,650</b>	<b>4,737,587</b>
SBG	6,528,734	<b>6,158,350</b>	(370,384)
Borrowings	1,388,240	<b>1,152,934</b>	(235,306)
Corporate bonds	5,034,494	<b>4,745,549</b>	(288,945)
Lease liabilities	—	<b>13,367</b>	13,367
Commercial paper	106,000	<b>246,500</b>	140,500
<b>Wholly owned subsidiaries conducting fund procurement*<sup>1</sup></b>	<b>1,718,329</b>	<b>4,959,779</b>	<b>3,241,450</b>
Borrowings	1,522,228	<b>1,874,040</b>	351,812
Financial liabilities relating to sale of shares by prepaid forward contracts	196,101	<b>3,085,739</b>	2,889,638
<b>SB Northstar</b>	<b>—</b>	<b>1,866,521</b>	<b>1,866,521</b>
Borrowings	—	<b>1,866,521</b>	1,866,521
<b>SVF1 and Other SBIA-Managed Funds segment</b>			
SVF1	581,543	<b>444,227</b>	(137,316)
Borrowings	581,543	<b>444,227</b>	(137,316)
SBIA	535	<b>363</b>	(172)
Lease liabilities	535	<b>363</b>	(172)
<b>SoftBank segment</b>			
SoftBank Corp.	3,828,904	<b>4,166,323</b>	337,419
Borrowings	2,856,027	<b>3,037,229</b>	181,202
Corporate bonds	40,000	<b>260,000</b>	220,000
Lease liabilities	832,877	<b>706,393</b>	(126,484)
Commercial paper	100,000	<b>162,701</b>	62,701
<b>Z Holdings Corporation*<sup>2</sup></b>	<b>839,042</b>	<b>1,030,980</b>	<b>191,938</b>
Borrowings	463,598	<b>442,406</b>	(21,192)
Corporate bonds	354,327	<b>543,992</b>	189,665
Lease liabilities	21,117	<b>44,582</b>	23,465
<b>Other</b>	<b>413,127</b>	<b>494,747</b>	<b>81,620</b>
<b>Others</b>			
Other interest-bearing debt	259,801	<b>334,917</b>	75,116
Lease liabilities	102,193	<b>91,769</b>	(10,424)
<b>Total</b>	<b>14,272,208</b>	<b>19,547,976</b>	<b>5,275,768</b>

\*1 Indicates the interest-bearing debts of Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C. All of these are entirely non-recourse to SBG, except for the interest-bearing debt of Delaware Project 6 L.L.C. The interest-bearing debt of Delaware Project 6 L.L.C. of \$4.38 billion is exceptionally guaranteed by SBG to a limit of \$2.02 billion. As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral.

\*2 Includes Yahoo Japan Corporation and LINE Corporation.

**Reasons for changes from the previous fiscal year-end at core companies**

**SBG / Wholly owned subsidiaries conducting fund procurement\*<sup>1</sup> / SB Northstar**

**SBG**

• **Borrowings**

SBG repaid senior loans of ¥392.4 billion (total face value, including early repayment of ¥300.0 billion\*) and borrowings of ¥310.0 billion\* made under the commitment line in March 2021. On the other hand, SBG borrowed ¥540.0 billion during the fourth quarter to enhance cash on hand.

• **Corporate bonds**

SBG repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion\* and foreign currency-denominated corporate bonds with a total face value of \$0.98 billion and €0.90 billion (¥224.9 billion in total),\* as well as redeemed domestic unsecured corporate bonds with a total of ¥150.0 billion at maturity. On the other hand, SBG issued domestic hybrid notes with a total of ¥177.0 billion for the purpose of refinancing.

• **Commercial paper**

Commercial paper increased ¥140.5 billion.

\*Conducted as part of the debt reduction under the ¥4.5 trillion program.

**(Wholly owned subsidiaries conducting fund procurement\*<sup>1</sup>)**

**Skywalk Finance GK**

• As a borrowing using Alibaba shares (margin loan), Skywalk Finance GK repaid \$9.44 billion in July 2020 and borrowed \$8.13 billion in March 2021.

**West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC,**

**Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited**

• Following the conclusion of several prepaid forward contracts using Alibaba shares with financial institutions from April to August 2020, financial liabilities relating to sale of shares by prepaid forward contracts, including those concluded in the previous fiscal year, totaled ¥3,085,739 million at the fiscal year-end. This also includes the impact of amendments made in the third quarter to some of the prepaid forward contracts (including those concluded in the previous fiscal year), which resulted in the derecognition of ¥1,382,751 million of financial liabilities for the amended contracts, and the recognition of ¥2,179,156 million of financial liabilities for newly concluded contracts. For details, see “25. Interest-bearing debt” in “Notes to Consolidated Financial Statements.”

**Delaware Project 6 L.L.C.**

• Borrowings of \$4.38 billion were made using T-Mobile shares (margin loan).

**SB Northstar**

• Short-term borrowings for the purpose of acquiring listed stocks increased ¥1,203,925 million.

• Borrowings of \$6.0 billion were made using Alibaba shares (margin loan).

**SVF1 and Other SBIA-Managed Funds segment**

• Borrowings under the Fund Level Facility in SVF1 decreased \$3.08 billion following repayments. No borrowings were outstanding as of the fiscal year-end.

• Borrowings under the Portfolio Financing Facility in SVF1 decreased \$1.03 billion following repayments.

• During the fourth quarter, SVF1 borrowed \$2.80 billion. The loan is expected to be repaid from the proceeds to be received upon the completion of the sale of Arm shares held by SVF1 to NVIDIA.

**SoftBank segment**

**SoftBank Corp.**

• Borrowings increased mainly due to the financing through the sale and leaseback of telecommunications equipment.

• Domestic straight corporate bonds totaling ¥220.0 billion were issued.

**Z Holdings Corporation**

• Interest-bearing debt of ¥244,248 million was recognized at LINE Corporation<sup>(17)</sup> on the acquisition date in conjunction with the business integration of Z Holdings Corporation and LINE Corporation. For details, see “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “10. Business combinations” in “Notes to Consolidated Financial Statements.”

• Z Holdings Corporation repaid short-term borrowings, while issuing domestic straight corporate bonds totaling ¥200.0 billion.

## Equity

	(Millions of yen)		
	March 31, 2020	March 31, 2021	Change
Common stock	238,772	<b>238,772</b>	—
Capital surplus	1,490,325	<b>2,618,504</b>	1,128,179 A
Other equity instruments	496,876	<b>496,876</b>	—
Retained earnings	3,945,820	<b>8,810,422</b>	4,864,602 B
Treasury stock	(101,616)	<b>(2,290,077)</b>	(2,188,461) C
Accumulated other comprehensive income	(362,259)	<b>338,329</b>	700,588 D
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	<b>267</b>	(205,428) E
Total equity attributable to owners of the parent	5,913,613	<b>10,213,093</b>	4,299,480
Non-controlling interests	1,459,304	<b>1,742,500</b>	283,196 F
Total equity	7,372,917	<b>11,955,593</b>	4,582,676

## Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Capital surplus	<ul style="list-style-type: none"> <li>Changes in interests in subsidiaries of ¥932,388 million were recorded in conjunction with the partial sale of SoftBank Corp. shares.</li> <li>Changes in interests in subsidiaries of ¥245,147 million were recorded due to a decrease in the equity stake in the new company formed by the merger following the business integration of Z Holdings Corporation and LINE Corporation.</li> </ul>
B Retained earnings	Net income attributable to owners of the parent of ¥4,987,962 million was recorded.
C Treasury stock	<ul style="list-style-type: none"> <li>The Company repurchased 102,960 thousand of its own shares for ¥483,971 million in accordance with the March 13, 2020 Board resolution. In the previous fiscal year, the Company repurchased 4,720 thousand shares for ¥16,028 million in accordance with the resolution.</li> <li>The Company repurchased 152,520 thousand of its own shares for ¥1,000,000 million in accordance with the May 15, 2020 and June 25, 2020 Board resolutions.</li> <li>The Company repurchased 80,681 thousand of its own shares for ¥742,223 million in accordance with the July 30, 2020 Board resolution with a maximum total repurchase amount of ¥1 trillion.</li> </ul>
D Accumulated other comprehensive income	Exchange differences from the translation of foreign operations, which arise from translating overseas subsidiaries and associates into yen, increased ¥651,960 million due to a weaker yen against the major currencies.
E Accumulated other comprehensive income directly relating to assets classified as held for sale	<ul style="list-style-type: none"> <li>Sprint's accumulated other comprehensive income was separately presented in this category at the previous fiscal year-end in conjunction with the classification of the company in the disposal group classified as held for sale; however, this was removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>Boston Dynamics, Inc.'s accumulated other comprehensive income was separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale in the fiscal year.</li> </ul>
F Non-controlling interests	<ul style="list-style-type: none"> <li>Non-controlling interests increased ¥434,371 million due to the recognition of ¥264,257 million of non-controlling interests related to LINE Corporation<sup>(17)</sup> on the acquisition date and a decrease in the equity stake in the new company formed by the merger following the business integration of Z Holdings Corporation and LINE Corporation.</li> <li>Non-controlling interests increased ¥134,413 million in conjunction with the partial sale of SoftBank Corp. shares.</li> <li>Sprint's non-controlling interests of ¥424,746 million (as of the previous fiscal year-end) were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc. at the beginning of the fiscal year.</li> <li>Non-controlling interests decreased ¥152,864 million primarily due to the recording net loss at SB Northstar.</li> </ul>



## Cash Flows

### 1. Completed the ¥4.5 trillion program

- Sold or monetized assets totaling ¥5.6 trillion in the six months from April to September 2020 through the partial sales or monetization of shares of T-Mobile, Alibaba, and SoftBank Corp.
- Repurchased a cumulative total of ¥1,742.2 billion of its own shares as of March 31, 2021 (a cumulative total of ¥2,226.2 billion for the fiscal year, combined with share repurchases resolved before the ¥4.5 trillion program). In reducing debts, the Company reduced debt by ¥1 trillion by the fiscal year-end through the repurchase of domestic corporate bonds and foreign currency-denominated corporate bonds, and repayment of senior loans and borrowings made under the commitment line.

### 2. Investment activities by investment funds

- Payments for acquisition of investments by SVF1 and SVF2 totaled ¥856.6 billion; proceeds from sales of investments by SVF1 totaled ¥856.4 billion.
- Payments for acquisition of investments by SoftBank Latin America Fund totaled ¥98.9 billion.

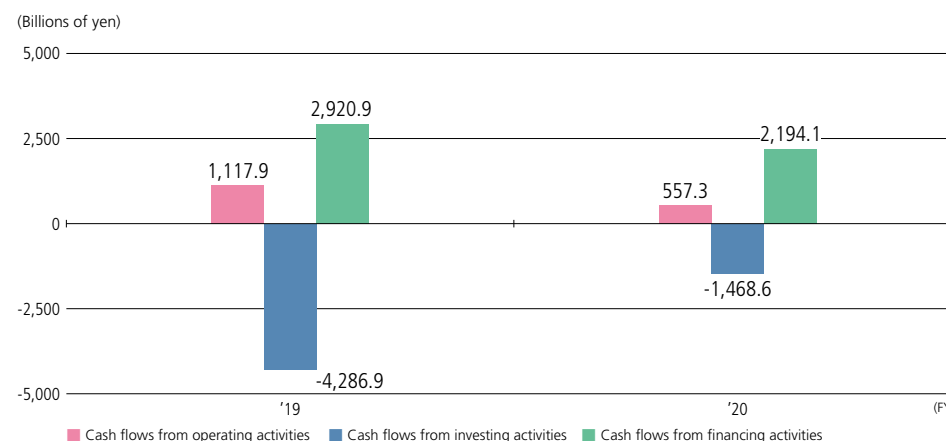
### 3. Initiated investments in listed stocks and other instruments from fiscal 2020 to diversify asset portfolios and manage surplus funds

- Investments were initially made by SBG directly and later by the asset management subsidiary SB Northstar starting from the second quarter.
- Investments made by SBG are recorded in cash flows from investing activities: Payments for acquisition of investments of ¥2,705.4 billion and proceeds from sales/redemption of investments of ¥675.7 billion.
- Investments made by SB Northstar are mainly recorded in cash flows from operating activities as the company's primary business is to frequently trade marketable securities.

	Fiscal 2019	Fiscal 2020	(Millions of yen) Change
Cash flows from operating activities	1,117,879	557,250	(560,629)
Cash flows from investing activities	(4,286,921)	(1,468,599)	2,818,322
Cash flows from financing activities	2,920,863	2,194,077	(726,786)

Note: Cash flows from discontinued operations are included. For details of cash flows from discontinued operations, see "6. Discontinued operations" in "Notes to Consolidated Financial Statements."

## Cash flows from operating activities / Cash flows from investing activities / Cash flows from financing activities



### Cash Flows from Operating Activities

Cash flows from operating activities decreased ¥560,629 million year on year. This was mainly due to the exclusion of Sprint from the scope of consolidation at the beginning of the fiscal year, which had generated cash inflows of ¥641,013 million in the previous fiscal year, and asset management subsidiary SB Northstar, which started operations in the fiscal year, recording cash outflows of ¥509,249 million (before elimination of intercompany transactions) mainly associated with realized loss on investments in derivatives. These were partially offset by a year-on-year decrease in income tax payments of ¥613,371 million.

The decrease in income taxes paid was mainly due to income taxes of ¥321,290 million being paid by SBGJ in the previous fiscal year on a gain on the sale of SoftBank Corp. shares and others that arose in the fiscal year ended March 2019, as well as a withholding income tax of ¥422,648 million being paid on dividends from SBGJ to SBG. The latter withholding income tax was refunded in July 2019.

## Cash Flows from Investing Activities

### Primary components

Components	Primary details
Payments for acquisition of investments ¥(4,186,663) million	<ul style="list-style-type: none"> <li>• SBG acquired highly liquid listed stocks for ¥2,705,425 million with the aim of diversifying its assets and managing surplus funds prior to the asset management subsidiary SB Northstar starting operations in the second quarter.</li> <li>• SoftBank Latin America Fund made new and follow-on investments totaling ¥98,886 million.</li> <li>• As part of the business integration between Z Holdings Corporation and LINE Corporation, SoftBank Corp. paid a net amount of ¥175,313 million for the acquisition of LINE Corporation shares. However, the transactions between SoftBank Corp. and LINE Corporation before making LINE Corporation a subsidiary are presented in gross amounts on the Consolidated Statement of Cash Flows as “payments for acquisition of investments” and “proceeds from sales/redemption of investments.” “payments for acquisition of investments” includes ¥269,134 million paid by SoftBank Corp. for the acquisition of LINE Corporation shares through a joint tender offer and a squeeze-out procedure using a reverse stock split. It also includes ¥739,628 million paid by SoftBank Corp. to subscribe to the corporate bonds issued by LINE Corporation for the purpose of conducting the tender offer for shares of Z Holdings Corporation. (the “LINE Corporate Bonds”).</li> </ul>
Proceeds from sales/redemption of investments ¥3,845,787 million	<ul style="list-style-type: none"> <li>• SBG received proceeds of ¥675,688 million from the sale of a portion of the abovementioned highly liquid listed stocks.</li> <li>• SBG received proceeds of ¥2,099,746 million from the partial sale of its T-Mobile shares held through a subsidiary.</li> <li>• As part of the abovementioned transactions conducted between SoftBank Corp. and LINE Corporation before making LINE Corporation a subsidiary, “proceeds from sales/redemption of investments” includes proceeds of ¥93,821 million from the sale of LINE Corporation shares by SoftBank Corp. primarily through a squeeze-out procedure using a reverse stock split of LINE Corporation shares. It also includes proceeds of ¥739,628 million from the sale or redemption of LINE Corporate Bonds that SoftBank Corp. subscribed to.</li> </ul>
Payments for acquisition of investments by SVF1 and SVF2 ¥(856,608) million	<ul style="list-style-type: none"> <li>• SVF1 made follow-on investments totaling \$4.1 billion in existing portfolio companies and their joint ventures.</li> <li>• SVF2 made new and follow-on investments totaling \$4.0 billion.</li> </ul>

Components	Primary details
Proceeds from sales of investments by SVF1 ¥856,408 million	SVF1 sold investments such as OSIsoft, Uber (partially), and Guardant Health (partially).
Purchase of property, plant and equipment, and intangible assets ¥(646,888) million	<ul style="list-style-type: none"> <li>• SoftBank Corp. purchased telecommunications equipment including for 5G.</li> <li>• Subsidiaries operating a renewable energy power generation business overseas proceeded with construction of power stations.</li> </ul>
Payments into restricted cash ¥(351,343) million	Prior to the early termination in April 2021 of a portion of the collar contract out of the prepaid forward contracts using Alibaba shares, \$3.3 billion required for the termination procedure was recorded as restricted cash. The applicable contracts were settled with a payment of \$2.9 billion and terminated in April 2021. For details, see “25. Interest-bearing debt” in “Notes to Consolidated Financial Statements.”
Payments into trust accounts in SPACs ¥(350,990) million	A total of \$3.3 billion of funds raised through initial public offerings by SPACs, which were sponsored by the Company's subsidiaries, was held in a trust account. In accordance with the terms of investments, the proceeds received are held in a trust account until the completion of the merger and are invested only in certain financial assets that are highly liquid. For details, see “8. Special purpose acquisition companies sponsored by the Company” in “Notes to Consolidated Financial Statements.”

Note: Out of \$2.0 billion received upon the execution of the Purchase Agreement for sale of all shares in Arm, a deposit of \$1.25 billion is included in “other” under cash flows from investing activities.

## Cash Flows from Financing Activities

### Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥1,575,327 million* <sup>1</sup>	<ul style="list-style-type: none"> <li>• Short-term borrowings for the purpose of acquiring listed stocks at SB Northstar increased ¥1,144,502 million (net).</li> <li>• SoftBank Corp.'s short-term borrowings increased ¥255,591 million (net).</li> </ul>
Proceeds from interest-bearing debt ¥7,965,114 million	
Proceeds from borrowings ¥5,707,162 million* <sup>2</sup>	<ul style="list-style-type: none"> <li>• SBG made short-term borrowings of ¥1,040,100 million.</li> <li>• Skywalk Finance GK borrowed \$8.13 billion using Alibaba shares (margin loan).</li> <li>• Delaware Project 6 L.L.C. borrowed \$4.38 billion using T-Mobile shares (margin loan).</li> <li>• SB Northstar borrowed \$6.0 billion using Alibaba shares (margin loan).</li> <li>• SVF1 borrowed \$2.80 billion and borrowed \$1.90 billion through the Fund Level Facility, which is a form of loan that allows borrowing up to a maximum amount of \$1.48 billion. In the fiscal year, SVF1 made several borrowings and repayments under the facility (see "Repayment of borrowings" below).</li> <li>• SoftBank Corp. made short-term borrowings of ¥648,700 million and borrowings of ¥756,661 million. Z Holdings Corporation made short-term borrowings of ¥231,800 million and borrowings of ¥150,000 million.</li> </ul>
Proceeds from issuance of corporate bonds ¥597,000 million	<ul style="list-style-type: none"> <li>• SBG newly issued domestic hybrid notes of ¥177.0 billion.</li> <li>• SoftBank Corp. and Z Holdings Corporation issued domestic straight corporate bonds totaling ¥220.0 billion and ¥200.0 billion, respectively.</li> </ul>
Proceeds from procurement by prepaid forward contracts using shares ¥1,660,952 million	The Company's wholly owned subsidiaries conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured an aggregate amount of \$15.4 billion.

\*1 "Proceeds in short-term interest-bearing debt, net" presents cash flows from financing activities that meet the requirement of "Reporting cash flows on a net basis" under IFRSs.

\*2 "Proceeds from borrowings" and "repayment of borrowings" include proceeds of ¥2,378,859 million and outlays of ¥2,823,336 million, respectively, related to borrowings with a contracted term of one year or less.

Components	Primary details
Repayment of interest-bearing debt ¥(5,790,901) million	
Repayment of borrowings ¥(5,223,271) million* <sup>2</sup>	<ul style="list-style-type: none"> <li>• SBG repaid short-term borrowings of ¥863,250 million and senior loans of ¥392,380 million (including early repayment of ¥300,000 million).</li> <li>• Skywalk Finance GK repaid \$9.44 billion in borrowings made using Alibaba shares (margin loan).</li> <li>• SVF1 repaid \$4.98 billion of borrowings under the Fund Level Facility and \$1.03 billion of borrowings under the Portfolio Financing Facility.</li> <li>• SoftBank Corp. repaid short-term borrowings of ¥592,000 million and borrowings of ¥832,676 million. Z Holdings Corporation repaid short-term borrowings of ¥605,270 million.</li> </ul>
Redemption of corporate bonds ¥(567,630) million	SBG redeemed domestic unsecured corporate bonds with a total face value of ¥150.0 billion at maturity and repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion, and foreign currency-denominated corporate bonds with a total face value of \$0.98 billion and €0.90 billion (¥224.9 billion in total).
Contributions into SVF1 from third-party investors ¥979,266 million	SVF1 received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SVF1 to third-party investors ¥(1,362,066) million	SVF1 made distributions and repayments of investments to third-party investors.
Proceeds from non-controlling interests subject to possible redemption ¥345,466 million	SPACs controlled by the Company's subsidiaries as sponsor raised a total of \$3.25 billion from third-party investors through initial public offerings. For details, see "8. Special purpose acquisition companies sponsored by the Company" in "Notes to Consolidated Financial Statements."
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥1,552,957 million	SBG sold portions of SoftBank Corp. shares it owns through SBGJ in May and September 2020.
Purchase of treasury stock ¥(2,226,229) million	SBG repurchased its own shares in accordance with resolutions of the Board of Directors on March 13, May 15, June 25, and July 30, 2020.

## Sources of Capital and Liquidity

### SBG's sources of capital

As a strategic investment holding company, SBG invests in a number of companies through direct investments including subsidiaries and associates (including investments made through its subsidiaries), as well as through investment funds (for example SVF1 and SVF2). SBG collects funds through the monetization of these assets whenever deemed appropriate, as well as through dividends from portfolio companies and distributions from investment funds. SBG allocates these proceeds to new investments based on its growth strategies, as well as redirecting them to shareholder returns and financial improvements at appropriate times. SBG also raises funds through sources including loans from financial institutions and issuance of bonds to meet funding needs for its investment activities and debt repayments.

Shares of listed companies such as Alibaba and SoftBank Corp. account for a large portion of the value of the investments held by SBG, its subsidiaries and investment funds. In addition to selling its assets, SBG is able to flexibly utilize these highly liquid listed shares through various means, such as prepaid forward contracts (using Alibaba shares as of the fiscal year-end) and margin loans secured by these listed shares (Alibaba, T-Mobile and SoftBank Corp. as of the fiscal year-end). As for the private equity investments made mainly through SVF1 and SVF2, more opportunities for sale and monetization can be expected as their liquidity increases through public listing.

In issuing corporate bonds, SBG secures opportunities to raise funds from various markets in Japan and overseas by issuing not only yen-denominated senior notes but also bonds with different product characteristics such as U.S. dollar- and euro-denominated senior notes and hybrid bonds to ensure stable procurement.

### Sale or monetization of ¥4.5 trillion of assets (¥4.5 trillion program)

In March 2020, SBG decided on a program to sell or monetize ¥4.5 trillion of its assets and to use the proceeds for shareholder returns and financial improvement through debt reduction ("¥4.5 trillion program"). Since then SBG swiftly executed the program and completed the monetization based on the program by the end of September, 2020, with the proceeds totaling ¥5.6 trillion. For details, see "Program to sell or monetize ¥4.5 trillion of assets (¥4.5 trillion program)."

### Major investments in fiscal 2020

In the fiscal year, the Company contributed \$700 million to SVF1 (with the remaining committed capital at \$3.8 billion as of March 31, 2021) and \$4.8 billion to SVF2 (with the remaining committed capital at \$13.2 billion as of March 31, 2021).<sup>\*</sup> For details of the status of investments at SVF1 and SVF2, see "SVF1 and Other SBIA-Managed Funds Segment."

In addition, starting from this fiscal year, the Company has been investing in highly liquid listed stocks mainly through its asset management subsidiary SB Northstar, to diversify asset holdings and to manage surplus funds. For details, see "Investment in listed stocks and other instruments by the asset management subsidiaries" under "Investment Business of Holding Companies Segment."

<sup>\*</sup> As of June 23, 2021, the Company's committed capital to SVF2 has been increased to \$40.0 billion.

## Notes for the Management's Discussion and Analysis of Results of Operations and Financial Position:

- (1) The Company applies the equity method to Alibaba's consolidated financial statements (the Company's economic interests in Alibaba as of December 31, 2020: 25.02%) for a reporting period staggered by three months in the past because it is impractical to align reporting periods with Alibaba due to contracts with the company, among others. Necessary adjustments are made to reflect significant transactions and events announced by Alibaba during the staggered three-month period.
- (2) As part of consideration for the transaction, the Company has received a 25% stake (fully diluted basis) in a subsidiary of Brightstar Capital Partners, which acquired all of the shares of Brightstar. Following the completion of the transaction, Brightstar ceased to be a subsidiary of the Company.
- (3) The Deutsche Telekom Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.
- (4) The shares of Berkshire Grey, Inc. were transferred to SVF2 in March 2021.
- (5) The presentation of interest expenses at SBG includes interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C.
- (6) Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- (7) Includes share exchanges. During the fiscal year, SVF1 exchanged all of its shares in three portfolio companies for shares in their affiliated companies. Such share exchanges are treated as exits from investments and acquisitions of new investments, with the sale price and acquisition cost being recorded in gross, respectively, and with the difference between the acquisition cost of shares initially held and sale price (acquisition cost of the exchanged shares) being recorded as realized gain and loss on the investments.
- (8) After deducting transaction fees, etc.
- (9) The merger between WeWork Inc. and BowX Acquisition Corp., a SPAC, was announced on March 26, 2021 (U.S. time). For details, see "Investments in WeWork" under "Investment Business of Holding Companies Segment."
- (10) The mergers are subject to receipt of stockholder approval of respective SPACs and the satisfaction of other customary closing conditions. The mergers have not yet closed as of May 12, 2021.
- (11) The merger between Berkshire Grey, Inc and Revolution Acceleration Acquisition Corp, a SPAC, was announced on February 24, 2021 (U.S. time).
- (12) The merger between eToro Group Ltd. and FinTech Acquisition Corp. V, a SPAC, was announced on March 16, 2021 (U.S. time).
- (13) A program that enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining installment payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments
- (14) This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the year ended December 31, 2020, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, technology royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.
- (15) Worldwide Semiconductor Trade Statistics (WSTS) as of April 2021. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.
- (16) Data storage devices with computational capabilities
- (17) Includes its subsidiaries.

## Exchange rates used for translations

Average rate for the quarter

	Fiscal 2019				Fiscal 2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	¥110.00	¥107.70	¥108.98	¥109.22	<b>¥107.74</b>	<b>¥105.88</b>	<b>¥104.45</b>	<b>¥106.24</b>

Rates at the end of the period

	March 31, 2020	March 31, 2021
USD / JPY	¥108.83	<b>¥110.71</b>



# Consolidated Financial Statements

## a. Consolidated Statement of Financial Position

ASSETS	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets				
Cash and cash equivalents. . . . .	11	¥ 3,369,015	¥ 4,662,725	\$ 42,116,566
Trade and other receivables. . . . .	12,31	2,072,326	2,216,434	20,020,179
Investments from asset management subsidiaries . . . . .	31	—	658,227	5,945,506
Securities pledged as collateral in asset management subsidiaries . . . . .	31	—	1,427,286	12,892,115
Derivative financial assets in asset management subsidiaries . . . . .	31	—	188,056	1,698,636
Other financial assets . . . . .	13,31	313,487	1,055,222	9,531,406
Inventories . . . . .	14	185,097	126,830	1,145,606
Other current assets. . . . .	15	460,970	446,739	4,035,218
Subtotal. . . . .		6,400,895	10,781,519	97,385,232
Assets classified as held for sale. . . . .	6,16	9,236,048	38,647	349,083
Total current assets . . . . .		15,636,943	10,820,166	97,734,315
Non-current assets				
Property, plant and equipment . . . . .	17	1,264,516	1,668,578	15,071,611
Right-of-use assets . . . . .	18	1,293,692	1,147,020	10,360,582
Goodwill . . . . .	19	3,998,167	4,684,419	42,312,519
Intangible assets . . . . .	19	1,985,972	2,308,370	20,850,601
Costs to obtain contracts. . . . .		212,036	246,996	2,231,018
Investments accounted for using the equity method . . . . .	22	3,240,361	4,349,971	39,291,582
Investments from SVF1 and SVF2 accounted for using FVTPL. . . . .	31	6,892,232	13,646,774	123,265,956
Investment securities . . . . .	31	1,211,511	3,706,784	33,481,926
Derivative financial assets . . . . .	31	59,278	908,660	8,207,569
Other financial assets . . . . .	13,31	1,100,694	1,919,262	17,335,941
Deferred tax assets . . . . .	24	221,371	206,069	1,861,340
Other non-current assets. . . . .	15	140,519	137,384	1,240,935
Total non-current assets . . . . .		21,620,349	34,930,287	315,511,580
Total assets . . . . .		¥ 37,257,292	¥ 45,750,453	\$ 413,245,895

LIABILITIES AND EQUITY	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Current liabilities</b>				
Interest-bearing debt . . . . .	25,31	¥ 3,845,153	¥ 7,735,239	\$ 69,869,379
Lease liabilities . . . . .	20,31	378,383	307,447	2,777,048
Deposits for banking business . . . . .	26,31	873,087	1,109,240	10,019,330
Third-party interests in SVF1 . . . . .	9,31	24,691	–	–
Trade and other payables . . . . .	27,31	1,585,326	1,970,275	17,796,721
Derivative financial liabilities in asset management subsidiaries . . . . .	31	–	14,673	132,535
Derivative financial liabilities . . . . .	31	9,267	322,213	2,910,424
Other financial liabilities . . . . .	28,31	248,010	51,285	463,237
Income taxes payables . . . . .		164,298	391,930	3,540,150
Provisions . . . . .	30	11,448	24,939	225,264
Other current liabilities . . . . .	29	596,499	952,443	8,603,045
Subtotal . . . . .		7,736,162	12,879,684	116,337,133
Liabilities directly relating to assets classified as held for sale . . . . .	6,16	6,454,971	11,271	101,807
Total current liabilities . . . . .		14,191,133	12,890,955	116,438,940
<b>Non-current liabilities</b>				
Interest-bearing debt . . . . .	25,31	9,286,729	10,777,736	97,351,061
Lease liabilities . . . . .	20,31	761,943	727,554	6,571,710
Third-party interests in SVF1 . . . . .	9,31	4,559,728	6,601,791	59,631,388
Derivative financial liabilities . . . . .	31	128,075	32,692	295,294
Other financial liabilities . . . . .	28,31	77,207	415,407	3,752,208
Provisions . . . . .	30	88,791	110,586	998,880
Deferred tax liabilities . . . . .	24	711,216	2,030,651	18,342,074
Other non-current liabilities . . . . .	29	79,553	207,488	1,874,158
Total non-current liabilities . . . . .		15,693,242	20,903,905	188,816,773
<b>Total liabilities</b> . . . . .		¥ 29,884,375	¥ 33,794,860	\$ 305,255,713

LIABILITIES AND EQUITY	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Equity</b>				
<b>Equity attributable to owners of the parent</b>				
Common stock . . . . .	36	¥ 238,772	¥ 238,772	\$ 2,156,734
Capital surplus . . . . .	36	1,490,325	2,618,504	23,651,919
Other equity instruments . . . . .	36	496,876	496,876	4,488,086
Retained earnings . . . . .	36	3,945,820	8,810,422	79,581,086
Treasury stock . . . . .	36	(101,616)	(2,290,077)	(20,685,367)
Accumulated other comprehensive income . . . . .	36	(362,259)	338,329	3,055,993
<b>Subtotal . . . . .</b>		<b>5,707,918</b>	<b>10,212,826</b>	<b>92,248,451</b>
Accumulated other comprehensive income directly relating to assets classified as held for sale . . . . .	6,16	205,695	267	2,412
<b>Total equity attributable to owners of the parent . . . . .</b>		<b>5,913,613</b>	<b>10,213,093</b>	<b>92,250,863</b>
<b>Non-controlling interests . . . . .</b>	21	<b>1,459,304</b>	<b>1,742,500</b>	<b>15,739,319</b>
<b>Total equity . . . . .</b>		<b>7,372,917</b>	<b>11,955,593</b>	<b>107,990,182</b>
<b>Total liabilities and equity . . . . .</b>		<b>¥ 37,257,292</b>	<b>¥ 45,750,453</b>	<b>\$ 413,245,895</b>

## b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

			(Millions of yen)	(Thousands of U.S. dollars)
	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Continuing operations*<sup>1</sup></b>				
<b>Net sales</b> . . . . .	39	¥ 5,238,938	<b>¥ 5,628,167</b>	<b>\$ 50,837,025</b>
Cost of sales . . . . .	40	(2,584,273)	<b>(2,753,238)</b>	<b>(24,868,919)</b>
<b>Gross profit</b> . . . . .		2,654,665	<b>2,874,929</b>	<b>25,968,106</b>
<b>Gain on investments</b>				
Gain on investments at Investment Business of Holding Companies. . . . .	41	484,308	<b>945,944</b>	<b>8,544,341</b>
Gain (loss) on investments at SVF1, SVF2, and others . . . . .	9	(1,844,867)	<b>6,292,024</b>	<b>56,833,385</b>
Gain (loss) on other investments . . . . .	41	(49,594)	<b>291,038</b>	<b>2,628,832</b>
<b>Total gain on investments</b> . . . . .		(1,410,153)	<b>7,529,006</b>	<b>68,006,558</b>
Selling, general and administrative expenses . . . . .	40	(2,060,080)	<b>(2,271,497)</b>	<b>(20,517,541)</b>
Finance cost . . . . .	42	(293,897)	<b>(307,250)</b>	<b>(2,775,269)</b>
Income on equity method investments . . . . .	43	624,015	<b>616,432</b>	<b>5,567,988</b>
Derivative gain (loss) (excluding gain (loss) on investments) . . . . .	44	15	<b>(480,251)</b>	<b>(4,337,919)</b>
Change in third-party interests in SVF1 . . . . .	9	540,930	<b>(2,246,417)</b>	<b>(20,291,004)</b>
Other loss . . . . .	45	(5,457)	<b>(44,496)</b>	<b>(401,914)</b>
<b>Income before income tax</b> . . . . .		50,038	<b>5,670,456</b>	<b>51,219,005</b>
Income taxes . . . . .	24	(792,655)	<b>(1,303,168)</b>	<b>(11,771,005)</b>
<b>Net income from continuing operations</b> . . . . .		¥ (742,617)	<b>¥ 4,367,288</b>	<b>\$ 39,448,000</b>
<b>Discontinued operations*<sup>1</sup></b>				
<b>Net income from discontinued operations</b> . . . . .	6	(58,143)	<b>710,948</b>	<b>6,421,714</b>
<b>Net income</b> . . . . .		¥ (800,760)	<b>¥ 5,078,236</b>	<b>\$ 45,869,714</b>
<b>Net income attributable to</b>				
Owners of the parent . . . . .		¥ (961,576)	<b>¥ 4,987,962</b>	<b>\$ 45,054,304</b>
Net income from continuing operations . . . . .		(912,149)	<b>4,276,729</b>	<b>38,630,016</b>
Net income from discontinued operations. . . . .		(49,427)	<b>711,233</b>	<b>6,424,288</b>
Non-controlling interests. . . . .	21	160,816	<b>90,274</b>	<b>815,410</b>
Net income from continuing operations . . . . .		169,532	<b>90,559</b>	<b>817,984</b>
Net income from discontinued operations. . . . .		(8,716)	<b>(285)</b>	<b>(2,574)</b>
		¥ (800,760)	<b>¥ 5,078,236</b>	<b>\$ 45,869,714</b>

## Consolidated Statement of Income

			(Yen)	(U.S. dollars)
	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Earnings per share**<sup>3</sup></b>				
Basic earnings per share				
Continuing operations . . . . .	47	¥ (454.67)	¥ 2,243.80	\$ 20.27
Discontinued operations . . . . .	47	(23.83)	375.81	3.39
Total basic earnings per share . . . . .	47	¥ (478.50)	¥ 2,619.61	\$ 23.66
Diluted earnings per share				
Continuing operations . . . . .	47	(461.50)	2,062.55	18.63
Discontinued operations . . . . .	47	(23.83)	374.74	3.39
Total diluted earnings per share . . . . .	47	¥ (485.33)	¥ 2,437.29	\$ 22.02

\*1 Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. The details are described in "Note 6. Discontinued operations."

\*2 Presentation method for the consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in "(4) Changes in presentation" under "Note 2. Basis of preparation of consolidated financial statements."

\*3 The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.



## Consolidated Statement of Comprehensive Income

			(Millions of yen)	(Thousands of U.S. dollars)
	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Net income</b>		¥ (800,760)	¥ 5,078,236	\$ 45,869,714
<b>Other comprehensive income, net of tax</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit plan	46	(21,281)	(40)	(361)
Equity financial assets at FVTOCI	31,46	(6,245)	29,495	266,416
Total items that will not be reclassified to profit or loss		(27,526)	29,455	266,055
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt financial assets at FVTOCI	31,46	(1,502)	554	5,004
Cash flow hedges	31,46	56,157	33,775	305,076
Exchange differences on translating foreign operations	35,46	(521,620)	502,085	4,535,137
Share of other comprehensive income of associates	22,46	4,912	(65,861)	(594,896)
Total items that may be reclassified subsequently to profit or loss		(462,053)	470,553	4,250,321
<b>Total other comprehensive income, net of tax</b>		(489,579)	500,008	4,516,376
<b>Total comprehensive income</b>		¥ (1,290,339)	¥ 5,578,244	\$ 50,386,090
<b>Total comprehensive income*</b>				
Comprehensive income from continuing operations		(1,149,083)	5,070,088	45,796,116
Comprehensive income from discontinued operations	6	(141,256)	508,156	4,589,974
<b>Total comprehensive income attributable to*</b>				
Owners of the parent		¥ (1,425,587)	¥ 5,482,739	\$ 49,523,431
Comprehensive income from continuing operations		(1,310,448)	4,974,298	44,930,883
Comprehensive income from discontinued operations		(115,139)	508,441	4,592,548
Non-controlling interests		135,248	95,505	862,659
		¥ (1,290,339)	¥ 5,578,244	\$ 50,386,090

\* The details of discontinued operations are described in "Note 6. Discontinued operations."

### c. Consolidated Statement of Changes in Equity

(Millions of yen)

Equity attributable to owners of the parent												
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
For the fiscal year ended March 31, 2020	Notes											
As of April 1, 2019		¥238,772	¥1,467,762	¥496,876	¥5,571,285	¥(443,482)	¥290,268	¥7,621,481	¥	¥7,621,481	¥1,387,723	¥9,009,204
Effect of retrospective adjustments due to adoption of new standards*		—	—	—	13,997	—	—	13,997	—	13,997	(1,357)	12,640
As of April 1, 2019 (after adjustments)		238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478	—	7,635,478	1,386,366	9,021,844
Comprehensive income												
Net income		—	—	—	(961,576)	—	—	(961,576)	—	(961,576)	160,816	(800,760)
Other comprehensive income		—	—	—	—	—	(464,011)	(464,011)	—	(464,011)	(25,568)	(489,579)
Total comprehensive income		—	—	—	(961,576)	—	(464,011)	(1,425,587)	—	(1,425,587)	135,248	(1,290,339)
Transactions with owners and other transactions												
Cash dividends	37	—	—	—	(68,752)	—	—	(68,752)	—	(68,752)	(157,894)	(226,646)
Distribution to owners of other equity instruments	36	—	—	—	(31,071)	—	—	(31,071)	—	(31,071)	—	(31,071)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	(17,179)	—	17,179	—	—	—	—	—
Purchase and disposal of treasury stock	36	—	(739)	—	(2,748)	(216,270)	—	(219,757)	—	(219,757)	—	(219,757)
Retirement of treasury stock	36	—	—	—	(558,136)	558,136	—	—	—	—	—	—
Changes from business combination	10	—	—	—	—	—	—	—	—	—	191,325	191,325
Changes in interests in subsidiaries	36	—	42,358	—	—	—	—	42,358	—	42,358	(94,359)	(52,001)
Changes in associates' interests in their subsidiaries		—	(24,843)	—	—	—	—	(24,843)	—	(24,843)	—	(24,843)
Changes in interests in associates' capital surplus		—	3,583	—	—	—	—	3,583	—	3,583	—	3,583
Share-based payment transactions		—	2,204	—	—	—	—	2,204	—	2,204	(750)	1,454
Transfer of accumulated other comprehensive income held for sale	6	—	—	—	—	—	(205,695)	(205,695)	205,695	—	—	—
Other		—	—	—	—	—	—	—	—	—	(632)	(632)
Total transactions with owners and other transactions		—	22,563	—	(677,886)	341,866	(188,516)	(501,973)	205,695	(296,278)	(62,310)	(358,588)
As of March 31, 2020		¥238,772	¥1,490,325	¥496,876	¥3,945,820	¥(101,616)	¥(362,259)	¥5,707,918	¥205,695	¥5,913,613	¥1,459,304	¥7,372,917

\* As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings.

(Millions of yen)

		Equity attributable to owners of the parent										
							Accumulated other comprehensive income		Accumulated other comprehensive income directly relating to assets classified as held for sale		Non-controlling interests	
For the fiscal year ended March 31, 2021	Notes	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	comprehensive income	Subtotal		Total		Total equity
As of April 1, 2020		¥238,772	¥1,490,325	¥496,876	¥3,945,820	¥(101,616)	¥(362,259)	¥5,707,918	¥205,695	¥5,913,613	¥1,459,304	¥7,372,917
Comprehensive income												
Net income		–	–	–	4,987,962	–	–	4,987,962	–	4,987,962	90,274	5,078,236
Other comprehensive income		–	–	–	–	–	700,472	700,472	(205,695)	494,777	5,231	500,008
Total comprehensive income		–	–	–	4,987,962	–	700,472	5,688,434	(205,695)	5,482,739	95,505	5,578,244
Transactions with owners and other transactions												
Cash dividends	37	–	–	–	(86,841)	–	–	(86,841)	–	(86,841)	(219,698)	(306,539)
Distribution to owners of other equity instruments	36	–	–	–	(30,139)	–	–	(30,139)	–	(30,139)	–	(30,139)
Transfer of accumulated other comprehensive income to retained earnings		–	–	–	(383)	–	383	–	–	–	–	–
Purchase and disposal of treasury stock	36	–	–	–	(2,452)	(2,188,461)	–	(2,190,913)	–	(2,190,913)	–	(2,190,913)
Changes from business combination	10	–	–	–	–	–	–	–	–	–	265,219	265,219
Changes from loss of control	6	–	–	–	–	–	–	–	–	–	(424,226)	(424,226)
Changes in interests in subsidiaries	36	–	1,126,469	–	–	–	–	1,126,469	–	1,126,469	559,955	1,686,424
Changes in associates' interests in their subsidiaries		–	4,794	–	–	–	–	4,794	–	4,794	–	4,794
Share-based payment transactions		–	(3,278)	–	–	–	–	(3,278)	–	(3,278)	3,777	499
Transfer of accumulated other comprehensive income held for sale	16	–	–	–	–	–	(267)	(267)	267	–	–	–
Other		–	194	–	(3,545)	–	–	(3,351)	–	(3,351)	2,664	(687)
Total transactions with owners and other transactions		–	1,128,179	–	(123,360)	(2,188,461)	116	(1,183,526)	267	(1,183,259)	187,691	(995,568)
As of March 31, 2021		¥238,772	¥2,618,504	¥496,876	¥8,810,422	¥(2,290,077)	¥338,329	¥10,212,826	¥ 267	¥10,213,093	¥1,742,500	¥11,955,593

(Thousands of U.S. dollars)

(Thousands of U.S. dollars)												
		Equity attributable to owners of the parent										
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
Notes												
As of April 1, 2020 . . . . .		\$2,156,734	\$13,461,521	\$4,488,086	\$35,641,044	\$ (917,857)	\$(3,272,144)	\$51,557,384	\$1,857,962	\$53,415,346	\$13,181,321	\$66,596,667
Comprehensive income												
Net income . . . . .		–	–	–	45,054,304	–	–	45,054,304	–	45,054,304	815,410	45,869,714
Other comprehensive income . . . . .		–	–	–	–	–	6,327,089	6,327,089	(1,857,962)	4,469,127	47,249	4,516,376
Total comprehensive income . . . . .		–	–	–	45,054,304	–	6,327,089	51,381,393	(1,857,962)	49,523,431	862,659	50,386,090
Transactions with owners and other transactions												
Cash dividends . . . . . 37		–	–	–	(784,401)	–	–	(784,401)	–	(784,401)	(1,984,446)	(2,768,847)
Distribution to owners of other equity instruments . . . . . 36		–	–	–	(272,234)	–	–	(272,234)	–	(272,234)	–	(272,234)
Transfer of accumulated other comprehensive income to retained earnings . . .		–	–	–	(3,460)	–	3,460	–	–	–	–	–
Purchase and disposal of treasury stock . . . . . 36		–	–	–	(22,148)	(19,767,510)	–	(19,789,658)	–	(19,789,658)	–	(19,789,658)
Changes from business combination . . . . . 10		–	–	–	–	–	–	–	–	–	2,395,619	2,395,619
Changes from loss of control . . . . . 6		–	–	–	–	–	–	–	–	–	(3,831,867)	(3,831,867)
Changes in interests in subsidiaries . . . . . 36		–	10,174,953	–	–	–	–	10,174,953	–	10,174,953	5,057,854	15,232,807
Changes in associates' interests in their subsidiaries . . . . .		–	43,302	–	–	–	–	43,302	–	43,302	–	43,302
Share-based payment transactions . . . . .		–	(29,609)	–	–	–	–	(29,609)	–	(29,609)	34,116	4,507
Transfer of accumulated other comprehensive income held for sale . . . 16		–	–	–	–	–	(2,412)	(2,412)	2,412	–	–	–
Other . . . . .		–	1,752	–	(32,019)	–	–	(30,267)	–	(30,267)	24,063	(6,204)
Total transactions with owners and other transactions . . . . .		–	10,190,398	–	(1,114,262)	(19,767,510)	1,048	(10,690,326)	2,412	(10,687,914)	1,695,339	(8,992,575)
As of March 31, 2021 . . . . .		\$2,156,734	\$23,651,919	\$4,488,086	\$79,581,086	\$(20,685,367)	\$ 3,055,993	\$92,248,451	\$ 2,412	\$92,250,863	\$15,739,319	\$107,990,182

#### d. Consolidated Statement of Cash Flows

		(Millions of yen)		(Thousands of U.S. dollars)
	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>				
Net income from continuing operations . . . . .		¥(742,617)	<b>¥4,367,288</b>	<b>\$39,448,000</b>
Net income from discontinued operations . . . . .		(58,143)	<b>710,948</b>	<b>6,421,714</b>
Net income . . . . .		(800,760)	<b>5,078,236</b>	<b>45,869,714</b>
Depreciation and amortization . . . . .		2,051,472	<b>851,316</b>	<b>7,689,603</b>
Gain on investments at Investment Business of Holding Companies . . . . .		(484,308)	<b>(1,441,509)</b>	<b>(13,020,585)</b>
Loss (gain) on investments at SVF1, SVF2, and others . . . . .		1,844,867	<b>(6,292,024)</b>	<b>(56,833,385)</b>
Finance cost . . . . .		613,483	<b>309,294</b>	<b>2,793,731</b>
Income on equity method investments . . . . .		(622,113)	<b>(616,177)</b>	<b>(5,565,685)</b>
Derivative (gain) loss (excluding (gain) loss on investments) . . . . .		(4,337)	<b>480,184</b>	<b>4,337,314</b>
Change in third-party interests in SVF1 . . . . .		(540,930)	<b>2,246,417</b>	<b>20,291,004</b>
Loss (gain) on other investments and other loss . . . . .		50,650	<b>(231,152)</b>	<b>(2,087,905)</b>
Income taxes . . . . .		688,704	<b>1,305,251</b>	<b>11,789,819</b>
Decrease in investments from asset management subsidiaries . . . . .		—	<b>1,631,430</b>	<b>14,736,067</b>
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries . . . . .		—	<b>(168,405)</b>	<b>(1,521,136)</b>
Increase in restricted cash in asset management subsidiaries . . . . .		—	<b>(107,601)</b>	<b>(971,918)</b>
Increase in securities pledged as collateral in asset management subsidiaries . . . . .		—	<b>(1,351,311)</b>	<b>(12,205,862)</b>
Increase in trade and other receivables . . . . .		(242,697)	<b>(288,416)</b>	<b>(2,605,149)</b>
(Increase) decrease in inventories . . . . .		(374,722)	<b>6,276</b>	<b>56,689</b>
Increase in trade and other payables . . . . .		88,728	<b>199,064</b>	<b>1,798,067</b>
Gain relating to loss of control over discontinued operations . . . . .		—	<b>(722,004)</b>	<b>(6,521,579)</b>
Other . . . . .		155,280	<b>230,306</b>	<b>2,080,265</b>
Subtotal . . . . .		2,423,317	<b>1,119,175</b>	<b>10,109,069</b>
Interest and dividends received . . . . .		49,688	<b>27,639</b>	<b>249,652</b>
Interest paid . . . . .		(597,772)	<b>(265,104)</b>	<b>(2,394,580)</b>
Income taxes paid . . . . .	48	(1,201,986)	<b>(588,615)</b>	<b>(5,316,728)</b>
Income taxes refunded . . . . .	48	444,632	<b>264,155</b>	<b>2,386,008</b>
Net cash provided by operating activities . . . . .		1,117,879	<b>557,250</b>	<b>5,033,421</b>

			(Millions of yen)	(Thousands of U.S. dollars)
	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Cash flows from investing activities</b>				
Payments for acquisition of investments. . . . .		(1,098,640)	<b>(4,186,663)</b>	<b>(37,816,485)</b>
Proceeds from sales/redemption of investments . . . . .	48	283,892	<b>3,845,787</b>	<b>34,737,485</b>
Payments for acquisition of investments by SVF1 and SVF2 . . . . .		(1,816,291)	<b>(856,608)</b>	<b>(7,737,404)</b>
Proceeds from sales of investments by SVF1. . . . .		129,832	<b>856,408</b>	<b>7,735,598</b>
Payments for acquisition of investments by asset management subsidiaries . . . . .		–	<b>(95,616)</b>	<b>(863,662)</b>
Payments for acquisition of control over subsidiaries . . . . .	10,48	(388,320)	<b>(13,824)</b>	<b>(124,867)</b>
Proceeds from acquisition of control over subsidiaries . . . . .	10	61	<b>312,791</b>	<b>2,825,318</b>
Payments for acquisition of marketable securities for short-term trading . . . . .		(245,070)	<b>(107,890)</b>	<b>(974,528)</b>
Proceeds from sales/redemption of marketable securities for short-term trading. . . . .		86,449	<b>257,255</b>	<b>2,323,683</b>
Purchase of property, plant and equipment, and intangible assets . . . . .	48	(1,232,551)	<b>(646,888)</b>	<b>(5,843,086)</b>
Payments for loan receivables . . . . .		(210,379)	<b>(293,669)</b>	<b>(2,652,597)</b>
Collection of loan receivables. . . . .		95,134	<b>42,970</b>	<b>388,131</b>
Payments into restricted cash. . . . .	48	(15,777)	<b>(351,343)</b>	<b>(3,173,543)</b>
Payments into trust accounts in SPACs. . . . .	48	–	<b>(350,990)</b>	<b>(3,170,355)</b>
Other. . . . .		124,739	<b>119,681</b>	<b>1,081,035</b>
Net cash used in investing activities. . . . .		(4,286,921)	<b>(1,468,599)</b>	<b>(13,265,277)</b>
<b>Cash flows from financing activities</b>				
Proceeds in short-term interest-bearing debt, net. . . . .	25	133,173	<b>1,575,327</b>	<b>14,229,311</b>
Proceeds from interest-bearing debt . . . . .	25	8,601,926	<b>7,965,114</b>	<b>71,945,750</b>
Repayment of interest-bearing debt. . . . .	25	(5,646,727)	<b>(5,790,901)</b>	<b>(52,306,937)</b>
Repayment of lease liabilities . . . . .		(695,370)	<b>(402,257)</b>	<b>(3,633,430)</b>
Contributions into SVF1 from third-party investors. . . . .	9	1,843,660	<b>979,266</b>	<b>8,845,326</b>
Distribution/repayment from SVF1 to third-party investors . . . . .	9	(771,282)	<b>(1,362,066)</b>	<b>(12,303,008)</b>
Proceeds from non-controlling interests subject to possible redemption . . . . .	48	–	<b>345,466</b>	<b>3,120,459</b>
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests. . . . .	48	435	<b>1,552,957</b>	<b>14,027,251</b>
Purchase of shares of subsidiaries from non-controlling interests . . . . .		(82,932)	<b>(101,222)</b>	<b>(914,299)</b>
Distribution to owners of other equity instruments . . . . .		(31,071)	<b>(30,139)</b>	<b>(272,234)</b>
Purchase of treasury stock . . . . .		(231,980)	<b>(2,226,229)</b>	<b>(20,108,653)</b>
Cash dividends paid. . . . .		(68,659)	<b>(86,760)</b>	<b>(783,669)</b>
Cash dividends paid to non-controlling interests . . . . .	21	(156,999)	<b>(220,313)</b>	<b>(1,990,001)</b>
Other. . . . .		26,689	<b>(4,166)</b>	<b>(37,629)</b>
Net cash provided by financing activities . . . . .		2,920,863	<b>2,194,077</b>	<b>19,818,237</b>
Effect of exchange rate changes on cash and cash equivalents . . . . .		(342)	<b>12,230</b>	<b>110,467</b>
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale . . . . .	6	(240,982)	<b>(1,248)</b>	<b>(11,273)</b>
(Decrease) increase in cash and cash equivalents . . . . .		(489,503)	<b>1,293,710</b>	<b>11,685,575</b>
Cash and cash equivalents at the beginning of the year . . . . .		3,858,518	<b>3,369,015</b>	<b>30,430,991</b>
Cash and cash equivalents at the end of the year . . . . .		¥3,369,015	<b>¥4,662,725</b>	<b>\$42,116,566</b>

Notes:

1. Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in “Note 6. Discontinued operations.”

2. Presentation method for the consolidated statement of cash flows has been changed from the three-month period ended June 30, 2020. The details are described in “(4) Changes in presentation” under “Note 2. Basis of preparation of consolidated financial statements”



# Notes to Consolidated Financial Statements

## 1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (<https://group.softbank/en/>). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its core business being in the Investment Business of Holding Companies segment, the SVF1 and Other SBIA-Managed Funds segment, the SoftBank segment, and the Arm segment. The details are described in "(1) Description of reportable segments" under "Note 7. Segment information." In addition, from the three-month period ended September 30, 2020, Brightstar has been classified as discontinued operations as it was highly probable that Brightstar would no longer be a subsidiary of the Company reaching a final agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. The details are described in "(2) Brightstar" under "Note 6. Discontinued operations."

## 2. Basis of preparation of consolidated financial statements

### (1) Compliance with IFRSs

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

### (2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value as described in "Note 3. Significant accounting policies."

### (3) Presentation currency and unit of currency

These consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Group Corp. ("functional currency"), and yen amounts are rounded to the nearest million.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at a rate of ¥110.71 to \$1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### (4) Changes in presentation

(Consolidated statement of financial position)

Amounts presented under "Derivative financial assets (non-current)," which were previously included in "Other financial assets (non-current)" as of March 31, 2020, are separately presented as of March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥59,278 million, which was previously included in "Other financial assets (non-current)" as of March 31, 2020, was reclassified as "Derivative financial assets (non-current)."

(Consolidated statement of income)

- a. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. The details are described in "Note 6. Discontinued operations."
- b. SoftBank Group Corp. is a strategic investment holding company that conducts investments and manages investment portfolios in a number of companies directly (including investments through subsidiaries) or through investment funds (such as SVF1). The Company has been focusing on the investment activities including those led by SVF1 that began its operation in 2017, thereby transforming business structures.

Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint is no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, the Company has revised the presentation of the consolidated statement of income from the three-month period ended June 30, 2020. "Operating income," as previously presented, did not include gain and loss on investments other than those included in "Operating income from SoftBank Vision Fund and other SBIA-managed funds." Therefore, the Company determined that it was no longer meaningful to appropriately present the consolidated financial results of the Company as a strategic investment holding company. For these reasons, the Company determined not to present "Operating income" in the consolidated statement of income from the three-month period ended June 30, 2020.

In connection with this change, the Company also determined to present "Gain (loss) on investments" in the consolidated statement of income from the three-month period ended June 30, 2020 in order to clearly present investment performance in the consolidated financial results of the Company. "Gain (loss) on investments" includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method.

Furthermore, the Company determined to present, as component of "Gain (loss) on investments," "Gain (loss) on investments at Investment Business of Holding Companies," "Gain (loss) on investments at SVF1, SVF2, and others" and "Gain (loss) on other investments." Investment Business of Holding Companies segment is included in the reportable segments from the three-month period ended June 30, 2020. The details are described in "Note 7. Segment information." Derivative gain and loss other than those mentioned above are presented as "Derivative gain (loss) (excluding gain (loss) on investments)." In addition, income or loss on equity method investments arising from recognizing the Company's share in profit or loss of the investees is presented as "Income on equity method investments" as previously presented.

In order to reflect these changes in presentation, similar reclassifications have been made to the consolidated statement of income for the fiscal year ended March 31, 2020. The details of the reclassifications are as follows.

For the fiscal year ended March 31, 2020

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)	Reclassification amounts		After changes in presentation	
Continuing operations				
Net sales . . . . .	¥5,238,938	—	¥5,238,938	Net sales
Cost of sales . . . . .	(2,584,273)	—	(2,584,273)	Cost of sales
Gross profit . . . . .	2,654,665	—	2,654,665	Gross profit
				Gain (loss) on investments
	—	484,308	484,308	Gain (loss) on investments at Investment Business of Holding Companies
	—	(1,844,867)	(1,844,867)	Gain (loss) on investments at SVF1, SVF2, and others
	—	(49,594)	(49,594)	Gain (loss) on other investments
	—	(1,410,153)	(1,410,153)	Total gain (loss) on investments
Selling, general and administrative expenses . . . . .	(1,973,602)	(86,478)	(2,060,080)	Selling, general and administrative expenses
Gain relating to loss of control over subsidiaries* <sup>1</sup> . . . . .	11,879	(11,879)	—	
Other operating income (loss)* <sup>2</sup> . . . . .	(121,051)	121,051	—	
Operating income (excluding operating income from SoftBank Vision Fund and other SBIA-managed funds)	571,891	(571,891)	—	
Operating income from SoftBank Vision Fund and other SBIA-managed funds* <sup>3</sup> . . . . .	(1,931,345)	1,931,345	—	
Operating income . . . . .	(1,359,454)	1,359,454	—	
Finance cost . . . . .	(293,897)	—	(293,897)	Finance cost
Income (loss) on equity method investments . . . . .	638,457	(14,442)	624,015	Income (loss) on equity method investments
Dilution gain from changes in equity interest* <sup>4</sup> . . . . .	339,842	(339,842)	—	
Foreign exchange gain (loss)* <sup>5</sup> . . . . .	(9,271)	9,271	—	
Derivative gain (loss)* <sup>6</sup> . . . . .	(70,982)	70,997	15	Derivative gain (loss) (excluding gain (loss) on investments)
Gain relating to settlement of variable prepaid forward contracts using Alibaba shares* <sup>7</sup> . . . . .	1,218,527	(1,218,527)	—	
Gain (loss) from financial instruments at FVTPL* <sup>8</sup> . . . . .	(668,971)	668,971	—	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds . . . . .	540,930	—	540,930	Change in third-party interests in SVF1
Other non-operating income (loss)* <sup>9</sup> . . . . .	(285,143)	285,143	—	
	—	(5,457)	(5,457)	Other gain (loss)
Income before income tax . . . . .	50,038	—	50,038	Income before income tax
Income taxes . . . . .	(792,655)	—	(792,655)	Income taxes
Net income from continuing operations . . . . .	(742,617)	—	(742,617)	Net income from continuing operations
Discontinued operations . . . . .				Discontinued operations
Net income from discontinued operations . . . . .	(58,143)	—	(58,143)	Net income from discontinued operations
Net income . . . . .	¥ (800,760)	—	¥(800,760)	Net income

- \*1 ¥11,879 million of “Gain relating to loss of control over subsidiaries,” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
- \*2 ¥(121,051) million previously presented in “Other operating income (loss)” was reclassified as “Gain (loss) on other investments” for ¥(48,922) million, “Income (loss) on equity method investments” for ¥(14,442) million, and “Other gain (loss)” for ¥(57,687) million.
- \*3 Of ¥(1,931,345) million previously presented in “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” gain and loss on investments was reclassified as “Gain (loss) on investments at SVF1, SVF2, and others” for ¥(1,844,867) million and other amounts were reclassified as “Selling, general and administrative expenses” for ¥(86,478) million.
- \*4 ¥339,842 million of “Dilution gain from changes in equity interest,” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
- \*5 ¥(9,271) million of “Foreign exchange gain (loss),” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
- \*6 Derivative gain and loss relating to gain and loss on investments of ¥(70,997) million, which was previously presented in “Derivative gain (loss),” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(66,343) million and “Gain (loss) on other investments” for ¥(4,654) million.
- \*7 ¥1,218,527 million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies.”
- \*8 ¥(668,971) million previously presented in “Gain (loss) from financial instruments at FVTPL” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(667,983) million and “Gain (loss) on other investments” for ¥(988) million.
- \*9 ¥(285,143) million previously presented in “Other non-operating income (loss)” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥107 million, “Gain (loss) on other investments” for ¥4,970 million, and “Other gain (loss)” for ¥(290,220) million.

(Consolidated statement of cash flows)

For the fiscal year ended March 31, 2020

- a. The Company determined not to present "Operating income" in the consolidated statement of income. In order to reflect the change in presentation in the consolidated statement of income, similar reclassifications have been made to the consolidated statement of cash flows for the fiscal year ended March 31, 2020. The details of the reclassifications are as follows.

(Millions of yen)				
	Before changes in presentation	Reclassification amounts		After changes in presentation
Cash flows from operating activities . . . . .				Cash flows from operating activities
Net income from continuing operations . . . . .	¥ (742,617)	—	¥ (742,617)	Net income from continuing operations
Net income from discontinued operations . . . . .	(58,143)	—	(58,143)	Net income from discontinued operations
Net income . . . . .	(800,760)	—	(800,760)	Net income
Depreciation and amortization . . . . .	2,051,472	—	2,051,472	Depreciation and amortization
Gain relating to loss of control over subsidiaries*1 . . . . .	(11,879)	11,879	—	
	—	(484,308)	(484,308)	(Gain) loss on investments at Investment Business of Holding Companies
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds . . . . .	1,844,867	—	1,844,867	(Gain) loss on investments at SVF1 and SVF2, and others
Finance cost . . . . .	613,483	—	613,483	Finance cost
(Income) loss on equity method investments . . . . .	(636,555)	14,442	(622,113)	(Income) loss on equity method investments
Dilution gain from changes in equity interest*2 . . . . .	(339,842)	339,842	—	
Derivative (gain) loss*3 . . . . .	66,660	(70,997)	(4,337)	Derivative (gain) loss (excluding (gain) loss on investments)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares*4 . . . . .	(1,218,527)	1,218,527	—	
(Gain) loss from financial instruments at FVTPL*5 . . . . .	668,405	(668,405)	—	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds . . . . .	(540,930)	—	(540,930)	Change in third-party interests in SVF1
Foreign exchange (gain) loss and other non-operating (income) loss*6 . . . . .	290,578	(290,578)	—	
	—	50,650	50,650	(Gain) loss on other investments and other (gain) loss
Income taxes . . . . .	688,704	—	688,704	Income taxes
(Increase) decrease in trade and other receivables . . . . .	(242,697)	—	(242,697)	(Increase) decrease in trade and other receivables
(Increase) decrease in inventories . . . . .	(374,722)	—	(374,722)	(Increase) decrease in inventories
Increase (decrease) in trade and other payables . . . . .	88,728	—	88,728	Increase (decrease) in trade and other payables
Other*7 . . . . .	276,332	(121,052)	155,280	Other
Subtotal . . . . .	¥ 2,423,317	—	¥ 2,423,317	Subtotal

\*1 ¥(11,879) million previously presented in "Gain relating to loss of control over subsidiaries" was reclassified as "(Gain) loss on other investments and other (gain) loss."

\*2 "Dilution gain from changes in equity interest," which was separately presented, was reclassified as "(Gain) loss on other investments and other (gain) loss" since the amount became not significant.

\*3 Derivative gain and loss relating to gain and loss on investments of ¥70,997 million, which was previously included in "Derivative (gain) loss," was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" for ¥66,343 million and "(Gain) loss on other investments and other (gain) loss" for ¥4,654 million.

\*4 ¥(1,218,527) million previously presented in "Gain relating to settlement of variable prepaid forward contract using Alibaba shares" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies."

\*5 ¥668,405 million previously presented in "(Gain) loss from financial instruments at FVTPL" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" for ¥667,983 million and "(Gain) loss on other investments and other (gain) loss" for ¥422 million.

\*6 ¥290,578 million previously presented in "Foreign exchange (gain) loss and other non-operating (income) loss" was reclassified as "(Gain) loss on other investments and other (gain) loss" for ¥290,685 million and "(Gain) loss on investments at Investment Business of Holding Companies" for ¥(107) million.

\*7 ¥121,052 million previously included in "Other" was reclassified as "(Gain) loss on other investments and other (gain) loss" for ¥106,610 million and "(Income) loss on equity method investments" for ¥14,442 million.

- b. Amounts presented under “Proceeds from acquisition of control over subsidiaries,” which were previously included in “Payments for acquisition of control over subsidiaries” in cash flows from investing activities for the fiscal year ended March 31, 2020, are separately presented for the fiscal year ended March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥61 million, which was previously included in “Payments for acquisition of control over subsidiaries” in cash flows from investing activities for the fiscal year ended March 31, 2020, was reclassified as “Proceeds from acquisition of control over subsidiaries” in cash flows from investing activities.
- c. Amounts presented under “Payments into restricted cash,” which were previously included in “Other” in cash flows from investing activities for the fiscal year ended March 31, 2020, are separately presented for the fiscal year ended March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥(15,777) million, which was previously included in “Other” in cash flows from investing activities for the fiscal year ended March 31, 2020, was reclassified as “Payments into restricted cash” in cash flows from investing activities.
- d. Amounts presented under “Other” for the fiscal year ended March 31, 2021 include “Proceeds for acquisition of control over subsidiaries,” which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥2,506 million, which was separately presented as “Proceeds for acquisition of control over subsidiaries” in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in “Other.”
- e. Amounts presented under “Other” for the fiscal year ended March 31, 2021 include “Payments into time deposits,” which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥(10,583) million, which was separately presented as “Payments into time deposits” in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in “Other.”
- f. Amounts presented under “Other” for the fiscal year ended March 31, 2021 include “Proceeds from withdrawal of time deposits,” which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥693 million, which was separately presented as “Proceeds from withdrawal of time deposits” in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in “Other.”

#### (5) New standards and interpretations not yet adopted by the Company

There is no significant impact to the consolidated financial statements related to new standards and interpretations not yet adopted by the Company.

#### (6) Definition of company names and abbreviations used in annual report 2021 including this note

“Co. Ltd.,” “Corporation,” etc., are omitted from the names of companies and organizations in principle.

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

Company names / Abbreviations	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
★ Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SB Northstar	SB Northstar LP
SoftBank Vision Fund or SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
WeWork	WeWork Inc.

From the three-month period ended September 30, 2020, the description of “SoftBank Vision Fund and other SBIA-managed funds” presented in the names of accounts and reportable segment has been changed as follows:

#### Consolidated Statement of Financial Position

Previous	Current
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Investments from SVF1 and SVF2 accounted for using FVTPL
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Third-party interests in SVF1

#### Consolidated Statement of Income

Previous	Current
Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds	Gain (loss) on investments at SVF1, SVF2, and others
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1

#### Consolidated Statement of Cash Flows

Previous	Current
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	(Gain) loss on investments at SVF1, SVF2, and others
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds	Payments for acquisition of investments by SVF1 and SVF2
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds	Proceeds from sales of investments by SVF1
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	Contributions into SVF1 from third-party investors
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	Distribution/repayment from SVF1 to third-party investors

#### Segment information

Previous	Current
SoftBank Vision Fund and Other SBIA-Managed Funds segment	SVF1 and Other SBIA-Managed Funds segment

### 3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements.

Please refer to “(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment” for details of SVF1 and Other SBIA-managed funds.

#### (1) Basis of consolidation

##### a. Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Group Corp.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Please refer to “a. Consolidation of SVF1 and SVF2 by the Company” under “(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment” for details of SVF1 and SVF2.

The subsidiaries’ financial statements are consolidated from the date when control is acquired (“acquisition date”) until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Group Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when control is lost.



Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates and joint ventures

An associate is an entity over which SoftBank Group Corp. has significant influence in the financial and operating policy decisions, but does not have control or joint control.

A joint venture is an investment which parties including SoftBank Group Corp. have joint control based on the contractual arrangement that requires unanimous consent related to significant decisions of the business activities and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method or accounted for using FVTPL.

(a) Investments accounted for using the equity method

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment is adjusted thereafter to recognize the Company's interest in profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

When the losses of an associate and a joint venture exceed the Company's interest in the associate and the joint venture, long-term interests that, in substance, form a part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate and the joint venture.

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Company's interests in the associates and the joint ventures.

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

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

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impractical to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(b) Investments accounted for using FVTPL

Among the investments in associates, investments directly made by SVF1 and SVF2, investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SVF1 and SVF2, and preferred stock investments whose feature is substantively different from common stock, are not accounted for using the equity method. These investments are classified as financial assets measured at fair value through profit or loss ("financial assets at FVTPL"). For the Company's accounting policy for the financial assets at FVTPL, please refer to "(4) Financial instruments." Also, please refer to "b. Portfolio company investments made by SVF1 and SVF2 – (b) Investments in associates and joint ventures" under "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" for details of SVF1 and SVF2.

(2) Business combinations

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

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

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

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

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

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized using the same accounting treatment as the Company disposes the interests.

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

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

### (3) Foreign currency translation

#### a. Transactions denominated in foreign currencies

The financial statements of each group company are prepared in their currency based on the primary economic environment in which it operates ("functional currency"). Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

#### b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

The exchange rates used in the translation are described in "Note 35. Foreign currency exchange rates."

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

### (4) Financial instruments

#### a. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

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

#### b. Non-derivative financial assets

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

All purchases and sales of financial assets made in the ordinary course of business are recognized and derecognized on a trade date basis. Purchases and sales made in the ordinary course of business refer to acquiring or disposing financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace.

#### (a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" if both of the following conditions are met:

- the financial assets are held within a business model for which the objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that

are solely payments of principal and interest on the principal amount outstanding.

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

(b) Debt financial assets at FVTOCI

Financial assets are classified as “debt financial assets at FVTOCI” if both of the following conditions are met:

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

Subsequent to initial recognition, debt financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on monetary financial assets classified as debt financial assets at FVTOCI and interest income calculated using the effective interest method relating to debt financial assets at FVTOCI are recognized in profit or loss.

(c) Equity financial assets at FVTOCI

At initial recognition, the Company has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as “equity financial assets at FVTOCI.” Subsequent to initial recognition, equity financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When financial assets are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at FVTOCI are recognized in profit or loss.

(d) Financial assets at FVTPL

Financial assets are classified as “financial assets at FVTPL,” if they are classified as neither “financial assets at amortized cost,” “debt financial assets at FVTOCI,” nor “equity financial assets at FVTOCI.” Please refer to “(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment” for the details of “Investments from SVF1 and SVF2 accounted for using FVTPL” in the consolidated statement of financial position. Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

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

in profit or loss.

(e) Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets at amortized cost, debt financial assets at FVTOCI, and contract assets under IFRS 15 “Revenue from Contracts with Customers.” At each fiscal period-end, the Company assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition or for credit impaired financial assets, the Company measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses. However, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables and contract assets.

Expected credit losses are estimated in a way that reflects the following:

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

Provision of the loss allowance relating to the measurement is recognized in profit or loss. Reversal of the loss allowance is also recognized in profit or loss when events that would reduce the loss allowance occur in subsequent periods.

The carrying amount of financial assets is directly reduced against the loss allowance when the Company has no reasonable expectations of recovering financial assets in their entirety, or a portion thereof.

(f) Derecognition of financial assets

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

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” or “financial liabilities measured at amortized cost,” and the classification is determined at initial recognition.

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” when the entire hybrid contract, including more than one embedded derivative, is designated as a financial liability at FVTPL. Subsequent to initial recognition, liabilities at FVTPL are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Financial liabilities measured at amortized cost are measured using the effective interest

method, subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company's obligations are met, or debt is discharged or cancelled or expires.

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contracts, currency swaps, and collar transactions in order to manage its exposure to foreign exchange rate, interest rate, and share price risks. In addition, SB Northstar is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds.

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

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period. Specifically, a hedge is determined to be effective when all of the following criteria are met:

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

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains the same, the Company adjusts the hedge ratio so that the hedging relationship becomes effective again.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in

equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income in the year when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of non-financial assets or non-financial liabilities, the Company transfers the accumulated other comprehensive income previously recognized in other comprehensive income and includes them in the measurement of initial cost of the non-financial assets or non-financial liabilities (basis adjustment).

The Company discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria, such as instances when the hedging instrument expires or is sold, terminated, or exercised.

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

(c) Embedded derivatives

Derivatives embedded in non-derivative financial assets host contracts ("embedded derivatives") are not separated from the host contracts and accounted for as hybrid contracts in its entirety.

When the economic characteristics and risks of the derivatives embedded in non-derivative financial liabilities host contracts ("embedded derivatives") are not closely related to the economic characteristics and risks of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL, the embedded derivatives are separated from the host contracts and accounted for separately as derivatives. If it is required to separate embedded derivatives from their host contracts, but the Company is unable to measure the embedded derivatives separately either at acquisition or at the end of a subsequent fiscal period, the Company designates and accounts for the entire hybrid contract as financial liabilities at FVTPL.

e. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

## (5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three months or less that are readily convertible to cash and subject to insignificant risk of change in value.

## (6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile devices and accessories in the SoftBank segment. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated by the moving-average method.

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

## (7) Property, plant and equipment

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

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

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

### Buildings and structures

Buildings . . . . .	10–50 years
Other . . . . .	3–22 years

### Telecommunications equipment

Wireless equipment, switching equipment and other network equipment . . . . .	5–15 years
Towers . . . . .	10–42 years
Other . . . . .	5–30 years

### Furniture, fixtures and equipment

Leased mobile devices . . . . .	2–3 years
Other . . . . .	2–25 years

### Machinery and equipment

Power plant and related equipment . . . . .	25 years
Other . . . . .	3–5 years

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

## (8) Goodwill

Please refer to “(2) Business combinations” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually, regardless of any indication of impairment. Impairment is described in “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill.”

The Company's policy for goodwill arising from the acquisition of an associate is described in “(1) Basis of consolidation.”

## (9) Intangible assets

The Company uses the cost model for measurement of intangible assets in which the assets are measured at historical cost, less accumulated amortization and accumulated impairment losses.

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

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives. The intangible assets with finite useful lives are amortized over the estimated useful lives by the straight-line method.

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

Customer relationships . . . . .	8–25 years
Software . . . . .	5–10 years
Technologies . . . . .	8–20 years
Spectrum migration costs . . . . .	18 years
Management contracts . . . . .	4–10 years
Trademarks (with finite useful lives) . . . . .	8–10 years
Other . . . . .	2–20 years

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

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of existing users to the other frequency spectrum based on the termination

campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Intangible assets with indefinite useful lives are as follows:

- Trademarks (with indefinite useful lives)

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill.”

In addition, the Company does not apply IFRS 16 “Leases” to leases of intangible assets.

## (10) Leases

### a. Overall

#### (a) Identifying a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company deems a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the following conditions are met, the Company deems that the contract conveys the right to control the use of an identified asset.

- i. The use of the identified asset is specified in a contract and the lessor does not have the right to substitute the asset.
- ii. Throughout the period of use, the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset.
- iii. The lessee has the right to direct the use of the identified asset. Where the relevant decisions about how and for what purpose the asset is used are predetermined, the lessee is deemed to have the right to direct the use of the identified asset if:
  - the lessee has the right to operate the asset; or
  - the lessee designed the asset in a way that predetermines how and for what purpose the asset will be used.

#### (b) Lease term

The lease term is determined as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

### b. Lessee

#### (a) Separating components of a contract

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract by allocating the

consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### (b) Lease transactions of intangible assets

The Company does not apply IFRS 16 “Leases” to leases of intangible assets.

#### (c) Right-of-use asset

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

After the initial measurement, the right-of-use asset is depreciated on a straight-line basis: (a) over the estimated useful life if the transfer of ownership of the underlying asset is certain; or (b) over the shorter of the lease term or the estimated useful life of the leased asset if the transfer of ownership is not certain. The estimated useful life of the right-of-use asset is determined by the same method applied to property, plant and equipment. Further, if the right-of-use asset is impaired, an impairment loss is deducted from the carrying amount of the right-of-use asset. The details of lease terms by asset classes for right-of-use assets held for leases are described in “Note 18. Right-of-use assets.”

#### (d) Lease liability

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

The lease payments included in the measurement of the lease liability mainly comprise: fixed payments; lease payments to be made during extension periods, if the lease term reflects the exercise of an option to extend the lease; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the initial measurement, the lease liability is measured at amortized cost using an effective interest method. The lease liability is remeasured if there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the assessment of the possibility of an option to extend or terminate the lease being exercised.

If the lease liability is remeasured, the carrying amount of the right-of-use asset is also adjusted by the amount of the remeasurement of the lease liability. However, if the amount of liability reduced by the remeasurement of the lease liability exceeds the carrying amount of the right-of-use asset, any remaining amount of the remeasurement after reducing the right-of-use



asset to zero is recognized in profit or loss.

c. Lessor

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Company allocates the consideration in the contract applying IFRS 15 “Revenue from Contracts with Customers” to lease components and non-lease components of the contract.

(b) Classification of leases

At the commencement of a lease contract, the Company classifies whether the contract is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease. The Company assesses that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred in cases where the lease term is for the major part of the economic life of the underlying asset, or the amount of present value of the lease payment is substantially all the amount of fair value of the asset.

(c) Sublease classification

If the Company is a party to a sublease contract, the Company accounts for the head lease (lessee) and the sublease (lessor) separately. When classifying the sublease as a finance lease or an operating lease, the Company considers the risks and rewards incidental to, and the useful life of, the right-of-use asset that is recognized by the Company in the head lease, instead of that of the leased asset.

(d) Recognition and measurement

Lease receivables in finance leases are recorded as the uncollected amount of net lease receivables, as of the date the lease is determined and through its maturity. Lease receivables are apportioned between financing income and the repayments of the lease receivables. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest rate is recognized in profit or loss.

Total lease payments received from operating leases received during the lease term are recognized as income on a straight-line basis over the lease term.

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

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

At the end of the fiscal year, the Company determines whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired.

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

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

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

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

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

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually, regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or

groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

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

## (12) Provisions

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

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

The Company recognizes mainly asset retirement obligations and provisions for contract loss and loss on interest repayment as provisions.

## (13) Treasury stock

When the Company acquires its own equity share capital ("treasury stock"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

## (14) Assets or disposal groups classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is highly probable that the sale will be completed within one year, are available for immediate sale in their present condition, and management commits to a plan to sell.

The Company, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

## (15) Share-based payments

The Company grants stock options and restricted stock awards as equity-settled share-based compensation and phantom stock as cash-settled share-based compensation.

Equity-settled share-based compensation is measured at fair value on the grant date. The fair value of stock options is calculated using models such as the Black-Scholes model, and the fair value of restricted stock units is calculated using the share price on the date of grant.

The fair value determined on the grant date is expensed over the vesting period, based on the estimated stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

Cash-settled share-based compensation is accounted for as liabilities and is measured initially at the fair value of the award. The fair value of the liabilities is remeasured on each closing date and the settlement date, and changes in fair values are recognized in profit or loss.

## (16) Revenue

The Company's accounting policy for revenue recognition is as follows:

### SoftBank segment

The SoftBank segment provides mobile communications services, sales of mobile devices, and fixed-line telecommunication services such as broadband services in Japan, mainly through SoftBank Corp., and internet advertising and e-commerce business through Z Holdings Corporation.

#### a. Mobile communications services and sales of mobile devices

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

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

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

In mobile communications services, the contractual period is defined as the period during which the parties to the contract have present enforceable rights and obligations based on the terms and conditions of the contract with the subscriber. In addition, if the Company determines that an option to renew the contract is granted to the subscriber and the option provides a "material right" to the subscriber, it identifies the option as a separate performance obligation.

As a practical alternative to estimating the stand-alone selling price of an option identified as a separate performance obligation, the Company allocates the transaction price to the telecommunications services pertaining to the option, referring to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the subscriber.

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

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

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

(a) Indirect sales

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

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

(b) Direct sales

For direct sales, the total amount of transactions is allocated to sales of mobile devices and

mobile communications service revenue based on the ratio of their stand-alone selling prices, as the revenues from the sales of mobile devices and mobile communications services, including related fees, are considered to be one transaction. Discounts on mobile communications charges related to mobile communications service revenue are deducted from the total transaction price.

In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile communications services. If the amount of revenue recognized at the time of sale of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile communications services are provided, and is recognized as revenue.

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

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

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

b. Broadband services

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

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

c. Electricity

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

d. Fixed-line communications service

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

e. Distribution services

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

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

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

f. E-commerce business

Revenues in the E-commerce services consist of revenues from the sale of goods by the ASKUL Group, e-commerce-related services such as ZOZOTOWN and YAHUOKU!, and membership services such as Yahoo! Premium.

Revenues from the sale of goods by the ASKUL Group are recognized when a customer obtains control of the goods, that is, at the time the customer has the ability to direct the use of the goods and to obtain substantially all of the remaining economic benefits from the goods.

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

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

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

g. Internet advertising

Revenues in the Internet advertising consist of revenues from paid search advertising, display advertising and other advertising.

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

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

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

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

h. LINE advertising services

Revenues in LINE advertising services consist of revenues from display advertising, account advertising and other advertising.

Revenues from display advertising are recognized at a point in time at which impression, view, click and other actions specified in the terms of the contract are satisfied.

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

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

Revenues from LINE Sponsored Stickers are recognized over the period in which the sticker is available at any time the user wants.

Arm segment

In the Arm segment, revenue is mainly generated from licenses to Arm's technology and royalties arising from the subsequent sale of licensees' chips that contain Arm's technology.

The license revenue related to the right to use intellectual property is recognized when the customer obtains control of the license, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from the license.

Royalty revenues are generated from the sale of the licensees' chips that contain Arm technology and are recognized at the time of licensee chip sales.

### (17) Costs to obtain contracts

The Company recognizes the costs that would not have been incurred if the telecommunications service contract had not been obtained and that are expected to be recovered, as assets from the costs to obtain contracts. The Company capitalizes mainly the sales commissions that the Company pays to dealers for obtaining and maintaining mobile telecommunications service contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period (two to three years) during which goods or services related to such costs are expected to be provided. At each fiscal year-end and quarterly period-end, the Company assesses the capitalized costs to obtain contracts for impairment.

Using a practical expedient, the Company accounts for the costs to obtain contracts as expenses when incurred if the amortization period of the costs to obtain contracts is one year or less.

### (18) Income tax

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, and related transactions other than business combinations, that affect neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the

Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

### (19) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

## (20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment

For SVF1 and SVF2, the Company applies the same accounting policies as follows.

### a. Consolidation of SVF1 and SVF2 by the Company

SVF1 and SVF2 are limited partnerships established by its general partner which is a wholly-owned subsidiary of the Company, and by its form of organization, qualifies as a structured entity. SVF1 and SVF2 are consolidated by the Company for the following reasons.

The various entities comprising SVF1 and SVF2 make investment decisions through its investment committee, which was established as a committee of SBIA. SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2.

Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over SVF1 and SVF2.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SVF1 and SVF2 are eliminated in consolidation.

### b. Portfolio company investments made by SVF1 and SVF2

#### (a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company’s consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1 are eliminated in consolidation.

#### (b) Investments in associates and joint ventures

Of the portfolio company investments made by SVF1 and SVF2, the portfolio companies over which the Company has significant influence under IAS 28 “Investments in Associates and Joint Ventures” are associates of the Company, and the portfolio companies that are joint ventures of SVF1 and SVF2 when, as defined under IFRS 11 “Joint Arrangements,” SVF1 and SVF2 have joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as “Investments from SVF1 and SVF2 accounted for using FVTPL” in the consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SVF1 and SVF2” and the proceeds from sales of these investments are presented as “Proceeds from sales of investments by SVF1” under cash flows

from investing activities in the consolidated statement of cash flows.

### (c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL. The presentation of these investments in the consolidated statement of financial position and the consolidated statement of cash flows are the same as the above “(b) Investments in associates and joint ventures.”

### c. Contribution from limited partners to SVF1 and SVF2

SVF1 and SVF2 issue capital calls to its limited partners (“Capital Call”).

No contributions from limited partners other than the Company were made into SVF2 from inception to March 31, 2021.

#### (a) Contribution from limited partners other than the Company

The interests attributable to limited partners other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SVF1” in the consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the limited partnership agreement. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

“Third-party interests in SVF1” fluctuates due to the results of SVF1 in addition to contributions from Third-Party Investors in satisfaction of Capital Call, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SVF1 are presented as “Change in third-party interests in SVF1” in the consolidated statement of income.

Contributions from Third-Party Investors to SVF1 are included in “Contributions into SVF1 from third-party investors” under cash flows from financing activities in the consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SVF1 to third-party investors” under cash flows from financing activities in the consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9, “Financial Instruments,” and, therefore, such amount is not recorded in the consolidated statement of financial position.

#### (b) Contribution from the Company

Contributions to SVF1 and SVF2 from the Company as limited partners are eliminated in consolidation.



## (21) Significant accounting policies for the asset management subsidiary

SB Northstar, a subsidiary of the Company, is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds. "The asset management subsidiary" described in the consolidated financial statements and the notes indicates SB Northstar.

For SB Northstar, the Company applies the following accounting policies.

### a. Investments from the asset management subsidiary

The investments in securities made by SB Northstar (except for investments in associates) are accounted for as financial assets at FVTPL as the investments meet the definition of financial assets held for sale in accordance with IFRS 9 "Financial Instruments." and presented as "Investments from assets management subsidiaries" under current assets in the consolidated statement of financial position. At initial recognition, the investments are measured at fair value and transaction costs directly arising from the acquisition of financial assets are recognized as net of profit and loss. Subsequent to initial recognition, they are measured at fair value and valuation gains and losses arising from changes in fair value and dividend income are included in "Gain (loss) on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, the changes in investment amounts due to acquisition and sale of investments from SB Northstar are presented as net of "(Increase) decrease in investments from asset management subsidiaries (cash flows from operating activities)" in the consolidated statement of cash flows. The investments in associates of the Company made by SB Northstar are accounted for using the equity method and included in "Investments accounted for using the equity method" in the consolidated statement of financial position.

The investments in convertible bonds made by SB Northstar are accounted for as financial assets at FVTPL and are included in "Other financial assets (non-current)" in the consolidated statement of financial position. Valuation gains and losses arising from changes in fair value and dividend income are included in "Gain (loss) on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, payments for acquisition of convertible bonds made by SB Northstar are presented as "Payments for acquisition of investments by asset management subsidiaries (cash flows from investing activities)" in the consolidated statement of cash flows.

### b. Securities pledged as collateral in the asset management subsidiary

Of securities pledged as collateral, securities which the recipient can sell or pledge them as re-collateral are separated from "Investments from asset management subsidiaries" and presented as "Securities pledged as collateral in asset management subsidiaries" in the consolidated statement of financial position. In addition, changes in the securities pledged as

collateral in SB Northstar are presented as net of "(Increase) decrease in securities pledged as collateral in asset management subsidiaries (cash flows from operating activities)" in the consolidated statement of cash flows.

### c. Restricted cash

Restricted cash in SB Northstar is the deposit pledged as collateral to the brokers for acquisition transactions of investments using borrowings, derivative transactions, and credit transactions and its usage is restricted. The restricted cash is included in "Other financial assets (current)" in the consolidated financial position and changes in restricted cash in SB Northstar are presented as net of "(Increase) decrease in restricted cash in asset management subsidiaries (cash flows from operating activities)" in the consolidated statement of cash flows.

### d. Margin deposits

Margin deposits in SB Northstar are the deposits pledged as collateral for unsettled balance for acquisition and sale of investments and unsettled derivatives to the brokers and are included in "Other financial assets (current)" in the consolidated statement of financial position. At initial recognition, they are measured at fair value and subsequent to initial recognition, they are measured at amortized cost. In addition, changes in margin deposits in SB Northstar are included under cash flows from operating activities in the consolidated statement of cash flows.

### e. Borrowed securities

The securities borrowed for short credit transactions have obligations for delivery of future financial assets and meet the definition of financial liabilities held for sale in accordance with IFRS 9 "Financial Instruments." Therefore, they are accounted for as financial instruments at FVTPL and included in "Other financial liabilities (current)" in the consolidated statement of financial position. At initial recognition and subsequent to initial recognition, they are measured at fair value and valuation gains and losses arising from changes in fair value are included in "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, changes in borrowed securities in SB Northstar are included under cash flows from operating activities in the consolidated statement of cash flows.

#### 4. Changes in accounting policies

The Company has adopted the standards and interpretations for which mandatory adoption is required from the fiscal year ended March 31, 2021. There are no significant impacts on the consolidated financial statements due the adoption.

#### 5. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on management's best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of its estimates or assumptions, however, actual results in the future may differ from those projected estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- significant judgments of whether an entity is controlled by the Company in determining the scope of consolidation ((1) and (20) in "Note 3. Significant accounting policies" and "Note 21. Major subsidiaries");
- significant judgments for the determination of the scope and accounting treatment of associates ((1) and (20) in "Note 3. Significant accounting policies" and "Note 22. Investments accounted for using the equity method");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies" and "Note 45. Other loss");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 10. Business combinations");
- fair value measurement of financial assets at FVTPL, debt financial assets at FVTOCI, and equity financial assets at FVTOCI ((4) and (20) in "Note 3. Significant accounting policies," "Note 9. SVF1 and other SBIA-managed funds business," (2) in "Note 32. Fair value of financial instruments," and "Note 41. Gain on investments");
- estimates for impairment of financial assets measured at amortize cost ((4) in "Note 3. Significant accounting policies," and "Note 45. Other loss");
- fair value measurement of derivatives (including embedded derivatives) ((4) in "Note 3. Significant accounting policies" and (2) in "Note 32. Fair value of financial instruments");
- estimates for residual value and useful life of property, plant and equipment, right-of-use assets, and intangible assets ((7), (9), and (10) in "Note 3. Significant accounting policies");
- estimates for impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 6. Discontinued operations," "Note 19. Goodwill and intangible assets" and "Note 45. Other loss");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies," "Note 18. Right-of-use assets," and "Note 20. Leases");
- judgments and estimates for recognition and measurement on provisions ((12) in "Note 3. Significant accounting policies" and "Note 30. Provisions");
- judgments and estimates for salability relating to classification as held for sale ((14) in "Note 3. Significant accounting policies," "Note 6. Discontinued operations," and "Note 16. Disposal group classified as held for sale");
- judgments for timing of revenue recognition related to indirect sales of mobile devices ((16) in "Note 3. Significant accounting policies" and "Note 39. Net sales");
- judgments for "contractual period" in the mobile communications services and whether or not if "material right" is included in the contracts ((16) in "Note 3. Significant accounting policies" and "Note 39. Net sales");
- estimates for amortization period of costs to obtain contracts ((17) in "Note 3. Significant accounting policies");
- assessment of recoverability of deferred tax assets ((18) in "Note 3. Significant accounting policies" and (1), (2), and (4) in "Note 24. Income taxes");
- estimates for measurement of contribution from Third-party interests to SVF1 ((20) in "Note 3. Significant accounting policies" and (2) in "Note 9. SVF1 and Other SBIA-Managed Funds business");
- recognition of liabilities and expenses related to contingencies ("Note 50. Contingency"); and
- Impact of the novel coronavirus ("COVID-19").

For the fiscal year ended March 31, 2021, the global economic situation was greatly affected by the spread of the novel coronavirus ("COVID-19") and the pandemic that followed, which continues to this day. Governments around the world are implementing fiscal stimulus and monetary easing measures to counter the economic impacts of the pandemic, and expectations that vaccination programs progress in some countries will encourage greater economic activity that have led to a sharp overall market recovery in the second half of the fiscal year ended March 31, 2021, with new capital continuing to flow in. These factors resulted in the strong performance of the Company's investments, particularly at SVF1 and SVF2, leading to a consolidated gain on investments of ¥7,529,006 million (\$68,006,558 thousand) for the fiscal year ended March 31, 2021.

However, the duration and extent of the effects cannot be reasonably estimated at this time. The risks and uncertainties resulting from the pandemic that may affect future earnings, cash flows and financial condition of the Company and our investees, include the time necessary to distribute safe and effective vaccines and to vaccinate a significant number of people in Japan

and throughout the world.

In such situation, in the evaluation of goodwill, property, plant and equipment, right-of-use assets, and intangible assets for impairment, fair values of investments, and expected credit losses on receivables, loan commitment, and credit guarantee, held by the Company, these were recorded with the amount reasonably estimated, based on the information and the facts available at the timing of preparing the consolidated financial statements, considering the duration of the COVID-19 pandemic and the risks and uncertainties of its effects. However, the uncertainties in the future may cause differences between the best estimate of the amount and subsequent results.

## 6. Discontinued operations

### (1) Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile US, Inc. and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the fair value of T-Mobile US, Inc. shares which the Company acquired from the merger transaction was higher than the carrying amount of Sprint shares.

On April 1, 2020, the merger of Sprint and T-Mobile US, Inc. was completed under the business combination agreement which the Company entered into with the parties, including Sprint, T-Mobile US, Inc. and Deutsche Telekom AG ("Deutsche Telekom") on April 29, 2018 (EST) ("Business Combination Agreement," which was previously amended by an amendment dated July 26, 2019 and February 20, 2020).

Under the merger transaction, Starburst I, Inc. which held Sprint shares and Galaxy Investment Holdings, Inc. were merged with and into Huron Merger Sub LLC, a U.S. subsidiary of T-Mobile US, Inc. and directly owned by T-Mobile US, Inc., with Huron Merger Sub LLC as the surviving company. In addition, Superior Merger Sub Corp., a U.S. subsidiary of Huron Merger Sub LLC and directly owned by Huron Merger Sub LLC, was merged with and into Sprint, with Sprint as the surviving company. As a result of the transactions, Sprint became a wholly-owned subsidiary of T-Mobile which was a new company after the merger and owned Sprint indirectly.

As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value less costs to sell as of April 1, 2020 for acquired T-Mobile shares as consideration of the merger transaction and acquiring shares when certain contingency is satisfied (the "contingent consideration"), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as a gain relating to loss of control for the fiscal year ended March 31, 2021. In addition, the carrying amount of non-controlling interests in Sprint at the time of

loss of control over Sprint is ¥424,746 million (\$3,836,564 thousand).

The Company surrendered as contingent considerations to T-Mobile an aggregate of 48,751,557 shares of T-Mobile common stock, of the 353,357,606 shares to be received from the transaction, effective immediately following the closing of the transaction. If the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than \$150 at any time during the period commencing on the second anniversary of the closing date and ending on December 31, 2025, T-Mobile will re-issue to the Company, for no additional consideration, a number of shares of T-Mobile common stock equal to the abovementioned number of shares to be surrendered, subject to the terms and conditions included as part of the Business Combination Agreement.

The Company recognizes the fair value of the contingent consideration as "Derivative financial assets (non-current)" in the consolidated statement of financial position and ¥196,313 million (\$1,773,218 thousand) is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date are recognized as "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income.

Operating results related to Sprint for the fiscal year ended March 31, 2020 and gain relating to loss of control over Sprint for the fiscal year ended March 31, 2021 are presented as discontinued operations, separately from continuing operations, in the consolidated statement of income.

In addition, of 304,606,049 shares of T-Mobile common stock held, 173,564,426 shares were transferred by the Company on June 26, 2020. As a result of the transaction, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company. The details are described in "The transfer of T-Mobile shares" under "Note 52. Additional information."

## a. Disposal group classified as held for sale

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Assets classified as held for sale</b>			
Cash and cash equivalents . . . . .	¥ 240,982	¥ –	\$ –
Trade and other receivables . . . . .	385,511	–	–
Other financial assets . . . . .	7,166	–	–
Inventories . . . . .	97,712	–	–
Other current assets . . . . .	131,240	–	–
<b>Total current assets . . . . .</b>	<b>862,611</b>	<b>–</b>	<b>–</b>
Property, plant and equipment . . . . .	1,890,600	–	–
Right-of-use assets . . . . .	763,529	–	–
Goodwill . . . . .	322,978	–	–
Intangible assets . . . . .	5,082,956	–	–
Costs to obtain contracts . . . . .	196,438	–	–
Investments accounted for using the equity method . . . . .	3,049	–	–
Investment securities . . . . .	3,225	–	–
Other financial assets . . . . .	47,140	–	–
Other non-current assets . . . . .	63,522	–	–
<b>Total non-current assets . . . . .</b>	<b>8,373,437</b>	<b>–</b>	<b>–</b>
<b>Total assets . . . . .</b>	<b>¥ 9,236,048</b>	<b>¥ –</b>	<b>\$ –</b>
<b>Liabilities directly relating to assets classified as held for sale</b>			
Interest-bearing debt . . . . .	331,881	–	–
Lease liabilities . . . . .	202,743	–	–
Trade and other payables . . . . .	395,415	–	–
Income taxes payables . . . . .	1,949	–	–
Provisions . . . . .	8,720	–	–
Other current liabilities . . . . .	292,041	–	–
<b>Total current liabilities . . . . .</b>	<b>1,232,749</b>	<b>–</b>	<b>–</b>
Interest-bearing debt . . . . .	3,591,777	–	–
Lease liabilities . . . . .	583,348	–	–
Derivative financial liabilities . . . . .	5,189	–	–
Other financial liabilities . . . . .	4,298	–	–
Provisions . . . . .	81,261	–	–
Deferred tax liabilities . . . . .	746,834	–	–
Other non-current liabilities . . . . .	209,515	–	–
<b>Total non-current liabilities . . . . .</b>	<b>5,222,222</b>	<b>–</b>	<b>–</b>
<b>Total liabilities . . . . .</b>	<b>¥ 6,454,971</b>	<b>¥ –</b>	<b>\$ –</b>

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Accumulated other comprehensive income directly relating to assets classified as held for sale</b>			
Cash flow hedges . . . . .	¥ (3,454)	¥ –	\$ –
Exchange differences on translating foreign operations . . . . .	209,149	–	–
<b>Total accumulated other comprehensive income . . . . .</b>	<b>¥205,695</b>	<b>¥ –</b>	<b>\$ –</b>

## b. Results of operations from discontinued operations

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales . . . . .	¥ 3,321,535	¥ –	\$ –
Cost of sales . . . . .	(2,131,312)	–	–
Selling, general and administrative expenses . . . . .	(956,029)	–	–
Finance cost . . . . .	(312,534)	–	–
Other . . . . .	(69,208)	–	–
Income from discontinued operations before income tax . . . . .	(147,548)	–	–
Income taxes . . . . .	108,993	–	–
Income from discontinued operations after income tax . . . . .	(38,555)	–	–
Gain relating to loss of control over discontinued operations* <sup>1, 2</sup> . . . . .	–	<b>720,842</b>	<b>6,511,083</b>
<b>Net income from discontinued operations . . . . .</b>	<b>¥ (38,555)</b>	<b>¥ 720,842</b>	<b>\$ 6,511,083</b>
Net income from discontinued operations . . . . .	(38,555)	<b>720,842</b>	<b>6,511,083</b>
Other comprehensive income from discontinued operations . . . . .	(82,211)	<b>(205,694)</b>	<b>(1,857,953)</b>
<b>Comprehensive income from discontinued operations . . . . .</b>	<b>¥ (120,766)</b>	<b>¥ 515,148</b>	<b>\$ 4,653,130</b>

\*1 Tax expense is presented as zero in the consolidated statement of income because the taxable income at SoftBank Group Corp. was not generated for the fiscal year despite income generated at SoftBank Group Corp. from the gain recognized related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc.

\*2 The Company may indemnify T-Mobile and its subsidiaries against any losses, including monetary losses resulting from certain specified matters, incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstances based on the Business Combination Agreement, which the Company entered into with the parties, including Sprint, T-Mobile US, Inc., and Deutsche Telekom, in principle. Accordingly, ¥26,362 million (\$238,118 thousand) including ¥870 million (\$7,858 thousand) which is the reasonably estimated provision as of March 31, 2021, was recorded as the indemnification for the fiscal year ended March 31, 2021. The indemnification and expenses arising from the merger transaction are deducted from the gain relating to loss of control under discontinued operations.

### c. Cash flows from discontinued operations

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from operating activities . . .	¥ 641,013	¥ (45,647)	\$ (412,311)
Cash flows from investing activities . . . .	(549,794)	—	—
Cash flows from financing activities . . . .	(612,373)	—	—
	¥ (521,154)	¥ (45,647)	\$ (412,311)

The sale of Sprint shares as of April 1, 2020 was conducted as a share exchange with T-Mobile shares and corresponds to a non-cash transaction.

### (2) Brightstar

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. Upon this agreement, it was highly probable that Brightstar would no longer be a subsidiary of the Company at the completion of the transaction. Accordingly, assets, liabilities, and accumulated other comprehensive income of Brightstar were reclassified as a disposal group classified as held for sale. Brightstar was measured at the fair value less costs to sell (expected sale price) as the expected sale price is lower than the carrying amount of Brightstar. As a result, the Company recorded an impairment loss on goodwill for ¥12,423 million (\$112,212 thousand).

On October 22, 2020, the sale of all shares in Brightstar was completed. As a result of the transaction, Brightstar was excluded from the scope of consolidation of the Company. The difference between the consideration less costs to sell and the carrying amount of Brightstar (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Brightstar) was recorded as a gain relating to loss of control for the fiscal year ended March 31, 2021.

Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations, in the consolidated statement of income. Also, the above impairment loss on goodwill and gain relating to loss of control are presented as discontinued operations.

The consideration consists of cash proceeds of \$685 million and a 25% stake (equivalent to \$90 million) in a newly formed subsidiary of Brightstar Capital Partners, which holds all shares in Brightstar. The acquired shares are preferred stock investments whose feature is substantially different from investments in common stock, therefore the preferred stock is measured at fair value and accounted for as financial instruments at FVTPL.

### a. Results of operations from discontinued operations

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales . . . . .	¥ 946,155	¥ 330,929	\$ 2,989,152
Cost of sales . . . . .	(900,769)	(303,409)	(2,740,574)
Selling, general and administrative expenses . .	(50,565)	(18,992)	(171,547)
Finance cost . . . . .	(7,051)	(2,044)	(18,463)
Other . . . . .	(2,316)	(15,459)	(139,636)
Income from discontinued operations before income tax . . . . .	(14,546)	(8,975)	(81,068)
Income taxes . . . . .	(5,042)	(2,082)	(18,806)
Income from discontinued operations after income tax . . . . .	(19,588)	(11,057)	(99,874)
Gain relating to loss of control over discontinued operations . . . . .	—	1,163	10,505
Net income from discontinued operations	¥ (19,588)	¥ (9,894)	\$ (89,369)
Net income from discontinued operations . .	(19,588)	(9,894)	(89,369)
Other comprehensive income from discontinued operations . . . . .	(902)	2,902	26,213
Comprehensive income from discontinued operations . . . . .	¥ (20,490)	¥ (6,992)	\$ (63,156)

### b. Cash flows from discontinued operations

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from operating activities . . .	¥ 38,340	¥ 38,733	\$ 349,860
Cash flows from investing activities . . . .	(5,759)	(4,807)	(43,420)
Cash flows from financing activities . . . .	(34,642)	(1,475)	(13,323)
	¥ (2,061)	¥ 32,451	\$ 293,117

## 7. Segment information

### (1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

For the fiscal year ended March 31, 2020, the Company had four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. Following the completion of the merger between Sprint and T-Mobile US, Inc.

on April 1, 2020, Sprint was no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, business segments that are regularly reviewed by the Company's Board of Directors have been changed. As a result of the change, from the three-month period ended June 30, 2020, the Company has revised its segment classifications and the Investment Business of Holding Companies segment has been added to the reportable segments. In addition, from the three-month period ended September 30, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar held by the Company to a newly formed subsidiary of Brightstar Capital Partners. It is highly probable that Brightstar will no longer be a subsidiary of the Company. As a result, Brightstar has been classified as a discontinued operation and the Brightstar segment is excluded from the reportable segments.

Accordingly, from the three-month period ended September 30, 2020, the Company has four reportable segments: the Investment Business of Holding Companies segment, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, and the Arm segment. The SoftBank Vision Fund and Other SBIA-Managed Funds segment was renamed to the SVF1 and Other SBIA-Managed Funds segment from the three-month period ended September 30, 2020. In addition, following the signing of the definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm Limited to NVIDIA Corporation, the organizational structure of Arm has been changed from the three-month period ended March 31, 2021. As a result, the Treasure Data business and the other IoT related business, which were included in the Arm segment, have been excluded from the Arm segment and transferred to "Other."

The Investment Business of Holding Companies segment conducts, mainly through SoftBank Group Corp. as a strategic investment holding company, investment activities in a wide range of sectors in Japan and overseas directly or through subsidiaries of the Company. The Investment Business of Holding Companies segment consists of SoftBank Group Corp., SoftBank Group Capital Limited, SoftBank Group Japan Corporation ("SBGI"), SB Northstar that is an asset management subsidiary, and certain subsidiaries of the Company that conduct investment or funding. SB Northstar is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds. Gain and loss on investments at Investment Business of Holding Companies consists of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries including dividend income from subsidiaries and impairment loss on investments in subsidiaries are excluded.

The SVF1 and Other SBIA-Managed Funds segment conducts, mainly through SVF1 and SVF2, investment activities in a wide range of technology sectors. Primarily, gain and loss on investments at SVF1, SVF2, and others consist of gain and loss arising from investments held by SVF1 and SVF2 including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services,

sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through Z Holdings Corporation, internet advertising and e-commerce business. Services related to LINE are included in the SoftBank segment following the business integration of Z Holdings Corporation and LINE Group.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, the sale of software tools, and related services.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly PayPay Corporation, Fortress, the investment activities by SoftBank Latin America Fund L.P., and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm, a subsidiary of the Company, which are included in segment income of the SVF1 and other SBIA-Managed Funds and an elimination of income on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the SoftBank segment. Such income on equity method investments is eliminated because the Company consolidates PayPay Corporation as its subsidiary and related amounts are also included in "Other."

Segment information for the fiscal year ended March 31, 2020 is presented based on the reportable segments after the aforementioned change.

## (2) Net sales and income of reportable segments

Income of reportable segments is defined as "Income before income tax." In accordance with the change in presentation of the consolidated statement of income where "Operating income" is no longer presented, which has been implemented from the three-month period ended June 30, 2020, income of reportable segments to be reported to the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from "Operating income" to "Income before income tax." The details are described in "(4) Changes in presentation" under "Note 2. Basis of preparation of consolidated financial statements." As in the consolidated statement of income, "Gain (loss) on investments" included in segment income includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

Intersegment transaction prices are determined under the same general business conditions as applied for external customers.



For the fiscal year ended March 31, 2020

	(Millions of yen)							
	Reportable segments							
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm	Total	Other	Reconciliations	Consolidated
<b>Net sales</b>								
Customers . . . . .	¥ –	¥ –	¥ 4,852,917	¥ 196,691	¥ 5,049,608	¥ 189,330	¥ –	¥ 5,238,938
Intersegment . . . . .	–	–	9,567	375	9,942	16,442	(26,384)	–
<b>Total . . . . .</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥ 4,862,484</b>	<b>¥ 197,066</b>	<b>¥ 5,059,550</b>	<b>¥ 205,772</b>	<b>¥ (26,384)</b>	<b>¥ 5,238,938</b>
Segment income . . . . .	913,740	(1,412,574)	815,617	(11,105)	305,678	(299,703)	44,063	50,038
Depreciation and amortization . . . . .	(3,862)	(402)	(701,984)	(71,740)	(777,988)	(46,587)	–	(824,575)
Gain (loss) on investments . . . . .	484,308	(1,844,867)	9,720	312	(1,350,527)	(59,626)	–	(1,410,153)
Finance cost . . . . .	(198,535)	(23,547)	(60,155)	(956)	(283,193)	(17,018)	6,314	(293,897)
Income (loss) on equity method investments . . . . .	657,232	–	(41,839)	923	616,316	(30,169)	37,868	624,015
Derivative gain (loss) (excluding gain (loss) on investments) . . . . .	(1,886)	–	(20)	(673)	(2,579)	2,594	–	15

For the fiscal year ended March 31, 2021

	(Millions of yen)							
	Reportable segments							
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm	Total	Other	Reconciliations	Consolidated
<b>Net sales</b>								
Customers . . . . .	¥ –	¥ –	¥ 5,190,976	¥ 208,917	¥ 5,399,893	¥ 228,274	¥ –	¥ 5,628,167
Intersegment . . . . .	–	–	13,374	931	14,305	10,317	(24,622)	–
<b>Total . . . . .</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥ 5,204,350</b>	<b>¥ 209,848</b>	<b>¥ 5,414,198</b>	<b>¥ 238,591</b>	<b>¥ (24,622)</b>	<b>¥ 5,628,167</b>
Segment income . . . . .	760,927	4,026,823	847,933	(33,873)	5,601,810	92,625	(23,979)	5,670,456
Depreciation and amortization . . . . .	(2,304)	(535)	(729,914)	(71,225)	(803,978)	(42,954)	–	(846,932)
Gain (loss) on investments . . . . .	946,107	6,357,462	1,433	364	7,305,366	289,241	(65,601)	7,529,006
Finance cost . . . . .	(218,604)	(10,419)	(64,322)	(1,044)	(294,389)	(16,621)	3,760	(307,250)
Income (loss) on equity method investments . . . . .	601,364	–	(45,048)	1,958	558,274	21,578	36,580	616,432
Derivative gain (loss) (excluding gain (loss) on investments) . . . . .	(477,536)	–	410	847	(476,279)	(3,972)	–	(480,251)

(Thousands of U.S. dollars)

	Reportable segments							Consolidated
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm	Total	Other	Reconciliations	
<b>Net sales</b>								
Customers . . . . .	\$ –	\$ –	\$ 46,888,050	\$ 1,887,065	\$ 48,775,115	\$ 2,061,910	\$ –	\$ 50,837,025
Intersegment . . . . .	–	–	120,802	8,409	129,211	93,190	(222,401)	–
<b>Total . . . . .</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 47,008,852</b>	<b>\$ 1,895,474</b>	<b>\$ 48,904,326</b>	<b>\$ 2,155,100</b>	<b>\$ (222,401)</b>	<b>\$ 50,837,025</b>
<b>Segment income . . . . .</b>	<b>6,873,155</b>	<b>36,372,712</b>	<b>7,659,047</b>	<b>(305,962)</b>	<b>50,598,952</b>	<b>836,646</b>	<b>(216,593)</b>	<b>51,219,005</b>
Depreciation and amortization . . . . .	(20,811)	(4,832)	(6,593,028)	(643,347)	(7,262,018)	(387,987)	–	(7,650,005)
Gain (loss) on investments . . . . .	8,545,813	57,424,460	12,944	3,288	65,986,505	2,612,601	(592,548)	68,006,558
Finance cost . . . . .	(1,974,564)	(94,111)	(580,995)	(9,430)	(2,659,100)	(150,132)	33,963	(2,775,269)
Income (loss) on equity method investments . . . . .	5,431,885	–	(406,901)	17,686	5,042,670	194,905	330,413	5,567,988
Derivative gain (loss) (excluding gain (loss) on investments) . . . . .	(4,313,395)	–	3,703	7,651	(4,302,041)	(35,878)	–	(4,337,919)

\* The details of the difference between "Gain (loss) on investments" in the SVF1 and Other SBIA-Managed Funds segment and "Gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statement of income are described in "Note 9. SVF1 and other SBIA-managed funds business."

### (3) Geographical information

#### a. Net sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Japan . . . . .	¥4,880,433	¥5,193,795	\$46,913,513
Other . . . . .	358,505	434,372	3,923,512
<b>Total . . . . .</b>	<b>¥5,238,938</b>	<b>¥5,628,167</b>	<b>\$50,837,025</b>

Sales are categorized based on the location of external customers.

#### b. Non-current assets (excluding financial assets and deferred tax assets)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Japan . . . . .	¥5,337,087	¥ 6,526,025	\$58,947,024
U.K. . . . .	3,119,675	3,126,788	28,243,049
Other . . . . .	438,140	539,954	4,877,193
<b>Total . . . . .</b>	<b>¥8,894,902</b>	<b>¥10,192,767</b>	<b>\$92,067,266</b>

## 8. Special purpose acquisition companies sponsored by the Company

A special purpose acquisition company ("SPAC") is an investment vehicle formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that have not yet been identified at the time of the offering. Subsequent to its formation, the SPAC executes an initial public offering and raises capital through contributions from public investors. The SPAC then seeks to identify an unlisted company as a target company and completes a business combination with the target company with necessary approvals. Although the SPAC becomes the legal surviving company, substantially the target company, which is an unlisted company, becomes a publicly listed company through the business combination. A SPAC may arrange committed equity financing in private placement with certain investors in order to raise additional funds necessary for the business combination ("Private Investment in Public Equity").

For the fiscal year ended March 31, 2021, Fortress, SB Investment Advisers (US) Inc.\*, and the subsidiary in the investment fund business in Latin America (subsidiaries of the Company) have formed, as sponsors, nine SPACs. These SPACs have raised funds through initial public offerings in the United States. For the fiscal year ended March 31, 2021, the total funds raised were \$3,304 million (the amounts for Fortress, SB Investment Advisers (US) Inc.\*, and the subsidiary in the investment fund business in Latin America were \$1,920 million, \$1,154 million and \$230 million, respectively).

Since the Company has control over the SPACs from inception until its merger with a target company, the SPACs are consolidated as subsidiaries. The Company, as sponsor, acquires shares and, if applicable, warrants of SPACs as consideration for funds invested by the Company in SPACs. Investments in SPACs by the Company as sponsor, as well as investments by other subsidiaries of the Company, are eliminated in consolidation.

The proceeds received from investors other than the Company as sponsor ("Public Market Investors") can only be used for the initial merger and redemptions of the proceeds to Public Market Investors. The proceeds received are held in a trust account until completion of the initial merger or redemption to Public Market Investors and are invested only in certain financial assets that are highly liquid.

The carrying amounts of the assets restricted on its use held in the trust accounts are as follows;

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Other financial assets (non-current)			
Trust accounts in SPACs . . . . .	¥ —	¥ 327,569	\$ 2,958,802

The amount of ownership interests held by Public Market Investors include proceeds received from Public Market Investors at the initial public offering and income including interest earned on such proceeds. Shares issued by a SPAC at the initial public offering are subject to conditions that the SPAC will cease all operations and redeem all of the proceeds received from Public Market Investors in the SPAC to them if the SPAC is unable to complete a merger within 24 months from the date of the initial public offering. In addition, Public Market Investors retain an option to redeem part or all of proceeds received from them upon completion of the initial merger. When the condition is met or the option is exercised, the relevant SPAC will be obligated to redeem them for cash and, therefore, non-controlling interests subject to possible redemption are included in and presented as "Other financial liabilities (non-current)" and classified as "financial liabilities measured at amortized cost" in the consolidated statement of financial position.

The carrying amounts of non-controlling interests subject to possible redemption are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Other financial liabilities (non-current)			
Non-controlling interests subject to possible redemption . . . . .	¥ —	¥ 298,092	\$ 2,692,548

When the Company loses control over a SPAC due to a successful merger with a target company, the SPAC will no longer be subject to consolidation. For the fiscal year ended March 31, 2021, a SPAC sponsored by Fortress completed a merger with a target company and that SPAC was excluded from the scope of consolidation due to loss of control. Furthermore, an agreement to merge with a target company was completed between another SPAC sponsored by Fortress as of March 31, 2021.

\* SB Investment Advisers (US) Inc. is a wholly-owned subsidiary of the Company and provides investment advices to SBIA.

## 9. SVF1 and other SBIA-managed funds business

### (1) Income and loss arising from the SVF1 and other SBIA-managed funds business

#### a. Overview

Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax) represents the net profits of the SVF1 and other SBIA-managed funds business, after deducting the net profits attributable to Third-Party Investors. The net profits attributable to Third-Party Investors are the amount after deducting management fees and performance fees that SBIA receives from SVF1.

The amount of the net profits attributable to Third-Party Investors that is deducted from the segment income is presented as "Change in third-party interests in SVF1."

#### b. Segment income arising from the SVF1 and other SBIA-managed funds business

The components of segment income arising from the SVF1 and other SBIA-managed funds business are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
<b>Gain (loss) on investments at SVF1, SVF2, and others</b>			
Realized gain on sales of investments . . . . .	¥ 58,340	¥ 419,640	\$ 3,790,444
Unrealized gain (loss) on valuation of investments			
Change in valuation for the fiscal year* <sup>1</sup> . . . . .	(1,877,682)	6,013,404	54,316,719
Reclassified to realized loss recorded in the past fiscal year* <sup>2</sup> . . . . .	(40,012)	(116,345)	(1,050,899)
Dividend income from investments . . . . .	12,848	29,849	269,614
Derivative gain on investments . . . . .	145	1,091	9,855
Effect of foreign exchange translation* <sup>3</sup> . . . . .	1,494	9,823	88,727
	(1,844,867)	6,357,462	57,424,460
Selling, general and administrative expenses . . . . .	(86,484)	(74,194)	(670,165)
Finance cost (interest expenses) . . . . .	(23,547)	(10,419)	(94,111)
Change in third-party interests in SVF1 . . . . .	540,930	(2,246,417)	(20,291,004)
Other gain . . . . .	1,394	391	3,532
Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax) . . . . .	¥ (1,412,574)	¥ 4,026,823	\$ 36,372,712

\*1 In September 2020, the Company entered into a definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm, a subsidiary of the Company, held by the Company (including shares held by SVF1). Given the definitive agreement, SVF1 recorded ¥45,435 million (\$410,397 thousand) of unrealized gain for the fiscal year ended March 31, 2021 upon the fair value estimation of Arm held by SVF1.

The unrealized gain arising from Arm shares held by SVF1 is included in "Gain (loss) on investments at SVF1, SVF2, and others" (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, the unrealized gain is eliminated in consolidation as Arm is a subsidiary of the Company.

In addition, SVF1 received ¥19,912 million (\$179,857 thousand) of dividends from Arm for the fiscal year ended March 31, 2021. The dividends received from Arm are included in "Gain (loss) on investments at SVF1, SVF2, and others" (in Dividend income from investments) in the above-mentioned segment income, however, the dividends are eliminated in consolidation. The unrealized gain and the dividends, that are eliminated in consolidation, are not included in "Gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statement of income.

\*2 It represents the unrealized gain and loss on valuation of investments recorded as "Gain (loss) on investments at SVF1, SVF2, and others" in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.

\*3 Unrealized gain and loss on investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gain and loss and realized gain and loss.

### (2) Third-party interests in SVF1

#### a. Terms and conditions of contribution from/ distribution to limited partners

Contributions by the limited partners are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

Performance-based distributions attributed to limited partners, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance of SVF1. Those performance-based distributions and performance fees attributed to SBIA will be allocated using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to limited partners will be allocated to each limited partner based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each limited partner after SVF1 receives cash through dividend, or disposition or monetization of investments.

Fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December.

In the following table, Third-Party Investors contributing Equity are defined as "Investors entitled to performance-based distribution" and Third-Party Investors contributing Preferred Equity are defined as "Investors entitled to fixed distribution."

b. Changes in interests attributable to Third-Party Investors

Changes in interests attributable to Third-Party Investors (“Third-party interests in SVF1” included in the consolidated statement of financial position) are as follows:

	(Millions of yen)		
		(For reference purposes only) Links with the consolidated financial statements	
	Third-party interests (Total of current liabilities and non-current liabilities)	Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2020 . . . . .	<b>¥ 4,584,419</b>		
Contributions from third-party investors . . . . .	<b>979,266</b>	–	<b>979,266</b>
Changes in third-party interests . . . . .	<b>2,246,417</b>	<b>(2,246,417)</b>	–
Attributable to investors entitled to fixed distribution . . . . .	<b>197,796</b>		
Attributable to investors entitled to performance-based distribution . . . . .	<b>2,048,621</b>		
Distribution/repayment to third-party investors . . . . .	<b>(1,362,066)</b>	–	<b>(1,362,066)</b>
Exchange differences on translating third-party interests*1 . . . . .	<b>153,755</b>	–	–
As of March 31, 2021*2 . . . . .	<b>¥ 6,601,791</b>		

	(Thousands of U.S. dollars)			
		(For reference purposes only) Links with the consolidated financial statements		
	Third-party interests (Total of current liabilities and non-current liabilities)	Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)	
	(Breakdown)			
As of April 1, 2020 . . . . .	<b>\$41,409,258</b>			
Contributions from third-party investors . . . . .	<b>8,845,326</b>	–	<b>8,845,326</b>	
Changes in third-party interests . . . . .	<b>20,291,004</b>	<b>(20,291,004)</b>	–	
Attributable to investors entitled to fixed distribution . . . . .	<b>1,786,614</b>			
Attributable to investors entitled to performance-based distribution . . . . .	<b>18,504,390</b>			
Distribution/repayment to third-party investors . . . . .	<b>(12,303,008)</b>	–	<b>(12,303,008)</b>	
Exchange differences on translating third-party interests*1 . . . . .	<b>1,388,808</b>	–	–	
As of March 31, 2021*2 . . . . .	<b>\$59,631,388</b>			

\*1 Exchange differences were included in “Exchange differences on translating foreign operations” in the consolidated statement of comprehensive income.

\*2 Of third-party interests as of March 31, 2021, the amount attributable to investors entitled to fixed distribution is ¥2,348,005 million (\$21,208,608 thousand) and of this amount, the amount of unpaid fixed distributions is not recorded.

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of March 31, 2021 was \$9.4 billion.

No contributions from Third-Party Investors were made into SVF2 from the inception to March 31, 2021, and there were no third-party interests in SVF2 as of March 31, 2021.

### (3) Management fees and performance fees to SBIA

Terms and conditions of management fees and performance fees to SBIA from SVF1, included in segment income from the SVF1 and other SBIA-managed funds business, are as follows.

#### a. Management fees to SBIA

Management fees to SBIA are, in accordance with the limited partnership agreement, calculated by multiplying 1% per annum by Equity contributions used to fund investments and paid to SBIA by SVF1 quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

#### b. Performance fees to SBIA

Same as the performance-based distributions, the amount of the performance fees to SBIA is calculated using the allocation method as specified in the limited partnership agreement. SBIA is entitled to receive the performance fees when SVF1 receives cash through disposition, dividend and monetization of an investment.

From the inception of SVF1 to March 31, 2021, the cumulative amount of performance fees paid to SBIA was \$439 million. For the fiscal year ended March 31, 2021, no performance fees were paid to SBIA.

In addition, the performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

### 10. Business combinations

For the fiscal year ended March 31, 2020

ZOZO, Inc.

#### (1) Overview of the business combination

With the aim of strengthening its clothing/fashion e-commerce activities in an effort to further expand its e-commerce business, Z Holdings Corporation, the Company's subsidiary, proposed a tender offer for the common shares of ZOZO, Inc., as resolved at its Board of Directors meeting held on September 12, 2019. This tender offer was completed on November 13, 2019, and the Company acquired ZOZO, Inc.'s 152,952,900 common shares in cash for ¥400,737 million. As a result, the Company holds 50.1% of voting rights ratio in ZOZO, Inc., and ZOZO, Inc. became a consolidated subsidiary of the Company. In addition, in order to procure part of the funds necessary to acquire the target shares for this business combination, the Company entered into a borrowing arrangement for ¥400,000 million.

#### (2) Summary of the acquiree

Name	ZOZO, Inc.
Nature of business	Planning/operation of fashion online shopping website "ZOZOTOWN" Planning/development of private brand "ZOZO" Customer support, operation of logistics center "ZOZOBASE"

#### (3) Acquisition date

November 13, 2019

#### (4) Consideration transferred and the component

(Millions of yen)		
Acquisition date (November 13, 2019)		
Payment by cash . . . . .		¥ 400,737
Total consideration transferred. . . . .	A	¥ 400,737



**(5) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date**

	(Millions of yen)
	Acquisition date (November 13, 2019)
Cash and cash equivalents . . . . .	¥ 22,876
Trade and other receivables . . . . .	30,443
Other current assets . . . . .	7,770
Property, plant and equipment . . . . .	8,610
Right-of-use assets . . . . .	20,964
Intangible assets* <sup>1</sup> . . . . .	503,017
Other non-current assets . . . . .	13,799
<b>Total assets . . . . .</b>	<b>607,479</b>
Interest-bearing debt (current) . . . . .	22,000
Lease liabilities (current) . . . . .	3,854
Trade and other payables . . . . .	28,362
Other current liabilities . . . . .	9,263
Lease liabilities (non-current) . . . . .	16,735
Deferred tax liabilities . . . . .	150,269
Other non-current liabilities . . . . .	3,420
<b>Total liabilities . . . . .</b>	<b>233,903</b>
<b>Net assets . . . . .</b>	<b>B 373,576</b>
Non-controlling interests* <sup>2</sup> . . . . .	C 185,750
<b>Goodwill*<sup>3</sup> . . . . .</b>	<b>A – (B – C) ¥ 212,911</b>

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration was completed during the three-month period ended March 31, 2020. There is no change from the initial provisional amount to the final amount.

**\*1 Intangible assets**

Identifiable assets of ¥503,017 million are included and the components of intangible assets are as follows; the estimated useful lives are from 18 to 25 years for customer relationships. Trademarks are classified as intangible assets with indefinite useful lives. In addition, intangible assets recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)
	Acquisition date (November 13, 2019)
<b>Intangible assets with indefinite useful lives</b>	
Trademarks . . . . .	¥ 178,720
<b>Intangible assets with finite useful lives</b>	
Customer relationships . . . . .	322,070
Other . . . . .	2,227
<b>Total . . . . .</b>	<b>¥ 503,017</b>

**\*2 Non-controlling interests**

Non-controlling interests are measured based on the proportionate interests in the fair value of the identifiable net assets of the acquiree.

**\*3 Goodwill**

Goodwill reflects excess earning power expected from future business development and the synergy between the Company and the acquiree.

**(6) Payment for acquisition of control over subsidiaries**

	(Millions of yen)
	Acquisition date (November 13, 2019)
Payment for the acquisition by cash . . . . .	¥ (400,737)
Cash and cash equivalents held by the acquiree at the time of acquisition of control . . . . .	22,876
Payment for the acquisition of control over the subsidiary by cash . . . . .	¥ (377,861)

**(7) Sales and net income of the acquiree**

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2020, are ¥57,462 million and ¥5,773 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

**(8) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year**

The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2020, assuming that the business combinations of ZOZO, Inc. were completed and control was acquired as of April 1, 2019.

	(Millions of yen)
	Fiscal year ended March 31, 2020
Sales (pro forma) . . . . .	¥ 5,306,017
Net income (pro forma) . . . . .	¥ (798,430)

For the fiscal year ended March 31, 2021

## Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation

### (1) Overview of the transaction

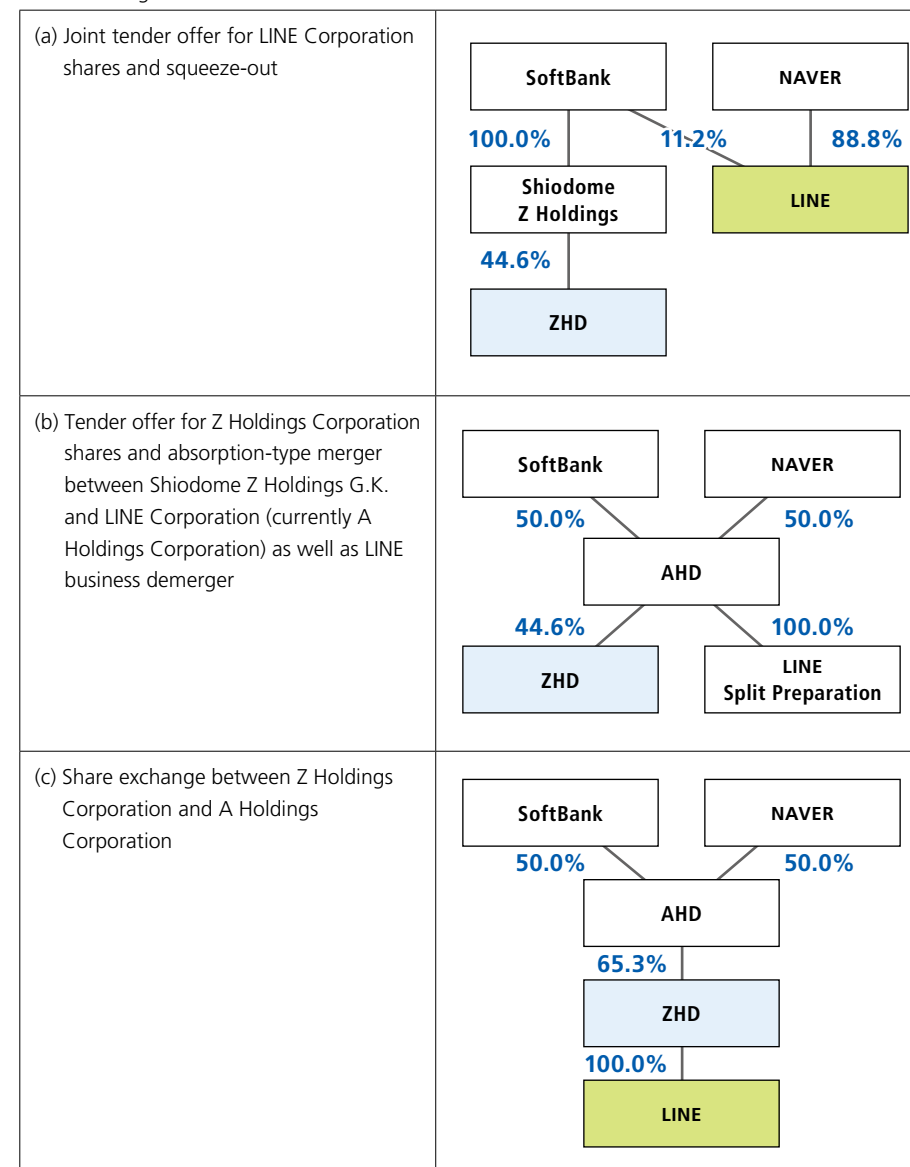
SoftBank Corp., a subsidiary of the Company, consolidated LINE Corporation and implemented the business integration of LINE Corporation and Z Holdings Corporation for the purpose of maximizing synergy in each business field pertaining to Z Holdings Corporation and LINE Group, aggregating management resources and enhancing growth in the new business fields.

Through this acquisition, SoftBank Corp. first transferred all the Z Holdings Corporation shares held by SoftBank Corp. to Shiodome Z Holdings Co., Ltd (subsequently, its corporate form was changed to Shiodome Z Holdings G.K.), and SoftBank Corp. and NAVER J.Hub Corporation, which is wholly owned by NAVER Corporation, major shareholder of LINE Corporation, conducted a joint tender offer for the common stock of LINE Corporation and implemented squeeze-out procedures of minority shareholders as well as making adjustments of ownership interests of the LINE Corporation shares held by SoftBank Corp. and NAVER J.Hub Corporation. As a result, SoftBank Corp. acquired 26,220 thousand common stock of LINE Corporation for ¥172,992 million (\$1,562,569 thousand) excluding transaction costs and therefore the ratio of voting rights held by SoftBank Corp. in LINE Corporation became 11.2% as of February 25, 2021 (Refer to (a) under Structure Diagram below.)

LINE Corporation conducted a tender offer for the common stock of Z Holdings Corporation and an absorption-type merger with Shiodome Z Holdings G.K. As a result, the ratio of voting rights held by SoftBank Corp. and NAVER Corporation in LINE Corporation became 50.0% respectively as of February 26, 2021. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and changed its name to A Holdings Corporation. Under the joint venture agreement entered into with NAVER Corporation, SoftBank Corp. owns the rights to appoint the majority of the Board of Directors of A Holdings Corporation. As a result, A Holdings Corporation and LINE Split Preparation Corporation are considered substantially controlled by the Company, through SoftBank Corp., a subsidiary of the Company, and became subsidiaries of the Company, effective February 28, 2021, on which the legally binding joint venture agreement was entered into by conducting the absorption-type merger. Also, through A Holdings Corporation, SoftBank Corp., a subsidiary of the Company, owns the rights to appoint the majority of the Board of Directors of Z Holdings Corporation and accordingly, Z Holdings Corporation is considered continuously controlled by SoftBank Corp. (Refer to (b) under Structure Diagram below.)

In addition, effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation (the exchange ratio: allotted ratio of Z Holdings Corporation shares to be exchanged for one share of the LINE Split Preparation Corporation is 11.75 and the allotted number of Z Holdings Corporation shares is 2,831,284,030 shares) whereby LINE Split Preparation Corporation became the wholly-owned subsidiary of Z Holdings Corporation. As a result, the ratio of voting rights held by A Holdings Corporation in Z Holdings Corporation became 65.3%. Subsequently, LINE Split Preparation Corporation changed its name to LINE Corporation (Refer to (c) under Structure Diagram below.)

### Structure Diagram



## (2) Summary of acquiree

Name	LINE Corporation*
Nature of business	Advertising service based on the mobile messenger application "LINE," core business including the sales of stamp and game services, and strategic business including Fintech, AI, and commerce services.

\* Refer to LINE Corporation, surviving company through the absorption-type merger conducted by Shiodome Z Holdings G.K. As described in "Structure Diagram (b)" under "(1) Overview of the business combination," LINE Corporation, acquiree, transitioned all the business to LINE Split Preparation Corporation (currently LINE Corporation) and changed its name to A Holdings Corporation, effective February 28, 2021.

## (3) Acquisition date

February 28, 2021

## (4) Consideration transferred and the component

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Fair value of common shares in LINE Corporation already held at the time of acquisition of control . . . . .	¥ 172,922	\$ 1,561,936
Fair value of common shares in Shiodome Z Holdings G.K. transferred at the time of acquisition of control. . . . .	689,150	6,224,822
Total consideration transferred. . . . . A	¥ 862,072	\$ 7,786,758

Acquisition-related costs incurred for the business combination were ¥1,970 million (\$17,794 thousand), of which ¥932 million (\$8,418 thousand) and ¥1,038 million (\$9,376 thousand) are included in "Selling, general and administrative expenses" in the consolidated statement of income for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2021, respectively. In addition, as a result of remeasuring interests in LINE Corporation held by SoftBank Corp. based on the fair value as of the acquisition date, difference on the step acquisition of ¥(70) million (\$ (632) thousand) is recognized. The amount is included in "Equity financial assets at FVTOCI" in the consolidated statement of comprehensive income.

## (5) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Cash and cash equivalents . . . . .	¥ 312,791	\$ 2,825,318
Trade and other receivables . . . . .	67,553	610,180
Other (current) . . . . .	46,687	421,705
Property, plant and equipment. . . . .	24,667	222,807
Right-of-use assets . . . . .	62,940	568,512
Intangible assets* <sup>1</sup> . . . . .	425,401	3,842,480
Investments accounted for using the equity method . . . . .	168,093	1,518,318
Other (non-current) . . . . .	104,809	946,700
Total assets . . . . .	1,212,941	10,956,020
Interest-bearing debt (current and non-current) . . . . .	181,308	1,637,684
Lease liabilities (current and non-current) . . . . .	62,940	568,512
Trade and other payables. . . . .	233,671	2,110,659
Other (current) . . . . .	49,169	444,124
Deferred tax liabilities . . . . .	155,856	1,407,786
Other (non-current) . . . . .	20,745	187,382
Total liabilities . . . . .	703,689	6,356,147
Net assets . . . . . B	509,252	4,599,873
Non-controlling interests* <sup>2</sup> . . . . . C	264,257	2,386,929
Goodwill* <sup>3</sup> . . . . . A - ( B - C)	¥ 617,077	\$ 5,573,814

As the recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete as of March 31, 2021, the above amounts are provisional based on the best estimate at present. Accordingly, the allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date are obtained and evaluated.

\*1 Intangible assets

Identifiable assets of ¥406,964 million (\$3,675,946 thousand) are included and the components of intangible assets are as follows; the estimated useful lives are from 12 to 18 years for customer relationships. Trademarks are classified as intangible assets with indefinite useful lives. In addition, intangible assets recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Intangible assets with indefinite useful lives		
Trademarks . . . . .	¥ 170,078	\$ 1,536,248
Intangible assets with finite useful lives		
Customer relationships . . . . .	236,886	2,139,698
Total . . . . .	¥ 406,964	\$ 3,675,946

\*2 Non-controlling interests

Non-controlling interests, that give the holder a pro-rata share of the net assets of the acquiree at the time of liquidation, are measured at the recognized amounts of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests as of the acquisition date after the business combination.

\*3 Goodwill

Goodwill reflects excess earning power expected from future business development and the synergy between the Company and the acquiree.

(6) Proceeds from acquisition of control over subsidiaries

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Cash and cash equivalents held by the acquiree at the time of acquisition of control . . . . .	¥ 312,791	\$ 2,825,318
Proceeds in cash from the acquisition of control over the subsidiary . . . . .	¥ 312,791	\$ 2,825,318

(7) Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2021, are ¥25,205 million (\$227,667 thousand) and ¥5,877 million (\$53,085 thousand), respectively. In addition, an impairment loss of ¥10,002 million (\$90,344 thousand) and deferred tax revenue related to the impairment loss of ¥3,147 million (\$28,426 thousand) are included in the aforementioned net loss.

(8) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year

The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2021, assuming that the acquisition of LINE Corporation and the business combinations of LINE Corporation and Z Holdings Corporation were completed and control was acquired as of April 1, 2020.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Sales (pro forma) . . . . .	¥5,862,873	\$52,957,032
Net income (pro forma) . . . . .	¥5,043,000	\$45,551,441

## 11. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Cash and demand deposits* <sup>1,2</sup> . . . . .	¥ 3,054,482	<b>¥ 4,444,917</b>	<b>\$ 40,149,192</b>
MMF . . . . .	132,071	<b>123,204</b>	<b>1,112,853</b>
Time deposits (maturities of less than three months)	173,850	<b>94,239</b>	<b>851,224</b>
Other . . . . .	8,612	<b>365</b>	<b>3,297</b>
Total . . . . .	¥ 3,369,015	<b>¥ 4,662,725</b>	<b>\$ 42,116,566</b>

\*1 A subsidiary operating a banking business is obliged to maintain certain amounts of the deposit, which is determined by a fixed ratio against the deposits it receives from its customers ("the legal reserve requirement"), with the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2021, cash and cash equivalents include ¥294,165 million (\$2,657,077 thousand) (as of March 31, 2020: ¥ 311,897million) of deposits at the Bank of Japan, which is more than the legal reserve requirement.

\*2 Cash and demand deposits as of March 31, 2021 includes money in trust of ¥22,742 million (\$205,420 thousand) (as of March 31, 2020: ¥3,969 million) to set up for the purchase of treasury stocks by SoftBank Group Corp.

The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(3) Assets pledged as collateral" under "Note 25. Interest-bearing debt."

## 12. Trade and other receivables

The components of trade and other receivables are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Trade receivables . . . . .	¥ 1,432,614	<b>¥ 1,449,132</b>	<b>\$ 13,089,441</b>
Installment receivables* . . . . .	410,343	<b>398,293</b>	<b>3,597,624</b>
Deposit . . . . .	113,140	<b>154,867</b>	<b>1,398,853</b>
Deposits for banking business . . . . .	33,341	<b>108,366</b>	<b>978,828</b>
Other . . . . .	110,821	<b>126,289</b>	<b>1,140,719</b>
Allowance for doubtful accounts . . . . .	(27,933)	<b>(20,513)</b>	<b>(185,286)</b>
Total . . . . .	¥ 2,072,326	<b>¥ 2,216,434</b>	<b>\$ 20,020,179</b>

\* Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile devices by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.

The period of installment payments for the receivables above is mainly within 24 – 48 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."

## 13. Other financial assets

The components of other financial assets are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Restricted cash* <sup>1,2</sup> . . . . .	¥ 23,907	<b>¥ 480,100</b>	<b>\$ 4,336,555</b>
Derivative financial assets* <sup>3</sup> . . . . .	30,087	<b>383,315</b>	<b>3,462,334</b>
Marketable securities . . . . .	230,234	<b>80,797</b>	<b>729,808</b>
Time deposits (maturities of more than three months) . .	9,925	<b>36,315</b>	<b>328,019</b>
Other . . . . .	19,334	<b>85,630</b>	<b>773,462</b>
Allowance for doubtful accounts . . . . .	–	<b>(10,935)</b>	<b>(98,772)</b>
Total . . . . .	¥ 313,487	<b>¥ 1,055,222</b>	<b>\$ 9,531,406</b>
Non-current			
Installment receivables* <sup>4</sup> . . . . .	493,526	<b>481,943</b>	<b>4,353,202</b>
Loan receivables* <sup>5</sup> . . . . .	233,521	<b>390,073</b>	<b>3,523,376</b>
Deposits for banking business . . . . .	201,770	<b>384,394</b>	<b>3,472,080</b>
Trust accounts in SPACs* <sup>6</sup> . . . . .	–	<b>327,569</b>	<b>2,958,802</b>
Investments from asset management subsidiaries* <sup>7</sup> . . . . .	–	<b>97,023</b>	<b>876,371</b>
Lease and guarantee deposits . . . . .	61,327	<b>73,355</b>	<b>662,587</b>
Advance payments* <sup>8</sup> . . . . .	44,161	–	–
Other . . . . .	208,929	<b>247,504</b>	<b>2,235,607</b>
Allowance for doubtful accounts* <sup>5</sup> . . . . .	(142,540)	<b>(82,599)</b>	<b>(746,084)</b>
Total . . . . .	¥1,100,694	<b>¥ 1,919,262</b>	<b>\$ 17,335,941</b>

\*1 \$3.3 billion (¥361,355 million) of restricted cash which is required to be maintained in a segregated custody account before the expected early termination date due to exercise of the option to settle the prepaid forward contract using Alibaba shares by cash is included as of March 31, 2021. The details are described in "5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

\*2 ¥111,787 million (\$1,009,728 thousand) of restricted cash in the asset management subsidiary is included as of March 31, 2021. The details are described in "c. Restricted cash" in "(21) Significant accounting policies for the asset management subsidiary" under "Note 3. Significant accounting policies."

\*3 The increase was primarily due to prepaid forward contracts using Alibaba shares. The details are described in "5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

\*4 Installment receivables are described in "Note 12. Trade and other receivables."

\*5 Loan receivables and allowance for doubtful accounts as of March 31, 2020 include ¥65,913 million of loan receivable and ¥65,913 million of allowance for doubtful account related to OneWeb Global Limited, an equity method associated of the Company. In addition, OneWeb Global Limited was no longer qualified as an equity method associate of the Company for the fiscal year ended March 31, 2021.

\*6 The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

\*7 The details are described in "a. Investments from the asset management subsidiary" in "(21) Significant accounting policies for the asset management subsidiary" under "Note 3. Significant accounting policies."

\*8 The amount represents the advance payment related to purchase of WeWork shares.

#### 14. Inventories

The components of inventories are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Merchandise and finished products . . . .	¥ 169,431	<b>¥ 109,695</b>	<b>\$ 990,832</b>
Other . . . . .	15,666	<b>17,135</b>	<b>154,774</b>
Total . . . . .	¥ 185,097	<b>¥ 126,830</b>	<b>\$ 1,145,606</b>

The amount of inventories pledged as collateral for interest-bearing debt or other is described in “(3) Assets pledged as collateral” under “Note 25. Interest-bearing debt.”

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Write-downs of inventories . . . . .	¥ 13,841	<b>¥ 22,738</b>	<b>\$205,383</b>

#### 15. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Tax receivable* . . . . .	¥ 291,579	<b>¥ 282,534</b>	<b>\$ 2,552,019</b>
Prepaid expense . . . . .	77,077	<b>86,772</b>	<b>783,777</b>
Contract assets . . . . .	65,544	<b>26,672</b>	<b>240,918</b>
Other. . . . .	26,770	<b>50,761</b>	<b>458,504</b>
Total . . . . .	¥ 460,970	<b>¥ 446,739</b>	<b>\$ 4,035,218</b>
Non-current			
Long-term prepaid expense . . . . .	125,618	<b>110,167</b>	<b>995,095</b>
Other. . . . .	14,901	<b>27,217</b>	<b>245,840</b>
Total . . . . .	¥ 140,519	<b>¥ 137,384</b>	<b>\$ 1,240,935</b>

\* Tax receivable as of March 31, 2020 includes the withholding income tax of ¥167,097 million related to dividends within the group companies and ¥78,801 million related to deemed dividends, respectively. In addition, tax receivable as of March 31, 2021 includes the withholding income tax of ¥245,053 million (\$2,213,468 thousand) related to dividends within the group companies.

#### 16. Disposal group classified as held for sale

##### (1) Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

##### (2) Boston Dynamics, Inc.

As of December 11, 2020, the Company agreed on main terms of a transaction with South Korea-based Hyundai Motor Company and its affiliates (collectively “Hyundai Motor Group”) and Euisun Chung, Chairman of Hyundai Motor Group, pursuant to which (i) the Company will sell the majority of its shares held in Boston Dynamics, Inc. (“Boston Dynamics”), to Hyundai Motor Group and Euisun Chung, and (ii) Hyundai Motor Group and Euisun Chung will subscribe for additional shares of Boston Dynamics. Upon this agreement, it is highly probable that Boston Dynamics will no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Boston Dynamics were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the consideration from the sale transaction was higher than the carrying amount of Boston Dynamics. The carrying amounts of assets, liabilities, and accumulated other comprehensive income in Boston Dynamics are ¥38,647 million (\$349,083 thousand), ¥11,271 million (\$101,807 thousand), and ¥267 million (\$2,412 thousand), respectively as of March 31, 2021. In addition, the transaction was completed following regulatory approval and satisfaction of certain conditions on June 21, 2021.



## 17. Property, plant and equipment

Changes in property, plant and equipment at historical cost, are as follows:

	(Millions of yen)							
Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019 . . . . .	¥474,015	¥5,797,131	¥128,363	¥1,767,140	¥88,312	¥387,538	¥24,759	¥8,667,258
Effect of retrospective adjustments due to the adoption of new standards* . . . . .	(51,484)	(2,163,285)	(22,932)	(72,373)	—	(3)	(65)	(2,310,142)
As of April 1, 2019 (after adjustments) . . . . .	422,531	3,633,846	105,431	1,694,767	88,312	387,535	24,694	6,357,116
Purchases . . . . .	10,187	25,952	50,039	203,051	685	578,739	7,891	876,544
Business combinations . . . . .	2,749	—	—	3,985	—	1,871	5	8,610
Disposals . . . . .	(70,372)	(473,804)	(2,440)	(845,139)	(7,141)	(23,839)	(811)	(1,423,546)
Transfer of accounts . . . . .	29,493	875,539	5,059	634,452	40	(592,426)	8,301	960,458
Exchange differences . . . . .	(3,449)	(45,810)	(9,779)	(26,072)	(321)	(6,701)	(1,137)	(93,269)
Transfer to assets classified as held for sale . . . . .	(148,757)	(2,340,869)	(2,316)	(1,209,051)	(10,603)	(161,467)	(2,832)	(3,875,895)
Other . . . . .	12,629	7,374	1,285	5,502	—	(2,359)	(665)	23,766
As of March 31, 2020 . . . . .	255,011	1,682,228	147,279	461,495	70,972	181,353	35,446	2,833,784
Purchases . . . . .	<b>20,170</b>	<b>32,491</b>	<b>10,937</b>	<b>29,713</b>	<b>3,220</b>	<b>348,247</b>	<b>4,564</b>	<b>449,342</b>
Business combinations . . . . .	<b>4,193</b>	—	—	<b>19,441</b>	—	<b>514</b>	<b>519</b>	<b>24,667</b>
Loss of control . . . . .	<b>(647)</b>	—	<b>(3,759)</b>	<b>(7,759)</b>	<b>(65)</b>	<b>(233)</b>	<b>(2,231)</b>	<b>(14,694)</b>
Disposals . . . . .	<b>(14,761)</b>	<b>(83,282)</b>	<b>(3,981)</b>	<b>(42,201)</b>	<b>(1,734)</b>	<b>(3,790)</b>	<b>(1,128)</b>	<b>(150,877)</b>
Transfer of accounts . . . . .	<b>42,837</b>	<b>533,354</b>	<b>2,034</b>	<b>70,767</b>	<b>(1)</b>	<b>(203,564)</b>	<b>3,244</b>	<b>448,671</b>
Exchange differences . . . . .	<b>213</b>	<b>20</b>	<b>5,433</b>	<b>354</b>	<b>139</b>	<b>6,730</b>	<b>825</b>	<b>13,714</b>
Transfer to assets classified as held for sale . . . . .	—	—	<b>(1,883)</b>	<b>(382)</b>	—	—	<b>(4,267)</b>	<b>(6,532)</b>
Other . . . . .	<b>(792)</b>	<b>12,008</b>	<b>5,869</b>	<b>1,366</b>	<b>(546)</b>	<b>5,454</b>	<b>465</b>	<b>23,824</b>
As of March 31, 2021 . . . . .	<b>¥306,224</b>	<b>¥2,176,819</b>	<b>¥161,929</b>	<b>¥ 532,794</b>	<b>¥71,985</b>	<b>¥334,711</b>	<b>¥37,437</b>	<b>¥3,621,899</b>

	(Thousands of U.S. dollars)							
Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020 . . . . .	\$2,303,412	\$15,194,906	\$1,330,313	\$4,168,503	\$641,062	\$1,638,091	\$320,172	\$25,596,459
Purchases . . . . .	<b>182,188</b>	<b>293,478</b>	<b>98,790</b>	<b>268,386</b>	<b>29,085</b>	<b>3,145,579</b>	<b>41,224</b>	<b>4,058,730</b>
Business combinations . . . . .	<b>37,874</b>	—	—	<b>175,603</b>	—	<b>4,643</b>	<b>4,687</b>	<b>222,807</b>
Loss of control . . . . .	<b>(5,844)</b>	—	<b>(33,954)</b>	<b>(70,084)</b>	<b>(587)</b>	<b>(2,105)</b>	<b>(20,151)</b>	<b>(132,725)</b>
Disposals . . . . .	<b>(133,330)</b>	<b>(752,254)</b>	<b>(35,959)</b>	<b>(381,185)</b>	<b>(15,663)</b>	<b>(34,234)</b>	<b>(10,188)</b>	<b>(1,362,813)</b>
Transfer of accounts . . . . .	<b>386,930</b>	<b>4,817,577</b>	<b>18,372</b>	<b>639,211</b>	<b>(9)</b>	<b>(1,838,714)</b>	<b>29,302</b>	<b>4,052,669</b>
Exchange differences . . . . .	<b>1,924</b>	<b>181</b>	<b>49,074</b>	<b>3,198</b>	<b>1,256</b>	<b>60,789</b>	<b>7,451</b>	<b>123,873</b>
Transfer to assets classified as held for sale . . . . .	—	—	<b>(17,008)</b>	<b>(3,450)</b>	—	—	<b>(38,543)</b>	<b>(59,001)</b>
Other . . . . .	<b>(7,153)</b>	<b>108,464</b>	<b>53,013</b>	<b>12,337</b>	<b>(4,932)</b>	<b>49,264</b>	<b>4,200</b>	<b>215,193</b>
As of March 31, 2021 . . . . .	<b>\$2,766,001</b>	<b>\$19,662,352</b>	<b>\$1,462,641</b>	<b>\$4,812,519</b>	<b>\$650,212</b>	<b>\$3,023,313</b>	<b>\$338,154</b>	<b>\$32,715,192</b>

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019 . . . . .	¥(222,229)	¥(3,503,743)	¥(29,764)	¥(829,959)	¥ (8)	¥ (130)	¥(10,721)	¥(4,596,554)
Effect of retrospective adjustments due to the adoption of new standards* . . . . .	18,225	1,099,297	7,722	29,231	—	—	20	1,154,495
As of April 1, 2019 (after adjustments) . . . . .	(204,004)	(2,404,446)	(22,042)	(800,728)	(8)	(130)	(10,701)	(3,442,059)
Depreciation . . . . .	(32,867)	(407,937)	(12,418)	(526,302)	—	—	(4,130)	(983,654)
Impairment loss . . . . .	(20,465)	(4,053)	(156)	(1,136)	(2,123)	(4,306)	(4)	(32,243)
Disposals . . . . .	49,788	445,143	2,119	552,678	2,123	4,355	516	1,056,722
Transfer of accounts . . . . .	413	(181,149)	1,189	(5,840)	—	2	(12)	(185,397)
Exchange differences . . . . .	1,733	28,593	1,116	11,013	—	—	302	42,757
Transfer to assets classified as held for sale . . . . .	83,685	1,424,636	1,747	474,599	—	—	628	1,985,295
Other . . . . .	738	(905)	(79)	(5,857)	—	(5,244)	658	(10,689)
As of March 31, 2020 . . . . .	(120,979)	(1,100,118)	(28,524)	(301,573)	(8)	(5,323)	(12,743)	(1,569,268)
Depreciation . . . . .	<b>(19,549)</b>	<b>(123,365)</b>	<b>(15,013)</b>	<b>(70,436)</b>	—	—	<b>(5,973)</b>	<b>(234,336)</b>
Impairment loss . . . . .	<b>(47)</b>	—	<b>(99)</b>	<b>(7,461)</b>	—	—	<b>(127)</b>	<b>(7,734)</b>
Loss of control . . . . .	<b>596</b>	—	<b>2,788</b>	<b>7,065</b>	<b>1</b>	—	<b>1,866</b>	<b>12,316</b>
Disposals . . . . .	<b>14,004</b>	<b>77,026</b>	<b>3,674</b>	<b>41,617</b>	—	<b>7</b>	<b>897</b>	<b>137,225</b>
Transfer of accounts . . . . .	<b>(4,971)</b>	<b>(278,504)</b>	<b>(5)</b>	<b>(14,526)</b>	—	<b>5,213</b>	<b>(2)</b>	<b>(292,795)</b>
Exchange differences . . . . .	<b>46</b>	<b>(15)</b>	<b>(1,022)</b>	<b>(159)</b>	—	—	<b>61</b>	<b>(1,089)</b>
Transfer to assets classified as held for sale . . . . .	—	—	<b>749</b>	<b>95</b>	—	—	<b>598</b>	<b>1,442</b>
Other . . . . .	<b>3,081</b>	<b>(3,007)</b>	<b>(681)</b>	<b>1,408</b>	<b>1</b>	<b>30</b>	<b>86</b>	<b>918</b>
As of March 31, 2021 . . . . .	<b>¥(127,819)</b>	<b>¥(1,427,983)</b>	<b>¥(38,133)</b>	<b>¥(343,970)</b>	<b>¥ (6)</b>	<b>¥ (73)</b>	<b>¥(15,337)</b>	<b>¥(1,953,321)</b>

(Thousands of U.S. dollars)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020 . . . . .	\$(1,092,754)	\$ (9,936,934)	\$(257,646)	\$(2,723,990)	\$(72)	\$(48,081)	\$(115,105)	\$(14,174,582)
Depreciation . . . . .	<b>(176,578)</b>	<b>(1,114,308)</b>	<b>(135,607)</b>	<b>(636,221)</b>	—	—	<b>(53,952)</b>	<b>(2,116,666)</b>
Impairment loss . . . . .	<b>(425)</b>	—	<b>(894)</b>	<b>(67,392)</b>	—	—	<b>(1,147)</b>	<b>(69,858)</b>
Loss of control . . . . .	<b>5,383</b>	—	<b>25,183</b>	<b>63,815</b>	<b>9</b>	—	<b>16,856</b>	<b>111,246</b>
Disposals . . . . .	<b>126,493</b>	<b>695,746</b>	<b>33,186</b>	<b>375,910</b>	—	<b>63</b>	<b>8,102</b>	<b>1,239,500</b>
Transfer of accounts . . . . .	<b>(44,901)</b>	<b>(2,515,617)</b>	<b>(45)</b>	<b>(131,208)</b>	—	<b>47,087</b>	<b>(18)</b>	<b>(2,644,702)</b>
Exchange differences . . . . .	<b>415</b>	<b>(135)</b>	<b>(9,231)</b>	<b>(1,436)</b>	—	—	<b>551</b>	<b>(9,836)</b>
Transfer to assets classified as held for sale . . . . .	—	—	<b>6,765</b>	<b>858</b>	—	—	<b>5,401</b>	<b>13,024</b>
Other . . . . .	<b>27,828</b>	<b>(27,162)</b>	<b>(6,151)</b>	<b>12,718</b>	<b>9</b>	<b>272</b>	<b>779</b>	<b>8,293</b>
As of March 31, 2021 . . . . .	<b>\$(1,154,539)</b>	<b>\$(12,898,410)</b>	<b>\$(344,440)</b>	<b>\$(3,106,946)</b>	<b>\$(54)</b>	<b>\$ (659)</b>	<b>\$(138,533)</b>	<b>\$(17,643,581)</b>

The amount of “Transfer of accounts” includes the amount transferred from “Right-of-use assets” as a result of the termination of lease contracts as lessee and the transfer of the ownership of the assets to the Company.

		(Millions of yen)	(Thousands of U.S. dollars)
Historical cost	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Buildings and structures . . . . .	¥ 3,955	¥ 5,906	\$ 53,347
Telecommunications equipment . . . . .	358,224	400,192	3,614,777
Furniture, fixtures, and equipment . . . . .	32,357	29,275	264,430
Total . . . . .	¥ 394,536	¥ 435,373	\$ 3,932,554

		(Millions of yen)	(Thousands of U.S. dollars)
Accumulated depreciation and impairment losses	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Buildings and structures . . . . .	¥ (1,823)	¥ (3,913)	\$ (35,345)
Telecommunications equipment . . . . .	(182,308)	(281,722)	(2,544,684)
Furniture, fixtures, and equipment . . . . .	(21,490)	(19,840)	(179,207)
Total . . . . .	¥(205,621)	¥(305,475)	\$(2,759,236)

The components of the carrying amounts of property, plant and equipment are as follows:

	(Millions of yen)						
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other
As of March 31, 2020 . . . . .	¥134,032	¥582,110	¥118,755	¥159,922	¥70,964	¥176,030	¥22,703
As of March 31, 2021 . . . . .	¥178,405	¥748,836	¥123,796	¥188,824	¥71,979	¥334,638	¥22,100

	(Thousands of U.S. dollars)						
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other
As of March 31, 2021 . . . . .	\$1,611,462	\$6,763,942	\$1,118,201	\$1,705,573	\$650,158	\$3,022,654	\$199,621

Note:  
For the fiscal year ended March 31, 2020, as a result of the adoption of IFRS 16 “Leases,” assets recognized under finance leases as a lessee that were previously included in property, plant and equipment, are reclassified to right-of-use assets.

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Changes in the historical cost for “Furniture, fixtures, and equipment” which includes the assets subject to operating leases as a lessor, are follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Historical cost	Furniture, fixtures, and equipment	
As of April 1, 2019	¥1,341,947	\$ —
Purchases	173,060	—
Disposals	(810,422)	—
Transfer of accounts	599,768	—
Exchange differences	(23,502)	—
Transfer to assets classified as held for sale	(1,114,037)	—
Other	2,412	—
As of March 31, 2020	169,226	1,528,552
Purchases	<b>901</b>	<b>8,138</b>
Business combinations	<b>587</b>	<b>5,302</b>
Disposals	<b>(10,716)</b>	<b>(96,793)</b>
Transfer of accounts	<b>53,791</b>	<b>485,873</b>
Exchange differences	<b>31</b>	<b>280</b>
Other	<b>131</b>	<b>1,183</b>
As of March 31, 2021	<b>¥ 213,951</b>	<b>\$ 1,932,535</b>

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Changes in accumulated depreciation and impairment losses for “Furniture, fixtures, and equipment” which includes the assets subject to operating leases as a lessor, are follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Accumulated depreciation and impairment losses	Furniture, fixtures, and equipment	
As of April 1, 2019	¥ (595,676)	\$ —
Depreciation	(471,401)	—
Impairment loss	(685)	—
Disposals	516,585	—
Transfer of accounts	(925)	—
Exchange differences	9,280	—
Transfer to assets classified as held for sale	418,975	—
Other	(2,103)	—
As of March 31, 2020	(125,950)	(1,137,657)
Depreciation	<b>(28,193)</b>	<b>(254,656)</b>
Impairment loss	<b>(74)</b>	<b>(668)</b>
Disposals	<b>10,311</b>	<b>93,135</b>
Transfer of accounts	<b>(11,651)</b>	<b>(105,239)</b>
Exchange differences	<b>(23)</b>	<b>(208)</b>
Other	<b>(1,131)</b>	<b>(10,216)</b>
As of March 31, 2021	<b>¥(156,711)</b>	<b>\$ (1,415,509)</b>

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Carrying amounts for “Furniture, fixtures, and equipment” which includes the assets subject to operating leases as a lessor, are follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Carrying amount	Furniture, fixtures, and equipment	
As of March 31, 2020	¥43,276	\$ —
As of March 31, 2021	<b>¥57,240</b>	<b>\$517,026</b>

Impairment loss is included in “Other loss” in the consolidated statement of income. The details are described in “Note 45. Other loss.”

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in “(3) Assets pledged as collateral” under “Note 25. Interest-bearing debt.”

Property, plant and equipment with restrictions on rights are described in “(4) Assets with restrictions on rights” under “Note 25. Interest-bearing debt.”

## 18. Right-of-use assets

The components of the carrying amounts of right-of-use assets are as follows:

Carrying amounts	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Telecommunications equipment . . . . .	¥ 816,546	¥ 574,412	\$ 5,188,438
Real estate for telecommunications business . . . . .	219,149	235,736	2,129,311
Offices, warehouses and other properties	229,496	316,446	2,858,333
Other . . . . .	28,501	20,426	184,500
Total . . . . .	¥1,293,692	¥1,147,020	\$10,360,582

Note:

Right-of-use assets increased by ¥339,381 million (\$3,065,495 thousand) for the fiscal year ended March 31, 2021 (for the fiscal year ended March 31, 2020: ¥217,277 million). Of this amount, the increase due to the consolidation of LINE Group was ¥62,940 million (\$568,512 thousand).

The components of depreciation of right-of-use assets are as follows:

Depreciation	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Telecommunications equipment . . . . .	¥(223,869)	¥(179,398)	\$ (1,620,432)
Real estate for telecommunications business . . . . .	(48,120)	(48,458)	(437,702)
Offices, warehouses and other properties	(56,163)	(65,230)	(589,197)
Other . . . . .	(17,373)	(7,065)	(63,815)
Total . . . . .	¥(345,525)	¥(300,151)	\$ (2,711,146)

The Company enters into lease transactions of telecommunications equipment, real estate for the telecommunications business and offices, warehouses and other properties mainly to facilitate efficient use of cash.

Many of the lease contracts include an option to terminate or extend the lease in order to enhance operational flexibility. Most of these options can be exercised by the Company without consent from the other party after a certain prior notice period. In determining the lease term, all relevant facts and circumstances that create an economic incentive not to exercise the option to extend or terminate the lease are considered. In addition, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in the facts and circumstances that affects that assessment.

### Telecommunications equipment

The Company's telecommunications equipment leases contain telecommunications machinery and equipment and transmission facilities that are used for the telecommunications business. Most of these lease contracts include an option to terminate or extend the lease. The lease term of these lease transactions are mainly 5 years or 10 years. The Company may extend a lease of transmission facilities beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Telecommunications equipment" are mainly comprised of those classified as "Telecommunications equipment" in property, plant and equipment.

### Real estate for the telecommunications business

Leases of real estate for the telecommunications business entered into by the Company contain land to place towers or pillars for the placement of cell site equipment, spaces of buildings and structures for the placement of cell site equipment and land and buildings or a portion thereof for the placement of telecommunications equipment. Most of these lease contracts include an option to terminate or extend the lease. The lease terms of the leases of land and spaces of buildings and structures for the placement of cell site equipment are mainly 10 years to 20 years. The lease terms of other leases are mainly 20 years for land and buildings and 3 years to 27 years for a portion thereof. The Company may extend a lease beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Real estate for the telecommunications business" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

### Offices, warehouses and other properties

Leases of offices, warehouses and other properties entered into by the Company mainly contain real estate for offices, warehouses and real estate for stores. Most of these leases include an option to extend the lease that can be exercised by the Company without consent from the other party. The lease terms of these leases are mainly 5 years to 25 years for offices, 3 years to 11 years for warehouses, and 3 years for stores. The Company may extend a lease beyond the initial lease term as needed to continue its business. The right-of-use assets classified as "Offices, warehouses and other properties" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

### Other

Other leases entered into by the Company mainly contain mobile devices for rent and equipment for solar power generation. The right-of-use assets classified as "Other" are mainly comprised of "Furniture, fixtures, and equipment" and "Other" that are classified as property, plant and equipment.

## 19. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

	(Millions of yen)												
	Intangible assets with indefinite useful lives				Intangible assets with finite useful lives								
Historical cost	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	Total
As of April 1, 2019	¥4,403,236	¥707,508	¥4,155,126	¥ 12,763	¥1,095,413	¥1,856,913	¥582,291	¥189,480	¥125,585	¥69,623	¥89,688	¥260,543	¥9,144,933
Effect of retrospective adjustments due to the adoption of new standards* . . . . .	—	—	—	—	—	—	—	—	—	—	—	(48,440)	(48,440)
As of April 1, 2019 (after adjustments)	4,403,236	707,508	4,155,126	12,763	1,095,413	1,856,913	582,291	189,480	125,585	69,623	89,688	212,103	9,096,493
Purchases. . . . .	—	—	13,699	—	—	56,082	—	—	—	19	—	229,051	298,851
Internal development . . . . .	—	—	—	—	—	3,793	—	—	—	—	—	38,102	41,895
Business combinations . . . . .	233,812	178,720	—	—	322,070	1,813	—	—	—	73	—	341	503,017
Disposals . . . . .	—	—	—	—	—	(170,467)	—	—	—	(57,794)	(744)	(8,029)	(237,034)
Transfer of accounts. . . . .	—	—	—	(5,243)	—	188,562	—	—	—	11	—	(183,189)	141
Exchange differences . . . . .	(234,923)	(13,042)	(80,914)	(222)	(27,432)	(8,789)	(46,562)	—	(2,444)	(607)	(1,749)	(3,365)	(185,126)
Transfer to assets classified as held for sale. . . . .	(322,978)	(645,906)	(4,091,250)	—	(714,251)	(343,142)	—	—	—	—	(87,195)	(100,591)	(5,982,335)
Other. . . . .	(612)	—	3,339	(6)	1,971	6,905	—	—	—	63	—	1,079	13,351
As of March 31, 2020 . . . . .	4,078,535	227,280	—	7,292	677,771	1,591,670	535,729	189,480	123,141	11,388	—	185,502	3,549,253
Purchases. . . . .	—	—	—	—	—	59,612	—	—	—	20	—	125,838	185,470
Internal development . . . . .	—	—	—	—	—	4,255	—	—	—	—	—	33,187	37,442
Business combinations . . . . .	643,702	170,078	—	—	236,931	1,413	—	—	—	8	—	1,609	410,039
Loss of control . . . . .	(87,625)	(10,357)	—	—	(23,646)	(23,230)	—	—	—	(66)	—	(503)	(57,802)
Disposals . . . . .	—	—	—	—	—	(63,998)	—	—	—	—	—	(28,538)	(92,536)
Transfer of accounts. . . . .	—	—	—	—	—	118,792	—	3,124	—	11	—	(122,399)	(472)
Exchange differences . . . . .	77,876	(549)	—	126	3,160	(337)	16,844	—	2,127	263	—	1,397	23,031
Transfer to assets classified as held for sale. . . . .	(9,409)	—	—	(7,418)	—	(355)	—	—	—	—	—	(6,754)	(14,527)
Other. . . . .	(8,872)	—	—	—	(198)	(1,017)	—	—	—	2	—	1,040	(173)
As of March 31, 2021 . . . . .	¥4,694,207	¥386,452	¥ —	¥ —	¥ 894,018	¥1,686,805	¥552,573	¥192,604	¥125,268	¥11,626	¥ —	¥190,379	¥4,039,725



(Thousands of U.S. dollars)

Historical cost	Intangible assets with indefinite useful lives				Intangible assets with finite useful lives								Total
	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	
As of March 31, 2020	\$36,839,807	\$2,052,931	\$ –	\$65,866	\$6,122,040	\$14,376,931	\$4,839,030	\$1,711,498	\$1,112,284	\$102,864	\$ –	\$1,675,566	\$32,059,010
Purchases . . . . .	–	–	–	–	–	538,452	–	–	–	181	–	1,136,645	1,675,278
Internal development . . . . .	–	–	–	–	–	38,434	–	–	–	–	–	299,765	338,199
Business combinations . . . . .	5,814,308	1,536,248	–	–	2,140,105	12,763	–	–	–	72	–	14,533	3,703,721
Loss of control . . . . .	(791,482)	(93,551)	–	–	(213,585)	(209,827)	–	–	–	(596)	–	(4,543)	(522,102)
Disposals . . . . .	–	–	–	–	–	(578,069)	–	–	–	–	–	(257,773)	(835,842)
Transfer of accounts . . . . .	–	–	–	–	–	1,073,002	–	28,219	–	99	–	(1,105,582)	(4,262)
Exchange differences . . . . .	703,423	(4,959)	–	1,138	28,543	(3,044)	152,145	–	19,213	2,376	–	12,619	208,031
Transfer to assets classified as held for sale . . . . .	(84,988)	–	–	(67,004)	–	(3,207)	–	–	–	–	–	(61,006)	(131,217)
Other . . . . .	(80,138)	–	–	–	(1,789)	(9,187)	–	–	–	17	–	9,395	(1,564)
As of March 31, 2021 . . . . .	\$42,400,930	\$3,490,669	\$ –	\$ –	\$8,075,314	\$15,236,248	\$4,991,175	\$1,739,717	\$1,131,497	\$105,013	\$ –	\$1,719,619	\$36,489,252

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

	(Millions of yen)												
	Intangible assets with indefinite useful lives					Intangible assets with finite useful lives							
Accumulated amortization and impairment losses	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	Total
As of April 1, 2019	¥(81,769)	¥(13,647)	¥ –	¥ –	¥(846,385)	¥(1,117,034)	¥(110,407)	¥(29,958)	¥(30,862)	¥(12,897)	¥(21,596)	¥(69,952)	¥(2,252,738)
Effect of retrospective adjustments due to the adoption of new standards* . . . . .	–	–	–	–	–	–	–	–	–	–	–	35,214	35,214
As of April 1, 2019 (after adjustments)	(81,769)	(13,647)	–	–	(846,385)	(1,117,034)	(110,407)	(29,958)	(30,862)	(12,897)	(21,596)	(34,738)	(2,217,524)
Amortization . . . . .	–	–	–	–	(68,823)	(258,081)	(40,019)	(10,752)	(21,097)	(48,369)	–	(8,151)	(455,292)
Impairment loss . . . . .	–	–	–	–	–	(1,154)	–	–	(25,710)	(1)	–	(18,126)	(44,991)
Disposals . . . . .	–	–	–	–	–	161,804	–	–	–	56,997	744	3,139	222,684
Exchange differences . . . . .	1,401	121	–	–	16,400	4,582	10,318	–	725	204	428	495	33,273
Transfer to assets classified as held for sale. . . . .	–	–	–	–	695,734	171,905	–	–	–	–	24,292	7,448	899,379
Other. . . . .	–	–	–	–	–	5,644	–	–	–	(7)	(3,868)	(2,579)	(810)
As of March 31, 2020 . . . . .	(80,368)	(13,526)	–	–	(203,074)	(1,032,334)	(140,108)	(40,710)	(76,944)	(4,073)	–	(52,512)	(1,563,281)
Amortization . . . . .	–	–	–	–	(33,102)	(191,215)	(38,119)	(10,767)	(13,319)	(1,270)	–	(3,916)	(291,708)
Impairment loss . . . . .	(12,423)	–	–	–	–	(449)	–	–	–	–	–	(1,836)	(2,285)
Loss of control . . . . .	81,039	5,822	–	–	16,903	16,641	–	–	–	9	–	–	39,375
Disposals . . . . .	–	–	–	–	–	60,792	–	–	–	–	–	20,450	81,242
Exchange differences . . . . .	1,964	300	–	–	(500)	491	(6,259)	–	(1,831)	(155)	–	(643)	(8,597)
Transfer to assets classified as held for sale. . . . .	–	–	–	–	–	41	–	–	–	–	–	1,289	1,330
Other. . . . .	–	–	–	–	655	11,493	–	–	–	2	–	419	12,569
As of March 31, 2021 . . . . .	¥ (9,788)	¥ (7,404)	¥ –	¥ –	¥(219,118)	¥(1,134,540)	¥(184,486)	¥(51,477)	¥(92,094)	¥ (5,487)	¥ –	¥(36,749)	¥(1,731,355)

(Thousands of U.S. dollars)

Accumulated amortization and impairment losses	Intangible assets with indefinite useful lives				Intangible assets with finite useful lives								Total
	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	
As of March 31, 2020 . . . . .	<b>\$ (725,933)</b>	<b>\$(122,175)</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$(1,834,288)</b>	<b>\$(9,324,668)</b>	<b>\$(1,265,541)</b>	<b>\$(367,717)</b>	<b>\$(695,005)</b>	<b>\$(36,790)</b>	<b>\$ –</b>	<b>\$(474,320)</b>	<b>\$(14,120,504)</b>
Amortization . . . . .	–	–	–	–	(298,997)	(1,727,170)	(344,314)	(97,255)	(120,305)	(11,471)	–	(35,372)	(2,634,884)
Impairment loss . . . . .	(112,212)	–	–	–	–	(4,056)	–	–	–	–	–	(16,584)	(20,640)
Loss of control . . . . .	731,993	52,588	–	–	152,678	150,312	–	–	–	81	–	–	355,659
Disposals . . . . .	–	–	–	–	–	549,110	–	–	–	–	–	184,717	733,827
Exchange differences . . . . .	17,741	2,710	–	–	(4,516)	4,435	(56,535)	–	(16,539)	(1,400)	–	(5,808)	(77,653)
Transfer to assets classified as held for sale. . . . .	–	–	–	–	–	370	–	–	–	–	–	11,643	12,013
Other. . . . .	–	–	–	–	5,916	103,812	–	–	–	18	–	3,785	113,531
As of March 31, 2021 . . . . .	<b>\$ (88,411)</b>	<b>\$ (66,877)</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$(1,979,207)</b>	<b>\$(10,247,855)</b>	<b>\$(1,666,390)</b>	<b>\$(464,972)</b>	<b>\$(831,849)</b>	<b>\$(49,562)</b>	<b>\$ –</b>	<b>\$(331,939)</b>	<b>\$(15,638,651)</b>

Note:

As a result of the adoption of IFRS 16 “Leases,” “Favorable lease contracts,” that were previously recognized as intangible assets and included in “Other” have been reclassified to relevant right-of-use assets for the fiscal year ended March 31, 2020.

The carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Carrying amounts	Intangible assets with indefinite useful lives				Intangible assets with finite useful lives								Total
	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	
As of March 31, 2020 . . . . .	¥3,998,167	¥213,754	¥ –	¥ 7,292	¥474,697	¥559,336	¥395,621	¥148,770	¥46,197	¥7,315	¥ –	¥132,990	¥1,985,972
As of March 31, 2021 . . . . .	<b>¥4,684,419</b>	<b>¥379,048</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥674,900</b>	<b>¥552,265</b>	<b>¥368,087</b>	<b>¥141,127</b>	<b>¥33,174</b>	<b>¥6,139</b>	<b>¥ –</b>	<b>¥153,630</b>	<b>¥2,308,370</b>

(Thousands of U.S. dollars)

Carrying amounts	Intangible assets with indefinite useful lives				Intangible assets with finite useful lives								Total
	Goodwill	Trademarks	FCC licenses	Other	Customer relationships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	
As of March 31, 2021 . . . . .	<b>\$42,312,519</b>	<b>\$3,423,792</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$6,096,107</b>	<b>\$4,988,393</b>	<b>\$3,324,785</b>	<b>\$1,274,745</b>	<b>\$299,648</b>	<b>\$55,451</b>	<b>\$ –</b>	<b>\$1,387,680</b>	<b>\$20,850,601</b>

The Company determined that the trademarks, such as “ZOZO” and “LINE” brands have indefinite useful lives as they can be legally utilized indefinitely as long as the business continues and management’s current plans are to offer services under these trademarks for the foreseeable future.

FCC licenses are licenses to use a specific frequency spectrum granted by the U.S. Federal Communications Commission (“FCC”) in Sprint. In addition, as of March 31, 2020, FCC licenses of Sprint were reclassified as a disposal group classified as held for sale. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of the business combinations.

Technologies reflect excessive earning capacity in the future expected from technologies of the acquiree that had been already developed, or was already well-advanced in development, at the time of the business combinations.

Spectrum migration costs are the amounts that SoftBank Corp. incurred in connection with the migration of existing users from the frequency spectrum, which SoftBank Corp. acquired, to the other frequency spectrum in accordance with the termination promotion measures prescribed in the Radio Act.

Amortization is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Net income from discontinued operations” in the consolidated statement of income.

Impairment losses are included in “Other loss” in the consolidated statement of income for the fiscal year ended March 31, 2020 and in “Other loss” and “Net income from discontinued operations” for the fiscal year ended March 31, 2021. The details are described in “Note 45. Other loss” and “Note 6. Discontinued operations.”

Increases due to “Business combinations” are as follows:

For the fiscal year ended March 31, 2020

The increase was due to the consolidation of ZOZO, Inc. in November 2019. The details are described in “ZOZO, Inc.” under “Note 10. Business combinations.”

For the fiscal year ended March 31, 2021

The increase was due to the acquisition of LINE Corporation and the business integration of LINE Group and Z Holdings Corporation in February 2021. The details are described in “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 10. Business combinations.”

The carrying amount of internally generated intangible assets included in the intangible assets is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Software . . . . .	¥76,134	¥85,195	\$769,533

The Company has not applied IFRS 16 “Leases” to leases of intangible assets. Therefore, since finance lease assets arising from lease transactions of software are recognized as intangible assets. The intangible assets with restrictions on rights arising from these transactions are described in “(4) Assets with restrictions on rights b. Assets under lease contracts for intangible assets” under “Note 25. Interest-bearing debt.”

Research and development costs included in “Cost of sales” and “Selling, general and administrative expenses” are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Research and development costs . . . . .	¥167,095	¥178,129	\$1,608,969

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash-generating units or cash-generating unit groups are as follows:

#### Goodwill

		(Millions of yen)	(Thousands of U.S. dollars)	
Reportable segments	Cash-generating units or Cash-generating unit groups	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
SoftBank	SoftBank* <sup>1</sup> . . . . .	¥ 922,459	¥ 922,682	\$ 8,334,225
	Yahoo* <sup>2</sup> . . . . .	16,519	15,382	138,940
	Marketing solution . .	32,625	39,088	353,067
	Shopping . . . . .	272,560	272,472	2,461,133
	Ikyu . . . . .	72,044	72,044	650,745
	LINE* <sup>3</sup> . . . . .	—	632,509	5,713,206
	Finance . . . . .	23,504	23,504	212,302
	Other . . . . .	2,181	2,181	19,699
	Subtotal. . . . .	1,341,892	1,979,862	17,883,317
Arm	Arm* <sup>4</sup> . . . . .	2,607,318	2,621,552	23,679,451
—	Other* <sup>4</sup> . . . . .	30,187	83,005	749,751
Brightstar (discontinued operations)	Brightstar* <sup>5</sup> . . . . .	18,770	—	—
Total . . . . .		¥3,998,167	¥4,684,419	\$42,312,519

#### Intangible assets with indefinite useful lives

		(Millions of yen)	(Thousands of U.S. dollars)	
Reportable segments	Cash-generating units or Cash-generating unit groups	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
SoftBank	Shopping . . . . .	¥198,850	¥198,850	\$1,796,134
	Ikyu . . . . .	10,120	10,120	91,410
	LINE* <sup>3</sup> . . . . .	—	170,078	1,536,248
	Subtotal. . . . .	208,970	379,048	3,423,792
—	Other . . . . .	7,292	—	—
Brightstar (discontinued operations)	Brightstar US and Canada region* <sup>5</sup> . . . . .	3,129	—	—
	Brightstar Asia and Oceania region* <sup>5</sup> . . . . .	1,655	—	—
	Subtotal. . . . .	4,784	—	—
Total . . . . .		¥221,046	¥379,048	\$3,423,792

\*1 SoftBank comprises SoftBank Corp. and others.

\*2 Goodwill is allocated to "Yahoo" because the benefits are expected to be realized from Z Holdings Corporation and its group companies as a whole, not from individual cash-generating units in the SoftBank segment.

\*3 Goodwill is allocated to "LINE" because the benefits are expected to be realized from LINE Corporation and its group companies as a whole, not from individual cash-generating units in the SoftBank segment. The recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete as of March 31, 2021. The above amounts are provisional based on the best estimate at present. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

\*4 Following the signing of the definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm Limited to NVIDIA Corporation in September 2020, the organizational structure of Arm has been changed from the three-month period ended March 31, 2021. As a result, the Treasure Data business and the other IoT related business, which were included in the Arm segment, have been excluded from the Arm segment and transferred to "Other." Goodwill allocated to Arm has been reallocated to Arm, the Treasure Data business, and the other IoT related business based on the proportion of the fair value. Goodwill related to the Treasure Data business, and the other IoT related business included in "Other" is ¥58,452 million (\$527,974 thousand) and ¥7,794 million (\$70,400 thousand), respectively, for the fiscal year ended March 31, 2021.

\*5 As of September 30, 2020, "Brightstar" is excluded from the reportable segments since Brightstar is reclassified as a disposal group classified as held for sale. The details are described in "(2) Brightstar" under "Note 6. Discontinued operations."

The recoverable amount of each cash-generating unit or cash-generating unit group is measured as follows:

For the fiscal year ended March 31, 2020

Value in use: Marketing solution, Shopping, Ikyu, and Finance

Fair value less disposal cost: SoftBank, Yahoo, Arm, Brightstar, Brightstar US and Canada region, and Brightstar Asia and Oceania region

For the fiscal year ended March 31, 2021

Value in use: Marketing solution, Shopping, Ikyu, LINE, and Finance

Fair value less disposal cost: SoftBank, Yahoo, Arm

(1) Measurement method for recoverable amounts of goodwill and intangible assets in Arm

a. For the fiscal year ended March 31, 2020

For Arm, it is measured by discounting the cash flows which are estimated based on the business plans for the next nine years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 13.0%. The cash flows from after nine years are assumed on the basis of the growth rate of 21.2% on the 10th year, 18.5% on the 11th year, 15.7% on the 12th year, 13.0% on the 13th year, and 10.2% on the 14th year. The cash flows from the 15th year onward are assumed to increase on the basis of the growth rate of 2.0%. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

b. For the fiscal year ended March 31, 2021

On September 13, 2020 (U.S. time), the Company entered into a definitive agreement with NVIDIA

Corporation to sell all of its shares in Arm. This transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other customary closing conditions, and as of March 31, 2021, there are uncertainties as to whether the closing conditions can be satisfied.

In the impairment test for goodwill of Arm as of March 31, 2021, considering the uncertainties, two possible scenarios are taken into consideration. The first scenario is that closing conditions including regulatory approvals are satisfied and all Arm shares are sold. The second scenario is the Company continues to hold Arm shares because closing conditions are not satisfied. The fair value of the cash-generating unit including Arm's goodwill is measured by calculating the fair value for each scenario and weighing them based on the probability of each scenario.

The fair value based on the scenario that all Arm shares are sold is calculated by considering the expected contractual proceeds from the transaction with NVIDIA Corporation which is composed of cash and NVIDIA Corporation shares. The contractual proceeds include contingent consideration which is received if specific Arm's financial performance thresholds, which are stipulated in the contract, for the fiscal year ending March 31, 2022 are achieved ("earnout").

The fair value based on the scenario that the Company continues to hold the Arm shares is calculated by discounting the cash flows which are estimated based on the business plans for the next four years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 10.0%. The cash flows from after four years are assumed on the basis of the growth rate of 17.5% on the 5th year to the 8th year, 14.9% on the 9th year, 12.3% on the 10th year, 9.8% on the 11th year, 7.2% on the 12th year, and 4.6% on the 13th year. The cash flows from the 14th year onward are assumed to increase on the basis of the growth rate of 2.0%. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

Assumptions used for the fair value measurement in the impairment test for goodwill of Arm include management's significant judgments and estimates, including the probability of each scenario, the probability of earnout in the scenario that all Arm shares are sold, and chip shipment volume for the smartphone market and average royalty rate, which are basis of the business plan in the scenario that the Company continues to hold Arm shares.

Occurrence of events which have significant impact to the probability of each scenario, consideration for changes in precondition for earnout probability in the scenario assuming the sale of Arm shares, and changes in precondition in business plans in the scenario assuming the continuous holding of Arm shares, such as an increase in competitive companies' market share and a decrease in Arm's market share and further spread of the novel coronavirus, could impact the estimated fair value, potentially leading to a future material impairment of goodwill.

(2) Measurement method for recoverable amounts of goodwill and intangible assets other than in Arm  
Value in use is assessed by discounting to the present value of the estimated cash flows over the next five years based on the financial budget approved by the management, which reflects past experience

and external information, using the pre-tax discount rate of 7.3%-17.7% of the cash-generating unit or cash-generating unit group (for the fiscal year ended March 31, 2020: 7.8%-9.6%). The cash flows from after five years are assumed to increase on the basis of the growth rate of 0.9% (for the fiscal year ended March 31, 2020: 0.6%).

For SoftBank and Yahoo, the fair value less disposal cost is measured mainly based on active market prices.

As a result of an annual impairment test of goodwill and intangible assets with indefinite useful lives for cash-generating units or cash-generating unit groups, no impairment loss was recognized.

Other than the above, the Company determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.



## 20. Leases

(As lessee)

### (1) Right-of-use assets

The details of the components of the carrying amounts of the right-of-use assets by class of underlying asset, the components of depreciation by asset class, and an increase in the right-of-use assets, are described in "Note 18. Right-of-use assets."

### (2) Lease liabilities

The details of the outstanding balance by year of maturity of lease liabilities are described in "(b) Analysis of financial liabilities by maturities" in "(2) Financial risk management c. Liquidity risk" under "Note 31. Financial instruments."

The amount of the lease liabilities as of March 31, 2021 is ¥1,035,001 million (\$9,348,758 thousand) (as of March 31, 2020: ¥1,140,326 million). The weighted average interest rate for the lease liabilities as of March 31, 2021 is 1.53 % (as of March 31, 2020: 1.52 %) and their due dates range from April 2021 to March 2051 (as of March 31, 2020: from April 2020 to September 2049).

The details of interest expense on lease liabilities are described in "Note 42. Finance cost."

### (3) Total cash outflow

The details of total cash outflow for leases are described in "Note 48. Supplemental information to the consolidated statement of cash flows."

### (4) Leases not yet commenced to which the Company is committed

As of March 31, 2020

Some of the Company's contracts are not reflected in the measurement of lease liabilities because they have a fixed-term building lease contract or fixed-term building lease reservation contract, but the lease term has not yet started. The underlying asset of the right-of-use assets held under the lease contract is all classified as offices and warehouses, and the lease start date is after April 1, 2020, and the contract term is 6 to 20 years. The total amount to be paid after April 1, 2020 (or for the fiscal year ending March 31, 2021) is ¥234,703 million.

As of March 31, 2021

There is no significant impact to the Company from the leases not yet commenced to which the Company is committed as of March 31, 2021.

(As lessor)

The Company provides device rental services to corporate customers in Japan. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is allocated between the amount to be received for leases and other elements based on the fair value of device leases and telecommunication services.

At the end of the lease term, the Company sells leased devices to entities providing trade-in service. To manage residual asset risk associated with devices, the trade-in prices are obtained from multiple entities and monitored on a regular basis.

### (1) Finance leases

The components of revenue recognized for finance leases are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Selling profit or loss, net . . . . .	¥ 2,053	¥ 622	\$ 5,618
Finance income on the net investment in the lease . . . . .	113	126	1,138
Total . . . . .	¥ 2,166	¥ 748	\$ 6,756

Of this amount, revenue recognized for subleases is ¥1,011 million (\$9,132 thousand) for the fiscal year ended March 31, 2021 (for the fiscal year ended March 31, 2020: ¥975 million).

The maturity analysis of the undiscounted total lease payments and the net investment in the lease at the end of the fiscal year is as follows:

As of March 31, 2020

			(Millions of yen)	
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year . . . . .	¥13,908	¥ (99)	¥ –	¥13,809
1 to 2 years . . . . .	7,936	(53)	–	7,883
2 to 3 years . . . . .	3,113	(20)	–	3,093
3 to 4 years . . . . .	567	(3)	–	564
4 to 5 years . . . . .	153	–	–	153
Over 5 years . . . . .	–	–	–	–
Total . . . . .	¥25,677	¥(175)	¥ –	¥25,502

As of March 31, 2021

	(Millions of yen)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year . . . . .	¥ 14,270	¥ (104)	¥ –	¥ 14,166
1 to 2 years . . . . .	9,031	(58)	–	8,973
2 to 3 years . . . . .	3,460	(18)	–	3,442
3 to 4 years . . . . .	518	(2)	–	516
4 to 5 years . . . . .	125	–	–	125
Over 5 years . . . . .	–	–	–	–
Total . . . . .	¥ 27,404	¥ (182)	¥ –	¥ 27,222

	(Thousands of U.S. dollars)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year . . . . .	\$ 128,895	\$ (939)	\$ –	\$ 127,956
1 to 2 years . . . . .	81,574	(524)	–	81,050
2 to 3 years . . . . .	31,253	(163)	–	31,090
3 to 4 years . . . . .	4,679	(18)	–	4,661
4 to 5 years . . . . .	1,129	–	–	1,129
Over 5 years . . . . .	–	–	–	–
Total . . . . .	\$ 247,530	\$ (1,644)	\$ –	\$ 245,886

## (2) Operating leases

Analysis of maturities for operating leases is as follows:

As of March 31, 2020

	(Millions of yen)
	As of March 31, 2020
Within 1 year . . . . .	¥ 25,429
1 to 2 years . . . . .	13,203
2 to 3 years . . . . .	4,585
3 to 4 years . . . . .	427
4 to 5 years . . . . .	400
Over 5 years . . . . .	2,657
Total . . . . .	¥ 46,701

As of March 31, 2021

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Within 1 year . . . . .	¥ 26,287	\$ 237,440
1 to 2 years . . . . .	15,325	138,425
2 to 3 years . . . . .	6,248	56,436
3 to 4 years . . . . .	471	4,254
4 to 5 years . . . . .	465	4,200
Over 5 years . . . . .	2,425	21,904
Total . . . . .	¥ 51,221	\$ 462,659

Lease income (excluding income relating to variable lease payments that do not depend on an index or a rate) for operating leases for the fiscal year ended March 31, 2021 is ¥59,076 million (\$533,610 thousand) (for the fiscal year ended March 31, 2020: ¥57,771 million). Of this amount, income from subleases is ¥19,601 million (\$177,048 thousand) (for the fiscal year ended March 31, 2020: ¥30,531 million).

Changes in historical cost, changes in the accumulated depreciation and impairment losses, and the carrying amounts of property, plant and equipment underlying operating leases are described in “Note 17. Property, plant and equipment.”

## 21. Major subsidiaries

### (1) Organizational structure

The Company's major subsidiaries are as follows:

Major subsidiaries as of March 31, 2021

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%)	
			As of March 31, 2020	As of March 31, 2021
SoftBank Group Capital Limited	Investment Business of Holding Companies	U.K.	100	100
SoftBank Group Japan Corporation	Investment Business of Holding Companies	Tokyo	100	100
Delaware Project 1 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
Delaware Project 2 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
Delaware Project 3 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
SB Northstar LP* <sup>1</sup>	Investment Business of Holding Companies	Cayman	—	—
SB Group US, Inc.	Investment Business of Holding Companies	U.S.	100	100
Skywalk Finance GK	Investment Business of Holding Companies	Tokyo	100	100
SB Pan Pacific Corporation	Investment Business of Holding Companies	Micronesia	100	100
STARFISH I PTE. LTD.	Investment Business of Holding Companies	Singapore	100	100
West Raptor Holdings, LLC	Investment Business of Holding Companies	U.S.	100	100
Hayate Corporation	Investment Business of Holding Companies	Micronesia	100	100
SB Investment Advisers (UK) Limited	SVF1 and Other SBIA-Managed Funds	U.K.	100	100
SoftBank Vision Fund L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	Bailiwick of Jersey	—	—
SoftBank Vision Fund II-2 L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	Bailiwick of Jersey	—	—
SoftBank Vision Fund (AIV M1) L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV M2) L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV M3) L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV S1) L.P.* <sup>1</sup>	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Corp.* <sup>2</sup>	SoftBank	Tokyo	67.1	40.9
A Holdings Corporation* <sup>3</sup>	SoftBank	Tokyo	—	50.0
Z Holdings Corporation	SoftBank	Tokyo	45.5	65.3
SB C&S Corp.* <sup>4</sup>	SoftBank	Tokyo	100	100
Wireless City Planning Inc.* <sup>5</sup>	SoftBank	Tokyo	32.2	32.2
Yahoo Japan Corporation	SoftBank	Tokyo	100	100
LINE Corporation	SoftBank	Tokyo	—	100
LINE Financial Asia Corporation Limited	SoftBank	China	—	100
ZOZO, Inc.	SoftBank	Chiba	50.1	50.1
The Japan Net Bank, Limited* <sup>6</sup>	SoftBank	Tokyo	46.6	46.6
ASKUL Corporation* <sup>7</sup>	SoftBank	Tokyo	45.1	45.0

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%)	
			As of March 31, 2020	As of March 31, 2021
Arm Limited	Arm	U.K.	100	100
Arm PIPD Holdings One, LLC	Arm	U.S.	100	100
Arm PIPD Holdings Two, LLC	Arm	U.S.	100	100
PayPay Corporation	Other	Tokyo	100	100
Fortress Investment Group LLC	Other	U.S.	100	100
SoftBank Latin America Fund L.P. *1	Other	U.S.	—	—
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	100
SBLA Advisers Corp.	Other	U.S.	100	100
SB Energy Corp.	Other	Tokyo	100	100
Boston Dynamics, Inc.	Other	U.S.	100	100
SoftBank Ventures Asia Corp.	Other	South Korea	100	100
SoftBank Robotics Group Corp.	Other	Tokyo	74.5	84.9

\*1 Limited partnerships are deemed as structured entities and the voting rights are not described.

\*2 The Company does not own the majority of SoftBank Corp.'s voting rights. However, the Company determined that it has substantial control over SoftBank Corp. and included it in the scope of consolidation, considering the fact that the Company holds 40.9% of the voting rights of SoftBank Corp., the dispersion of voting rights in SoftBank Corp. and the voting patterns exercised in SoftBank Corp.'s past shareholders meetings.

\*3 The Company does not own the majority of A Holdings Corporation's voting rights. However, the Company determined that it has substantial control over A Holdings Corporation and included it in the scope of consolidation, considering the fact that the Company holds 50.0% of the voting rights of A Holdings Corporation and appoints the majority of the members of A Holdings Corporation's Board of Directors.

\*4 Effective April 1, 2020, SB C&S Corp. and SB C&S Holdings K.K. conducted an absorption-type merger, as SB C&S Corp. the surviving company, and changed its name to SB C&S Corp. on the same date.

\*5 The Company does not own the majority of Wireless City Planning Inc.'s voting rights. However, the Company determined that it has substantial control over Wireless City Planning Inc. and included it in the scope of consolidation, considering the fact that SoftBank Group Corp.'s directors, SoftBank Corp.'s directors and corporate officers constitute the majority of members of Wireless City Planning Inc.'s Board of Directors and that Wireless City Planning Inc.'s business activities significantly depend on the Company.

\*6 The Company does not own the majority of The Japan Net Bank, Limited's voting rights. However, the Company determined that it has substantial control over The Japan Net Bank, Limited and included it in the scope of consolidation, considering the fact that the Company holds 46.6% of the voting rights of The Japan Net Bank, Limited and directors from the Company constitute the majority of the members of The Japan Net Bank, Limited's Board of Directors. Effective April 5, 2021, The Japan Net Bank, Limited changed its name to PayPay Bank Corporation.

\*7 The Company does not own the majority of ASKUL Corporation's voting rights. However, the Company determined that it has substantial control over ASKUL Corporation and included it in the scope of consolidation, considering the fact that the Company holds 45.0% of the voting rights of ASKUL Corporation, the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders meetings.

(2) Summarized consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. SoftBank Corp. (SoftBank Corp. and its group companies)

(a) General information

	As of March 31, 2020	As of March 31, 2021
Ownership ratio of the non-controlling interests (%). . . . .	32.9	59.1
	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group . . . . .	¥1,041,328	¥ 1,951,896
	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income allocated to the non-controlling interests of subsidiary group . . . . .	¥ 208,836	¥ 300,247

(b) Summarized consolidated financial information

	As of March 31, 2020	As of March 31, 2021
Current assets . . . . .	¥3,364,303	¥ 4,033,845
Non-current assets. . . . .	7,148,056	8,914,010
Current liabilities . . . . .	4,496,609	5,293,636
Non-current liabilities. . . . .	3,588,085	4,182,324
Equity . . . . .	2,427,665	3,471,895
	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales . . . . .	¥4,861,247	¥ 5,205,537
Net income . . . . .	506,668	547,720
Comprehensive income . . . . .	497,048	607,485

Dividends paid to the non-controlling interests by SoftBank Corp. for the fiscal year ended March 31, 2021 are ¥187,892 million (\$1,697,155 thousand) (for the fiscal year ended March 31, 2020: ¥127,184 million).

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net cash provided by operating activities . . . . .	¥1,249,535	¥1,338,949
Net cash used in investing activities . . . . .	(900,145)	(511,295)
Net cash used in financing activities . . . . .	(143,613)	(388,462)
Effect of exchange rate changes on cash and cash equivalents . . . . .	(357)	1,892
Increase in cash and cash equivalents . . . . .	¥ 205,420	¥ 441,084

- b. Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. ("Delaware subsidiaries") made investments in SB Northstar, the asset management subsidiary founded by the Company for the fiscal year ended March 31, 2021, and the ownership ratio from Delaware subsidiaries to SB Northstar is 100%. Investment amounts and ownership ratio from non-controlling interests to each Delaware subsidiaries and investment amounts and ownership ratio from each Delaware subsidiaries to SB Northstar are the same. Financial figures of each Delaware subsidiaries are combined and presented as (b) Summarized consolidated financial information. The financial figures are different from the amounts recorded in the consolidated financial statements of the Company and the financial figures of SB Northstar as these figures are affected by borrowing from SoftBank Group Corp., interest expenses, and other.

In addition, non-controlling interests in Delaware subsidiaries are from Son Asset Management LLC (entity of which Masayoshi Son, Chairman & CEO of SoftBank Group Corp., holds more than one-half of the voting rights).

(a) General information

	As of March 31, 2021	
Ownership ratio of the non-controlling interests (%) . . . . .	33.3	
	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group . . . . .	¥ (184,862)	\$ (1,669,786)
	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net loss allocated to the non-controlling interests of subsidiary group . . . . .	¥ (195,386)	\$ (1,764,845)

(b) Summarized consolidated financial information

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Current assets . . . . .	¥ 354	\$ 3,198
Non-current assets. . . . .	3,637,296	32,854,268
Current liabilities . . . . .	1,393,149	12,583,768
Non-current liabilities. . . . .	2,803,190	25,320,116
Equity . . . . .	(558,689)	(5,046,418)
	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales . . . . .	¥ –	\$ –
Net loss. . . . .	(581,127)	(5,249,092)
Comprehensive income . . . . .	(581,127)	(5,249,092)

No dividends were paid to non-controlling interests by Delaware subsidiaries for the fiscal year ended March 31, 2021.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net cash used in operating activities. . . . .	¥ (58,054)	\$ (524,379)
Net cash provided by investing activities . . . . .	949,057	8,572,460
Net cash used in financing activities . . . . .	(890,671)	(8,045,082)
Effect of exchange rate changes on cash and cash equivalents . . . . .	22	199
Increase in cash and cash equivalents . . . . .	¥ 354	\$ 3,198

c. Sprint (Sprint Corporation and its group companies)

On April 1, 2020, the merger of Sprint and T-Mobile US, Inc. was completed and Sprint was no longer a subsidiary of the Company from the same date. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

(a) General information

	As of March 31, 2020	As of March 31, 2021
Ownership ratio of the non-controlling interests (%). . . . .	16.3	–
	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group . . . . .	¥424,746	¥ – \$ –
	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net loss allocated to the non-controlling interests of subsidiary group . . . . .	¥(7,006)	¥ – \$ –

(b) Summarized consolidated financial information

As of March 31, 2020, Sprint was reclassified as a disposal group classified as held for sale and therefore the summarized consolidated financial information for the fiscal year ended March 31, 2020 is not described. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

No dividends were paid to non-controlling interests by Sprint for the fiscal year ended March 31, 2020.



## 22. Investments accounted for using the equity method

### (1) Summarized consolidated financial information and other of the significant associates

#### a. Alibaba Group Holding Limited

##### (a) General information

Alibaba (registered in Cayman) operates online marketplaces "Taobao Marketplace," "Tmall," "Alibaba.com" and other through its group company.

##### (b) Summarized consolidated financial information

IFRSs summarized consolidated financial information for Alibaba is as follows.

The Company applies the equity method to the consolidated financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba to that of the Company due to the contract with Alibaba. Also, this note discloses the summarized consolidated financial information of Alibaba on a three-month time lag. Adjustments are made for significant transactions or events which occurred during the intervening period and which were publicly announced by Alibaba.

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets . . . . .	¥ 7,032,939	<b>¥10,064,409</b>	<b>\$ 90,907,858</b>
Non-current assets . . . . .	12,600,850	<b>16,485,249</b>	<b>148,904,787</b>
Current liabilities . . . . .	4,016,839	<b>6,336,555</b>	<b>57,235,616</b>
Non-current liabilities . . . . .	3,057,346	<b>3,410,656</b>	<b>30,807,117</b>
Equity			
Total equity attributable to owners of the parent . . . . .	11,505,557	<b>15,341,307</b>	<b>138,572,008</b>
Non-controlling interests . . . . .	1,054,047	<b>1,461,140</b>	<b>13,197,904</b>

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales . . . . .	¥ 7,636,828	<b>¥10,122,635</b>	<b>\$ 91,433,791</b>
Net income . . . . .	2,412,694	<b>2,190,823</b>	<b>19,788,845</b>
Other comprehensive income, net of tax . . . . .	(7,568)	<b>(308,081)</b>	<b>(2,782,775)</b>
Total comprehensive income . . . . .	¥ 2,405,126	<b>¥ 1,882,742</b>	<b>\$ 17,006,070</b>

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income attributable to owners of the parent . . . . .	¥2,546,831	<b>¥2,314,329</b>	<b>\$20,904,426</b>
Other comprehensive income attributable to owners of the parent, net of tax . . . . .	(11,664)	<b>(288,086)</b>	<b>(2,602,168)</b>
Total comprehensive income attributable to owners of the parent . . . . .	¥2,535,167	<b>¥2,026,243</b>	<b>\$18,302,258</b>

There were no dividends received from Alibaba for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total equity attributable to owners of the parent . . . . .	¥ 11,505,557	<b>¥ 15,341,307</b>	<b>\$ 138,572,008</b>
Interest ratio (%) . . . . .	25.28	<b>25.02</b>	<b>25.02</b>
Interests of the Company . . . . .	2,908,605	<b>3,838,395</b>	<b>34,670,716</b>
Goodwill . . . . .	145,258	<b>160,545</b>	<b>1,450,140</b>
Accumulated amortization of goodwill on the IFRSs transition date*1 . . . . .	(5,454)	<b>(5,938)</b>	<b>(53,636)</b>
Warrants . . . . .	(146,357)	<b>(188,631)</b>	<b>(1,703,830)</b>
Other*2 . . . . .	(41,132)	<b>(52,957)</b>	<b>(478,339)</b>
Carrying amount of the interests in Alibaba . . . . .	¥ 2,860,920	<b>¥ 3,751,414</b>	<b>\$ 33,885,051</b>

\*1 Goodwill recorded by Alibaba from business combinations before the IFRSs transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.

\*2 Other relates to adjustments mainly associated with organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

#### (c) Fair value of investment in Alibaba

The fair value of the investment in Alibaba based on market price is ¥16,912,196 million (\$152,761,232 thousand) as of March 31, 2021 (as of March 31, 2020: ¥14,103,354 million).

b. WeWork Inc.

In accordance with the agreement between the Company and WeWork dated on October 22, 2019, WeWork's corporate governance was changed on October 30, 2019 and the Company was given the right to nominate five out of the 10 directors on WeWork's Board of Directors. As a result, WeWork became an associate of the Company as of such date.

The Company will not hold a majority of voting rights at any general shareholders meeting nor Board of Directors meeting and cannot control WeWork due to provisions of WeWork's certificate of incorporation and shareholders agreement. There is no other party acting as the Company's de facto agent.

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 and for the fiscal year ended March 31, 2021 are described in "(3) Details and progress of the agreement between the Company and WeWork."

(a) General information

WeWork (registered in the U.S.) operates the flexible office business "WeWork" all over the world mainly in North America, Europe, and China.

(b) Ownership percentage of voting rights

Ownership percentage of voting rights held by the Company is 49.9% as of March 31, 2021. The Company owns 65.28% of shares issued by WeWork (as of March 31, 2020: 20.12% on a voting right basis before dilution). Ownership percentage of voting rights held by the Company is restricted as 49.9% due to provisions of WeWork's certificate of incorporation and shareholders agreement.

(c) Measurement

The Company's wholly-owned subsidiary other than SVF1 (herein "Investments in WeWork," the wholly-owned subsidiaries of the Company that invest in WeWork or are parties to contracts with WeWork are collectively referred to as the "WeWork Investment Subsidiary") and SVF1 have invested in WeWork. Shares held by SVF1 are measured by fair value and accounted for as financial instruments at FVTPL. Preferred shares held by the WeWork Investment Subsidiary are measured at fair value and accounted for as financial instruments at FVTPL and ordinary shares are accounted for under equity method. In addition, the Company's holding of common shares measured at equity method is 6.11% as of March 31, 2021 (as of March 31, 2020: 2.75%).

(d) Summarized consolidated financial information

IFRSs summarized consolidated financial information for WeWork is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets . . . . .	¥ 238,250	¥ 141,688	\$ 1,279,812
Non-current assets . . . . .	3,183,818	2,346,072	21,191,148
Current liabilities . . . . .	531,300	385,251	3,479,821
Non-current liabilities . . . . .	2,684,816	2,970,108	26,827,820
Equity			
Total equity attributable to owners of the parent . . . . .	107,414	(903,327)	(8,159,398)
Non-controlling interests . . . . .	98,538	35,728	322,717

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales . . . . .	¥ 186,311	¥ 313,972	\$ 2,835,986
Net loss . . . . .	(214,201)	(569,223)	(5,141,568)
Other comprehensive income, net of tax . . . . .	6,234	(20,579)	(185,882)
Total comprehensive income . . . . .	¥(207,967)	¥(589,802)	\$(5,327,450)

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net loss attributable to owners of the parent . . . . .	¥(161,229)	¥(529,578)	\$(4,783,470)
Other comprehensive income attributable to owners of the parent, net of tax . . . . .	5,380	(19,199)	(173,417)
Total comprehensive income attributable to owners of the parent . . . . .	¥(155,849)	¥(548,777)	\$(4,956,887)

WeWork became an associate of the Company on October 30, 2019, therefore, information related to comprehensive income from October 30, 2019 to March 31, 2020 is disclosed for the fiscal year ended March 31, 2020.

There was no dividend received from WeWork for the fiscal years ended March 31, 2020 and the fiscal year ended March 31, 2021.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in WeWork (an investment amount accounted for using the equity method under the Company's consolidated financial statements) is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total equity attributable to owners of the parent . . . . .	¥107,414	¥(903,327)	\$(8,159,398)
Interest ratio (%) . . . . .	2.75	6.11	6.11
Interests of the Company . . . . .	2,954	(55,193)	(498,537)
Equivalent amount of goodwill relating to additional purchase of common shares . . . . .	–	98,575	890,389
Impairment loss . . . . .	–	(54,277)	(490,263)
Reversal of impairment loss . . . . .	–	21,634	195,411
Consolidation adjustments and other adjustments . . . . .	(1,461)	8,445	76,282
Carrying amount of the interests in WeWork . . . . .	¥ 1,493	¥ 19,184	\$ 173,282

## (2) Aggregated information on investment in insignificant associates and joint ventures

The aggregated information of insignificant investments accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Carrying amount of the interests			
Associates . . . . .	¥366,495	¥522,693	\$4,721,281
Joint ventures . . . . .	11,453	56,680	511,968
Total . . . . .	¥377,948	¥579,373	\$5,233,249

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income (loss)			
Associates . . . . .	¥(15,709)	¥56,079	\$506,540
Joint ventures . . . . .	(1,281)	(642)	(5,799)
Total . . . . .	¥(16,990)	¥55,437	\$500,741
Other comprehensive income, net of tax			
Associates . . . . .	(1,209)	6,727	60,762
Joint ventures . . . . .	65	118	1,066
Total . . . . .	¥ (1,144)	¥ 6,845	\$ 61,828
Total comprehensive income			
Associates . . . . .	(16,918)	62,806	567,302
Joint ventures . . . . .	(1,216)	(524)	(4,733)
Total . . . . .	¥(18,134)	¥62,282	\$562,569

### (3) Details and progress of the agreement between the Company and WeWork

Details and progress of the agreements between the Company and WeWork dated October 22, 2019 and for the fiscal year ended March 31, 2021 (specifically, the master transaction agreement, (the “MTA”)) are as follows:

In addition, on March 25, 2021, WeWork entered into a definitive agreement with BowX Acquisition Corp. (“BowX”), a special purpose acquisition company (SPAC), providing for a business combination with BowX that is expected to result in WeWork becoming publicly listed on the Nasdaq Capital Market or the New York Stock Exchange (NYSE) (the “Merger Transaction”). The Merger Transaction is expected to be completed in July to September 2021, subject to BowX stockholder’s approval and the satisfaction of other customary closing conditions. After the completion of the Merger Transaction, the Company’s economic ownership of the newly established company by the merger (the “Merged Company”) (fully diluted, including the stake held by SVF1) is expected to be approximately 56%. Since the Company will not hold a majority of voting rights at any general shareholders meeting nor Board of Directors meeting and cannot control the Merged Company due to provisions of the Merged Company’s certificate of incorporation, the Merged Company will not be a subsidiary of the Company and instead it will be an associate of the Company.

#### a. Exercise price reduction of existing commitment and early payment

Pursuant to the MTA, on October 30, 2019, the WeWork Investment Subsidiary paid the full amount of \$1.5 billion for the existing commitment that was originally expected to be invested in April 2020, by lowering the exercise price from \$110.00 per share to \$11.60 per share. Of this advance payment for investment, a \$200 million portion was converted into preferred stock of WeWork in November 2019 while the remaining \$1.3 billion portion was converted into preferred stock of WeWork in April 2020. The remaining \$1.3 billion portion as of March 31, 2020 was recorded as financial instruments at FVTPL under “Other financial assets (non-current)” in the consolidated statement of financial position as of March 31, 2020.

#### b. Tender Offer

Pursuant to the MTA, the WeWork Investment Subsidiary had agreed to commence a tender offer (the “Tender Offer”) worth up to \$3 billion to purchase WeWork’s common stock and preferred stock from certain shareholders of WeWork, other than the Company, at a price of \$19.19 per share. The WeWork Investment Subsidiary launched the Tender Offer in November 2019, but the WeWork Investment Subsidiary withdrew and terminated the Tender Offer in April 2020 asserting certain closing conditions were not satisfied. In response, in April 2020 and May 2020, under the direction of the Special Committee of the Board of Directors of WeWork, lawsuits (the “Lawsuits”) were brought against the Company and SVF1 by WeWork, Adam Neumann, the founder and former CEO of WeWork, and We Holdings LLC, which he serves as the managing member, seeking closing of the Tender

Offer, or, in the alternative, compensation for damages arising from the termination of the Tender Offer.

The Company entered into a settlement agreement (the “Settlement Agreement”) regarding the Lawsuits with WeWork, We Holdings LLC, and Adam Neumann in February 2021. Under the Settlement Agreement, the WeWork Investment Subsidiary agreed to purchase common stock and preferred stock of WeWork from We Holdings LLC at a price of \$19.19 per share for a total amount of \$578 million in February 2021. Under the Settlement Agreement, the WeWork Investment Subsidiary also launched a tender offer for up to \$922 million in March 2021 to purchase common stock and preferred stock of WeWork from certain shareholders of WeWork, other than the Company and We Holdings LLC, at a price of \$19.19 per share, and completed it in April 2021. Each of the Lawsuits has been dismissed with prejudice.

The Company recorded an impairment loss of ¥54,277 million (\$490,263 thousand) for the purchase of shares from We Holdings LLC, representing the difference between the acquisition cost and the fair value at the time of the acquisition. Subsequently, the Company recorded a gain on reversal of impairment loss of ¥21,634 million (\$195,411 thousand), reflecting an increase in the fair value of its holdings of common stock following the conclusion of the Merger Transaction between WeWork and BowX.

The tender offer launched, pursuant to the Settlement Agreement, in March 2021 was considered as a forward contract and accounted for as a derivative. The difference of ¥76,823 million (\$693,912 thousand) between the fair value of the common stock and preferred stock scheduled for acquisition and the planned acquisition amount was recorded as “Derivative financial liabilities (current)” in the consolidated statement of financial position as of March 31, 2021. Moreover, the difference of ¥17,594 million (\$158,920 thousand) between the fair value of the common stock scheduled for acquisition and the planned acquisition amount was recorded as “Derivative loss (excluding gain (loss) on investments)” and the difference of ¥56,127 million (\$506,973 thousand) between the fair value of the preferred stock scheduled for acquisition and the planned acquisition amount was recorded as a loss under “Gain on investments at Investment Business of Holding Companies” in the consolidated statement of income for the fiscal year ended March 31, 2021.

#### c. Credit support and notes purchase

The Company agreed in the MTA to provide to WeWork (a) credit support for a \$1.75 billion letter of credit facility provided by financial institutions, and the WeWork Investment Subsidiary agreed to purchase or arrange to purchase (b) up to \$2.2 billion in unsecured notes and (c) up to \$1.1 billion in senior secured notes to be issued by WeWork.

Regarding (a), in December 2019, the Company entered into an agreement with financial

institutions that designates the Company as a co-obligor with WeWork, while the two parties separately agreed that the Company has the right of indemnification against WeWork if and whenever the Company services such obligations. Regarding (b), the WeWork Investment Subsidiary entered into an agreement with WeWork in December 2019. As of March 31, 2021, the WeWork Investment Subsidiary has purchased \$1.8 billion of the unsecured notes. In exchange for entering into such agreements regarding (a) and (b), the Company received warrants that are exercisable for WeWork preferred stock at an exercise price of \$0.01 per share as consideration. The fair value of the warrants was recognized for ¥94,195 million as “Derivative assets” when the Company entered into the agreement and ¥76,259 million, the difference between the fair value as of March 31, 2020, was recorded as a loss under “Gain on investments at Investment Business of Holding Companies” in the consolidated statement of income for the fiscal year ended March 31, 2020. As of March 31, 2021, the Company has acquired 130 million shares of preferred stock of the 136 million shares available under the warrants.

Regarding (c), the Company’s obligation pursuant to the MTA to purchase or arrange to purchase such debt ceased to exist upon the termination of the Tender Offer as it was subject to and conditioned upon the completion of the Tender Offer. However, the WeWork Investment Subsidiary and WeWork entered into an agreement regarding (c) in August 2020. As of March 31, 2021, none of the secured senior notes had been issued.

Moreover, in conjunction with WeWork’s agreement relating to the Merger Transaction with BowX on March 25, 2021, the Company has also agreed with WeWork and BowX regarding the conversion and exchange of WeWork preferred stock held by the WeWork Investment Subsidiary into common stock of the Merged Company, and in addition, regarding (a), a commitment to extend credit support by the Company as co-obligor to the credit facility until February 2024, subject to the acceptance of the extension by the financial institutions as a result of the negotiation between them and the Company together with WeWork, and for (c), an amended senior secured notes facility of up to \$550 million to be purchasable by the WeWork Investment Subsidiary until February 12, 2023 or for a period of 18 months from the closure of the Merger Transaction, whichever comes first. As consideration for this conversion of preferred stock into common stock and commitment to extend credit support by the Company as co-obligor to the credit facility as in (a), the Company plans to acquire warrants that are exercisable for common stock of the Merged Company at the price of \$0.01 per share, subject to appropriate adjustment, when each is executed upon the conversion and exchange and upon the conclusion of the agreement modification of (a), as applicable.

The (a) credit support for a \$1.75 billion letter of credit facility provided by financial institutions to WeWork corresponds to a financial guarantee contract and the (b) purchase of up to \$2.2 billion in unsecured notes to be issued by WeWork corresponds to a

commitment to provide a loan at a below market interest rate (“loan commitment”). Upon the execution of the contract, the Company recorded an allowance for loss on valuation for expected credit losses, ¥39,107 million for the financial guarantee contract and ¥55,088 million for the loan commitment, as “Other financial liabilities (current)” in the consolidated statement of financial position. The allowance for expected credit losses for the financial guarantee contract and loan commitment is measured at the higher of either the initial recognition amount of financial liabilities less accumulated amortization or the amount of the expected credit losses.

As of March 31, 2020, the expected credit losses for the financial guarantee contract and loan commitment exceeded the initially recognized amount less accumulated amortization, and the Company therefore recognized provisions for loss allowance on valuation of ¥52,349 million and ¥90,210 million under “Other loss” in the consolidated statement of income for the fiscal year ended March 31, 2020. As of March 31, 2021, the Company recorded allowance for financial guarantee contract losses of ¥24,381 million (\$220,224 thousand) (as of March 31, 2020: ¥89,202 million) and allowance for unused loan commitment losses of ¥10,218 million (\$92,295 thousand) (as of March 31, 2020: ¥145,133 million) as “Other financial liabilities (current)” in the consolidated statement of financial position.

d. Exchange of WeWork China and WeWork Asia shares for preferred stock of WeWork

It was agreed in the MTA that all of SVF1’s interests in WeWork Greater China Holding Company B.V. (“WeWork China”) and WeWork Asia Holding Company B.V. (“WeWork Asia”) were to be exchanged for preferred stock of WeWork. Among these, WeWork Asia shares were exchanged for WeWork’s preferred stock at \$11.60 per share in April 2020. Meanwhile, the exchange of WeWork China shares for WeWork’s preferred stock was canceled.

## 23. Structured entities

### (1) Consolidated structured entities

The Company owns investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnerships and limited partnerships for investment, and designed so that the voting rights or similar rights are not determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

The details for major consolidated structured entities are described in “\*1” in “(1) Organizational structure” under “Note 21. Major subsidiaries.”

In addition, please refer to “a. Consolidation of SVF1 and SVF2 by the Company” in “(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment” under “Note 3. Significant accounting policies” for the following entities that comprise the SVF1 and SVF2 business.

Company Name	Location
SoftBank Vision Fund L.P.	Bailiwick of Jersey
SoftBank Vision Fund (AIV M1) L.P.	U.S.
SoftBank Vision Fund (AIV M2) L.P.	U.S.
SoftBank Vision Fund (AIV M3) L.P.	U.S.
SoftBank Vision Fund (AIV S1) L.P.	U.S.
SoftBank Vision Fund II-2 L.P.	Bailiwick of Jersey

The Company is engaged in investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

### (2) Unconsolidated structured entities

The Company owns investment funds, which are structured entities that are not consolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights are not determinant in evaluating control. Third parties control the operation of these structured entities. The funds are financed by the subscription by its partners.

The scale of the structured entities which are not consolidated, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

	As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
Total assets of the unconsolidated structured entities (aggregate amount) .	¥1,615,039	<b>¥2,302,393</b>	<b>\$20,796,613</b>
The maximum loss exposure of the Company			
The carrying amount of the investment recognized by the Company . . . . .	170,916	<b>287,690</b>	<b>2,598,591</b>
Commitment contracts related to additional investment . . . . .	111,763	<b>76,909</b>	<b>694,689</b>
Total . . . . .	¥ 282,679	<b>¥ 364,599</b>	<b>\$ 3,293,280</b>

The investment recognized by the Company is included in “Investments accounted for using the equity method” or “Investment securities” in the consolidated statement of financial position. There is no liability to recognize related to unconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company’s investment and commitment regarding additional investment.

The Company’s maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide, any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.



## 24. Income taxes

### (1) Tax expenses

The components of income tax expenses are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Current tax expenses . . . . .	¥(294,983)	¥ (205,754)	\$ (1,858,495)
Deferred tax expenses . . . . .	(497,672)	(1,097,414)	(9,912,510)
Total . . . . .	¥(792,655)	¥(1,303,168)	\$(11,771,005)

Current tax expenses include tax loss previously unrecognized, tax credit and the benefit arising from certain temporary differences in the previous years. The reduction of current tax expense for the fiscal year ended March 31, 2021 was ¥367,486 million (\$3,319,357 thousand) (for the fiscal year ended March 31, 2020: ¥77,440 million).

The reduction of current tax expense for the fiscal year ended March 31, 2021 is mainly due to the partial sale of SoftBank Corp. shares (ownership percentage 5.0%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, in May 2020, as part of “SoftBank announces ¥4.5 trillion (\$41 billion) program to repurchase shares and reduce debt” announced on March 23, 2020 (the “¥4.5 trillion program”) and the partial sale of SoftBank Corp. shares (ownership percentage 21.7%), in September 2020, in order to further enhance its cash reserves.

¥1,526,867 million (\$13,791,591 thousand) of proceeds was received due to the transfers in May 2020 and in September 2020. SoftBank Corp. remains a subsidiary as of March 31, 2021. Accordingly, ¥460,067 million (\$4,155,605 thousand), the equivalent amount of income taxes for the gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

As a result of the transaction, a loss carryforward, for which deferred tax asset was not recognized in SoftBank Group Japan Corporation, was utilized and a credit of income taxes (profit) was recorded for ¥159,802 million (\$1,443,429 thousand).

Furthermore, a deductible temporary difference, associated with an investment in SoftBank Corp., for which a deferred tax asset was not recognized, was reversed and a credit of income taxes (profit) was recorded for ¥96,258 million (\$869,461 thousand).

The amount of deferred tax expenses arising from write-off of deferred tax assets or reversal of the write-off of deferred tax assets recorded in the previous years is included. As a result, the decrease of deferred tax expenses for the fiscal year ended March 31, 2021 was ¥10,230 million (\$92,404 thousand) (for the fiscal year ended March 31, 2020: none).

### (2) Reconciliation of the statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

		(Unit :%)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Statutory effective tax rate* . . . . .	31.5	31.5
Effect from profit or loss that does not impact taxable gain or loss	852.5	(21.1)
Aggregation of income earned by controlled foreign companies.	1.3	6.9
Income and loss on equity method investments. . . . .	23.5	4.3
Distribution from SVF1 and SVF2. . . . .	(237.1)	3.8
Temporary difference associated with investment in subsidiaries	47.5	(1.7)
Difference of tax rate adapted by subsidiaries . . . . .	82.3	(1.1)
Taxation at foreign locations . . . . .	59.6	(0.1)
Effect from evaluating recoverability of deferred tax assets . . .	752.1	0.1
Other . . . . .	(29.1)	0.4
Actual tax rate. . . . .	1,584.1	23.0

\* The Company is subject to income taxes, residence taxes and deductible enterprise taxes. The statutory effective tax rate for the fiscal year ended March 31, 2021 based on these taxes is 31.5% (for the fiscal year ended March 31, 2020: 31.5%), except for foreign subsidiaries that are subject to income taxes at their respective locations.

### (3) Movement of deferred tax assets and deferred tax liabilities

The movement of deferred tax assets and deferred tax liabilities is as follows:

For the fiscal year ended March 31, 2020

	As of April 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Business combination* <sup>1</sup>	Exchange differences	Effect of retrospective adjustments due to adoption of new standards	Transfer to liabilities relating to assets classified as held for sale	Other	As of March 31, 2020
<b>Deferred tax assets</b>									
Property, plant and equipment . . . . .	¥ 123,666	¥ (76,619)	¥ –	¥ 944	¥ (1,640)	¥ 108	¥ –	¥ (9,760)	¥ 36,699
Accrued expenses and other liabilities . . . . .	178,415	25,512	5,982	1,887	(1,534)	(30,125)	(79,283)	(6,445)	94,409
Net operating loss carryforwards and tax credit carryforwards* <sup>2</sup> . . . . .	234,405	217,393	–	41	(4,317)	–	(420,837)	4,148	30,833
Temporary difference associated with investment in subsidiaries, associates and joint ventures* <sup>3</sup> . . . . .	371,802	(345,672)	7	–	(156)	–	–	(4,017)	21,964
Unrealized gain . . . . .	101,381	(11,004)	–	–	–	–	–	–	90,377
Allowance for doubtful accounts . . . . .	31,471	3,566	–	–	(296)	–	(14,652)	90	20,179
Other . . . . .	109,306	(36,834)	(112)	6,181	(942)	29,769	(36,162)	27,044	98,250
<b>Total . . . . .</b>	<b>1,150,446</b>	<b>(223,658)</b>	<b>5,877</b>	<b>9,053</b>	<b>(8,885)</b>	<b>(248)</b>	<b>(550,934)</b>	<b>11,060</b>	<b>392,711</b>
<b>Deferred tax liabilities</b>									
FCC licenses . . . . .	(987,022)	(9,322)	–	–	19,219	–	977,206	(81)	–
Customer relationships . . . . .	(51,016)	15,188	–	(96,785)	2,053	–	4,416	(86)	(126,230)
Trademarks . . . . .	(190,285)	12,372	–	(53,473)	3,506	–	162,299	–	(65,581)
Technologies . . . . .	(101,965)	(1,193)	–	–	8,321	–	–	–	(94,837)
Temporary difference associated with investment in subsidiaries, associates and joint ventures* <sup>4</sup> . . . . .	(305,212)	(144,064)	53,294	–	1,278	–	–	13,267	(381,437)
Contract assets and costs to obtain contracts . . . . .	(120,931)	(14,392)	–	–	863	–	50,395	–	(84,065)
Investment securities . . . . .	(53,495)	16,529	4,805	(25)	563	–	–	(480)	(32,103)
Other . . . . .	(144,649)	(36,757)	(7,770)	(526)	1,972	(2,599)	103,452	(11,426)	(98,303)
<b>Total . . . . .</b>	<b>(1,954,575)</b>	<b>(161,639)</b>	<b>50,329</b>	<b>(150,809)</b>	<b>37,775</b>	<b>(2,599)</b>	<b>1,297,768</b>	<b>1,194</b>	<b>(882,556)</b>
<b>Net . . . . .</b>	<b>¥ (804,129)</b>	<b>¥ (385,297)</b>	<b>¥ 56,206</b>	<b>¥ (141,756)</b>	<b>¥ 28,890</b>	<b>¥ (2,847)</b>	<b>¥ 746,834</b>	<b>¥ 12,254</b>	<b>¥ (489,845)</b>

\*<sup>1</sup> The increase from "Business combination" is mainly due to the consolidation of ZOZO, Inc. The details are described in "ZOZO, Inc." under "Note 10. Business combinations."

\*<sup>2</sup> The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2019 or 2020, in the amount of ¥21,327 million for the fiscal year ended March 31, 2020. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.

\*<sup>3</sup> The decrease in deferred tax assets from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2020 is mainly due to ¥361,752 million of reversal of deferred tax assets which was recorded for the previous fiscal year related to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in "2" in "(1) Gain and loss on investments at Investment Business of Holding Companies" under "Note 41. Gain on investments."

\*<sup>4</sup> The increases in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2020 are mainly due to the increase of ¥250,404 million in relation to the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares and the decrease of ¥119,306 million in relation to the reversal of deferred tax liabilities recognized in the previous fiscal year due to the decrease in reserved profit of SVF1.

For the fiscal year ended March 31, 2021

(Millions of yen)

	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Business combination* <sup>1</sup>	Exchange differences	Other	As of March 31, 2021
Deferred tax assets							
Property, plant and equipment . . . . .	¥ 36,699	¥ (5,072)	¥ –	¥ 13,491	¥ 22	¥ 11	¥ 45,151
Accrued expenses and other liabilities . . . . .	94,409	14,991	18	12,256	402	1,199	123,275
Net operating loss carryforwards and tax credit carryforwards* <sup>2</sup> . . . . .	30,833	45,164	–	595	1,420	4,294	82,306
Temporary difference associated with investment in subsidiaries, associates and joint ventures. . . . .	21,964	(19,445)	13	4,526	(8)	(1,613)	5,437
Unrealized gain . . . . .	90,377	(11,160)	–	–	–	20	79,237
Allowance for doubtful accounts . . . . .	20,179	(1,480)	–	383	(86)	(1,452)	17,544
Other. . . . .	98,250	107	(394)	2,550	1,112	(7,961)	93,664
Total . . . . .	392,711	23,105	(363)	33,801	2,862	(5,502)	446,614
Deferred tax liabilities							
Customer relationships. . . . .	(126,230)	8,709	–	(74,524)	(389)	1,348	(191,086)
Trademarks . . . . .	(65,581)	221	–	(53,507)	71	1,578	(117,218)
Technologies . . . . .	(94,837)	7,519	–	–	(2,294)	(297)	(89,909)
Temporary difference associated with investment in subsidiaries, associates and joint ventures* <sup>3</sup> . . . . .	(381,437)	(645,299)	(81,123)	(25,424)	(4,070)	(2,713)	(1,140,066)
Contract assets and costs to obtain contracts . . . . .	(84,065)	2,685	–	(1,715)	–	(3,380)	(86,475)
Investment securities* <sup>4</sup> . . . . .	(32,103)	(423,465)	(18,990)	(1,610)	(1,442)	5,612	(471,998)
Other. . . . .	(98,303)	(70,889)	(3,359)	(6,279)	(707)	5,093	(174,444)
Total . . . . .	(882,556)	(1,120,519)	(103,472)	(163,059)	(8,831)	7,241	(2,271,196)
Net . . . . .	¥(489,845)	¥(1,097,414)	¥(103,835)	¥ (129,258)	¥(5,969)	¥ 1,739	¥(1,824,582)

(Thousands of U.S. dollars)

	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Business combination* <sup>1</sup>	Exchange differences	Other	As of March 31, 2021
Deferred tax assets							
Property, plant and equipment . . . . .	\$ 331,488	\$ (45,813)	\$ –	\$ 121,859	\$ 199	\$ 98	\$ 407,831
Accrued expenses and other liabilities . . . . .	852,759	135,408	163	110,704	3,631	10,830	1,113,495
Net operating loss carryforwards and tax credit carryforwards* <sup>2</sup> . . . . .	278,502	407,949	–	5,374	12,826	38,787	743,438
Temporary difference associated with investment in subsidiaries, associates and joint ventures. . . . .	198,392	(175,639)	117	40,882	(72)	(14,570)	49,110
Unrealized gain . . . . .	816,340	(100,804)	–	–	–	181	715,717
Allowance for doubtful accounts . . . . .	182,269	(13,368)	–	3,459	(777)	(13,115)	158,468
Other. . . . .	887,454	966	(3,559)	23,033	10,044	(71,908)	846,030
Total . . . . .	3,547,204	208,699	(3,279)	305,311	25,851	(49,697)	4,034,089
Deferred tax liabilities							
Customer relationships. . . . .	(1,140,186)	78,665	–	(673,146)	(3,514)	12,176	(1,726,005)
Trademarks . . . . .	(592,367)	1,996	–	(483,308)	641	14,253	(1,058,785)
Technologies . . . . .	(856,625)	67,916	–	–	(20,721)	(2,683)	(812,113)
Temporary difference associated with investment in subsidiaries, associates and joint ventures* <sup>3</sup> . . . . .	(3,445,371)	(5,828,733)	(732,752)	(229,645)	(36,763)	(24,505)	(10,297,769)
Contract assets and costs to obtain contracts . . . . .	(759,326)	24,253	–	(15,491)	–	(30,530)	(781,094)
Investment securities* <sup>4</sup> . . . . .	(289,974)	(3,824,993)	(171,529)	(14,542)	(13,025)	50,691	(4,263,372)
Other. . . . .	(887,932)	(640,313)	(30,341)	(56,716)	(6,385)	46,002	(1,575,685)
Total . . . . .	(7,971,781)	(10,121,209)	(934,622)	(1,472,848)	(79,767)	65,404	(20,514,823)
Net . . . . .	\$ (4,424,577)	\$ (9,912,510)	\$ (937,901)	\$ (1,167,537)	\$ (53,916)	\$ 15,707	\$ (16,480,734)

\*1 The increase from "Business combination" is mainly due to the consolidation of LINE Corporation. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

\*2 The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2020 or 2021, in the amount of ¥14,334 million (\$129,473 thousand) for the fiscal year ended March 31, 2021. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.

\*3 The increases in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2021 are mainly due to the increase of ¥509,508 million (\$4,602,186 thousand) in relation to the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares and the increase of ¥220,352 million (\$1,990,353 thousand) in relation to the recognition of deferred tax liabilities following the increase in reserved profit of SVF1 and SVF2.

\*4 The increase in deferred tax liabilities from "Investment securities" as of March 31, 2021 is mainly due to the increase in unrealized valuation gain on investment securities.

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Deferred tax assets . . . . .	¥ 221,371	¥ 206,069	\$ 1,861,340
Deferred tax liabilities . . . . .	(711,216)	(2,030,651)	(18,342,074)
Net . . . . .	¥ (489,845)	¥(1,824,582)	\$(16,480,734)

**(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets**

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are on a tax basis.

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Deductible temporary differences . . . . .	¥ 472,965	¥ 469,323	\$ 4,239,211
Net operating loss carryforwards . . . . .	1,053,189	984,846	8,895,727
Tax credit carryforwards . . . . .	15,890	155	1,400
Total . . . . .	¥ 1,542,044	¥1,454,324	\$13,136,338

Expiration of net operating loss carryforwards and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with an expiry date.

		(Millions of yen)	(Thousands of U.S. dollars)
Net operating loss carryforwards (tax basis)	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
1st year . . . . .	¥ 5,694	¥ 3,354	\$ 30,295
2nd year . . . . .	3,193	2,623	23,693
3rd year . . . . .	2,942	5,838	52,732
4th year . . . . .	6,480	5,146	46,482
5th year and thereafter and no expiry date . . . . .	1,034,880	967,885	8,742,525
Total . . . . .	¥1,053,189	¥ 984,846	\$ 8,895,727

		(Millions of yen)	(Thousands of U.S. dollars)
Tax credit carryforwards (tax basis)	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
1st year . . . . .	¥ –	¥ –	\$ –
2nd year . . . . .	–	–	–
3rd year . . . . .	–	–	–
4th year . . . . .	1,045	–	–
5th year and thereafter and no expiry date . . . . .	14,845	155	1,400
Total . . . . .	¥ 15,890	¥ 155	\$ 1,400

In addition to the above, total future deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries, associates and joint ventures as of March 31, 2021 are ¥4,010,124 million (\$36,221,877 thousand) (as of March 31, 2020: ¥2,353,908 million).

**(5) Future taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries**

Total future taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2021 are ¥2,733,417 million (\$24,689,883 thousand) (as of March 31, 2020: ¥1,282,990 million).

## 25. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)		
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021	Average interest rate (%) <sup>*1</sup>	Maturity <sup>*2</sup>
Current					
Short-term borrowings <sup>*3</sup>	¥1,529,458	<b>¥2,637,401</b>	<b>\$23,822,609</b>	0.57	—
Commercial paper	206,000	<b>409,201</b>	<b>3,696,152</b>	0.12	—
Current portion of long-term borrowings <sup>*3,4</sup>	1,949,571	<b>2,085,348</b>	<b>18,836,130</b>	1.71	—
Current portion of corporate bonds <sup>*6</sup>	159,938	<b>804,356</b>	<b>7,265,432</b>	2.39	—
Current portion of financial liabilities relating to sale of shares by prepaid forward contract <sup>*5</sup>	—	<b>1,798,701</b>	<b>16,246,961</b>	0.44	—
Current portion of installment payables	186	<b>232</b>	<b>2,095</b>	1.82	—
Total	¥3,845,153	<b>¥7,735,239</b>	<b>\$69,869,379</b>		
Non-current					
Long-term borrowings <sup>*3,4</sup>	3,821,473	<b>4,745,058</b>	<b>42,860,247</b>	1.98	Apr. 2022-Nov. 2044
Corporate bonds <sup>*6</sup>	5,268,883	<b>4,745,184</b>	<b>42,861,386</b>	2.41	Jul. 2022-Feb. 2056
Financial liabilities relating to sale of shares by prepaid forward contract <sup>*5</sup>	196,101	<b>1,287,038</b>	<b>11,625,309</b>	0.52	Apr. 2022-Aug. 2024
Installment payables	272	<b>456</b>	<b>4,119</b>	1.86	Apr. 2022-Jul. 2027
Total	¥9,286,729	<b>¥10,777,736</b>	<b>\$97,351,061</b>		

\*1 Average interest rate represents the weighted-average interest rate to the balance as of March 31, 2021.

\*2 Maturity represents the maturity of the outstanding balance as of March 31, 2021.

\*3 Long-term borrowings as of March 31, 2021 include ¥444,227 million (\$4,012,528 thousand) (as of March 31, 2020: ¥408,465 million of short-term borrowings, ¥10,883 million of current portion of long-term borrowings, and ¥162,195 million of long-term borrowings) in SVF1.

\*4 On July 8, 2020, Skywalk Finance GK, a wholly-owned subsidiary of the Company, made an early repayment for the total amount of borrowings (\$9.44 billion) using Alibaba shares pledged as collateral. As a result, current portion of long-term borrowings decreased by ¥1,024,872 million (\$9,257,267 thousand). Accordingly, the collateral was released. In addition, on March 30, 2021, Skywalk Finance GK made borrowings using Alibaba shares pledged as collateral. As a result, long-term borrowings increased by ¥887,208 million (\$8,013,802 thousand). The shares are recorded as "Investments accounted for using the equity method" for ¥836,301 million (\$7,553,979 thousand) in the consolidated statement of financial position as of March 31, 2021.

\*5 For the fiscal year ended March 31, 2020, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a prepaid forward contract using Alibaba shares with a financial institution. As part of the "¥4.5 trillion program," for the fiscal year ended March 31, 2021, West Raptor Holdings 2, LLC ("WRH2 LLC"), Skybridge LLC, and Skylark 2020 Holdings Limited ("Skylark Limited"), Scout 2020 Holdings Limited ("Scout Limited") and Tigress 2020 Holdings Limited ("Tigress Limited"), wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions.

a. Contract for the fiscal year ended March 31, 2020: Procured amount \$1.65 billion (¥179,145 million)

The settlement is expected in October 2021 and November 2021. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

b. Contract for the fiscal year ended March 31, 2021: Procured total amount \$15.4 billion (¥1,660,952 million)

(a) Forward contract: Procured amount \$1.5 billion (¥161,610 million)

The settlement is expected in April 2024. The share price and the number of Alibaba shares settled by the prepaid forward contracts are fixed regardless of changes in market share price in the future.

(b) Floor contract: Procured amount \$1.5 billion (¥161,853 million)

The settlement is expected in December 2023 and January 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.

(c) Collar contract: Procured amount \$8.5 billion (¥918,531 million)

The settlement is expected from January 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(d) Collar contract and call spread: Procured amount \$2.2 billion (¥239,722 million)

The settlement is expected from May 2024 to June 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium.



(e) Collar contract: Procured amount \$0.9 billion (¥97,897 million)

The settlement is expected in July 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(f) Collar contract and call spread: Procured amount \$0.8 billion (¥81,339 million)

The settlement is expected in August 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread contract is entered into in preparation for Alibaba shares price rise.

For the fiscal year ended March 31, 2021, of the aforementioned prepaid forward contracts regarding the contracts a. and b. (c), amendment of the contract to revise the cap and floor for the price of shares settled has executed and regarding the contract b. (a) amendment of the contract to change to collar contract which a cap and a floor are set for the price of shares settles has executed. Due to the amendments, the settlement is expected: October 2021 and November 2021 for contract a.; October 2022 and November 2022 for contract b. (a); and from October 2021 to June 2022 for contract b. (c).

The amendments of the contracts are applicable for as exchanges of debt instruments with substantially different terms under IFRS, and accounted for as extinguishments of the original financial liabilities relating to the sale of shares by prepaid forward contracts and the recognition of new financial liabilities relating to the sale of shares by variable prepaid forward contracts. Including the new variable prepaid forward contracts, the aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value and the call spread is measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the variable prepaid forward contracts, a tax effect is recognized.

As a result of the amendments, upon the extinguishment of the original contracts, ¥1,382,751 million (\$12,489,847 thousand) of financial liabilities related to the sale of shares by prepaid forward contracts and ¥476,301 million (\$4,302,240 thousand) of derivative financial liabilities (non-current) are derecognized. On the other hand, ¥2,179,156 million (\$19,683,461 thousand) of new financial liabilities related to the sale of shares by variable prepaid forward contracts and ¥333,193 million (\$3,009,602 thousand) of derivative financial assets are newly recognized and ¥16,211 million (\$146,428 thousand) of cash is paid as a difference in exchange value between the original and new contracts. Further, along with the fluctuation of derivative financial assets and derivative financial liabilities, ¥275,756 million (\$2,490,796 thousand) of deferred tax liabilities is increased and the same amount of income taxes is increased, representing the tax effect.

Embedded derivatives are recognized for ¥359,115 million (\$3,243,745 thousand) as "Derivative financial assets (current)," for ¥302,500 million (\$2,732,364 thousand) as "Derivative financial assets (non-current)," and for ¥28,096 million (\$253,780 thousand) as "Derivative financial liabilities (current)" (as of March 31, 2020: ¥5,009 million recorded as "Derivative financial assets (non-current)) and the call spread is recognized for ¥42,059 million (\$379,902 thousand) as "Derivative financial assets (non-current)" (as of March 31, 2020: none) in the consolidated statement of financial position as of March 31, 2021.

WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited elect cash settlement, WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and except for the contract by Tigress Limited, the Company granted right of use to the financial institutions with respect to such shares. However the collateral can be released by cash settlement at the discretion of WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited. Alibaba continues to be an equity method associate of the Company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. Alibaba shares, pledged as collateral by the Company in accordance with the prepaid forward contracts, are recognized as "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2021 and the carrying amount is ¥583,897 million (\$5,274,113 thousand) (as of March 31, 2020: ¥54,453 million).

Also, for the fiscal year ended March 31, 2021, of the aforementioned prepaid forward contract regarding contract b. (d), Skylark Limited has exercised the option to settle the prepaid forward contract by cash and noticed to counterparty for early termination in April 2021. Under the prepaid forward contract, Skylark Limited is required to maintain cash that would exceed expected early termination amounts in a segregated custody account as restricted cash before the expected early termination date. \$3.3 billion (¥361,355 million) of the restricted cash is recognized as "Other financial assets (current)" in the consolidated statement of financial position as of March 31, 2021.

On April 13, 2021, Skylark Limited paid \$2.9 billion (¥313,411 million) from restricted cash and completed the settlement of the transactions. ¥285,780 million (\$2,581,339 thousand) of current portion of financial liabilities relating to sale of shares by prepaid forward and ¥28,096 million (\$253,780 thousand) of "derivative financial liabilities (current)" which were recognized in the consolidated statement of financial position as of March 31, 2021, were derecognized. Accordingly, on the same date, ¥61,633 million (\$556,707 thousand) of Alibaba shares recognized in the consolidated statement of financial position as of March 31, 2021 was released from the collateral.

6. A summary of the issuance conditions of the bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount*7	As of March 31, 2020 (Millions of yen)*8	As of March 31, 2021 (Millions of yen)*8	As of March 31, 2021 (Thousands of U.S. dollars)*8	Interest rate (%)	Date of maturity
SoftBank Group Corp.							
44th Unsecured Straight Bond . . . . .	Nov. 29, 2013	¥ –	¥49,981 (49,981)	¥ –	\$ –	1.69	Nov. 27, 2020
47th Unsecured Straight Bond . . . . .	Jun. 18, 2015	¥ –	99,957 (99,957)	–	–	1.36	Jun. 18, 2020
48th Unsecured Straight Bond*9 . . . . .	Dec. 10, 2015	¥337,024 million	368,212	<b>336,006</b>	<b>3,035,010</b>	2.13	Dec. 9, 2022
49th Unsecured Straight Bond*9 . . . . .	Apr. 20, 2016	¥ 19,500 million	19,959	<b>19,474</b>	<b>175,901</b>	1.94	Apr. 20, 2023
50th Unsecured Straight Bond . . . . .	Apr. 20, 2016	¥ 30,000 million	29,908	<b>29,923</b>	<b>270,283</b>	2.48	Apr. 20, 2026
51st Unsecured Straight Bond*9 . . . . .	Mar. 16, 2017	¥352,612 million	397,162	<b>350,749</b>	<b>3,168,178</b>	2.03	Mar. 15, 2024
52nd Unsecured Straight Bond*9 . . . . .	Mar. 8, 2017	¥ 47,300 million	49,874	<b>47,211</b>	<b>426,438</b>	2.03	Mar. 8, 2024
53rd Unsecured Straight Bond . . . . .	Jun. 20, 2018	¥410,000 million	406,427	<b>407,284</b>	<b>3,678,837</b>	1.57	Jun. 14, 2024
54th Unsecured Straight Bond . . . . .	Jun. 12, 2018	¥ 40,000 million	39,877	<b>39,907</b>	<b>360,464</b>	1.57	Jun. 12, 2024
55th Unsecured Straight Bond . . . . .	Apr. 26, 2019	¥500,000 million	494,784	<b>495,827</b>	<b>4,478,611</b>	1.64	Apr. 25, 2025
56th Unsecured Straight Bond . . . . .	Sep. 20, 2019	¥400,000 million	395,406	<b>396,122</b>	<b>3,578,015</b>	1.38	Sep.17, 2026
57th Unsecured Straight Bond . . . . .	Sep. 12, 2019	¥100,000 million	99,599	<b>99,663</b>	<b>900,217</b>	1.38	Sep.11, 2026
USD-denominated Senior Notes due 2022*10 . . . . .	Jul. 28, 2015	\$ 819 million	80,386	<b>56,601</b>	<b>511,255</b>	5.38	Jul. 30, 2022
USD-denominated Senior Notes due 2023*10 . . . . .	Apr. 20, 2018	\$ 300 million	32,393	<b>18,080</b>	<b>163,310</b>	5.50	Apr. 20, 2023
USD-denominated Senior Notes due 2024*10 . . . . .	Sep. 19, 2017	\$ 1,350 million	130,360	<b>91,813</b>	<b>829,311</b>	4.75	Sep. 19, 2024
USD-denominated Senior Notes due 2025*10 . . . . .	Jul. 28, 2015	\$ 712 million	74,132	<b>63,210</b>	<b>570,951</b>	6.00	Jul. 30, 2025
USD-denominated Senior Notes due 2025*10 . . . . .	Apr. 20, 2018	\$ 450 million	48,516	<b>40,847</b>	<b>368,955</b>	6.13	Apr. 20, 2025
USD-denominated Senior Notes due 2027*10 . . . . .	Sep. 19, 2017	\$ 2,000 million	197,566	<b>195,882</b>	<b>1,769,325</b>	5.13	Sep. 19, 2027
USD-denominated Senior Notes due 2028*10 . . . . .	Apr. 3, 2018	\$ 500 million	53,873	<b>54,872</b>	<b>495,637</b>	6.25	Apr. 15, 2028
Euro-denominated Senior Notes due 2022*10 . . . . .	Jul. 28, 2015	€ 287 million	34,059	<b>24,193</b>	<b>218,526</b>	4.00	Jul. 30, 2022
Euro-denominated Senior Notes due 2023*10 . . . . .	Apr. 20, 2018	€ 1,000 million	118,621	<b>81,994</b>	<b>740,620</b>	4.00	Apr. 20, 2023
Euro-denominated Senior Notes due 2025*10 . . . . .	Sep. 19, 2017	€ 1,500 million	130,376	<b>104,486</b>	<b>943,781</b>	3.13	Sep. 19, 2025
Euro-denominated Senior Notes due 2025*10 . . . . .	Jul. 28, 2015	€ 689 million	81,663	<b>81,562</b>	<b>736,718</b>	4.75	Jul. 30, 2025
Euro-denominated Senior Notes due 2025*10 . . . . .	Apr. 20, 2018	€ 450 million	46,227	<b>38,979</b>	<b>352,082</b>	4.50	Apr. 20, 2025
Euro-denominated Senior Notes due 2027*10 . . . . .	Jul. 28, 2015	€ 211 million	24,912	<b>27,088</b>	<b>244,675</b>	5.25	Jul. 30, 2027
Euro-denominated Senior Notes due 2028*10 . . . . .	Apr. 3, 2018	€ 1,174 million	138,933	<b>151,031</b>	<b>1,364,204</b>	5.00	Apr. 15, 2028
Euro-denominated Senior Notes due 2029*10 . . . . .	Sep. 19, 2017	€ 750 million	81,602	<b>88,699</b>	<b>801,183</b>	4.00	Sep. 19, 2029
1st Unsecured Subordinated Corporate Bond*9 . . . . .	Dec. 19, 2014	¥361,617 million	398,174	<b>360,957</b> <b>(360,957)</b>	<b>3,260,383</b> <b>(3,260,383)</b>	2.50	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond*9 . . . . .	Feb. 9, 2015	¥404,352 million	447,741	<b>403,428</b> <b>(403,428)</b>	<b>3,644,007</b> <b>(3,644,007)</b>	2.50	Feb. 9, 2022

Company name / Name of bond	Date of issuance	Balance of issue amount*7	As of March 31, 2020 (Millions of yen)*8	As of March 31, 2021 (Millions of yen)*8	As of March 31, 2021 (Thousands of U.S. dollars)*8	Interest rate (%)	Date of maturity
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)*11,12	Sep. 16, 2016	¥ 55,600 million	¥ 55,144	¥ 55,165	\$ 498,284	3.00	Sep. 13, 2041
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)*11,13	Sep. 16, 2016	¥ 15,400 million	15,268	15,273	137,955	3.50	Sep. 16, 2043
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)*11,14	Sep. 30, 2016	¥400,000 million	393,402	393,710	3,556,228	3.00	Sep. 30, 2041
4th Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)*11,15	Feb. 4, 2021	¥177,000 million	—	175,512	1,585,330	3.00	Feb. 4, 2056
Subtotal . . . . .			5,034,494 (149,938)	4,745,548 (764,385)	42,864,674 (6,904,390)		
<b>Z Holdings Corporation</b>							
10th Unsecured Straight Bond . . . . .	Jul. 31, 2019	¥ 60,000 million	59,869	59,927	541,297	0.04	Jul. 29, 2022
11th Unsecured Straight Bond . . . . .	Jul. 31, 2019	¥ 50,000 million	49,853	49,888	450,619	0.18	Jul. 31, 2024
12th Unsecured Straight Bond . . . . .	Jul. 31, 2019	¥ 70,000 million	69,788	69,822	630,675	0.37	Jul. 31, 2026
13th Unsecured Straight Bond . . . . .	Jul. 31, 2019	¥ 50,000 million	49,817	49,837	450,158	0.46	Jul. 31, 2029
15th Unsecured Straight Bond . . . . .	Jun. 11, 2020	¥ 80,000 million	—	79,834	721,109	0.35	Jun. 9, 2023
16th Unsecured Straight Bond . . . . .	Jun. 11, 2020	¥ 70,000 million	—	69,802	630,494	0.60	Jun. 11, 2025
Other Unsecured Straight Bonds . . . . .	Feb. 28, 2017 - Jun. 11, 2020	¥165,000 million	125,000 (10,000)	164,882 (39,971)	1,489,314 (361,042)	0.17-0.90	Dec. 10, 2021 - Jun. 11, 2030
Subtotal . . . . .			354,327 (10,000)	543,992 (39,971)	4,913,666 (361,042)		
<b>SoftBank Corp.</b>							
6th Unsecured Straight Bonds . . . . .	Jul. 29, 2020	¥ 70,000 million	—	70,000	632,283	0.36	Jul. 29, 2025
8th Unsecured Straight Bonds . . . . .	Dec. 3, 2020	¥ 80,000 million	—	80,000	722,609	0.35	Dec. 3, 2025
Other Unsecured Straight Bonds . . . . .	Mar. 18, 2020 - Dec. 3, 2020	¥110,000 million	40,000	110,000	993,586	0.10 - 0.58	Mar. 17, 2023 - Dec. 3, 2030
Subtotal . . . . .			40,000	260,000	2,348,478		
Total . . . . .			¥5,428,821 (159,938)	¥5,549,540 (804,356)	\$50,126,818 (7,265,432)		

\*7 Balance of issue amount is as of March 31, 2021.

\*8 Figures in parentheses as of March 31, 2020 and March 31, 2021 represent the current portion.

\*9 On June 29, 2020, SoftBank Group Corp. offered the partial purchase for the 1st Unsecured Subordinated Corporate Bond, the 2nd Unsecured Subordinated Corporate Bond, the 48th Unsecured Straight Bond, the 49th Unsecured Straight Bond, the 51st Unsecured Straight Bond, and the 52nd Unsecured Straight Bond. Accordingly, on July 22, 2020, the purchases were completed and these corporate bonds were retired. As a result, these bonds were derecognized as the requirement for the extinguishment was satisfied on the same date.

\*10 On February 22, 2021, SoftBank Group Corp. offered the partial purchases for the USD-denominated Senior Notes due 2022, the USD-denominated Senior Notes due 2023, the USD-denominated Senior Notes due 2024, the USD-denominated Senior Notes due 2025, the USD-denominated Senior Notes due 2027, the USD-denominated Senior Notes due 2028, the Euro-denominated Senior Notes due 2022, the Euro-denominated Senior Notes due 2023, the Euro-denominated Senior Notes due 2025, the Euro-denominated Senior Notes due 2027, the Euro-denominated Senior Notes due 2028, and the Euro-denominated Senior Notes due 2029. Accordingly, on March 10, 2021, the purchases were completed. As a result, these notes were derecognized as the requirement for the extinguishment was satisfied on the same date.

\*11 The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.

\*12 The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date on or after September 16, 2021.

\*13 The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date on or after September 16, 2023.

\*14 The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date on or after September 30, 2021.

\*15 The bond has an early redeemable option at the Company's discretion from February 4, 2026 and each interest date on or after February 4, 2026.

## (2) Financial covenants

### a. Financial covenants on interest-bearing debts of SoftBank Group Corp.

SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows:

- (a) The amount of SoftBank Group Corp.'s net assets at the end of the fiscal year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.
- (b) The consolidated statement of financial position of the Company at the end of the fiscal year must not show a net capital deficiency. The statement of financial position of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.
- (c) In the Company's consolidated statement of income, income (loss) before income tax or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

### b. Financial covenants on interest-bearing debts of SoftBank Corp.

Major covenants on the interest-bearing debt issued by SoftBank Corp. are as follows:

- (a) The amount of SoftBank Corp.'s equity in the consolidated statement of financial position at the end of the fiscal year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s equity at the end of the previous year and the second quarter.
- (b) The amount of SoftBank Corp.'s net assets in the non-consolidated balance sheet at the end of the fiscal year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s net assets at the same dates during the previous year and the second quarter.
- (c) In the SoftBank Corp.'s consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.
- (d) In the SoftBank Corp.'s non-consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.
- (e) Net leverage ratios\*<sup>1</sup> of SoftBank Corp. must not exceed certain numbers at the end of the fiscal year and at the end of the second quarter.

\*<sup>1</sup> Net leverage ratio: Net debt\*<sup>2</sup> / adjusted EBITDA\*<sup>3</sup>

\*<sup>2</sup> Net debt:

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

\*<sup>3</sup> Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with financial institutions.

### c. Financial covenants on interest-bearing debts of Z Holdings Corporation

Z Holdings Corporation's interest-bearing debt includes financial covenants and the major financial covenants are as follows:

- (a) The amount of net assets in Z Holdings Corporation's statement of financial position at the end of the fiscal year from the second quarter ended September 30, 2020 must not fall below 75% of Z Holdings Corporation's net assets at the same dates during the previous year.
- (b) The amount of equity in Z Holdings Corporation's consolidated statement of financial position at the end of the fiscal year and at the end of the second quarter of each year from the second quarter ended September 30, 2020 must not fall below 75% of Z Holdings Corporation's equity at the same dates during the previous year.
- (c) The balance sheet of Z Holdings Corporation at the end of the fiscal year from the second quarter ended September 30, 2020, must not show a net capital deficiency.
- (d) The consolidated statement of financial position of Z Holdings Corporation at the end of the fiscal year and at the end of the second quarter of each year from the second quarter ended September 30, 2020 must not show a net capital deficiency.
- (e) In Z Holdings Corporation's statement of income, operating income (loss) or net income (loss) at the end of each fiscal year from the fiscal year ended March 31, 2021, must not result in losses for two consecutive fiscal years.
- (f) In Z Holdings Corporation's consolidated statement of income, operating income (loss) or net income (loss) at the end of each fiscal year from the fiscal year ended March 31, 2021, must not result in losses for two consecutive fiscal years.
- (g) Net leverage ratios\*<sup>1</sup> of Z Holdings Corporation must not exceed certain respective amounts or numbers at the end of the fiscal year and the end of the second quarter of each year from the second quarter ended September 30, 2020.

\*<sup>1</sup> Net leverage ratio: Net debt\*<sup>2</sup> / Adjusted EBITDA\*<sup>3</sup>

\*<sup>2</sup> Net debt: The total amount of interest-bearing debt shown in the consolidated statement of financial position of Z Holdings Corporation after deducting cash and cash equivalents adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme. Such adjustments are applied to interest-bearing debt and cash and cash equivalents of the Japan Net Bank, Limited (currently PayPay Bank Corporation).

\*<sup>3</sup> Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

### (3) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Cash and cash equivalents . . . . .	¥ 3,309	¥ 4,736	\$ 42,778
Trade and other receivables . . . . .	7,024	5,433	49,074
Other financial assets (current)* <sup>1</sup> . . . . .	21,981	15,088	136,284
Inventories . . . . .	1,803	—	—
Other current assets . . . . .	173	4,967	44,865
Property, plant and equipment . . . . .	100,040	137,196	1,239,238
Right-of-use assets . . . . .	1,851	—	—
Intangible assets . . . . .	9,200	9,176	82,883
Investments accounted for using the equity method* <sup>1,2,3,4</sup> . . . . .	776,309	1,462,579	13,210,902
Investments from SVF1 and SVF2 accounted for using FVTPL* <sup>1</sup> . . . . .	857,356	786,651	7,105,510
Investment securities* <sup>4</sup> . . . . .	10,184	1,483,897	13,403,459
Other financial assets (non-current)	1,646	2,503	22,610
Total . . . . .	¥1,790,876	¥ 3,912,226	\$ 35,337,603

Liabilities related to these assets pledged as collateral are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Interest-bearing debt			
Short-term borrowings . . . . .	¥ 354	¥ 8,007	\$ 72,324
Current portion of long-term borrowings* <sup>1,2,5</sup> . . . . .	1,041,811	502,737	4,541,026
Current portion of financial liabilities relating to sale of shares by prepaid forward contract* <sup>3</sup> . . . . .	—	1,798,701	16,246,961
Long-term borrowings* <sup>1,2,4,5</sup> . . . . .	748,131	1,636,452	14,781,429
Financial liabilities relating to sale of shares by prepaid forward contract* <sup>3</sup> . . . . .	196,101	1,287,038	11,625,309
Trade and other payables . . . . .	—	27	244
Derivative financial liabilities (current) . . . . .	657	—	—
Other financial liabilities (current) . . . . .	—	576	5,203
Other non-current liabilities . . . . .	—	307	2,773
Derivative financial liabilities (non-current) . . . . .	347	—	—
Total . . . . .	¥1,987,401	¥5,233,845	\$ 47,275,269

\*1 Certain listed shares held by SVF1 are pledged as collateral for long-term borrowings. The facility agreement for the long-term borrowings include a margin call provision, which may be triggered under certain circumstances such as a significant decrease in the market value of pledged collateral and a mandatory prepayment clause requiring all or part of the borrowings to be prepaid in certain circumstances. The creditors would be able to enforce security and dispose of the pledged listed shares if the margin call clause or the mandatory prepayment clause were triggered and SVF1 did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.

In March 2020, in light of current market conditions, and significant decreases in the market value of the pledged listed shares, an aggregate amount of ¥102,125 million was partially and voluntarily prepaid by SVF1. In the same month, the facility agreement for the borrowings was amended and pursuant to the terms of this amendment, SVF1 made an additional ¥17,949 million voluntary partial repayment and pledged cash as collateral. Such cash collateral amount was intended to be applied in April 2020 towards a further voluntary repayment of the outstanding long-term borrowings.

As a result, ¥786,651 million (\$7,105,510 thousand) of the listed shares held by SVF1 (the carrying amounts of asset as of March 31, 2021) (as of March 31, 2020: ¥849,088 million of the listed shares and ¥10,883 million of cash) were pledged as collateral for ¥136,841 million (\$1,236,031 thousand) of long-term borrowings as of March 31, 2021 (as of March 31, 2020: ¥162,195 million of long-term borrowings and ¥10,883 million of current portion of long-term borrowings). The aforementioned pledged shares are included within "Investments from SVF1 and SVF2 accounted for using FVTPL" in the consolidated statement of financial position as of March 31, 2021.

\*2 ¥836,301 million (\$7,553,979 thousand) (as of March 31, 2020: ¥721,856 million) of Alibaba shares (carrying amount on a consolidated basis) held by Skywalk Finance GK, a wholly-owned subsidiary of the Company, is pledged as collateral for ¥894,102 million (\$8,076,073 thousand) of long-term borrowings as of March 31, 2021 (as of March 31, 2020: ¥1,027,839 million of current portion of long-term borrowings). The shares are included in "Investments accounted for using the equity method" under the consolidated statement of financial position as of March 31, 2021. The borrowings include an early settlement clause and an early settlement may be elected under certain circumstances such as a significant decrease in the fair value of pledged Alibaba shares. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement is demanded and the subsidiary does not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

\*3 ¥583,897 million (\$5,274,113 thousand) of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥1,798,701 million (\$16,246,961 thousand) of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥1,287,038 million (\$11,625,309 thousand) of financial liabilities relating to sale of shares by prepaid forward contracts as of March 31, 2021. The details are described in "5" under "(1) Components of interest-bearing debt."

\*4 On July 30, 2020, a wholly-owned subsidiary of the Company made a borrowing of \$4.38 billion by using T-Mobile shares held by the subsidiary as collateral. ¥1,474,356 million (\$13,317,279 thousand) of T-Mobile shares is pledged as collateral for ¥481,260 million (\$4,347,033 thousand) of the long-term borrowings. T-Mobile shares pledged as collateral are included in "Investment securities" in the consolidated statement of financial position as of March 31, 2021.

In addition, related to the transaction, Alibaba shares held by the Company are pledged as collateral. Alibaba shares pledged as collateral are recorded for ¥42,381 million (\$382,811 thousand) as "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2021.

\*5 929,022,669 shares out of 1,914,858,070 shares of SoftBank Corp. held by the Company is pledged as collateral for ¥498,678 million (\$4,504,363 thousand) of current portion of long-term borrowings (as of March 31, 2020: ¥497,356 million of long-term borrowings) of Moonlight Finance GK, a wholly-owned subsidiary of the Company, as of March 31, 2021. The borrowings include an early settlement clause and an early settlement may be elected by the creditors under certain circumstances such as a significant decrease in the fair value of pledged SoftBank Corp. shares. The creditors would be able to dispose the asset pledged as collateral in the event where the early settlement is demanded and Moonlight Finance GK does not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

Other than the above, the following assets are pledged as collateral.

a. SB Northstar

For acquisition of investments financed through borrowings, total return swap contracts and credit transactions, ¥1,427,286 million (\$12,892,115 thousand) of securities pledged as collateral in the asset management subsidiary, ¥111,787 million (\$1,009,728 thousand) of restricted cash and ¥14,685 million (\$132,644 thousand) of margin deposits in SB Northstar are pledged as collateral mainly for ¥1,203,925 million (\$10,874,582 thousand) of short-term borrowings in SB Northstar, ¥14,673 million (\$132,535 thousand) of derivative financial liabilities in the asset management subsidiary and ¥8,713 million (\$78,701 thousand) of borrowed securities as of March 31, 2021. In addition, in accordance with the contracts by each broker, there is a possibility that investments from the asset management subsidiary in the consolidated statement of financial position and Alibaba shares held by SB Northstar (the carrying amount of ¥124,804 million (\$1,127,306 thousand) on a consolidated basis) will be pledged additionally as collateral in response to the balance of liabilities in SB Northstar and position in the future. The borrowings will be settled early if the fair value of the pledged securities is less than the certain proportion of the residual balance of the borrowings.

Also, ¥302,048 million (\$2,728,281 thousand) of Alibaba shares held by SB Northstar (the carrying amount on a consolidated basis) is pledged as collateral for ¥662,596 million (\$5,984,970 thousand) of current portion of long-term borrowings as of March 31, 2021. The borrowing includes a clause in which additional cash collateral will be required if the fair value of Alibaba share is higher than the certain proportion of the residual balance of the borrowings. Alibaba shares pledged as collateral are included in "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2021.

b. Fortress

As of March 31, 2021, based on a term loan agreement of \$0.9 billion (as of March 31, 2020: \$1.0 billion) which was entered into to finance the acquisition of Fortress; the equity interests of Fortress and four wholly-owned subsidiaries within the acquisition structure are pledged as collateral.

c. Other

As of March 31, 2021, ¥86,248 million (\$779,044 thousand) (as of March 31, 2020: ¥47,831 million) of "Investment securities" is pledged as collateral for financing and exchange settlement by a subsidiary operating banking business. Also, "Other financial assets (non-current)" include ¥155,210 million (\$1,401,951 thousand) (as of March 31, 2020: ¥115,273 million) of margin deposits with central counterparties.

(4) Assets with restrictions on rights

a. Assets for sale and leaseback transactions that are not accounted for as sales

Assets for sale and leaseback transactions that continue to be recognized as property, plant and equipment but to which the Company does not have legal title because the transactions are not accounted for as sales are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Property, plant and equipment. . . . .	¥287,417	¥490,356	\$ 4,429,193

Liabilities related to the assets to which the Company does not have legal title are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Interest-bearing debt			
Current portion of long-term borrowings .	¥ 81,383	¥122,764	\$ 1,108,879
Long-term borrowings . . . . .	220,947	353,466	3,192,720
Total . . . . .	¥302,330	¥476,230	\$ 4,301,599

b. Assets under lease contracts for intangible assets

Assets that are restricted to be transferred, subleased or pledged as collateral by the Company because they are acquired under lease contracts for the intangible assets are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Intangible assets . . . . .	¥348,522	¥350,198	\$ 3,163,201

Liabilities related to the assets that are restricted to be transferred, subleased or pledged as collateral are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Interest-bearing debt			
Current portion of long-term borrowings .	¥107,690	¥115,058	\$ 1,039,274
Long-term borrowings . . . . .	208,896	228,442	2,063,427
Total . . . . .	¥316,586	¥343,500	\$ 3,102,701



#### (5) Assets with restrictions on use

The carrying amount of assets with restrictions on use (sale, transfer, disposal or dividend distributions, and other) based on the guarantee contracts within the group for fund procurements is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Investments accounted for using FVTPL . . . . .	¥33,660	¥ –	\$ –
Investments accounted for using the equity method . . . . .	1,426	–	–

#### (6) Components of proceeds in short-term interest-bearing debt, net

The components of “Proceeds in short-term interest-bearing debt, net” in the consolidated statement of cash flows are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net increase of short-term borrowings . . . . .	¥ 36,173	¥1,452,826	\$13,122,808
Net increase of commercial paper . . . . .	97,000	122,501	1,106,503
Total . . . . .	¥133,173	¥1,575,327	\$14,229,311

#### (7) Components of proceeds from interest-bearing debt

The components of “Proceeds from interest-bearing debt” in the consolidated statement of cash flows are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Proceeds from borrowings . . . . .	¥7,043,561	¥5,707,162	\$51,550,555
Proceeds from issuance of corporate bonds . . . . .	1,379,220	597,000	5,392,467
Proceeds from procurement by prepaid forward contracts using shares* . . . . .	179,145	1,660,952	15,002,728
Total . . . . .	¥8,601,926	¥7,965,114	\$71,945,750

\* The amount is procured under the prepaid forward contracts using Alibaba shares. The details are described in “\*5” under “(1) Components of interest-bearing debt.”

#### (8) Components of repayment of interest-bearing debt

The components of “Repayment of interest-bearing debt” in the consolidated statement of cash flows are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Repayment of borrowings . . . . .	¥(4,599,878)	¥(5,223,271)	\$(47,179,758)
Redemption of corporate bonds . . . . .	(1,036,765)	(567,630)	(5,127,179)
Repayment of installment payables . . . . .	(10,084)	–	–
Total . . . . .	¥(5,646,727)	¥(5,790,901)	\$(52,306,937)

## 26. Deposits for banking business

The components of deposits for a banking business are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Ordinary deposits . . . . .	¥ 770,572	<b>¥1,001,173</b>	<b>\$ 9,043,203</b>
Time deposits . . . . .	102,515	<b>108,067</b>	<b>976,127</b>
Total . . . . .	¥ 873,087	<b>¥1,109,240</b>	<b>\$10,019,330</b>

## 27. Trade and other payables

The components of trade and other payables are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Trade payables . . . . .	¥1,290,182	<b>¥1,541,078</b>	<b>\$13,919,953</b>
Other . . . . .	295,144	<b>429,197</b>	<b>3,876,768</b>
Total . . . . .	¥1,585,326	<b>¥1,970,275</b>	<b>\$17,796,721</b>

## 28. Other financial liabilities

The components of other financial liabilities are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Current</b>			
Allowance for financial guarantee contract losses*1 . . . . .	¥ 96,756	<b>¥ 24,381</b>	<b>\$ 220,224</b>
Allowance for loan commitment losses*2 . . . . .	145,133	<b>10,218</b>	<b>92,295</b>
Other . . . . .	6,121	<b>16,686</b>	<b>150,718</b>
Total . . . . .	¥248,010	<b>¥ 51,285</b>	<b>\$ 463,237</b>
<b>Non-current</b>			
Non-controlling interests subject to possible redemption*3 . . . . .	–	<b>298,092</b>	<b>2,692,548</b>
Other . . . . .	77,207	<b>117,315</b>	<b>1,059,660</b>
Total . . . . .	¥ 77,207	<b>¥415,407</b>	<b>\$3,752,208</b>

\*1 As of March 31, 2021, ¥24,381 million (\$220,224 thousand) of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions is included (as of March 31, 2020: ¥89,202 million) and the balance decreased as expected credit losses were lower than the balance as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

\*2 Allowance for unutilized loan commitment losses related to purchase unsecured notes issued by WeWork. Regarding liabilities related to the loan commitment, when WeWork Investment Subsidiary purchased the unsecured notes, the corresponding amounts were reversed from the liabilities related to the loan commitment and deducted from the initial recognition amounts of the loan receivables. Also, credit spread for WeWork's unsecured notes distributed in the market was improved. The balance decreased as expected credit losses were lower than the balance as of March 31, 2020 mainly due to the abovementioned reasons. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

\*3 The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

## 29. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
<b>Current</b>			
Withholding income tax*1 . . . . .	¥131,024	<b>¥ 255,128</b>	<b>\$ 2,304,471</b>
Accrued employee benefits . . . . .	163,097	<b>223,847</b>	<b>2,021,922</b>
Contract liabilities . . . . .	141,454	<b>145,528</b>	<b>1,314,497</b>
Advance received*2 . . . . .	6,590	<b>142,205</b>	<b>1,284,482</b>
Consumption tax payable and other . . . . .	66,369	<b>66,980</b>	<b>605,005</b>
Other . . . . .	87,965	<b>118,755</b>	<b>1,072,668</b>
Total . . . . .	¥596,499	<b>¥ 952,443</b>	<b>\$ 8,603,045</b>
<b>Non-current</b>			
Contract liabilities . . . . .	26,161	<b>105,285</b>	<b>950,998</b>
Defined benefit liabilities . . . . .	16,448	<b>28,590</b>	<b>258,242</b>
Long-term accrued employee benefits . . . . .	16,988	<b>28,534</b>	<b>257,736</b>
Other . . . . .	19,956	<b>45,079</b>	<b>407,182</b>
Total . . . . .	¥ 79,553	<b>¥ 207,488</b>	<b>\$ 1,874,158</b>

\*1 Withholding income tax as of March 31, 2021 includes the amount of ¥245,053 million (\$2,213,468 thousand) (as of March 31, 2020: ¥122,548 million) which is related to dividends within the group companies. The Company paid the withholding income tax in April, 2021 (as of March 31, 2020: paid in April, 2020.)

\*2 On September 13, 2020 (U.S. time), the Company entered into a definitive agreement with NVIDIA to sell all of its shares in Arm. Based on the agreement, the Company received \$1.25 billion as a deposit for part of the consideration in the transaction. The details are described in "(Sell of all shares in Arm)" under "Note 52. Additional information."

### 30. Provisions

The changes in the provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Provision for loss on contracts	Provision for loss on interest repayment	Other	Total
As of April 1, 2020 . . . . .	¥ 80,234	¥ –	¥10,076	¥ 9,929	¥ 100,239
Recognition of provisions . . . . .	12,144	23,130	–	4,837	40,111
Interest due to passage of time . . . . .	261	–	–	–	261
Used . . . . .	(6,933)	–	(2,064)	(3,548)	(12,545)
Reversal of provisions . . . . .	–	–	–	(287)	(287)
Change in estimate . . . . .	4,908	–	–	–	4,908
Exchange differences . . . . .	14	–	–	(286)	(272)
Other . . . . .	6,111	–	–	(3,001)	3,110
As of March 31, 2021 . . . . .	¥ 96,739	¥ 23,130	¥ 8,012	¥ 7,644	¥ 135,525
Current liabilities . . . . .	¥ 17,538	¥ 43	¥ 1,812	¥ 5,546	¥ 24,939
Non-current liabilities . . . . .	79,201	23,087	6,200	2,098	110,586
Total . . . . .	¥ 96,739	¥ 23,130	¥ 8,012	¥ 7,644	¥ 135,525

(Thousands of U.S. dollars)

	Asset retirement obligations	Provision for loss on contracts	Provision for loss on interest repayment	Other	Total
As of April 1, 2020 . . . . .	\$ 724,722	\$ –	\$91,013	\$89,685	\$ 905,420
Recognition of provisions . . . . .	109,692	208,924	–	43,691	362,307
Interest due to passage of time . . . . .	2,358	–	–	–	2,358
Used . . . . .	(62,622)	–	(18,644)	(32,048)	(113,314)
Reversal of provisions . . . . .	–	–	–	(2,592)	(2,592)
Change in estimate . . . . .	44,332	–	–	–	44,332
Exchange differences . . . . .	126	–	–	(2,583)	(2,457)
Other . . . . .	55,198	–	–	(27,108)	28,090
As of March 31, 2021 . . . . .	\$ 873,806	\$208,924	\$72,369	\$69,045	\$1,224,144
Current liabilities . . . . .	\$ 158,414	\$ 388	\$16,367	\$50,095	\$ 225,264
Non-current liabilities . . . . .	715,392	208,536	56,002	18,950	998,880
Total . . . . .	\$ 873,806	\$208,924	\$72,369	\$69,045	\$1,224,144

### **Asset retirement obligations**

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers and network centers. The estimate of the amount for the removal of equipment and the timing of the payment is based on the assumption at present and is subject to changes depending on revised future assumptions.

### **Provision for loss on contracts**

In mobile communication service, provision for loss on contracts is recognized in order to prepare for losses resulting from the difference between the sales price of devices received from customers and residual installment receivables from customers. The sales price of the devices and the amount of the residual installment receivables may fluctuate due to changes in the market environment and other factors.

### **Provision for loss on interest repayment**

Provision for loss on interest repayment is recorded by the subsidiaries operating card business, based on an amount representing future expected claims in order to prepare for future claims by debtors and others, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act. The amount of claims for the interest repayment may fluctuate from changes in market environment and other factors.

## **31. Financial instruments**

### **(1) Capital management**

Our policy is to realize and maintain optimum capital composition to maintain mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

Note:

Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Equity capital. . . . .	¥5,913,613	<b>¥10,213,093</b>	<b>\$92,250,863</b>
Equity capital ratio (%) . . . . .	15.9	<b>22.3</b>	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws. The details regarding the financial covenants related to interest-bearing debt are described in "(2) Financial covenants" under "Note 25. Interest-bearing debt".

### **(2) Financial risk management**

(The asset management subsidiary)

As SB Northstar L.P., an asset management subsidiary, has started to conduct various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions, and others for diversification of the assets held and management of surplus funds, the Company faces a variety of financial risks (market risk, credit risk and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks. The Company continues to enhance financial risk management according to the scale of investments and nature of new transactions.

SB MANAGEMENT LIMITED ("SBM"), a wholly-owned subsidiary of the Company, is responsible for investment decision-making and risk management of the asset management subsidiary. The asset management subsidiary's overall risk management principles seek to maximize the returns derived for the level of risk to which the asset management company is exposed and seek to minimize the potential risk of adverse effects on the financial performance. For this reason, the asset management subsidiary

not only acquires and sells listed stocks, but also performs derivative transactions related to these listed stocks, and conducts transactions based on the policies approved by the SBM Investment Committee. In addition, in order to avoid concentration risk in specific stocks, the asset management subsidiary's policies limit individual equity securities to a certain percentage of the total market value of the investments made by the asset management subsidiary (except when the market value of a specific stock exceeds a certain percentage of the total market value of the investments made by the asset management subsidiary due to rising market value; provide that, in this case, an additional investment in the specific stock is not possible). In addition, as a leverage limitation, the amount of debt and debt like derivative transactions (e.g. total return swaps, forwards, and futures etc.) will not exceed a certain percentage of total assets of the asset management subsidiary. If the market value of investments falls and the total assets of the asset management subsidiary decrease and the leverage ratio exceeds a certain percentage, the Investment Committee will adjust the balance of investment positions or debt and debt like derivatives so that the leverage percentage falls below a certain percentage. The asset management subsidiary's policies require that overall market position is monitored on a daily basis by the Chief Risk Officer of SBM and reviewed on at least a quarterly basis by the Board of Directors of SBM. In addition, compliance with the investment policies are reported to the SBM Investment Committee on at least a monthly basis.

(Other than the asset management subsidiary)

As the Company operates in a wide range of markets, the Company faces a variety of financial risks (foreign exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

a. Market risk

(a) Foreign exchange risk

The Company is engaged in international businesses through investments, financial contributions and the establishment of joint ventures. At investment business, the Company holds a large number of investments which includes investments denominated in foreign currencies, mainly through foreign subsidiaries. Also, the Company undertakes transactions denominated in foreign currencies with foreign parties and through lending to and borrowings from foreign subsidiaries. Consequently, there is foreign exchange risk that arises from changes in currency rates mainly in the U.S. dollar, Hong Kong dollar and Euro currencies.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also enters into foreign currency forward contracts, foreign currency swap contracts, and interest rate currency swap contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments for SoftBank Group Corp. and its subsidiaries whose functional currency is Japanese yen is as follows:

U.S. Dollar (Functional currency: Japanese yen)

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in liability position] . . . . .	¥ (252,961)	¥ (3,050,851)	\$ (27,557,140)
Net exposure affecting other comprehensive income [in asset position] . . . . .	21,627	28,529	257,691

Hong Kong Dollar (Functional currency: Japanese yen)

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position]. . . . .	¥ (248)	¥309,639	\$2,796,848

Other than the table presented above, major exposures to foreign exchange risk on subsidiaries whose functional currency is not Japanese yen are as follows:

Euro currencies (Functional currency: U. S. Dollar)

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position]. . . . .	¥ (38,567)	¥183,311	\$1,655,776

Indian Rupee (Functional currency: U. S. Dollar)

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset position] . . . . .	¥86,815	<b>¥84,870</b>	<b>\$766,597</b>

U. S. Dollar (Functional currency: British pound)

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position] . . .	¥110,355	<b>¥ (27,075)</b>	<b>\$ (244,558)</b>
Net exposure affecting other comprehensive income [in liability position] . . . . .	—	<b>(3,459)</b>	<b>(31,244)</b>

Net exposure affecting income before income tax comprises the foreign exchange risk exposures from monetary financial instruments denominated in a foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income comprises the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecasted transactions.

The table below presents the effect of a 1% appreciation of the Japanese yen on income before income tax and other comprehensive income (before tax effect) regarding the financial instruments with the above foreign exchange risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in “(3) Foreign exchange sensitivity analysis for exchange difference on translating foreign operations” under “Note 35. Foreign currency exchange rates.”

U.S. Dollar

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase in income before income tax . . . . .	¥2,530	<b>¥30,509</b>	<b>\$275,576</b>
Decrease in other comprehensive income before tax effect . . . . .	(216)	<b>(285)</b>	<b>(2,574)</b>

Hong Kong Dollar

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax . . . . .	¥2	<b>¥ (3,096)</b>	<b>\$ (27,965)</b>

The table below presents the effect of a 1% appreciation of the U.S. Dollar against the Euro currencies on income before income tax:

Euro currencies

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax . . . . .	¥386	<b>¥ (1,833)</b>	<b>\$ (16,557)</b>



The table below presents the effect of a 1% appreciation of the U.S. Dollar against the Indian Rupee on income before income tax:

Indian Rupee

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax . . . . .	¥ (868)	¥ (849)	\$ (7,669)

The table below presents the effect of a 1% appreciation of the British pound against the U.S. Dollar on income before income tax and other comprehensive income (before tax effect):

U.S. Dollar

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax . . . . .	¥ (1,104)	¥271	\$2,448
Increase in other comprehensive income before tax effect . . . . .	-	35	316

ii. Foreign currency exchange contracts

Foreign currency exchange contracts, foreign currency swap contracts, and interest rate currency swap contracts are entered into, to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign currency exchange contracts are as follows. Interest rate currency swap contracts are described in "(c) Interest rate risk."

*Foreign currency exchange contracts to which hedge accounting is applied*

As of March 31, 2020

				(Millions of yen)	
	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate
Currency swap contracts					
Receipt in U.S. dollars / payment in yen . . . . .	¥646,210 (646,210)	¥29,422	¥ (18,273)	¥47,321	¥113.34 per \$1
Receipt in Euro currencies/ payment in yen . . . . .	734,603 (734,603)	-	(89,755)	(20,314)	¥132.61 per €1
Total . . .	¥1,380,813 (1,380,813)	¥29,422	¥ (108,028)	¥27,007	

As of March 31, 2021

	(Millions of yen)					(Thousands of U.S. dollars)				
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	
		Assets	Liabilities				Assets	Liabilities		
Currency swap contracts										
Receipt in U.S. dollars / payment in yen. . . . .	¥ 534,205 (534,205)	¥ 27,203	¥ (10,806)	¥ 5,248	¥113.00 per \$1	\$ 4,825,264 (4,825,264)	\$245,714	\$ (97,606)	\$ 47,403	
Receipt in Euro currencies / payment in yen. . . . .	615,296 (615,296)	5,952	(5,499)	90,208	¥132.56 per €1	5,557,728 (5,557,728)	53,762	(49,671)	814,814	
Total . . . . .	¥1,149,501 (1,149,501)	¥ 33,155	¥ (16,305)	¥95,456		\$10,382,992 (10,382,992)	\$299,476	\$ (147,277)	\$862,217	

The carrying amounts of the derivative instruments designated as hedging instruments are recorded as either “Derivative financial assets” or “Derivative financial liabilities” in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current assets or non-current liabilities.

The above foreign currency exchange contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments as to whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments as to whether the changes in values of the hedged items and hedging instruments offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge has no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Currency swap contracts			
Balance at the beginning of the period . . . . .	¥ (43,752)	¥16,514	\$149,164
Amount incurred . . . . .	17,465	92,087	831,786
Reclassification adjustments* <sup>1</sup> . . . . .	42,801	(61,666)	(557,004)
Balance at the end of the period* <sup>2</sup> . . . . .	¥ 16,514	¥46,935	\$423,946

\*1 Reclassification adjustments are the amounts of accumulated other comprehensive income transferred to profit or loss relating to the hedged item when the hedged item affects profit or loss, and are recorded as “Derivative gain and loss (excluding gain and loss on investments)” in the consolidated statement of income. For the fiscal year ended March 31, 2021, the amount of ¥4,318 million (\$39,003 thousand) (for the fiscal year ended March 31, 2020: ¥2,956 million) transferred from cash flow hedges to profit or loss is included in reclassification adjustments. The transfer arises from discontinued hedging relationships when a forecasted transaction is no longer expected to occur, although hedge accounting has been applied.

\*2 As of March 31, 2021, accumulated other comprehensive income after tax includes ¥7,932 million (\$71,647 thousand) (as of March 31, 2020: ¥12,359 million) related to discontinued hedging accounting.

*Foreign currency exchange contracts to which hedge accounting is not applied*

	(Millions of yen)						(Thousands of U.S. dollars)		
	As of March 31, 2020			As of March 31, 2021			As of March 31, 2021		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Foreign currency forward contracts . . . . .	¥125,499 (17,262)	¥ 5,729	¥ (2,168)	¥ 141,107 (3,068)	¥ 3,016	¥ (961)	\$ 1,274,564 (27,712)	\$ 27,242	\$ (8,680)
Currency swap contracts . .	152,834 (139,180)	3,232	(9,735)	421,877 (355,065)	7,545	(7,076)	3,810,649 (3,207,163)	68,151	(63,915)
Foreign exchange margin transactions*. . . . .	581,384 (-)	24,792	(2,462)	636,163 (-)	19,696	(3,415)	5,746,211 (-)	177,907	(30,846)
Total . . . . .	¥859,717 (156,442)	¥33,753	¥ (14,365)	¥1,199,147 (358,133)	¥30,257	¥ (11,452)	\$10,831,424 (3,234,875)	\$273,300	\$ (103,441)

\* Foreign exchange margin transactions are operated by the subsidiary, YJFX, Inc.'s foreign exchange margin transactions business.

(b) Price risk

(The asset management subsidiary)

As the asset management subsidiary is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions, the asset management subsidiary faces price risk in its operations. To manage the price risk, the overall market prices of the portfolio are monitored on a daily basis by the fund administrator and are reported to SBM Valuation Committee (Chief Executive Officer, Chief Risk Officer, Chief Finance Officer and Chief Operating Officer). Portfolio pricing will be reviewed at least on a quarterly basis by the Board of Directors of SBM. In addition, compliance with the pricing policy is reported to the SBM Investment Committee on a monthly basis.

(Other than the asset management subsidiary)

As part of the business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

The Company manages this risk by continuously monitoring the financial condition of security issuers and stock market fluctuations.

i. Price sensitivity analysis for securities

The tables below present the effect of a 10% decrease in market price regarding the securities traded in active markets (excluding securities subject to insignificant risk of change in value such as MMF) on income before income tax and other comprehensive income before tax effect, assuming that all other factors are constant.

( i ) Securities held for sale

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax. . . . .	¥ —	¥ (208,551)	\$ (1,883,759)

( ii ) Other securities

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax. . . . .	¥ (134,395)	¥ (854,092)	\$ (7,714,678)
Decrease in other comprehensive income before tax effect. . . . .	(1,110)	(2,102)	(18,987)

ii. Price sensitivity analysis for derivative instruments

The table below presents the effect of changes in market price of underlying assets regarding the long and short call options of listed stocks, total return swap contracts and forward contracts on income before income tax, assuming that all other factors are constant.

(Millions of yen)					
	Carrying amount (liability)	Assumption for market price change	Fair value under the assumption (liability)	Effect on income before income tax	Contract amount
Long call option of listed stocks in asset management subsidiaries	¥176,627	30% increase 10% increase 10% decrease 30% decrease	¥525,367 275,384 104,389 27,096	¥348,740 98,757 (72,238) (149,531)	¥1,481,995
Short call option of listed stocks in asset management subsidiaries	(9,283)	30% increase 10% increase 10% decrease 30% decrease	(60,229) (20,500) (3,347) (142)	(50,947) (11,218) 5,935 9,140	297,940
Total return swap contracts related to listed stocks in asset management subsidiaries	1,667	30% increase 10% increase 10% decrease 30% decrease	86,339 29,891 (26,557) (83,005)	84,672 28,224 (28,224) (84,672)	280,572
Forward contracts related to listed stocks in asset management subsidiaries	4,372	30% increase 10% increase 10% decrease 30% decrease	8,175 5,640 3,104 569	3,803 1,268 (1,268) (3,803)	8,303

(Thousands of U.S. dollars)

	Carrying amount (liability)	Assumption for market price change	Fair value under the assumption (liability)	Effect on income before income tax	Contract amount
Long call option of listed stocks in asset management subsidiaries	\$1,595,402	30% increase 10% increase 10% decrease 30% decrease	\$4,745,434 2,487,436 942,905 244,748	\$3,150,032 892,033 (652,498) (1,350,655)	\$13,386,279
Short call option of listed stocks in asset management subsidiaries	(83,850)	30% increase 10% increase 10% decrease 30% decrease	(544,025) (185,168) (30,232) (1,283)	(460,184) (101,328) 53,609 82,558	2,691,175
Total return swap contracts related to listed stocks in asset management subsidiaries	15,057	30% increase 10% increase 10% decrease 30% decrease	779,866 269,994 (239,879) (749,752)	764,809 254,936 (254,936) (764,809)	2,534,297
Forward contracts related to listed stocks in asset management subsidiaries	39,491	30% increase 10% increase 10% decrease 30% decrease	73,842 50,944 28,037 5,140	34,351 11,453 (11,453) (34,351)	74,998

In addition, the Company entered into prepaid forward contracts which are settled by Alibaba shares held by the Company. The contracts include collar transactions where a cap and floor are set for the number of shares settled and floor transactions where a floor is set for the number of shares settled. Also, the Company entered into a call spread contract associated with the prepaid forward contracts which are settled by Alibaba shares. The collar transactions, the floor transactions and the call spread contracts are classified as a derivative instrument and their fair values are affected by the price of Alibaba shares. Derivative gain and loss, which occurs depending on fluctuation of the price of Alibaba shares, are recognized through profit or loss.

Fair values of the collar transactions, the floor transactions and the call spread transactions are composed of intrinsic value and time value. The effect of a 10% increase and a 10% decrease in the price of Alibaba shares on income before income tax due to fluctuation of intrinsic value are a loss of ¥138,960 million (\$1,255,171 thousand) and a gain of ¥156,548 million (\$1,414,037 thousand), respectively, assuming that all other factors are constant. In case of consideration of time value, the impact of the gain and loss are decreased.

The details of the prepaid forward contracts and the call spread contracts are described in “\*5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

iii. Option contracts

The details of option contracts are as follows:

*Option contracts to which hedge accounting is not applied*

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Long call option of listed stocks in asset management subsidiaries . . . .	¥ –	¥ –	¥ 176,627	¥ –	\$ 1,595,402	\$ –
Short call option of listed stocks in asset management subsidiaries . . . .	–	–	–	(9,283)	–	(83,850)
Contingent consideration relating to acquisition of T-Mobile shares* <sup>1</sup> . . . . .	–	–	460,709	–	4,161,404	–
Prepaid forward contracts using Alibaba shares* <sup>2</sup> . . . . .	5,009	–	661,615	(28,096)	5,976,109	(253,780)
Call spread contracts relating to prepaid forward contracts using Alibaba shares* <sup>2</sup> . . . . .	–	–	42,059	–	379,902	–
Short call option for T-Mobile shares to Deutsche Telekom AG* <sup>3</sup> . . . . .	–	–	–	(204,821)	–	(1,850,068)
Contingent value rights relating to sale of T-Mobile shares* <sup>4</sup> . . . . .	–	–	34,901	–	315,247	–
WeWork warrants with exercise price of \$0.01 per share* <sup>5</sup> . . . . .	17,936	–	2,861	–	25,842	–
Long call option . . . . .	2,804	–	24,604	–	222,238	–
Short call option . . . . .	–	(878)	–	(43)	–	(388)
Total . . . . .	¥ 25,749	¥ (878)	¥ 1,403,376	¥ (242,243)	\$12,676,144	\$ (2,188,086)

\*1 Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

\*2 The details of prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares are described in “\*5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

\*3 Call options for T-Mobile shares which the Company granted to Deutsche Telekom in relation to the transfer of T-Mobile share. The details are described in “(The transfer of T-Mobile shares)” under “Note 52. Additional information.”

\*4 Contingent value rights received in relation to the disposal of T-Mobile shares in a private placement through a trust. The details are described in “(The transfer of T-Mobile shares)” under “Note 52. Additional information.”

\*5 The warrants that are convertible into preferred stock at an exercise price of \$0.01 per share that the Company acquired as consideration for the purchase commitment of the unsecured notes issued by WeWork and the credit support for the payment guarantees which financial institutions provide for WeWork. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

iv. Swap contracts

The details of swap contracts are as follows:

*Swap contracts to which hedge accounting is not applied*

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Swap contracts related to electricity sales price. . . . .	¥ –	¥ –	¥ –	¥ (7,495)	\$ –	\$ (67,699)
Total return swap contracts related to listed stocks in asset management subsidiaries. . . . .	–	–	7,057	(5,390)	63,743	(48,686)
Total . . . . .	¥ –	¥ –	¥ 7,057	¥ (12,885)	\$ 63,743	\$ (116,385)

v. Forward contracts

The details of forward contracts are as follows:

*Forward contracts to which hedge accounting is not applied*

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Tender offer for WeWork shares* . . . . .	¥ –	¥ –	¥ –	¥ (76,823)	\$ –	\$ (693,912)
Forward contracts related to listed stocks in asset management subsidiaries. . . . .	–	–	4,372	–	39,491	–
Total . . . . .	¥ –	¥ –	¥ 4,372	¥ (76,823)	\$ 39,491	\$ (693,912)

\* In March 2021, the WeWork Investment Subsidiary commenced a tender offer to purchase WeWork common shares and preferred shares. The difference between the valuation amount of common shares and preferred shares expected to be purchased and the expected acquisition amount is recorded as "Derivative financial liabilities (current)." The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps and interest rate currency swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debt, the Company continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of a 1% increase in interest rates regarding the floating interest rate debt on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
		Fiscal year ended March 31, 2021
Decrease in income before income tax. . . . .	¥ (53,268)	¥ (74,181)
		\$ (670,048)



ii. Interest rate contracts

The details of interest rate contracts are as follows:

**Interest rate contracts to which hedge accounting is applied**

(Millions of yen)											(Thousands of U.S. dollars)				
As of March 31, 2020						As of March 31, 2021					As of March 31, 2021				
Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments		
Interest rate swap															
Receipt in floating rate/ Payment in fixed rate .....	¥500,500 (500,000)	¥ –	¥ (5,325)	¥80	1.96%	¥500,000 (500,000)	¥ –	¥ (5,247)	¥78	1.96%	\$4,516,304 (4,516,304)	\$ –	\$ (47,394)	\$705	

The carrying amounts of the derivative instruments designated as hedging instruments are recorded as “Derivative financial liabilities” in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current liabilities.

The above interest rate contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments as to whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments as to whether the changes in values of the hedged items and hedging offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge has no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest rate swap			
Balance at the beginning of the period .....	¥ (2,039)	¥ (3,386)	\$ (30,584)
Amount incurred .....	(5,405)	819	7,398
Reclassification adjustments* .....	604	(1,406)	(12,701)
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale .....	3,454	–	–
Balance at the end of the period .....	¥ (3,386)	¥ (3,973)	\$ (35,887)

\* Reclassification adjustments represent amounts of accumulated other comprehensive income transferred to profit or loss when the hedged item affects profit or loss, and are recorded as “Derivative gain and loss (excluding gain and loss on investments)” in the consolidated statement of income. For the fiscal years ended March 31, 2020 and 2021, there were no transactions for which hedge accounting was discontinued because the hedged transactions had not been expected to occur.

*Interest rate contracts to which hedge accounting is not applied*

				(Millions of yen)			(Thousands of U.S. dollars)		
As of March 31, 2020				As of March 31, 2021			As of March 31, 2021		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Interest rate swap .	¥386,763 (114,688)	¥ 7	¥ (8,690)	¥ 77,497 (77,497)	¥ –	¥ (2,835)	\$ 700,000 (700,000)	\$ –	\$ (25,608)
Interest rate currency swap . .	21,862 (21,862)	371	–	42,329 (41,314)	1,814	(1,687)	382,341 (373,173)	16,385	(15,238)
Total . . . . .	¥408,625 (136,550)	¥ 378	¥ (8,690)	¥119,826 (118,811)	¥ 1,814	¥ (4,522)	\$1,082,341 (1,073,173)	\$ 16,385	\$ (40,846)

b. Credit risk

(The asset management subsidiary)

The asset management subsidiary has the credit risk of the counterparties regarding deposits, receivables against trading brokers, securities, derivatives, etc., and the counterparties are concentrated in several brokers. In addition, of the securities pledged as collateral for collateralized borrowings, securities that can be sold or re-pledged by the collateral recipient are exposed to the credit risk of the broker who is the collateral recipient. To mitigate these credit risks, the asset management subsidiary does business with brokers with high credit ratings. The credit risk of counterparties is monitored continuously by the Chief Risk Officer and Chief Operating Officer of SBM.

(Other than the asset management subsidiary)

In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities, bonds, and derivatives) are exposed to the credit risk of its counterparties.

In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage its credit risk, the Company performs controls around the due date and balance for each customer in accordance with its internal customer credit management rules and regularly monitors major customers' credit status.

Derivative transactions executed and maintained by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions, and those transactions engaged in are limited to those with financial institutions with high credit ratings in order to reduce the risk.

The carrying amount of financial instruments, net of impairment, is presented in the consolidated statement of financial position, and the amount of lending commitments and guaranteed obligations, represent the Company's maximum exposure to credit risk on financial assets. The values of collateral held and other credit enhancements are not included.

For trade receivables, contract assets, and lending commitments, the Company measures the

lifetime expected credit risk. For receivables other than trade receivables, contract assets, and lending commitments, the Company measures future expected credit losses in consideration of the assessment of a significant increase of credit risk. The Company determines whether a significant increase of credit risk has been achieved or not based on the movement of occurrence of default. In the determination process, past due information, deterioration of operating results, and external credit ratings are considered. For receivables other than trade receivables and contract assets, the Company measures the expected credit losses at the amount of the 12-month expected credit losses. However, when there is a significant increase of credit risk after initial recognition, the expected credit losses are measured at the amount of lifetime expected credit losses.

The Company groups financial assets with no individual significance based on the characteristics of credit risk and the type of transactions. The Company then assesses the existence of objective evidence of impairment for each group considering the past default rate.

The Company measures expected credit losses individually for each receivable as financial assets that have been impaired when the events of default as detailed below have occurred, resulting in estimated negative future cash flows of the financial assets.

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in interest or principal payments
- High possibility of bankruptcy or entering financial reorganization

For credit-impaired financial assets, when it is probable that the Company will not collect the entire amount of or a part of the financial assets, the impairment losses are directly deducted from the carrying amount.

Details of lending commitments and credit guarantees are described in "(1) Lending commitments" and "(2) Credit guarantees" under "Note 50. Contingency."

There were no significant financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2020 and 2021.

(a) Carrying amounts of financial assets subject to allowance for doubtful accounts

i. Trade receivables

Exposure to credit risk on contractual assets is included in trade receivables. Since trade receivables attributable to the credit card business include interest income, the Company measures expected credit losses for those receivables by using the same method for the receivables other than trade receivables. Exposure to credit risk on trade receivables attributable to the credit card business is included in the receivables other than trade receivables.

The table below presents the carrying amounts related to an aging analysis of trade receivables and allowance for doubtful accounts.

As of March 31, 2020

	(Millions of yen)						
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due	Total
						More than 1 year	
Trade receivables . . . . .	¥1,105,791	¥65,753	¥33,181	¥16,954	¥8,734	¥11,364	¥1,241,777
Allowance for doubtful accounts . . . . .	(3,490)	(935)	(1,736)	(1,858)	(4,484)	(7,109)	(19,612)
Total . . . . .							¥1,222,165

As of March 31, 2021

	(Millions of yen)						
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due	Total
						More than 1 year	
Trade receivables . . . . .	<b>¥1,050,688</b>	<b>¥65,453</b>	<b>¥23,014</b>	<b>¥14,970</b>	<b>¥5,318</b>	<b>¥8,508</b>	<b>¥1,167,951</b>
Allowance for doubtful accounts . . . . .	<b>(3,307)</b>	<b>(803)</b>	<b>(1,184)</b>	<b>(1,365)</b>	<b>(3,040)</b>	<b>(2,309)</b>	<b>(12,008)</b>
Total . . . . .							<b>¥1,155,943</b>

	(Thousands of U.S. dollars)						
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due	Total
						More than 1 year	
Trade receivables . . . . .	<b>\$9,490,454</b>	<b>\$591,212</b>	<b>\$207,876</b>	<b>\$135,218</b>	<b>\$48,035</b>	<b>\$76,849</b>	<b>\$10,549,644</b>
Allowance for doubtful accounts . . . . .	<b>(29,871)</b>	<b>(7,253)</b>	<b>(10,695)</b>	<b>(12,330)</b>	<b>(27,459)</b>	<b>(20,856)</b>	<b>(108,464)</b>
Total . . . . .							<b>\$10,441,180</b>

ii. Financial assets other than trade receivables

The table below presents an aging analysis of financial assets other than trade receivables. The amounts in the analysis are presented at the carrying amount before netting the allowance for doubtful accounts.

As of March 31, 2020

	(Millions of yen)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets		
Other receivables . . . . .	¥ 886,355	¥25,891	¥ 1,293	¥11,481	¥ –	¥ 925,020
Investment securities . . . . .	331,671	–	–	–	–	331,671
Other financial assets . . . . .	1,107,957	12,622	47,676	45,839	67,630	1,281,724
Total . . . . .	¥2,325,983	¥38,513	¥48,969	¥57,320	¥67,630	¥2,538,415

Investment securities are mostly debt financial assets at FVTOCI.

As of March 31, 2021

	(Millions of yen)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets		
Other receivables . . . . .	<b>¥1,060,981</b>	<b>¥26,167</b>	<b>¥ 1,635</b>	<b>¥12,516</b>	<b>¥ –</b>	<b>¥1,101,299</b>
Investment securities . . . . .	<b>380,832</b>	–	–	–	–	<b>380,832</b>
Other financial assets . . . . .	<b>2,111,585</b>	<b>11,664</b>	<b>50,055</b>	<b>42,689</b>	<b>21,241</b>	<b>2,237,234</b>
Total . . . . .	<b>¥3,553,398</b>	<b>¥37,831</b>	<b>¥51,690</b>	<b>¥55,205</b>	<b>¥21,241</b>	<b>¥3,719,365</b>

	(Thousands of U.S. dollars)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets		
Other receivables . . . . .	<b>\$ 9,583,426</b>	<b>\$236,356</b>	<b>\$ 14,768</b>	<b>\$113,052</b>	<b>\$ –</b>	<b>\$ 9,947,602</b>
Investment securities . . . . .	<b>3,439,906</b>	–	–	–	–	<b>3,439,906</b>
Other financial assets . . . . .	<b>19,073,119</b>	<b>105,356</b>	<b>452,127</b>	<b>385,593</b>	<b>191,862</b>	<b>20,208,057</b>
Total . . . . .	<b>\$32,096,451</b>	<b>\$341,712</b>	<b>\$466,895</b>	<b>\$498,645</b>	<b>\$191,862</b>	<b>\$33,595,565</b>

Investment securities are mostly debt financial assets at FVTOCI.

(b) Changes in allowance for doubtful accounts

Allowance for doubtful accounts related to contract assets are included in trade receivables. In addition, trade receivables generated by the credit card business includes interest income. The Company measures expected credit losses for receivables generated by the credit card business by using the same method for the receivables other than trade receivables. As a result, the allowance for doubtful accounts are included in the financial assets other than trade receivables.

i. Trade receivables

The table below presents changes in the allowance for doubtful accounts for trade receivables.

For the fiscal year ended March 31, 2020

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		Total
	Other than credit-impaired financial assets	Credit-impaired financial assets	
Balance at the beginning of the period . . . . .	¥37,932	¥16,047	¥53,979
Provisions . . . . .	58,419	7,740	66,159
Utilized . . . . .	(52,721)	(13,535)	(66,256)
Transfer to assets classified as held for sale . . . . .	(33,701)	(2,772)	(36,473)
Other . . . . .	(3,768)	5,971	2,203
Balance at the end of the period . .	¥ 6,161	¥13,451	¥19,612

For the fiscal year ended March 31, 2021

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		Total
	Other than credit-impaired financial assets	Credit-impaired financial assets	
Balance at the beginning of the period . . . . .	¥ 6,161	¥13,451	¥19,612
Provisions . . . . .	1,362	4,381	5,743
Utilized . . . . .	(56)	(4,701)	(4,757)
Loss of control. . . . .	(1,120)	(6,672)	(7,792)
Other . . . . .	(1,053)	255	(798)
Balance at the end of the period	¥ 5,294	¥ 6,714	¥12,008

(Thousands of U.S. dollars)

	Allowance for doubtful accounts		
	Lifetime expected credit losses		Total
	Other than credit-impaired financial assets	Credit-impaired financial assets	
Balance at the beginning of the period . . . . .	\$55,650	\$121,498	\$177,148
Provisions . . . . .	12,302	39,572	51,874
Utilized . . . . .	(506)	(42,462)	(42,968)
Loss of control. . . . .	(10,117)	(60,266)	(70,383)
Other . . . . .	(9,510)	2,303	(7,207)
Balance at the end of the period	\$47,819	\$ 60,645	\$108,464

ii. Financial assets other than trade receivables

The table below presents changes in the allowance for doubtful accounts for financial assets other than trade receivables. The allowance for doubtful accounts is mainly for loans.

For the fiscal year ended March 31, 2020

	(Millions of yen)			
	Allowance for doubtful accounts			
	12 month expected credit losses	Lifetime expected credit losses		Total
		Other than credit-impaired financial assets	Credit-impaired financial assets	
Balance at the beginning of the period . . . . .	¥5,061	¥ 2,054	¥38,954	¥ 46,069
Provisions . . . . .	6,322	33,521	17,379	65,913*
Utilized . . . . .	(1,833)	(57)	(11,091)	(12,981)
Transfer to assets classified as held for sale . . . . .	(2,778)	—	—	(2,778)
Other . . . . .	(1,006)	(2,029)	451	(2,584)
Balance at the end of the period . . . .	¥5,766	¥33,489	¥45,693	¥65,913
				¥150,861

\* For the fiscal year ended March 31, 2020, the Company recorded the total amount of ¥13,265 million as undiscounted expected losses at initial recognition on purchased or originated credit-impaired financial assets.

For the fiscal year ended March 31, 2021

	(Millions of yen)				
	Allowance for doubtful accounts				
	12 month expected credit losses	Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
		Other than credit-impaired financial assets	Credit- impaired financial assets		
Balance at the beginning of the period . . . . .	¥5,766	¥33,489	¥45,693	¥65,913	¥150,861
Provisions . . . . .	1,897	4,876	16,972	8,925*	32,670
Utilized . . . . .	(86)	(14)	(13,455)	(53,612)	(67,167)
Reversal . . . . .	(218)	–	(852)	(12,301)	(13,371)
Other . . . . .	887	669	(2,510)	–	(954)
Balance at the end of the period . . . .	¥8,246	¥39,020	¥45,848	¥8,925	¥102,039

	(Thousands of U.S. dollars)				
	Allowance for doubtful accounts				
	12 month expected credit losses	Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
		Other than credit-impaired financial assets	Credit- impaired financial assets		
Balance at the beginning of the period . . . . .	\$52,082	\$302,493	\$412,727	\$595,366	\$1,362,668
Provisions . . . . .	17,135	44,043	153,302	80,616*	295,096
Utilized . . . . .	(777)	(127)	(121,534)	(484,256)	(606,694)
Reversal . . . . .	(1,969)	–	(7,696)	(111,110)	(120,775)
Other . . . . .	8,012	6,043	(22,672)	–	(8,617)
Balance at the end of the period . . . .	\$74,483	\$352,452	\$414,127	\$80,616	\$921,678

\* For the fiscal year ended March 31, 2021, the Company recorded the total amount of ¥10,325 (\$93,262 thousand) million as undiscounted expected losses at initial recognition on purchased or originated credit-impaired financial assets.

Provisions for and reversal of doubtful accounts are recorded in “Selling, general and administrative expenses” and “Other loss” in the consolidated statement of income.

### c. Liquidity risk

(The asset management subsidiary)

The asset management subsidiary has the liquidity risk of having to secure sufficient cash depending on the settlement of the investments and the status of investment position. To reduce these liquidity risks, the investments are primarily targeted at listed stocks that are actively traded and easily redeemable.

(Other than the asset management subsidiary)

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fundraising sources including both indirect financing, such as bank loans and leases, and direct financing, such as the issuance of bonds and commercial paper and securitization, taking market conditions and its current/non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and a money management fund.

The Company also continuously monitors its forecasted and actual cash flows and liquid funds.

### (a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. As of March 31, 2021, the undrawn amounts of the Company's credit facilities are ¥944,293 million (\$8,529,428 thousand) (as of March 31, 2020: ¥527,862 million).

In addition, the asset management subsidiary is engaged in transactions for acquisition of investments using borrowings and has entered into agreement with various financial institutions in order to borrow funds in response to the net position of investments and indebtedness of the asset management subsidiary. As of March 31, 2021, the amounts that could be additionally borrowed were ¥461,869 million (\$4,171,881 thousand) (as of March 31, 2020: none).

Also, the asset management subsidiary started a business and has entered into contracts similar to the credit facilities, and the contracts that are formally set with credit facilities but are considered to be equivalent to ordinary borrowings have increased due to the diversification of the Company's financing. In order to clarify the liquidity position as of the end of fiscal year, only the undrawn amounts of Company's credit facilities are described since March 31, 2021.

Note:

Certain commitments above contain financial covenants. The details are described in “(2) Financial covenants” under “Note 25. Interest-bearing debt.”



(b) Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis:

As of March 31, 2020

	(Millions of yen)							
	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Interest-bearing debt								
Short-term borrowings . . . . .	¥ 1,529,458	¥ 1,532,008	¥1,532,008	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper . . . . .	206,000	206,000	206,000	–	–	–	–	–
Long-term borrowings (including current portion) . . . . .	5,771,044	5,803,721	1,955,283	1,289,287	906,918	558,319	951,273	142,641
Corporate bonds (including current portion) . . . . .	5,428,821	5,470,964	160,000	865,000	580,079	652,199	666,458	2,547,228
Financial liabilities relating to sale of shares by prepaid forward contract . . . . .	196,101	201,277	–	201,277	–	–	–	–
Installment payables . . . . .	458	458	186	146	54	44	13	15
Lease liabilities . . . . .	1,140,326	1,140,326	378,383	267,701	175,577	96,091	45,992	176,582
Deposits for banking business* <sup>1</sup> . . . . .	894,124	894,250	873,099	6,770	6,278	2,661	2,331	3,111
Third-party interests in SVF1 . . . . .	4,584,419	4,584,419* <sup>2</sup>	24,691* <sup>3</sup>	–	–	–	–	4,559,728* <sup>4</sup>
Trade and other payables . . . . .	1,585,326	1,585,326	1,560,287	7,693	2,779	158	1	14,408
Other financial liabilities* <sup>5</sup> . . . . .	304,180	304,180	248,010	9,243	20,783	2,769	3,393	19,982
Total . . . . .	¥21,640,257	¥21,722,929	¥6,937,947	¥2,647,117	¥1,692,468	¥1,312,241	¥1,669,461	¥ 7,463,695
<b>Derivative financial liabilities*<sup>6</sup></b>								
Derivative financial liabilities								
Foreign currency exchange contracts* <sup>7</sup> . . . . .	¥ 122,393	¥ 122,393	¥ 2,209	¥ (2,346)	¥ 18,980	¥ 13,285	¥ (947)	¥ 91,212
Option contracts . . . . .	878	878	878	–	–	–	–	–
Interest rate contracts . . . . .	14,015	14,421	6,618	2,961	2,440	1,205	424	773
Other . . . . .	56	56	56	–	–	–	–	–
Total . . . . .	¥ 137,342	¥ 137,748	¥ 9,761	¥ 615	¥ 21,420	¥ 14,490	¥ (523)	¥ 91,985

\*1 Deposits for the banking business payable on demand are included in "Within 1 year."

\*2 The amount represents the amounts that would have been distributed to Third-party Investors in accordance with the limited partnership agreement if SVF1 had been liquidated as of March 31, 2020.

\*3 The amount represents the contractual distributions or repayments to be made within a year that have been announced from SVF1 to Third-Party Investors as of March 31, 2020.

\*4 When disposal of investments becomes relatively certain, the portion of third-party interests in SVF1 which is available for distributions and repayments will be broken down by corresponding maturity dates.

\*5 The amounts of "Carrying amount" and "Within 1 year" include ¥145,133 million of provisions for allowance for loan commitment losses related to acquired unsecured notes issued by WeWork and allowance for loss on valuation of ¥89,202 million for the financial guarantee contract related to the credit support provided by financial institutions to WeWork. The Details are described in "(3) Details and progress of the agreement between the Company and WeWork" under Note 22. Investments accounted for using the equity method."

\*6 Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.

\*7 Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

As of March 31, 2021

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Interest-bearing debt								
Short-term borrowings . . . . .	¥ 2,637,401	¥ 2,637,560	¥ 2,637,560	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper . . . . .	409,201	409,201	409,201	–	–	–	–	–
Long-term borrowings (including current portion) . . . . .	6,830,406	6,863,649	2,090,606	2,181,410	809,343	1,442,276	189,794	150,220
Corporate bonds (including current portion) . . . . .	5,549,540	5,583,044	805,969	513,066	640,008	627,409	1,051,485	1,945,107
Financial liabilities relating to sale of shares by prepaid forward contract . . . . .	3,085,739	3,104,068	1,801,124	910,373	279,923	112,648	–	–
Installment payables . . . . .	688	688	232	149	142	112	45	8
Lease liabilities . . . . .	1,035,001	1,035,001	307,447	209,749	122,099	69,721	58,133	267,852
Deposits for banking business* <sup>1</sup> . . . . .	1,128,439	1,128,524	1,109,254	7,114	5,449	2,205	1,583	2,919
Third-party interests in SVF1 . . . . .	6,601,791	6,601,791* <sup>2</sup>	–	–	–	–	–	6,601,791* <sup>3</sup>
Trade and other payables . . . . .	1,970,275	1,970,275	1,946,876	8,957	1,473	34	11	12,924
Other financial liabilities* <sup>4</sup> . . . . .	447,493	447,493	51,285	363,028	3,194	2,764	1,034	26,188
Total . . . . .	¥29,695,974	¥29,781,294	¥11,159,554	¥4,193,846	¥1,861,631	¥2,257,169	¥1,302,085	¥ 9,007,009
<b>Derivative financial liabilities*<sup>5</sup></b>								
Derivative financial liabilities								
Foreign currency exchange contracts* <sup>6</sup> . . . . .	¥ 27,757	¥ 27,757	¥ 431	¥ 10,155	¥ (693)	¥ (2,273)	¥ 20,326	¥ (189)
Option contracts . . . . .	242,243	242,243	242,243	–	–	–	–	–
Interest rate contracts . . . . .	9,769	10,288	3,650	3,203	1,584	455	1,396	–
Swap contracts . . . . .	12,885	12,885	12,885	–	–	–	–	–
Forward contracts . . . . .	76,823	76,823	76,823	–	–	–	–	–
Other . . . . .	101	101	101	–	–	–	–	–
Total . . . . .	¥ 369,578	¥ 370,097	¥ 336,133	¥ 13,358	¥ 891	¥ (1,818)	¥ 21,722	¥ (189)

As of March 31, 2021

(Thousands of U.S. dollars)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Interest-bearing debt								
Short-term borrowings . . . . .	\$ 23,822,609	\$ 23,824,045	\$ 23,824,045	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial paper . . . . .	3,696,152	3,696,152	3,696,152	–	–	–	–	–
Long-term borrowings (including current portion) . . . . .	61,696,377	61,996,649	18,883,624	19,703,821	7,310,478	13,027,513	1,714,335	1,356,878
Corporate bonds (including current portion) . . . . .	50,126,818	50,429,446	7,280,002	4,634,324	5,780,941	5,667,139	9,497,652	17,569,388
Financial liabilities relating to sale of shares by prepaid forward contract . . . . .	27,872,270	28,037,829	16,268,847	8,223,042	2,528,435	1,017,505	–	–
Installment payables . . . . .	6,215	6,215	2,096	1,346	1,283	1,012	406	72
Lease liabilities . . . . .	9,348,758	9,348,758	2,777,048	1,894,580	1,102,872	629,762	525,093	2,419,403
Deposits for banking business* <sup>1</sup> . . . . .	10,192,747	10,193,515	10,019,456	64,258	49,219	19,917	14,299	26,366
Third-party interests in SVF1 . . . . .	59,631,388	59,631,388* <sup>2</sup>	–	–	–	–	–	59,631,388* <sup>3</sup>
Trade and other payables . . . . .	17,796,721	17,796,721	17,585,367	80,905	13,305	307	99	116,738
Other financial liabilities* <sup>4</sup> . . . . .	4,042,028	4,042,028	463,237	3,279,090	28,850	24,966	9,340	236,545
Total . . . . .	\$268,232,083	\$269,002,747	\$ 100,799,874	\$ 37,881,366	\$ 16,815,383	\$ 20,388,121	\$ 11,761,224	\$ 81,356,778
<b>Derivative financial liabilities*<sup>5</sup></b>								
Derivative financial liabilities								
Foreign currency exchange contracts* <sup>6</sup> . . . .	\$ 250,718	\$ 250,718	\$ 3,893	\$ 91,726	\$ (6,260)	\$ (20,531)	\$ 183,597	\$ (1,707)
Option contracts . . . . .	2,188,086	2,188,086	2,188,086	–	–	–	–	–
Interest rate contracts . . . . .	88,240	92,928	32,969	28,931	14,308	4,110	12,610	–
Swap contracts . . . . .	116,385	116,385	116,385	–	–	–	–	–
Forward contracts . . . . .	693,912	693,912	693,912	–	–	–	–	–
Other . . . . .	912	912	912	–	–	–	–	–
Total . . . . .	\$ 3,338,253	\$ 3,342,941	\$ 3,036,157	\$ 120,657	\$ 8,048	\$ (16,421)	\$ 196,207	\$ (1,707)

\*1 Deposits for the banking business payable on demand are included in “Within 1 year.”

\*2 The amount represents the amounts that would have been distributed to Third-Party Investors in accordance with the limited partnership agreement if SVF1 had been liquidated as of March 31, 2021.

\*3 When disposal of investments becomes relatively certain, the portion of third-party interests in SVF1 which is available for distributions and repayments will be broken down by corresponding maturity dates.

\*4 The amounts of “Carrying amount” and “Within 1 year” include ¥24,381 million (\$220,224 thousand) of allowance for loss on valuation for the financial guarantee contract related to the credit support provided by financial institutions to WeWork and ¥10,218 million (\$92,295 thousand) of allowance for loan commitment losses related to acquired unsecured notes issued by WeWork. The Details are described in “(3) Details and progress of the agreement between the Company and WeWork” under Note 22. Investments accounted for using the equity method.”

\*5 Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.

\*6 Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

In addition to the amounts presented above, the Company has lending commitments and credit guarantees, which are detailed in “(1) Lending commitments” and “(2) Credit guarantees” in “Note 50. Contingency.”

Average interest rates of the interest-bearing debts and lease liabilities are described in “(1) Component of interest-bearing debt” in “Note 25. Interest-bearing debt” and “Note 20. Leases.”

### (3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2020

	(Millions of yen)					
	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables . . . . .	¥ –	¥ –	¥ –	¥ –	¥ 2,072,326	¥ 2,072,326
Other financial assets . . . . .	197,194	–	46,736	1,600	67,957	313,487
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	6,892,232	–	–	–	–	6,892,232
Investment securities . . . . .	809,233	–	308,345	70,607	23,326	1,211,511
Derivative financial assets . . . . .	29,856	29,422	–	–	–	59,278
Other financial assets . . . . .	77,188	–	–	370	1,023,136	1,100,694
Total . . . . .	¥8,005,703	¥ 29,422	¥ 355,081	¥ 72,577	¥ 3,186,745	¥ 11,649,528

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt . . . . .	¥ –	¥ –	¥ 3,845,153	¥ –	¥ 3,845,153
Lease liabilities . . . . .	–	–	378,383	–	378,383
Deposits for banking business . . . . .	–	–	873,087	–	873,087
Third-party interests in SVF1 . . . . .	–	–	24,691	–	24,691
Trade and other payables . . . . .	–	–	1,585,326	–	1,585,326
Derivative financial liabilities . . . . .	9,266	1	–	–	9,267
Other financial liabilities . . . . .	–	–	6,122	241,888	248,010
Non-current liabilities					
Interest-bearing debt . . . . .	–	–	9,286,729	–	9,286,729
Lease liabilities . . . . .	–	–	761,943	–	761,943
Third-party interests in SVF1 . . . . .	–	–	4,559,728	–	4,559,728
Derivative financial liabilities . . . . .	14,723	113,352	–	–	128,075
Other financial liabilities . . . . .	16,434	–	57,360	3,413	77,207
Total . . . . .	¥ 40,423	¥ 113,353	¥21,378,522	¥ 245,301	¥21,777,599

As of March 31, 2021

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
<b>Financial assets</b>						
Current assets						
Trade and other receivables . . . . .	¥ —	¥ —	¥ —	¥ —	¥ 2,216,434	¥ 2,216,434
Investments from asset management subsidiaries . . . . .	658,227	—	—	—	—	658,227
Securities pledged as collateral in asset management subsidiaries . . . . .	1,427,286	—	—	—	—	1,427,286
Derivative financial assets in asset management subsidiaries . . . . .	188,056	—	—	—	—	188,056
Other financial assets . . . . .	384,912	—	48,640	300	621,370	1,055,222
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	13,646,774	—	—	—	—	13,646,774
Investment securities . . . . .	3,187,570	—	358,090	137,232	23,892	3,706,784
Derivative financial assets . . . . .	875,505	33,155	—	—	—	908,660
Other financial assets . . . . .	430,885	—	—	168	1,488,209	1,919,262
<b>Total . . . . .</b>	<b>¥20,799,215</b>	<b>¥ 33,155</b>	<b>¥ 406,730</b>	<b>¥ 137,700</b>	<b>¥ 4,349,905</b>	<b>¥25,726,705</b>

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
<b>Financial liabilities</b>					
Current liabilities					
Interest-bearing debt . . . . .	¥ —	¥ —	¥ 7,735,239	¥ —	¥ 7,735,239
Lease liabilities . . . . .	—	—	307,447	—	307,447
Deposits for banking business . . . . .	—	—	1,109,240	—	1,109,240
Trade and other payables . . . . .	—	—	1,970,275	—	1,970,275
Derivative financial liabilities in asset management subsidiaries . . . . .	14,673	—	—	—	14,673
Derivative financial liabilities . . . . .	322,213	—	—	—	322,213
Other financial liabilities . . . . .	8,714	—	7,972	34,599	51,285
Non-current liabilities					
Interest-bearing debt . . . . .	—	—	10,777,736	—	10,777,736
Lease liabilities . . . . .	—	—	727,554	—	727,554
Third-party interests in SVF1 . . . . .	—	—	6,601,791	—	6,601,791
Derivative financial liabilities . . . . .	11,140	21,552	—	—	32,692
Other financial liabilities . . . . .	43,350	—	369,126	2,931	415,407
<b>Total . . . . .</b>	<b>¥ 400,090</b>	<b>¥ 21,552</b>	<b>¥29,606,380</b>	<b>¥ 37,530</b>	<b>¥30,065,552</b>

As of March 31, 2021

(Thousands of U.S. dollars)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
<b>Financial assets</b>						
Current assets						
Trade and other receivables . . . . .	\$ —	\$ —	\$ —	\$ —	\$ 20,020,179	\$ 20,020,179
Investments from asset management subsidiaries . . . . .	5,945,506	—	—	—	—	5,945,506
Securities pledged as collateral in asset management subsidiaries . . . . .	12,892,115	—	—	—	—	12,892,115
Derivative financial assets in asset management subsidiaries . . . . .	1,698,636	—	—	—	—	1,698,636
Other financial assets . . . . .	3,476,759	—	439,346	2,710	5,612,591	9,531,406
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	123,265,956	—	—	—	—	123,265,956
Investment securities . . . . .	28,792,070	—	3,234,486	1,239,563	215,807	33,481,926
Derivative financial assets . . . . .	7,908,093	299,476	—	—	—	8,207,569
Other financial assets . . . . .	3,892,015	—	—	1,517	13,442,409	17,335,941
<b>Total . . . . .</b>	<b>\$187,871,150</b>	<b>\$ 299,476</b>	<b>\$ 3,673,832</b>	<b>\$ 1,243,790</b>	<b>\$ 39,290,986</b>	<b>\$232,379,234</b>

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
<b>Financial liabilities</b>					
Current liabilities					
Interest-bearing debt . . . . .	\$ —	\$ —	\$ 69,869,379	\$ —	\$ 69,869,379
Lease liabilities . . . . .	—	—	2,777,048	—	2,777,048
Deposits for banking business . . . . .	—	—	10,019,330	—	10,019,330
Trade and other payables . . . . .	—	—	17,796,721	—	17,796,721
Derivative financial liabilities in asset management subsidiaries . . . . .	132,535	—	—	—	132,535
Derivative financial liabilities . . . . .	2,910,424	—	—	—	2,910,424
Other financial liabilities . . . . .	78,710	—	72,008	312,519	463,237
Non-current liabilities					
Interest-bearing debt . . . . .	—	—	97,351,061	—	97,351,061
Lease liabilities . . . . .	—	—	6,571,710	—	6,571,710
Third-party interests in SVF1 . . . . .	—	—	59,631,388	—	59,631,388
Derivative financial liabilities . . . . .	100,623	194,671	—	—	295,294
Other financial liabilities . . . . .	391,564	—	3,334,170	26,474	3,752,208
<b>Total . . . . .</b>	<b>\$ 3,613,856</b>	<b>\$ 194,671</b>	<b>\$267,422,815</b>	<b>\$ 338,993</b>	<b>\$271,570,335</b>

The Company generally classifies equity instruments as “financial assets at FVTPL.” Certain equity instruments are used as business investments to generate business synergies. As a result, for such investments, the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income, not in profit or loss, and classified them as “equity financial assets at FVTOCI.”

Major components and fair values of the equity financial assets at FVTOCI are as follows.

As of March 31, 2020

Names	(Millions of yen)
	Fair value
Retty Inc. . . . .	¥ 3,672
HOPU-ARM Innovation Fund, L.P. . . . .	2,804
COCON Inc. . . . .	2,129
OpenStreet Co., Ltd. . . . .	1,973
Zimperium, Inc. . . . .	1,859
Other . . . . .	60,140
<b>Total. . . . .</b>	<b>¥ 72,577</b>

As of March 31, 2021

Names	(Millions of yen)	(Thousands of U.S. dollars)
	Fair value	Fair value
Ampere Computing Holdings LLC . . . . .	<b>¥ 46,073</b>	<b>\$ 416,159</b>
SNOW Corporation . . . . .	<b>7,399</b>	<b>66,832</b>
WORKS MOBILE Corporation . . . . .	<b>5,421</b>	<b>48,966</b>
HOPU-ARM Innovation Fund, L.P. . . . .	<b>3,821</b>	<b>34,514</b>
Retty Inc. . . . .	<b>3,131</b>	<b>28,281</b>
Other . . . . .	<b>71,855</b>	<b>649,038</b>
<b>Total. . . . .</b>	<b>¥137,700</b>	<b>\$1,243,790</b>

The Company sells (or derecognize) equity financial assets at FVTOCI when those assets no longer match the Company's investment strategies. The table below presents fair value on the date of sale and accumulated gains or losses related to the sales of equity financial assets at FVTOCI that were sold during the year.

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Fair value on the date of sale . . . . .	¥26,363	<b>¥8,922</b>	<b>\$80,589</b>
Accumulated gains related to the sales. .	2,297	<b>824</b>	<b>7,443</b>

When financial assets at FVTOCI are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. For the fiscal year ended March 31, 2021, ¥ (343) million (\$ (3,098) thousand) (For the fiscal year ended March 31, 2020: ¥1,339 million) was transferred from "Accumulated other comprehensive income" to "Retained earnings."

## 32. Fair value of financial instruments

### (1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The fair value hierarchy is defined as follows in descending order of level:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized at the point of which the event or change in circumstances that caused the transfer, is observed.

During the fiscal year ended March 31, 2021, there was a hierarchy level transfer of the equity investment in LINE Corporation from Level 1 to Level 2 due to the delisting of LINE Corporation. As a result of a business combination on February 28, 2021, LINE Corporation is accounted as a consolidated subsidiary as of March 31, 2021. The details regarding the business combination of LINE Corporation are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business Combinations." There was no transfer between Level 1 and Level 2 during the fiscal year ended March 31, 2020.



The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

As of March 31, 2020

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	¥1,104,339	¥ –	¥5,787,893	¥6,892,232
Equity securities (excluding investments from SVF1 and SVF2) . . . . .	82,753	–	634,157	716,910
Bonds and loans (excluding investments from SVF1 and SVF2) . . . . .	5,301	247,181	56,824	309,306
<b>Derivative financial assets</b>				
Foreign currency exchange contracts . . . . .	–	63,175	–	63,175
Option contracts . . . . .	–	7,812	17,937	25,749
Interest rate contracts . . . . .	–	378	–	378
Other . . . . .	–	63	–	63
Other . . . . .	168,070	6,290	280,610	454,970
Total . . . . .	¥1,360,463	¥324,899	¥6,777,421	¥8,462,783
<b>Financial liabilities</b>				
<b>Derivative financial liabilities</b>				
Foreign currency exchange contracts . . . . .	¥ –	¥122,393	¥ –	¥ 122,393
Option contracts . . . . .	–	657	221	878
Interest rate contracts . . . . .	–	14,015	–	14,015
Other . . . . .	–	56	–	56
Other . . . . .	–	–	16,434	16,434
Total . . . . .	¥ –	¥137,121	¥ 16,655	¥ 153,776

As of March 31, 2021

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	¥ 6,667,004	¥ –	¥ 6,979,770	¥13,646,774
Equity securities (excluding investments from SVF1 and SVF2)* . . . . .	3,973,727	2,214	1,143,043	5,118,984
Bonds and loans (excluding investments from SVF1 and SVF2) . . . . .	10,785	246,510	135,468	392,763
<b>Derivative financial assets</b>				
Foreign currency exchange contracts . . . . .	42	63,370	–	63,412
Option contracts . . . . .	19,507	906,390	477,479	1,403,376
Interest rate contracts . . . . .	–	1,814	–	1,814
Swap contracts . . . . .	–	7,057	–	7,057
Forward contracts . . . . .	–	4,372	–	4,372
Other . . . . .	334,286	2,969	400,993	738,248
Total . . . . .	¥11,005,351	¥ 1,234,696	¥ 9,136,753	¥21,376,800
<b>Financial liabilities</b>				
<b>Derivative financial liabilities</b>				
Foreign currency exchange contracts . . . . .	¥ 266	¥ 27,491	¥ –	¥ 27,757
Option contracts . . . . .	4,979	237,264	–	242,243
Interest rate contracts . . . . .	–	9,769	–	9,769
Swap contracts . . . . .	–	5,390	7,495	12,885
Forward contracts . . . . .	–	–	76,823	76,823
Other . . . . .	101	–	–	101
Borrowed securities . . . . .	8,714	–	–	8,714
Other . . . . .	6,041	–	37,309	43,350
Total . . . . .	¥ 20,101	¥ 279,914	¥ 121,627	¥ 421,642

	(Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments from SVF1 and SVF2 accounted for using FVTPL . . . . .	<b>\$60,220,432</b>	<b>\$ –</b>	<b>\$63,045,524</b>	<b>\$123,265,956</b>
Equity securities (excluding investments from SVF1 and SVF2)* . . . . .	<b>35,893,117</b>	<b>19,998</b>	<b>10,324,659</b>	<b>46,237,774</b>
Bonds and loans (excluding investments from SVF1 and SVF2) . . . . .	<b>97,417</b>	<b>2,226,628</b>	<b>1,223,629</b>	<b>3,547,674</b>
<b>Derivative financial assets</b>				
Foreign currency exchange contracts . . . . .	<b>379</b>	<b>572,397</b>	<b>–</b>	<b>572,776</b>
Option contracts . . . . .	<b>176,199</b>	<b>8,187,065</b>	<b>4,312,880</b>	<b>12,676,144</b>
Interest rate contracts . . . . .	<b>–</b>	<b>16,385</b>	<b>–</b>	<b>16,385</b>
Swap contracts . . . . .	<b>–</b>	<b>63,743</b>	<b>–</b>	<b>63,743</b>
Forward contracts . . . . .	<b>–</b>	<b>39,491</b>	<b>–</b>	<b>39,491</b>
Other . . . . .	<b>3,019,474</b>	<b>26,818</b>	<b>3,622,013</b>	<b>6,668,305</b>
<b>Total . . . . .</b>	<b>\$99,407,018</b>	<b>\$11,152,525</b>	<b>\$82,528,705</b>	<b>\$193,088,248</b>
<b>Financial liabilities</b>				
<b>Derivative financial liabilities</b>				
Foreign currency exchange contracts . . . . .	<b>\$ 2,403</b>	<b>\$ 248,315</b>	<b>\$ –</b>	<b>\$ 250,718</b>
Option contracts . . . . .	<b>44,973</b>	<b>2,143,113</b>	<b>–</b>	<b>2,188,086</b>
Interest rate contracts . . . . .	<b>–</b>	<b>88,240</b>	<b>–</b>	<b>88,240</b>
Swap contracts . . . . .	<b>–</b>	<b>48,686</b>	<b>67,699</b>	<b>116,385</b>
Forward contracts . . . . .	<b>–</b>	<b>–</b>	<b>693,912</b>	<b>693,912</b>
Other . . . . .	<b>912</b>	<b>–</b>	<b>–</b>	<b>912</b>
Borrowed securities . . . . .	<b>78,710</b>	<b>–</b>	<b>–</b>	<b>78,710</b>
Other . . . . .	<b>54,566</b>	<b>–</b>	<b>336,998</b>	<b>391,564</b>
<b>Total . . . . .</b>	<b>\$ 181,564</b>	<b>\$ 2,528,354</b>	<b>\$ 1,098,609</b>	<b>\$ 3,808,527</b>

\* Equity securities classified as Level 1 includes securities pledged as collateral in asset management subsidiaries of ¥1,427,286 million (\$12,892,115 thousand).

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

- a. Investments from SVF1 and SVF2 accounted for using FVTPL, equity securities, and bonds and loans  
Investments from SVF1 and SVF2 accounted for using FVTPL, equity securities, and bonds and loans are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as Level 1.

If such prices are unavailable, and if prices of recent arm's-length transactions or equity financing are available, they are measured using recent transaction prices adjusting for performance of the market and company performance.

In the absence of a recent transaction, market approach, income approach, or net asset approach is applied for the enterprise valuation.

The market approach is used to the extent comparable guidelines for public companies are available. The market approach is a valuation method using figures from the financial statements of the subject companies and valuation multiple of comparable companies, such as Enterprise Value (EV)/Revenue and EV/EBITDA. The income approach is used when reliable cash flow projections are available. Under this approach, the present value is calculated by discounting estimated future cash flows at the discount rate and the future cash flows are estimated by taking into consideration several assumptions, including the revenue growth rate. The net asset approach is a valuation method using net assets on balance sheet of subject companies for calculation of stock value. The enterprise value which is calculated by the above method is allocated to shareholder's value of each class of shares depending on the capital structures of the investments. For the allocation, an option pricing model, which values each individual security in the capital structure based on its unique rights and preferences, and a method which allocates value assuming the conversion of preferred shares into common shares due to a possible initial public offering and such, are mainly used.

The financial instruments are classified as Level 2 if all significant inputs, such as quoted prices and discount rates used for the measurement are observable, and they are classified as Level 3 when they are measured using significant unobservable inputs.

b. Derivative financial assets and derivative financial liabilities

The fair value of derivative financial instruments is measured using quoted prices in active markets if they are available and classified as Level 1.

If quoted prices in active markets are not available, the fair value of derivative financial instruments is measured using valuation techniques including a discounted cash flows model and Black-Scholes model, or using quoted prices in inactive markets. Derivative financial instruments are classified as Level 2 if all significant inputs, such as foreign currency exchange rates and discount rates used for the measurement, are observable; and they are classified as Level 3 when they are measured using significant unobservable inputs.

(2) Fair value measurements of financial instruments that are categorized as Level 3

a. Valuation techniques and inputs

The following table shows information about the valuation techniques used and the significant unobservable inputs used in the Level 3 fair value measurements.

(a) Investments from SVF1 and SVF2 accounted for using FVTPL

For Level 3 fair value measurements of investments from SVF1 and SVF2 accounted for using FVTPL, the Company mainly uses price of the recent transactions method, the discounted cash flow method and the market comparable company multiple method. The following table shows the fair value of the investments measured by each valuation technique. When a combination of multiple valuation techniques is applied, aggregated amounts of fair value are presented for each combination of valuation techniques.

Valuation techniques	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	Fair value As of March 31, 2021
Recent Transactions . . . . .	¥ 1,567,914	<b>¥2,526,447</b>	<b>\$22,820,405</b>
Recent Transactions / Discounted cash flow . . . . .	766,600	<b>1,213,705</b>	<b>10,962,921</b>
Recent Transactions / Market comparable companies . . . . .	–	<b>1,004,366</b>	<b>9,072,044</b>
Discounted cash flow . . . . .	2,163,880	<b>859,439</b>	<b>7,762,975</b>
Recent Transactions / Announced Transactions*1 . . . . .	–	<b>624,568</b>	<b>5,641,478</b>
Discounted cash flow / Market comparable companies . . . . .	1,090,088	<b>6,322</b>	<b>57,104</b>
Other . . . . .	199,411	<b>744,923</b>	<b>6,728,597</b>
Total . . . . .	¥ 5,787,893	<b>¥6,979,770</b>	<b>\$63,045,524</b>

\*1 IPO scenario including a merger with a SPAC was considered in the Announced Transactions.

The valuation techniques and the inputs are as follows.

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs	
		As of March 31, 2020	As of March 31, 2021
Discounted cash flow	Cost of capital . . . . .	11.0% – 85.7%	<b>11.0% – 84.0%</b>
	EBITDA multiple*2 . . . . .	X8.0 – X25.6	<b>X8.0 – X27.2</b>
	Revenue multiple*2 . . . . .	X1.5 – X11.0	<b>X3.0 – X12.6</b>
	Gross merchandise value multiple*2 . . . . .	X0.6 – X1.5	<b>X1.2 – X1.5</b>
	EBIT multiple*2 . . . . .	–	<b>X25.0</b>
	Long term growth rate . . . . .	0.0% – 3.2%	<b>0.0% – 4.1%</b>
	Price to earnings ratio*2 . . . . .	X9.0 – X30.0	–
Market comparable companies	Revenue multiple . . . . .	X0.4 – X5.5	<b>X0.4 – X8.0</b>
	EBITDA multiple . . . . .	X10.5 – X21.0	–

\*2 Various multiples of market comparable companies are used for the measurement of the terminal value.

(b) Financial assets including “Other financial assets” and “Investment securities”

For Level 3 fair value measurements of financial assets, the market comparable company multiple method, the discounted cash flow method, price of the recent transactions method, Monte Carlo method and binomial lattice model are mainly adopted considering the rights and preferential rights of shares. The following table shows information about the valuation techniques with unobservable inputs and the significant unobservable inputs used in the fair value measurement.

		Ranges of unobservable inputs	
Valuation techniques	Unobservable inputs	As of March 31, 2020	As of March 31, 2021
Equity securities			
Market comparable companies	Revenue multiple . . . . .	X1.5 – X8.5	<b>X1.2 – X13.2</b>
	Gross profit multiple . . . . .	–	<b>X17.0 – X24.0</b>
	EBITDA multiple . . . . .	–	<b>X27.5</b>
	Tangible book value multiple	–	<b>X2.4</b>
	Gross merchandise value multiple	X0.8	–
Discounted cash flow	Cost of capital . . . . .	15.0% – 40.0%	<b>11.1% – 44.4%</b>
	Capitalization rate*3 . . . . .	–	<b>5.5% – 10.2%</b>
	EBITDA multiple*3 . . . . .	X6.0 – X13.2	<b>X8.0 – X20.0</b>
	Net income multiple*3 . . . . .	–	<b>X6.8</b>
Derivative financial assets			
Monte Carlo simulation	Volatility . . . . .	–	<b>20.0%</b>
Discounted cash flow	Cost of capital . . . . .	40.0%	<b>25.0%</b>
	EBITDA multiple*3 . . . . .	X8.0	<b>X8.0</b>
Derivative financial liabilities			
Discounted cash flow	Cost of capital . . . . .	–	<b>25.0%</b>
	EBITDA multiple*3 . . . . .	–	<b>X8.0</b>
Other			
Binomial lattice model	Volatility . . . . .	–	<b>60.0%</b>
	Credit spread . . . . .	–	<b>10.8%</b>
Discounted cash flow	Cost of capital . . . . .	40.0%	–
	EBITDA multiple*3 . . . . .	X8.0	–

\*3 EBITDA multiple of market comparable companies, net income multiple of market comparable companies and capitalization rate considering the most recent performance are used for the measurement of the terminal value.

b. Sensitivity Analysis

Of the above unobservable inputs, the EBITDA multiple, the revenue multiple, the gross merchandise value multiple, the tangible book value multiple, the price to earnings ratio, the gross profit multiple, the EBIT multiple, the net income multiple, and the long term growth rate have a positive correlation with the fair value of equity securities and derivative financial liabilities. Also, the volatility used for the Monte Carlo simulation and the binomial lattice model have a positive correlation with the fair value of derivative financial assets and other financial assets.

On the other hand, the cost of capital, the capitalization rate and the credit spread have a negative correlation with the fair value of equity securities, derivative financial liabilities and other financial assets.

c. Valuation processes

(a) Valuation processes at SVF1 and SVF2

The valuations are prepared by the valuation team of SBIA under IFRS 13, in accordance with the SBIA Global Valuation Policy and International Private Equity and Venture Capital Valuation Guide-lines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments that are subject to fair value measurement. The valuation team of SBIA may engage external specialists with a high level of knowledge and experience as needed, in determining the fair value of certain complex financial instruments. The valuations are then reviewed by the Valuation and Financial Risk Committee ("VFRC"), established as a committee of SBIA, which reports the result of their review to SBIA's Board of Directors on a quarterly basis. The VFRC reviews the reasonableness of significant inputs and assumptions as well as the valuation results. In addition, the VFRC considers the appropriateness of the choice of valuation methodology.

(b) Valuation processes at entities other than SVF1 and SVF2

Fair value is measured by the Company's personnel in the finance, treasury and accounting departments based on internal guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value. For the fair value measurements of the financial instruments that require both high level of knowledge and experiences where amounts are material, the Company may engage external specialists. Thereafter, management responsible for the valuation processes approves the results of fair value measurements by the Company's personnel and the valuation by the external specialists performed at the end of each quarter after reviewing the analysis of fair value changes and other content.

d. Roll forward of financial instruments categorized as Level 3

Roll forward of financial instruments categorized as Level 3 is as follows:

For the fiscal year ended March 31, 2020

	(Millions of yen)				
Financial assets	Investments from SVF1 and SVF2 accounted for using FVTPL	Equity securities (excluding investments from SVF1 and SVF2)	Bonds and loans (excluding investments from SVF1 and SVF2)	Derivative financial assets	Other
As of April 1, 2019 . . . . .	¥6,807,778	¥ 321,308	¥ 133,144	¥ 202	¥ 393,156
Gains or losses					
Net income . . . . .	(1,510,902)	(439,644)	(26,130)	(71,925)	(201,497)
Other comprehensive income . . . . .	(113,201)	(4,001)	(3,403)	1	(6,383)
Purchases . . . . .	1,814,220	443,459	1,110	—	390,031
Sales . . . . .	(25,585)	(16,917)	(771)	—	(25,832)
Loans . . . . .	—	—	20,473	—	—
Investments transferred from the Company to SVF1 . . . . .	104,500	(104,500)	—	—	—
Transfers to Level 1 due to listing . . . . .	(1,288,917)	(11,556)	—	—	—
Conversions into equity securities . . . . .	—	352,049	(94,358)	—	(257,691)
Other . . . . .	—	93,959	26,759	89,659	(11,174)
As of March 31, 2020 . . . . .	¥5,787,893	¥ 634,157	¥ 56,824	¥ 17,937	¥ 280,610
Gains or losses recognized in net income on financial instruments held at March 31, 2020 . . . . .	¥ (1,413,025)	¥ (455,201)	¥ (14,783)	¥ (76,259)	¥ (167,585)

	(Millions of yen)	
Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2019 . . . . .	¥ —	¥ —
Gains or losses		
Net income . . . . .	222	99
Other comprehensive income . . . . .	(1)	—
Other . . . . .	—	16,335
As of March 31, 2020 . . . . .	¥ 221	¥ 16,434
Gains or losses recognized in net income on financial instruments held at March 31, 2020 . . . . .	¥ 222	¥ 99

For the fiscal year ended March 31, 2021

	(Millions of yen)				
Financial assets	Investments from SVF1 and SVF2 accounted for using FVTPL	Equity securities (excluding investments from SVF1 and SVF2)	Bonds and loans (excluding investments from SVF1 and SVF2)	Derivative financial assets	Other
As of April 1, 2020 . . . . .	<b>¥5,787,893</b>	<b>¥ 634,157</b>	<b>¥ 56,824</b>	<b>¥ 17,937</b>	<b>¥ 280,610</b>
Gains or losses					
Net income . . . . .	<b>3,991,632</b>	<b>256,028</b>	<b>2,500</b>	<b>274,666</b>	<b>59,441</b>
Other comprehensive income . .	<b>133,919</b>	<b>68,270</b>	<b>4,723</b>	<b>562</b>	<b>6,819</b>
Purchases . . . . .	<b>897,400</b>	<b>145,270</b>	<b>100,399</b>	<b>—</b>	<b>124,871</b>
Sales . . . . .	<b>(329,017)</b>	<b>(14,077)</b>	<b>(686)</b>	<b>—</b>	<b>(40,526)</b>
Transfers to Level 1 due to listing . .	<b>(3,558,039)</b>	<b>(53,995)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conversions into equity securities . .	<b>—</b>	<b>80,787</b>	<b>(25,068)</b>	<b>(12,000)</b>	<b>(43,719)</b>
Other* . . . . .	<b>55,982</b>	<b>26,603</b>	<b>(3,224)</b>	<b>196,314</b>	<b>13,497</b>
As of March 31, 2021 . . .	<b>¥6,979,770</b>	<b>¥1,143,043</b>	<b>¥ 135,468</b>	<b>¥ 477,479</b>	<b>¥ 400,993</b>
Gains or losses recognized in net income on financial instruments held at March 31, 2021 . . . . .	<b>¥1,188,690</b>	<b>¥ 279,220</b>	<b>¥ 3,146</b>	<b>¥ 274,666</b>	<b>¥ 55,568</b>

	(Millions of yen)	
Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2020 . . . . .	<b>¥ 221</b>	<b>¥ 16,434</b>
Gains or losses		
Net income . . . . .	<b>76,414</b>	<b>20,875</b>
Other comprehensive income . .	<b>3,402</b>	<b>—</b>
Other . . . . .	<b>4,281</b>	<b>—</b>
As of March 31, 2021 . . .	<b>¥ 84,318</b>	<b>¥ 37,309</b>
Gains or losses recognized in net income on financial instruments held at March 31, 2021 . . . . .	<b>¥ 76,633</b>	<b>¥ 20,876</b>

(Thousands of U.S. dollars)

Financial assets	Investments from SVF1 and SVF2 accounted for using FVTPL	Equity securities (excluding investments from SVF1 and SVF2)	Bonds and loans (excluding investments from SVF1 and SVF2)	Derivative financial assets	Other
As of April 1, 2020 . . . . .	<b>\$52,279,767</b>	<b>\$ 5,728,091</b>	<b>\$ 513,269</b>	<b>\$ 162,018</b>	<b>\$2,534,640</b>
Gains or losses					
Net income . . . . .	<b>36,054,846</b>	<b>2,312,600</b>	<b>22,582</b>	<b>2,480,950</b>	<b>536,907</b>
Other comprehensive income . .	<b>1,209,638</b>	<b>616,656</b>	<b>42,661</b>	<b>5,076</b>	<b>61,593</b>
Purchases . . . . .	<b>8,105,862</b>	<b>1,312,168</b>	<b>906,865</b>	<b>—</b>	<b>1,127,911</b>
Sales . . . . .	<b>(2,971,881)</b>	<b>(127,152)</b>	<b>(6,196)</b>	<b>—</b>	<b>(366,055)</b>
Transfers to Level 1 due to listing . .	<b>(32,138,371)</b>	<b>(487,716)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conversions into equity securities . .	<b>—</b>	<b>729,717</b>	<b>(226,429)</b>	<b>(108,391)</b>	<b>(394,897)</b>
Other* . . . . .	<b>505,663</b>	<b>240,295</b>	<b>(29,123)</b>	<b>1,773,227</b>	<b>121,914</b>
As of March 31, 2021 . . .	<b>\$63,045,524</b>	<b>\$10,324,659</b>	<b>\$1,223,629</b>	<b>\$4,312,880</b>	<b>\$3,622,013</b>
Gains or losses recognized in net income on financial instruments held at March 31, 2021 . . . . .	<b>\$10,736,970</b>	<b>\$ 2,522,085</b>	<b>\$ 28,417</b>	<b>\$2,480,950</b>	<b>\$501,924</b>

	(Thousands of U.S. dollars)	
Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2020 . . . . .	<b>\$ 1,996</b>	<b>\$ 148,442</b>
Gains or losses		
Net income . . . . .	<b>690,217</b>	<b>188,556</b>
Other comprehensive income . .	<b>30,729</b>	<b>—</b>
Other . . . . .	<b>38,669</b>	<b>—</b>
As of March 31, 2021 . . .	<b>\$ 761,611</b>	<b>\$ 336,998</b>
Gains or losses recognized in net income on financial instruments held at March 31, 2021 . . . . .	<b>\$ 692,196</b>	<b>\$ 188,565</b>

\* Derivative financial assets increase due to the acquisition of contingent consideration in the merger transaction with Sprint and T-Mobile US, Inc. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

Gains or losses recognized in net income are included in "Gain on investments at Investment Business of Holding Companies," "Gain (loss) on investments at SVF1, SVF2, and others," "Gain (loss) on other investments," "Derivative gain (loss) (excluding gain (loss) on investments)," and "Other loss" in the consolidated statement of income. Gains or losses recognized in other comprehensive income, net of tax, are included in "Equity financial assets at FVTOCI," "Debt financial assets at FVTOCI" and "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.

### (3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

As of March 31, 2020

(Millions of yen)					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings . . . .	¥ 3,821,473	¥ –	¥ 3,095,567	¥ 707,064	¥ 3,802,631
Corporate bonds . .	5,268,883	–	4,888,602	–	4,888,602

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their carrying amounts approximates their fair values.

As of March 31, 2021

(Millions of yen)					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings . . . .	¥4,745,058	¥ –	¥ 3,933,668	¥ 864,442	¥ 4,798,110
Corporate bonds . .	4,745,184	–	4,894,113	–	4,894,113
Other financial liabilities (Non-current)					
Non-controlling interests subject to possible redemption . .	298,092	322,114	–	–	322,114

(Thousands of U.S. dollars)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings . . . .	\$42,860,247	\$ –	\$35,531,280	\$ 7,808,165	\$43,339,445
Corporate bonds . .	42,861,386	–	44,206,603	–	44,206,603
Other financial liabilities (Non-current)					
Non-controlling interests subject to possible redemption . .	2,692,548	2,909,529	–	–	2,909,529

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their carrying amounts approximates their fair values.

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings

Fair values of the non-current portion of long-term borrowings are measured using quoted prices in active markets if such prices are available, and the measurement is categorized as Level 1. Where such prices in active markets are not available, fair values of the non-current portion of long-term borrowings are measured based on the discounted cash flow method using observable inputs such as market interest rates, and the measurement is categorized as Level 2. The measurement of non-current portion of long-term borrowings that the fair values are measured based on the discounted cash flow method using an unobservable inputs such as an interest rate including the credit spread that would be used for a borrowing with the same terms and maturity are categorized as Level 3.

b. Corporate bonds (non-current portion)

Fair values of the non-current portion of corporate bonds are mainly categorized as Level 1 or Level 2. When the fair value is measured using quoted prices in active markets for identical bonds, it is categorized as Level 1. When the fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as Level 2.

c. Non-controlling interests subject to possible redemption

The fair value of the non-controlling interests subject to possible redemption is measured using quoted prices in active markets. The details of the non-controlling interests subject to possible redemption are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

### 33. Transfers of financial assets

The Company enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of receivables related to installment receivables recognized from the mobile devices sales business.

For the transactions, the Company transfers receivables to financial institutions and acquires cash and a subordinate interest in the transferred receivables for financing purposes. The receivables sold are not derecognized because in each transaction, the Company retains a subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables are included in "Interest-bearing debt" under current liabilities and non-current liabilities as borrowings.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Carrying amount of transferred assets . .	¥ 794,514	<b>¥ 788,847</b>	<b>\$ 7,125,345</b>
Carrying amount of related liabilities . . .	(706,091)	<b>(719,099)</b>	<b>(6,495,339)</b>
(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)			
Fair value of transferred assets . . . . .	¥ 794,514	<b>¥ 788,847</b>	<b>\$ 7,125,345</b>
Fair value of related liabilities . . . . .	(706,015)	<b>(719,397)</b>	<b>(6,498,030)</b>
Net position . . . . .	¥ 88,499	<b>¥ 69,450</b>	<b>\$ 627,315</b>

The difference between transferred assets and related liabilities is mainly the subordinate interest which the Company retains on securitization.

In addition, the Company enters into securitization transactions involving a portion of the monthly lump sum payment receivables included in loans in the card business. However, there are securitization receivables for which the Company bears a credit risk until collection and is obligated to pay retrospectively if a debtor does not pay. Those securitization receivables are not derecognized because they do not meet the derecognition criteria. Cash received from transferring the receivables are included in "Interest-bearing debt" under current liabilities as borrowings.

The carrying amount of the receivables transferred and related liability in financial assets transferred by the method not meeting the derecognition criteria as of March 31, 2021 is ¥775 million (\$7,000 thousand) and ¥85,000 million (\$767,772 thousand,) respectively (as of March 31, 2020, ¥1,361 million and ¥60,000 million respectively). The liability is settled without significant delay when a debtor pays for receivables transferred, but the Company cannot utilize the receivables transferred until the settlement of the liability or payment from the debtor is completed. The discrepancy between receivables transferred and related liabilities are mainly due to the amount of loan collection in card business.



### 34. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are presented gross, because they do not meet certain or all criteria of offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of March 31, 2020

	(Millions of yen)				
Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables . . . . .	¥ 202,518	¥ (90,066)	¥ 112,452	¥ (17,110)	¥ 95,342
Derivative financial assets . . . . .	30,855	-	30,855	(30,660)	195
<b>Total . . . . .</b>	<b>¥ 233,373</b>	<b>¥ (90,066)</b>	<b>¥ 143,307</b>	<b>¥ (47,770)</b>	<b>¥ 95,537</b>

	(Millions of yen)				
Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables . . . . .	¥ 294,143	¥ (90,066)	¥ 204,077	¥ (16,552)	¥ 187,525
Derivative financial liabilities . . . . .	121,707	-	121,707	(30,691)	91,016
Other financial liabilities . . . . .	713	-	713	(527)	186
<b>Total . . . . .</b>	<b>¥ 416,563</b>	<b>¥ (90,066)</b>	<b>¥ 326,497</b>	<b>¥ (47,770)</b>	<b>¥ 278,727</b>

As of March 31, 2021

	(Millions of yen)				
Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Cash and cash equivalents . . . . .	¥ 220,174	¥ -	¥ 220,174	¥ (207,875)	¥ 12,299
Trade and other receivables . . . . .	179,874	(93,080)	86,794	(19,898)	66,896
Derivative financial assets in asset management subsidiaries . . . . .	188,056	-	188,056	(7,452)	180,604
Derivative financial assets . . . . .	39,772	-	39,772	(20,501)	19,271
Other financial assets . . . . .	487,817	-	487,817	(332,577)	155,240
<b>Total . . . . .</b>	<b>¥1,115,693</b>	<b>¥ (93,080)</b>	<b>¥1,022,613</b>	<b>¥ (588,303)</b>	<b>¥ 434,310</b>

	(Millions of yen)				
Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Interest-bearing debt . . . . .	¥1,489,704	¥ -	¥1,489,704	¥ (493,655)	¥ 996,049
Trade and other payables . . . . .	291,642	(93,080)	198,562	(22,129)	176,433
Derivative financial liabilities . . . . .	67,514	-	67,514	(63,290)	4,224
Other financial liabilities . . . . .	9,432	-	9,432	(9,229)	203
<b>Total . . . . .</b>	<b>¥1,858,292</b>	<b>¥ (93,080)</b>	<b>¥1,765,212</b>	<b>¥ (588,303)</b>	<b>¥ 1,176,909</b>

(Thousands of U.S. dollars)

	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Financial assets					
Cash and cash equivalents . . . . .	\$ 1,988,745	\$ –	\$ 1,988,745	\$ (1,877,653)	\$ 111,092
Trade and other receivables . . . . .	1,624,731	(840,755)	783,976	(179,731)	604,245
Derivative financial assets in asset management subsidiaries . . . . .	1,698,636	–	1,698,636	(67,311)	1,631,325
Derivative financial assets . . . . .	359,245	–	359,245	(185,177)	174,068
Other financial assets . . . . .	4,406,260	–	4,406,260	(3,004,038)	1,402,222
Total . . . . .	\$ 10,077,617	\$ (840,755)	\$ 9,236,862	\$ (5,313,910)	\$ 3,922,952

(Thousands of U.S. dollars)

	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Financial liabilities					
Interest-bearing debt . . . . .	\$13,455,912	\$ –	\$ 13,455,912	\$ (4,458,992)	\$ 8,996,920
Trade and other payables . . . . .	2,634,288	(840,755)	1,793,533	(199,883)	1,593,650
Derivative financial liabilities . . . . .	609,827	–	609,827	(571,673)	38,154
Other financial liabilities . . . . .	85,196	–	85,196	(83,362)	1,834
Total . . . . .	\$16,785,223	\$ (840,755)	\$ 15,944,468	\$ (5,313,910)	\$10,630,558

\*1 For the fiscal year ended March 31, 2021, the Company exercised the cash settlement option for a part of the prepaid forward contracts using Alibaba shares and provided a notice to the counterparty for early termination in April 2021. In relation to this early termination, ¥ (316,643) million (\$ (2,860,112) thousand), ¥ (285,780) million (\$ (2,581,339) thousand), ¥ (2,767) million (\$ (24,993) thousand), and ¥ (28,096) million (\$ (253,780) thousand) are included in other financial assets, interest-bearing debt, trade and other payables, and derivative financial liabilities, respectively. The details are described in “\*5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

\*2 SB Northstar entered into a prime brokerage agreement with brokers. Based on the agreement, in the event of a default by one party, the other party has a right to offset its claims and obligations against the defaulting party. In relation to this prime brokerage agreement, ¥ (207,875) million (\$ (1,877,653) thousand), ¥ (7,452) million (\$ (67,311) thousand), ¥ (15,934) million (\$ (143,926) thousand), ¥ (207,875) million (\$ (1,877,653) thousand), ¥ (14,673) million (\$ (132,535) thousand), and ¥ (8,713) million (\$ (78,702) thousand) are included in cash and cash equivalents, derivative financial assets in asset management subsidiaries, other financial assets, interest-bearing debt, derivative financial liabilities, and other financial liabilities, respectively.

### 35. Foreign currency exchange rates

Exchange rates of the major currencies used for translating the financial statements of foreign operations are as follows:

#### (1) Rate at the end of the period

	As of March 31, 2020	As of March 31, 2021
U.S. dollars . . . . .	¥108.83	¥110.71
Chinese yuan . . . . .	¥ 15.31	¥ 16.84
British pound* . . . . .	¥133.32	–

## (2) Average rate for the quarter

For the fiscal year ended March 31, 2020

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019	Three-month period ended December 31, 2019	Three-month period ended March 31, 2020
U.S. dollars . . . . .	¥110.00	¥107.70	¥108.98	¥109.22
Chinese yuan . . . . .	¥ 16.13	¥ 15.37	¥ 15.46	¥ 15.56
British pound* . . . . .	¥140.88	¥132.73	¥139.55	¥140.20

For the fiscal year ended March 31, 2021

	Three-month period ended June 30, 2020	Three-month period ended September 30, 2020	Three-month period ended December 31, 2020	Three-month period ended March 31, 2021
U.S. dollars . . . . .	<b>¥107.74</b>	<b>¥105.88</b>	<b>¥104.45</b>	<b>¥106.24</b>
Chinese yuan . . . . .	<b>¥ 15.16</b>	<b>¥ 15.27</b>	<b>¥ 15.71</b>	<b>¥ 16.31</b>

## (3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar and Chinese yuan, which are the main foreign currencies of the Company, regarding the translation of assets, liabilities, and interests in net assets of foreign operations into the presentation currency, assuming that all other factors are constant.

Impact of exchange differences on translating foreign operations (decrease in equity)

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
U.S. dollar . . . . .	¥ (64,180)	<b>¥ (153,945)</b>
Chinese yuan . . . . .	(28,609)	<b>(37,514)</b>
British pound* . . . . .	(33,010)	—

\* From the three-month period ended June 30, 2020, Arm Limited, a subsidiary of the Company, changed its functional currency from British pound to U.S. dollar. This change was made based on the judgement that the primary economic environment in which Arm Limited operates had changed mainly due to the increase in proportion of the U.S. dollar denominated costs to the total costs in Arm Limited.

As a result of this change, exchange rates of British pound are not presented from the three-month period ended June 30, 2020 and also British pound is excluded from the sensitivity analysis as it is no longer considered as a major currency used for translating the financial statements of foreign operations.

## 36. Equity

### (1) Common stock

#### a. Shares authorized

The number of shares authorized to be issued is as follows:

	As of March 31, 2020	As of March 31, 2021
Ordinary shares* <sup>3</sup> . . . . .	7,200,000	<b>7,200,000</b>

#### b. Shares issued

Changes in the number of shares issued are as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Balance at the beginning of the year . . . . .	1,100,660	<b>2,089,814</b>
Increase during the year* <sup>3</sup> . . . . .	1,044,907	—
Decrease during the year* <sup>4</sup> . . . . .	(55,753)	—
Balance at the end of the year . . . . .	2,089,814	<b>2,089,814</b>

\*<sup>1</sup> Shares issued by the Company are common stock with no par value.

\*<sup>2</sup> Shares issued have been fully paid.

\*<sup>3</sup> For the fiscal year ended March 31, 2020, the increase of the total number of shares authorized and the total number of shares issued during the year are due to a share split that the Company conducted at a ratio of two-for-one effective June 28, 2019 under the resolution passed at the Board of Directors meeting held on May 9, 2019.

\*<sup>4</sup> For the fiscal year ended March 31, 2020, the decrease was primarily due to the resolution passed at the Board of Directors meeting held on May 30, 2019. The Company retired 55,753 thousand shares of treasury stock on June 10, 2019.

### (2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan (the “Companies Act”), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

For the fiscal year ended March 31, 2020

(Third-Party Allotment of Z Holdings Corp. shares to SoftBank Corp. and Tender Offer by Z Holdings Corp.)

On June 27, 2019, Z Holdings Corporation issued 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the “Third-Party Allotment”). Z Holdings Corporation also implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the “Tender Offer”), and SoftBank Group Corp. accepted the Tender Offer and tendered its holding of common shares of Z Holdings Corporation, held by its wholly-owned subsidiary SoftBank Group Japan

Corporation. As a result, 1,792,819,200 of these shares (equivalent to ¥514.5 billion) were sold to Z Holdings Corporation on June 27, 2019.

As a result of the Third-Party Allotment and the Tender Offer, the ownership percentage in Z Holdings Corporation by the Company changed from 48.16% (ownership percentage as of March 31, 2019) to 45.52%.

Associated with this transaction, ¥91,431 million was increased in “Changes in interests in subsidiary” under “Capital surplus.”

For the fiscal year ended March 31, 2021

(Partial sales of SoftBank Corp. shares)

In May 2020, SBGI, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage 5.0%) as part of the “¥4.5 trillion program.” Additionally, in September 2020, in order to further enhance its cash reserves, a portion of SoftBank Corp. shares held (ownership percentage 21.7%) was transferred. As a result of the transactions, ¥932,388 million (\$8,421,895 thousand) of the equivalent amount for gain on sales of SoftBank Corp. shares after considering income taxes on a consolidation basis is recorded as “Changes in interests in subsidiaries” in capital surplus.

(Business integration of LINE Corporation and Z Holdings Corporation)

On February 26, 2021, Shiodome Z Holdings G.K., wholly owned by SoftBank Corp., was merged into LINE Corporation, the surviving company. Subsequently, on March 1, 2021, a share exchange of common shares of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation. As a result of the transactions, capital surplus increased by ¥245,147 million (\$2,214,317 thousand) in “Changes in interests in subsidiaries.” The details are described in “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 10. Business combinations.”

### (3) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years Resettable Notes (collectively, the “Hybrid Notes”).

The Hybrid Notes are classified as equity instruments in accordance with IFRSs because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for the distribution of residual assets on liquidation.

Payments of interest were completed on the interest payment dates, July 20, 2020 and January 19, 2021, and “Retained earnings” decreased by ¥15,339 million (\$138,551 thousand) and ¥14,800

million (\$133,683 thousand) (for the fiscal year ended March 31, 2020: decreased by ¥15,344 million and ¥15,727 million on July 19, 2019 and January 21, 2020), respectively, as “Distribution to owners of other equity instruments” in the consolidated statement of changes in equity.

In addition, accrued interest, which was not recognized as a distribution to owners of other equity instruments because the payment had not yet been determined, was ¥6,317 million (\$57,059 thousand) as of March 31, 2021 (¥6,210 million as of March 31, 2020.)

### (4) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend from retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

### (5) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Changes in treasury stock are as follows:

	Fiscal year ended March 31, 2020	(Thousands of shares) Fiscal year ended March 31, 2021
Balance at the beginning of the year . . . . .	46,827	<b>21,818</b>
Increase during the year*1,2 . . . . .	33,340	<b>336,166</b>
Decrease during the year*3 . . . . .	(58,349)	<b>(6,686)</b>
Balance at the end of the year . . . . .	21,818	<b>351,298</b>

\*1 For the fiscal year ended March 31, 2020, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on February 6, 2019, the number of treasury stock increased by 19,044 thousand shares (amount purchased ¥215,931 million). In addition, under the resolution passed at the Board of Directors meeting held on May 9, 2019, the Company conducted a share split at a ratio of two-for-one effective June 28, 2019 and the number of treasury stock increased by 9,573 thousand shares.

\*2 For the fiscal year ended March 31, 2021, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on March 13, 2020, the number of treasury stock increased by 102,960 thousand shares (amount purchased ¥483,971 million (\$4,371,520 thousand)). In addition, under the resolutions passed at the Board of Directors meetings held on May 15, 2020, June 25, 2020, and July 30, 2020, the number of treasury stock increased by 233,201 thousand shares (amount purchased ¥1,742,222 million (\$15,736,808 thousand)) as part of the “¥4.5 trillion program.”

\*3 For the fiscal year ended March 31, 2020, under the resolution passed at the Board of Directors meeting held on May 30, 2019, the Company retired its treasury stock of 55,753 thousand shares on June 10, 2019. As a result of the transaction, “Retained earnings” and “Treasury stock” decreased by ¥558,136 million respectively.

## (6) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows.

(Millions of yen)

	Remeasurements of defined benefit plan	Equity financial assets at FVTOCI	Debt financial assets at FVTOCI	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2019 . . . . .	¥ –	¥ 6,661	¥ 267	¥ (45,791)	¥ 329,131	¥ 290,268
Other comprehensive income (attributable to owners of the parent) . . . . .	(18,518)	(207)	313	55,465	(501,064)	(464,011)
Transfer to retained earnings . . . . .	18,518	(1,339)	–	–	–	17,179
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale . . . . .	–	–	–	3,454	(209,149)	(205,695)
As of March 31, 2020 . . . . .	¥ –	¥ 5,115	¥ 580	¥ 13,128	¥ (381,082)	¥ (362,259)
Other comprehensive income (attributable to owners of the parent). . . . .	<b>(40)</b>	<b>18,641</b>	<b>(190)</b>	<b>29,834</b>	<b>652,227</b>	<b>700,472</b>
Transfer to retained earnings . . . . .	<b>40</b>	<b>343</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>383</b>
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale . . . . .	–	–	–	–	<b>(267)</b>	<b>(267)</b>
As of March 31, 2021 . . . . .	¥ –	¥ 24,099	¥ 390	¥ 42,962	¥ 270,878	¥ 338,329

(Thousands of U.S. dollars)

	Remeasurements of defined benefit plan	Equity financial assets at FVTOCI	Debt financial assets at FVTOCI	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2020 . . . . .	\$ –	\$ 46,201	\$ 5,239	\$ 118,580	\$ (3,442,164)	\$ (3,272,144)
Other comprehensive income (attributable to owners of the parent). . . . .	<b>(361)</b>	<b>168,377</b>	<b>(1,716)</b>	<b>269,479</b>	<b>5,891,310</b>	<b>6,327,089</b>
Transfer to retained earnings . . . . .	<b>361</b>	<b>3,099</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,460</b>
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale . . . . .	–	–	–	–	<b>(2,412)</b>	<b>(2,412)</b>
As of March 31, 2021 . . . . .	\$ –	\$ 217,677	\$ 3,523	\$ 388,059	\$ 2,446,734	\$ 3,055,993

The above amount is presented net of the tax effect. The amount of income taxes on each item in other comprehensive income is described in "Note 46. Other comprehensive income."

### 37. Dividends

In accordance with the Companies Act, SoftBank Group Corp. has prescribed in its articles of incorporation that semiannual interim dividends may be paid once a year upon resolution by the Board of Directors. Dividends paid are as follows:

For the fiscal year ended March 31, 2020

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 19, 2019. . . . .	Common stock	¥22*	\$0.20	¥23,184	\$410,948	March 31, 2019	June 20, 2019
Board of directors' meeting held on October 16, 2019 . . . . .	Common stock	22	0.20	45,567	373,453	September 30, 2019	December 9, 2019

For the fiscal year ended March 31, 2021

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 25, 2020. . . . .	Common stock	¥22	\$0.20	¥45,496	\$410,948	March 31, 2020	June 26, 2020
Board of directors' meeting held on October 22, 2020 . . . . .	Common stock	22	0.20	41,345	373,453	September 30, 2020	December 14, 2020

\* The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Dividends per share" is the actual amount which is not adjusted by the share split conducted after the effective date.

Dividends which will become effective during the fiscal year ending March 31, 2022 are as follows:

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 23, 2021. . . . .	Common stock	¥22	\$0.20	¥38,247	\$345,470	March 31, 2021	June 24, 2021

### 38. Share-based payment transactions

The Company grants stock options, restricted stock awards and phantom stock as share-based payment awards.

Share-based payment awards are granted to the Company's directors and employees based on the terms resolved at the Company's shareholders' meeting or Board of Directors' meeting.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability amounts recognized from share-based payment awards are as follows:

#### Expense arising from share-based payments

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Equity-settled . . . . .	¥7,612	¥ 8,834	\$ 79,794
Cash-settled . . . . .	332	16,883	152,498
<b>Total. . . . .</b>	<b>¥7,944</b>	<b>¥ 25,717</b>	<b>\$ 232,292</b>

#### Liability arising from share-based payments

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Liability arising from share-based payment . .	¥2,491	¥ 24,858	\$ 224,533
Liability vested in the above . . . . .	64	157	1,418

#### (1) Stock option plan

##### a. Details of the stock option plan

The Company grants stock options as equity-settled share-based payments and cash-settled share-based payments. The details of the Company's stock option plan for the years ended March 31, 2020 and 2021 are as follows:

##### (a) SoftBank Group Corp.

SoftBank Group Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Group Corp.

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. The amounts of "Stock options" for each fiscal year are recorded after adjustments of the share split.

Year issued / Name	Grant date	Due date for exercise
2016 July Stock Acquisition Rights* <sup>1</sup>	July 28, 2016	July 31, 2022
2017 February Stock Acquisition Rights* <sup>1</sup>	February 27, 2017	February 28, 2023
2017 July Stock Acquisition Rights* <sup>1</sup>	July 28, 2017	July 31, 2023
2018 August Stock Acquisition Rights* <sup>2</sup>	August 31, 2018	August 31, 2025
2019 July Stock Acquisition Rights* <sup>3</sup>	August 13, 2019	August 31, 2025
2019 November Stock Acquisition Rights* <sup>4</sup>	December 23, 2019	December 31, 2026
2020 August Stock Acquisition Rights* <sup>4</sup>	August 28, 2020	August 31, 2027

##### \*1 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

##### \*2 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is 3 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "i" through "iv" below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

- from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition rights
- from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" above
- from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" and "ii" above
- from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" through "iii" above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

##### \*3 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "i" through "iv" below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

- from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition rights
- from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" above
- from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" and "ii" above
- from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" through "iii" above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

##### \*4 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 3 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.



(b) SoftBank Corp.

SoftBank Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Corp.

Year issued / Name	Grant date	Due date for exercise
2018 March Stock Acquisition Rights* <sup>1</sup>	March 30, 2018	March 31, 2025
2020 July Stock Acquisition Rights* <sup>2</sup>	July 31, 2020	July 31, 2027
2021 January Stock Acquisition Rights* <sup>3</sup>	January 22, 2021	March 31, 2028

\*1 Vesting condition

In case the common stock of SoftBank Corp. are newly listed by March 31, 2020 on the financial instruments market established by the financial instruments exchange, an entitled person is able to exercise these rights.

Also, the number of these rights which an entitled person is able to exercise is as follows:

- i. Where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
  - a. up to 30% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
  - b. up to 60% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2021 to March 31, 2022.
  - c. up to 100% of the total allotted rights including the rights exercised during the period of "a" and "b" is exercisable from April 1, 2022 to March 31, 2025.
- ii. Where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
  - a. up to 20% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
  - b. up to 40% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2021 to March 31, 2022.
  - c. up to 60% of the total allotted rights including the rights exercised during the period of "a" and "b" is exercisable from April 1, 2022 to March 31, 2023.
  - d. up to 80% of the total allotted rights including the rights exercised during the period of "a", "b", and "c" is exercisable from April 1, 2023 to March 31, 2024.
  - e. up to 100% of the total allotted rights including the rights exercised during the period of "a", "b", "c", and "d" is exercisable from April 1, 2024 to March 31, 2025.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

\*2 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

\*3 Vesting condition

The number of these rights which an entitled person is able to exercise is as follows:

- i. where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
  - a. up to 30% of the total allotted rights is exercisable from April 1, 2023 to March 31, 2024.
  - b. up to 60% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2024 to March 31, 2025.
  - c. up to 100% of the total allotted rights including the rights exercised during the period of "a" and "b" is exercisable from April 1, 2025 to March 31, 2028.
- ii. where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number

during the following period. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

- a. up to 20% of the total allotted rights is exercisable from April 1, 2023 to March 31, 2024.
- b. up to 40% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2024 to March 31, 2025.
- c. up to 60% of the total allotted rights including the rights exercised during the period of "a" and "b" is exercisable from April 1, 2025 to March 31, 2026.
- d. up to 80% of the total allotted rights including the rights exercised during the period of "a", "b", and "c" is exercisable from April 1, 2026 to March 31, 2027.
- e. up to 100% of the total allotted rights including the rights exercised during the period of "a", "b", "c", and "d" is exercisable from April 1, 2027 to March 31, 2028.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

(c) Z Holdings Corporation

Z Holdings Corporation grants stock options to directors and employees of Z Holdings Corporation and its subsidiaries. Shares granted by the exercise of stock options are those issued by Z Holdings Corporation.

Year issued / Name	Grant date	Due date for exercise
2010* <sup>1</sup>	From May 11, 2010 through February 8, 2011	From April 27, 2020 through January 25, 2021
2011* <sup>1</sup>	From June 3, 2011 through February 17, 2012	From May 20, 2021 through February 3, 2022
2012 1st* <sup>1</sup>	May 16, 2012	May 2, 2022
2020 LINE 22nd* <sup>2,3</sup>	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 24th* <sup>2,4</sup>	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 25th* <sup>2,4</sup>	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 26th* <sup>2,5</sup>	March 1, 2021	From November 5, 2023 through November 5, 2030
2020 LINE 28th* <sup>6</sup>	March 30, 2021	From November 5, 2023 through November 5, 2030

\*1 Vesting condition

Share options mainly vest in stages beginning after two years from the grant date. One-half of the total granted shares vests after two years from the grant date, and one-fourth vests per year for the subsequent two years. Vesting requires continuous service from the grant date to the vesting date. When the holder of vested shares options retires, those vested share options are forfeited.

\*2 Stock acquisition rights to be provided for Z Holdings Corporation's participants

Based on the capital alliance contract stipulated under the Z Holdings Corp. group's governance control after business integration entered into on December 23, 2019, with the effective date of the share exchange of Z Holdings Corporation and LINE Corporation as the grant date, Z Holdings Corporation granted alternative stock options to directors and employees of Z Holdings Corporation and its group companies substituted for the stock options which A Holdings Corporation was granting to directors and employees of A Holdings Corporation and its group companies.

\*3 Vesting condition

If stock price of Z Holdings Corporation's common stock meets the following "i" to "iii", the number of shares of stock acquisition rights specified in "i", "ii", and "iii" is exercisable.

- i. At any of July 29, 2022 through July 29, 2025, including 10 days before the last business day (excluding the day of unclosing transaction of Z Holdings Corporation's common stock. Same as the following "i" to "iii"), if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds ¥640 ("Basic Stock Price"); up to 20% of the total allotted rights is exercisable
- ii. At any of July 29, 2023 through July 29, 2026, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 30% of the total allotted rights is exercisable
- iii. At any of July 29, 2024 through July 29, 2027, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 50% of the total allotted rights is exercisable

Regardless of the exercise period (from July 29, 2022 to July 8, 2029. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "a", "b" and "c" (including the first day and the last day), to the extent the number specified in "a", "b" and "c", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

- a. up to 20% of the total allotted rights, exercisable from July 29, 2022 to July 8, 2029
- b. up to 50% of the total allotted rights, exercisable from July 29, 2023 to July 8, 2029
- c. up to 100% of the total allotted rights, exercisable from July 29, 2024 to July 8, 2029

#### \*4 Vesting condition

Regardless of the exercise period (from July 29, 2022 to July 8, 2029. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "i", "ii" and "iii" (including the first day and the last day), to the extent the number specified in "i", "ii" and "iii", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

- i. up to 20% of the total allotted rights, exercisable from July 29, 2022 to July 8, 2029
- ii. up to 50% of the total allotted rights, exercisable from July 29, 2023 to July 8, 2029
- iii. up to 100% of the total allotted rights, exercisable from July 29, 2024 to July 8, 2029

#### \*5 Vesting condition

If stock price of Z Holdings Corporation's common stock meets the following "i" to "iii", the number of shares of stock acquisition rights specified in "i", "ii", and "iii" is exercisable.

- i. At any of November 5, 2023 through November 5, 2026, including 10 days before the last business day (excluding the day of unclosing transaction of Z Holdings Corporation's common stock. Same as the following "i" to "iii"), if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds ¥640 ("Basic Stock Price"); up to 20% of the total allotted rights is exercisable
- ii. At any of November 5, 2024 through November 5, 2027, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 30% of the total allotted rights is exercisable
- iii. At any of November 5, 2025 through November 5, 2028, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 50% of the total allotted rights is exercisable

Regardless of the exercise period (from November 5, 2023 to November 5, 2030. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "a", "b" and "c" (including the first day and the last day), to the extent the number specified in "a", "b" and "c", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

- a. up to 20% of the total allotted rights, exercisable from November 5, 2023 to November 5, 2030
- b. up to 50% of the total allotted rights, exercisable from November 5, 2024 to November 5, 2030
- c. up to 100% of the total allotted rights, exercisable from November 5, 2025 to November 5, 2030

#### \*6 Vesting condition

Regardless of the exercise period (from November 5, 2023 to November 5, 2030. If the last day of the exercise period conflicts with

a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "i", "ii" and "iii" (including the first day and the last day), to the extent the number specified in "i", "ii" and "iii", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

- i. up to 20% of the total allotted rights, exercisable from November 5, 2023 to November 5, 2030
- ii. up to 50% of the total allotted rights, exercisable from November 5, 2024 to November 5, 2030
- iii. up to 100% of the total allotted rights, exercisable from November 5, 2025 to November 5, 2030

#### b. Fair value of stock options granted during the period

Weighted-average fair value and fair value measurement at the measurement date of the stock options granted during the period are as follows:

##### (a) SoftBank Group Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥6,265 (\$56.59) (for the fiscal year ended March 31, 2020: ¥4,768).

Fair value is measured as follows:

Fiscal year ended March 31, 2020		
Year issued / Name	2019 July stock acquisition rights	2019 November stock acquisition rights
Valuation method used	Black-Scholes model	Black-Scholes model
Key inputs and assumptions:	(Yen)	(Yen)
Weighted-average stock price . .	¥4,895	¥4,663
Weighted-average exercise price . .	¥ 1	¥ 1
Volatility of stock price* . .	32.10 – 36.44%	31.90%
Estimated residual period	2 – 5 years	3 years
Estimated dividend . . . . .	¥22/per share	¥22/per share
Risk-free interest rate. . . .	(0.31) – (0.26) %	(0.09) %

Fiscal year ended March 31, 2021		
Year issued / Name	2020 August stock acquisition rights	
Valuation method used	Black-Scholes model	
Key inputs and assumptions:	(Yen)	(USD)
Weighted-average stock price . .	¥6,397	\$57.78
Weighted-average exercise price	¥ 1	\$ 0.01
Volatility of stock price* . .	47.67%	
Estimated residual period	3 years	
Estimated dividend . . . . .	¥44/per share	\$0.40/per share
Risk-free interest rate. . . .	(0.11) %	

\* Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

(b) SoftBank Corp.

The weighted-average fair values at the measurement date of the stock options granted during the period are ¥1,254 (\$11.33) and ¥76 (\$0.69) for 2020 July stock acquisition rights and 2021 January stock acquisition rights, respectively.

Fair value is measured as follows:

Fiscal year ended March 31, 2021				
Year issued / Name	2020 July stock acquisition rights		2021 January stock acquisition rights	
Valuation method used	Black-Scholes model		Black-Scholes model	
Key inputs and assumptions:	(Yen)	(USD)	(Yen)	(USD)
Weighted-average stock price . . .	¥1,415	\$12.78	¥1,347	\$12.17
Weighted-average exercise price . . . . .	¥ 1	\$ 0.01	¥1,366	\$12.34
Volatility of stock price* . . .	20.47%		20.70%	
Estimated residual period	2 years		2 – 6 years	
Estimated dividend . . . . .	¥85/per share \$0.77/per share		¥86/per share \$0.78/per share	
Risk-free interest rate. . . .	0.07%		0.10%	

\* Volatility of the stock price is calculated based on the performance of the stock price for entire period since SoftBank Corp. was listed on December 19, 2018 if the listing period is shorter than the estimated residual period.

(c) Z Holdings Corporation

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥312 (\$2.82).

Fair value is measured as follows:

Fiscal year ended March 31, 2021					
Year issued / Name	2020 LINE 22nd		2020 LINE 24th		2020 LINE 25th
Valuation method used	Binomial model		Binomial model		Binomial model
Key inputs and assumptions:	(Yen)	(USD)	(Yen)	(USD)	(Yen) (USD)
Stock price . . . . .	¥648.5	\$5.86	¥648.5	\$5.86	¥648.5 \$5.86
Exercise price* <sup>1</sup> . . . . .	¥ 298	\$2.69	¥ 298	\$2.69	¥ 298 \$2.69
Volatility of stock price* <sup>2</sup>	36.33%		36.33%		36.33%
Duration to maturity . . . .	8.28 years		8.28 years		8.28 years
Estimated dividend yield* <sup>3</sup>	0.86%		0.86%		0.86%
Risk-free interest rate. . . .	0.070%		0.070%		0.070%

Fiscal year ended March 31, 2021				
Year issued / Name	2020 LINE 26th		2020 LINE 28th	
Valuation method used	Binomial model		Binomial model	
Key inputs and assumptions:	(Yen)	(USD)	(Yen)	(USD)
Stock price . . . . .	¥648.5	\$5.86	¥550.6	\$4.97
Exercise price* <sup>1</sup> . . . . .	¥ 481	\$4.34	¥ 481	\$4.34
Volatility of stock price* <sup>2</sup>	35.29%		35.33%	
Duration to maturity . . . . .	9.62 years		9.62 years	
Estimated dividend yield* <sup>3</sup>	0.86%		1.01%	
Risk-free interest rate. . . .	0.130%		0.075%	

\*<sup>1</sup> The achievement probability of stock price conditions is reflected for 2020 LINE 22nd and 26th.

\*<sup>2</sup> Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

\*<sup>3</sup> Estimated dividend yield is calculated based on the most recent dividend results.

- c. Changes in stock options during the period and the condition of stock options at the period end  
Such changes during the period and at the period end are as follows:

(a) SoftBank Group Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
Number of shares	Weighted-average exercise price		Number of shares	Weighted-average exercise price	
	(Yen)			(Yen)	(USD)
Beginning balance – Unexercised . . . . .	17,561,200	¥3,802	14,517,700	¥3,871	\$34.97
Granted . . . . .	267,000	1	188,900	1	0.01
Forfeited . . . . .	(170,300)	3,007	(55,300)	1,733	15.65
Exercised . . . . .	(3,140,200)	3,206	(6,686,600)	4,285	38.70
Matured . . . . .	–	–	–	–	–
Ending balance – Unexercised . . . . .	14,517,700	3,871	7,964,700	3,446	31.13
Ending balance – Exercisable . . . . .	12,902,000	¥4,355	6,195,400	¥4,429	\$40.01

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen) (USD)		Number of shares	Weighted-average exercise price (Yen) (USD)		Weighted-average remaining contract period (year)
¥	\$		¥	\$	
<b>1</b>	<b>0.01</b>	<b>1,769,300</b>	<b>1</b>	<b>0.01</b>	<b>4.7</b>
<b>3,080</b>	<b>27.82</b>	<b>1,300,000</b>	<b>3,080</b>	<b>27.82</b>	<b>1.3</b>
<b>4,446</b>	<b>40.16</b>	<b>46,800</b>	<b>4,446</b>	<b>40.16</b>	<b>1.9</b>
<b>4,791</b>	<b>43.28</b>	<b>4,848,600</b>	<b>4,791</b>	<b>43.28</b>	<b>2.3</b>
Total		<b>7,964,700</b>	<b>¥3,446</b>	<b>\$31.13</b>	<b>2.7</b>

(b) SoftBank Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
		Weighted-average exercise price (Yen)			Weighted-average exercise price (USD)
Number of shares			Number of Shares		
Beginning balance –					
Unexercised		117,776,100	115,093,500		¥623
Granted		–	103,930,500		¥1,361
Forfeited		(2,682,600)	(846,700)		¥775
Exercised		–	(23,236,100)		¥623
Ending balance –					
Unexercised		115,093,500	194,941,200		¥1,016
Ending balance –					
Exercisable		–	20,029,600		¥623

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen) (USD)		Number of shares	Weighted-average exercise price (Yen) (USD)		Weighted-average remaining contract period (year)
¥	\$		¥	\$	
<b>623</b>	<b>5.63</b>	<b>91,184,100</b>	<b>623</b>	<b>5.63</b>	<b>4.0</b>
<b>1</b>	<b>0.01</b>	<b>409,800</b>	<b>1</b>	<b>0.01</b>	<b>6.3</b>
<b>1,366</b>	<b>12.34</b>	<b>103,347,300</b>	<b>1,366</b>	<b>12.34</b>	<b>7.0</b>
Total		<b>194,941,200</b>	<b>¥ 1,016</b>	<b>\$ 9.18</b>	<b>5.6</b>

(c) Z Holdings Corporation

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
		Weighted-average exercise price (Yen)			Weighted-average exercise price (USD)
Number of shares			Number of shares		
Beginning balance –					
Unexercised		47,246,200	817,400		¥303
Granted		–	197,416,450		¥384
Forfeited		(45,951,600)	(60,300)		¥302
Exercised		(131,900)	(287,400)		¥308
Matured		(345,300)	(188,100)		¥345
Ending balance –					
Unexercised		817,400	197,698,050		¥383
Ending balance –					
Exercisable		817,400	281,600		¥269

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen) (USD)		Number of shares	Weighted-average exercise price (Yen) (USD)		Weighted-average remaining contract period (year)
¥	\$		¥	\$	
<b>201 – 300</b>	<b>\$1.82 – \$2.71</b>	<b>105,345,400</b>	<b>¥298</b>	<b>\$2.69</b>	<b>8.3</b>
<b>401 – 500</b>	<b>3.62 – 4.52</b>	<b>92,352,650</b>	<b>481</b>	<b>4.34</b>	<b>9.6</b>
Total		<b>197,698,050</b>	<b>¥383</b>	<b>\$3.46</b>	<b>8.9</b>

d. Stock options exercised during the period

Weighted-average stock prices at the date exercised, for those stock options that were exercised during the period are as follows:

(a) SoftBank Group Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)
2016 – July Stock Acquisition Rights	2,900,800	¥5,278	2016 - July Stock Acquisition Rights	1,955,000	¥7,564 \$68.32
2017 – February Stock Acquisition Rights	40,000	5,250	2017 - February Stock Acquisition Rights	103,200	7,589 68.55
2017 – July Stock Acquisition Rights	199,400	5,366	2017 - July Stock Acquisition Rights	4,628,400	7,986 72.13

(b) SoftBank Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)
–	–	–	2018 March Stock Acquisition Rights	23,236,100	¥1,385 \$12.51

(c) Z Holdings Corporation

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)
2009	14,100	¥352	2009	–	¥ – \$ –
2010	52,100	415	2010	150,400	520 4.70
2011	63,100	358	2011	129,000	593 5.36
2012	2,600	401	2012	8,000	534 4.82

(2) Restricted stock award plan

The Company adopts restricted stock award plans where the Company grants stocks, the transfer of which is restricted for a certain period until vested, and is accounted for as equity-settled share-based payment.

The details of the Company's restricted stock award plans for the fiscal year ended March 31, 2021 are primarily as follows:

SoftBank Corp.

In June 2020, SoftBank Corp. granted shares of SoftBank Corp. as restricted stock awards to its five directors and three corporate executive officers.

The granted shares as restricted stock awards are vested on the day of grant, and shall not be transferred, pledged as collateral or disposed of from the grant day to the day of resignation from any of the positions of officers of SoftBank Corp.

The number of restricted stocks granted for the fiscal year ended March 31, 2021 was 565,800. The fair value of restricted stocks granted is calculated based on the common stock price of SoftBank Corp. on the grant date, and the fair value of restricted stocks granted for the fiscal year ended March 31, 2021 was ¥1,431.5 (\$12.93) per share.

(3) Phantom stock

The Company adopts phantom stock awards where the Company pays in cash based on the stock price at the vesting date, and they are accounted for as cash-settled share-based payments.

The details of the Company's phantom stock for the fiscal year ended March 31, 2021 are primarily as follows:

Arm

In December 2019, Arm introduced a share-based compensation plan for all employees of Arm and its group companies. Under this compensation plan, it is determined whether to be settled by stock of Arm Limited or cash dependent on future conditions based on the terms of the plan.

For the fiscal year ended March 31, 2020, the Company considered it to be settled by stock of Arm Limited on the premise of a future IPO and accounted for the compensation plan as an equity-settled share-based payment transaction. Then in September 2020, the Company entered into a definitive agreement with NVIDIA to sell all of its shares in Arm. As a result of the agreement, the likelihood of the plan being settled by cash increased. Therefore, for the fiscal year ended March 31, 2021, the Company changed its accounting treatment and accounted for it as cash-settled share-based payment transaction.

The number of units outstanding as of March 31, 2021 is 15,706,574. Of the outstanding units, only 50% would vest when the sale of its all shares in Arm to NVIDIA is completed and the vested units would be settled by cash at \$38.04 per unit. The plan requires employees to remain in employment until vesting date.

### 39. Net sales

#### (1) Breakdown of net sales

The components of net sales are as follows.

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
SoftBank segment			
Telecommunications			
Retail consumer			
Service revenue*1			
Wireless telecom services . . . . .	¥1,658,709	<b>¥1,659,848</b>	<b>\$14,992,756</b>
Broadband services . . . . .	383,783	<b>399,559</b>	<b>3,609,060</b>
Electricity*2 . . . . .	77,233	<b>130,941</b>	<b>1,182,739</b>
Products and other sales*2 . . . . .	558,826	<b>562,457</b>	<b>5,080,453</b>
Business . . . . .	626,795	<b>681,137</b>	<b>6,152,443</b>
Distribution . . . . .	439,776	<b>478,402</b>	<b>4,321,218</b>
Yahoo*3			
Advertising . . . . .	340,693	<b>368,318</b>	<b>3,326,872</b>
Business . . . . .	472,655	<b>554,619</b>	<b>5,009,656</b>
Personal . . . . .	215,544	<b>257,231</b>	<b>2,323,467</b>
Other . . . . .	2,585	<b>2,275</b>	<b>20,549</b>
Other . . . . .	76,318	<b>96,189</b>	<b>868,837</b>
Subtotal . . . . .	4,852,917	<b>5,190,976</b>	<b>46,888,050</b>
Arm segment			
License revenue . . . . .	60,567	<b>61,684</b>	<b>557,167</b>
Royalty revenue . . . . .	120,725	<b>135,460</b>	<b>1,223,557</b>
Other*4 . . . . .	15,399	<b>11,773</b>	<b>106,341</b>
Subtotal . . . . .	196,691	<b>208,917</b>	<b>1,887,065</b>
Other*4 . . . . .	189,330	<b>228,274</b>	<b>2,061,910</b>
Total . . . . .	¥5,238,938	<b>¥5,628,167</b>	<b>\$50,837,025</b>

The above amount of net sales for the fiscal year ended March 31, 2021 includes ¥114,195 million (\$1,031,479 thousand) (for the fiscal year ended March 31, 2020: ¥108,958 million) of revenue arising from other sources than those arising from IFRS 15, such as lease contracts at the SoftBank segment.

\*1 "Telecom service revenue" of the SoftBank segment is renamed to "Service revenue."

\*2 "Electricity" is presented as a separate line item because of its increased significance, which was included in "Products and other sales" for the fiscal year ended March 31, 2020. To reflect this change, similar reclassifications have been made for the fiscal year ended March 31, 2020. As a result, ¥77,233 million is reclassified from "Products and other sales" to "Electricity", and after the reclassification, "Products and other sales" of ¥558,826 million is presented.

\*3 Subsequent to the business integration of Z Holdings Corporation and LINE group, sales of LINE group are included.

\*4 As a result of the change of the organizational structure of Arm in the fiscal year ended March 31, 2021, sales of Treasure Data business and other IoT related business, which were previously included in "Arm segment", are included in "Other." To reflect this change, ¥9,586 million is reclassified from "Arm segment" to "Other" for the fiscal year ended March 31, 2020.

#### (2) Contract balance

The components of contract balances are as follows.

			(Millions of yen)	(Thousands of U.S. dollars)
	As of April 1, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Receivables arising from contracts with customers . . . . .	¥1,336,584	¥999,951	<b>¥959,189</b>	<b>\$8,663,978</b>
Contract assets . . . . .	140,586	66,538	<b>32,298</b>	<b>291,735</b>
Contract liabilities* . . . . .	274,252	167,615	<b>250,813</b>	<b>2,265,495</b>

\* The increase of contract liabilities for the fiscal year ended March 31, 2021 is mainly due to a license agreement entered into by Arm and NVIDIA concurrently with the definitive agreement entered into by the Company and NVIDIA to sell all of shares in Arm in September 2020. The details of the definitive agreement are described in "Sell of all shares in Arm" under "Note 52. Additional information."

Contract assets generally increase when the Company transfers goods or services to a customer (excluding claims for which the right to remuneration is unconditional) before the customer pays the consideration or before the payment becomes due and decrease when the Company bills the customer.

Contract liabilities generally increase when the Company receives consideration from a customer prior to the transfer of goods or services to the customer and decrease when the Company meets its performance obligations.

For the fiscal year ended March 31, 2021, impairment loss on receivables related to revenue from contracts with customers was ¥8,713 million (\$7,701 thousand) (for the fiscal year ended March 31, 2020: ¥11,595 million.)

Of the amount of net sales recognized for the fiscal year ended March 31, 2021, ¥102,107 million (\$922,292 thousand) was included in the beginning balance of contract liabilities as of that date (for the fiscal year ended March 31, 2020: ¥91,174 million.)

#### (3) Transaction price allocated to unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2021 is ¥328,046 million (\$2,963,111 thousand) (as of March 31, 2020: ¥157,100 million.)

The unsatisfied performance obligations of ¥193,889 million (\$1,751,323 thousand) as of March 31, 2021 (as of March 31, 2020: ¥39,786 million) arise primarily from license contracts related to Arm's technology in the Arm segment and of ¥120,155 million (\$1,085,313 thousand) as of March 31, 2021 (as of March 31, 2020: ¥102,407 million) arise primarily from mobile communications services and mobile device rental services in the SoftBank segment.

The unsatisfied performance obligations in the Arm segment include performance obligations under a license agreement entered into by Arm and NVIDIA concurrently with the definitive agreement entered into in September 2020 by the Company and NVIDIA to sell all of shares in Arm. The unsatisfied performance obligations under the license agreement of NVIDIA will be recognized as revenue over a twenty-year period from the execution date. Other than the license agreement of NVIDIA, majority of



the unsatisfied performance obligations in the Arm segment are expected to be recognized as revenue within two years. The details of the definitive agreement are described in “(Sell of all shares in Arm)” under “Note 52. Additional information.”

The unsatisfied performance obligations in the SoftBank segment are expected to be recognized as revenue primarily within three years.

The Company applies practical expedients and the above amount does not include the transaction prices allocated to residual performance obligation of which the consideration received from customers is at an amount that directly corresponds to the transaction values and service delivery contracts with an original expected duration of one year or less.

#### 40. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cost of goods sold . . . . .	¥ (1,178,466)	¥ (1,277,754)	\$ (11,541,451)
Depreciation and amortization . . . . .	(824,575)	(846,932)	(7,650,005)
Employees benefit cost . . . . .	(586,949)	(738,107)	(6,667,031)
Sales commissions and sales promotion expenses . . . . .	(481,638)	(492,297)	(4,446,726)
Service outsourcing expenses . . . . .	(260,663)	(271,173)	(2,449,399)
Telecommunications equipment usage fees. . . . .	(216,304)	(221,995)	(2,005,194)
Amortization of contract acquisition cost and contract performance cost . . . . .	(191,490)	(172,184)	(1,555,271)
Other . . . . .	(904,268)	(1,004,293)	(9,071,383)
Total . . . . .	¥ (4,644,353)	¥ (5,024,735)	\$ (45,386,460)

“Depreciation and amortization” includes disposal of “Property, plant and equipment,” “Right-of-use assets,” and “Intangible assets” as well as amortization of long-term prepaid expenses which are recorded in “Other non-current assets” in the consolidated statement of financial position.

#### 41. Gain on investments

##### (1) Gain and loss on investments at Investment Business of Holding Companies

The components of gain and loss on investments at Investment Business of Holding Companies are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Gain relating to sales of T-Mobile shares*1 . . . . .	¥ –	¥421,755	\$3,809,547
Gain relating to settlement of prepaid forward contracts using Alibaba shares*2 . . . . .	1,218,527	–	–
Realized loss on sales of investments at asset management subsidiaries . . . . .	–	(20,537)	(185,503)
Unrealized gain on valuation of investments at asset management subsidiaries . . . . .	–	134,074	1,211,038
Derivative loss on investments at asset management subsidiaries . . . . .	–	(610,690)	(5,516,123)
Realized gain (loss) on sales of investments . . . . .	(413)	220,875	1,995,077
Unrealized gain (loss) on valuation of investments*3 . . . . .	(672,479)	609,734	5,507,488
Derivative gain (loss) on investments*4,5 . . . . .	(66,343)	185,769	1,677,979
Other . . . . .	5,016	4,964	44,838
Total . . . . .	¥ 484,308	¥945,944	\$8,544,341

\*1 On June 26, 2020, the Company transferred 173,564,426 shares out of 304,606,049 shares of T-Mobile common stock held and ¥280,341 million (\$2,532,210 thousand) of gain on the sales of shares of associates was recorded for the fiscal year ended March 31, 2021. Additionally, the Company transferred 5,000,000 shares on July 16, 2020 and 19,750,000 shares on August 3, 2020 at \$103.00 per share. As a result of the transactions, ¥3,122 million (\$28,200 thousand) of realized loss on sales of investments and ¥3,014 million (\$27,224 thousand) of gain related to derecognition of derivative financial liabilities were recorded for the fiscal year ended March 31, 2021. The derivative financial liabilities were recorded as the difference between the transaction price and the fair value of T-Mobile shares as of June 30, 2020 in the condensed interim consolidated financial statements as of June 30, 2020 because the transaction price was fixed at \$103.00 per share under the agreement dated June 26, 2020.

In addition, due to the decrease in voting rights ratio that resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company on June 26, 2020. Accordingly, ¥296,013 million (\$2,673,769 thousand) of gain from remeasurement relating to discontinuing the use of the equity method for the shares, which were continuously held at the time of discontinuing the use of the equity method, was recorded for the fiscal year ended March 31, 2021.

Furthermore, ¥154,491 million (\$1,395,457 thousand) of derivative loss in relation to call options over T-Mobile shares granted to Deutsche Telekom was recorded at the time of the execution of the agreement for the fiscal year ended March 31, 2021.

As a result of the transactions, ¥421,755 million (\$3,809,547 thousand) of gain relating to sales of T-Mobile shares was recorded for the fiscal year ended March 31, 2021. The details are described in “(The transfer of T-Mobile shares)” under “Note 52. Additional information.”

\*2 On June 3, 2019, a variable prepaid forward contract, which WRH LLC, a wholly-owned subsidiary of the Company, entered into with Mandatory Exchangeable Trust (the “Trust”) in June 2016, in order to sell Alibaba shares, was settled by 73,240,200 shares of Alibaba (equivalent to 2.8% of voting right of Alibaba as of March 31, 2019). Subsequently, ¥1,218,527 million of “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was recorded for the fiscal year ended March 31, 2020. The details of the variable prepaid forward contract are as follows.

WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of \$5.4 billion (¥578,436 million) as advances received on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued \$6.6 billion of Mandatory Exchangeable Trust Securities (“Trust Securities”) which are mandatorily exchangeable into American Depositary Shares (“ADSs”) of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was \$5.4 billion, which is after certain amounts from the \$6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and cover expenses for the issuance of the

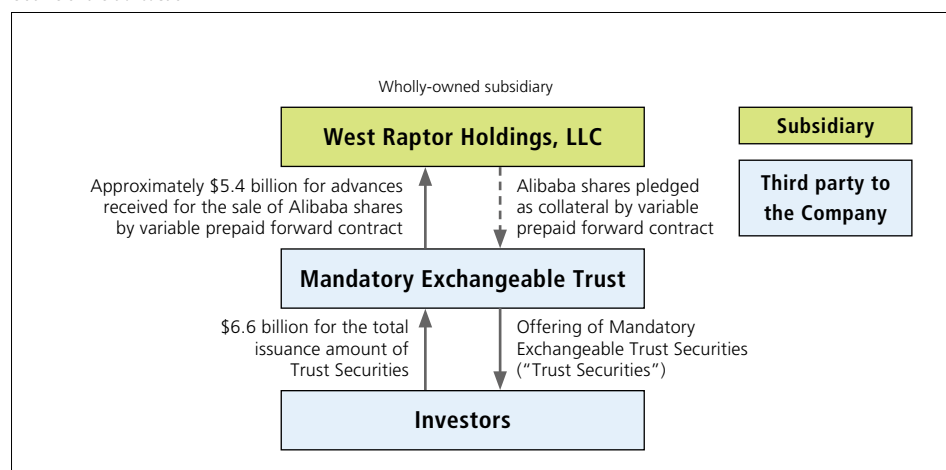


Trust Securities.

The settlement of the Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date (June 3, 2019), Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of a collar transaction.

The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract were measured at amortized cost and embedded derivatives were measured at fair value.

#### Outline of the transaction



\*3 For the fiscal year ended March 31, 2020, the amount of ¥488,479 million of loss was recognized due to the decline in fair value of WeWork shares held by a wholly-owned subsidiary of the Company.

In addition, gain and loss on valuation of WeWork shares held by SVF1 are included in "Gain (loss) on investments at SVF1, SVF2, and others" under the consolidated statement of income.

\*4 ¥264,395 million (\$2,388,176 thousand) of derivative gain on investments was recorded due to changes in the fair value of contingent consideration acquired from the merger transaction with Sprint and T-Mobile US, Inc. for the fiscal year ended March 31, 2021. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

\*5 The WeWork Investment Subsidiary commenced a tender offer to purchase WeWork shares in March 2021. The difference between the valuation amount of preferred shares expected to purchase and the expected acquisition amount was recorded as derivative loss for ¥56,127 million (\$506,973 thousand) for the fiscal year ended March 31, 2021. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

#### (2) Gain and loss on investments at SVF1, SVF2, and others

The details are described in "Note 9. SVF1 and other SBIA-managed funds business."

#### (3) Gain and loss on other investments

The components of gain and loss on other investments are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Realized gain on sales of investments . . . . .	¥ 3,188	¥ 11,185	\$ 101,030
Unrealized gain (loss) on valuation of investments . . . . .	(55,741)	259,375	2,342,833
Derivative gain (loss) on investments . . . . .	(4,876)	9,158	82,721
Other . . . . .	7,835	11,320	102,248
Total . . . . .	¥ (49,594)	¥291,038	\$2,628,832

#### 42. Finance cost

The components of finance cost are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest expenses* . . . . .	¥ (293,897)	¥ (307,250)	\$ (2,775,269)

\* "Interest expenses" are incurred mainly by financial liabilities measured at amortized cost. For the fiscal year ended March 31, 2021, the amount of lease expenses incurred from lease liabilities which was recorded in "Interest expenses" was ¥ (15,815) million (\$ (142,851) thousand) (for the fiscal year ended March 31, 2020: ¥ (19,964) million.)

#### 43. Income on equity method investments

For the fiscal year ended March 31, 2020

Alibaba received newly-issued shares (a 33% equity interest) of Ant Small and Micro Finance Services Group Co., Ltd. (currently Ant Group Co., Ltd. "Ant Financial") in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly-issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 71.6 billion, which was the result from the transfer of such intellectual property rights and assets to Ant Financial and the basis difference determined based on Alibaba's share of Ant Financial's net assets, net of its corresponding deferred tax effect.

As a result, the Company recognized ¥286,473 million of income on equity method investments.

#### 44. Derivative gain (loss) (excluding gain (loss) on investments)

For the fiscal year ended March 31, 2021

Derivative loss of ¥504,048 million (\$4,552,868 thousand) was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares. The details of the contracts are described in “\*5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

#### 45. Other loss

The components of other gain and loss are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest income . . . . .	¥ 33,911	¥ 18,352	\$ 165,766
Foreign exchange loss . . . . .	(9,271)	(137,166)	(1,238,967)
Reversal of allowance for loan commitment losses* <sup>1</sup>	—	61,312	553,807
Reversal of allowance for financial guarantee contract losses* <sup>2</sup> . . . . .	—	58,208	525,770
Dilution gain from changes in equity interest* <sup>3</sup> . . .	339,842	54,941	496,261
Gain on liquidation of subsidiaries* <sup>4</sup> . . . . .	—	45,257	408,789
Reversal of impairment losses on equity method investments* <sup>5</sup> . . . . .	—	21,634	195,411
Impairment loss on equity method investments* <sup>5,6</sup>	(72,626)	(68,215)	(616,159)
Impairment loss . . . . .	(3,404)	(21,160)	(191,130)
Loss on redemption of corporate bonds* <sup>7</sup> . . . . .	—	(17,853)	(161,259)
Provision for allowance for doubtful accounts* <sup>6</sup> . .	(102,947)	(7,533)	(68,043)
Provision for allowance for loan commitment losses* <sup>8</sup> . . . . .	(90,210)	—	—
Provision for allowance for financial guarantee contract losses* <sup>9</sup> . . . . .	(59,902)	—	—
Other* <sup>10</sup> . . . . .	(40,850)	(52,273)	(472,160)
Total . . . . .	¥ (5,457)	¥ (44,496)	\$ (401,914)

\*1 For the fiscal year ended March 31, 2021, ¥61,312 million (\$553,807 thousand) of reversal of allowance for unutilized loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*2 For the fiscal year ended March 31, 2021, ¥50,887 million (\$459,642 thousand) of reversal of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in “(3) Details and progress of the agreement between the Company and

WeWork” under “Note 22. Investments accounted for using the equity method.”

\*3 For the fiscal year ended March 31, 2020, Alibaba issued new shares, in connection with its listing on The Stock Exchange of Hong Kong Limited on November 26, 2019. Accordingly, the Company recorded ¥291,551 million of dilution gain from changes in equity interest related to Alibaba.

For the fiscal year ended March 31, 2021, the amount primarily represents the dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.

\*4 For the fiscal year ended March 31, 2021, the amount is primarily due to the realization of exchange differences resulted from the liquidation of Kahon 3 Oy, a wholly-owned subsidiary of the Company.

\*5 For the fiscal year ended March 31, 2021, the WeWork Investment Subsidiary purchased WeWork common shares from We Holdings LLC at \$19.19 per share for the total amount of \$578 million. The difference between the acquisition amount and the fair value at the time of the acquisition was recorded as an impairment loss for ¥54,277 million (\$490,263 thousand). Subsequently, ¥21,634 million (\$195,411 thousand) of reversal of impairment losses was recorded as the fair value of WeWork common shares held increased following the conclusion of the merger agreement between WeWork and BowX Acquisition Corp. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*6 On March 27, 2020 (EST), OneWeb Global Limited, an equity method associate of the Company, filed for relief under Chapter 11 of the United States Bankruptcy Code. Subsequently, for the fiscal year ended March 31, 2020, the Company estimated the recoverable amount of equity method investment in OneWeb Global Limited to be zero and an impairment loss of ¥49,198 million was recorded. In addition, loan receivable of ¥65,913 million from the entity was estimated to be difficult to recover and the allowance for doubtful accounts was fully provided.

\*7 For the fiscal year ended March 31, 2021, the amount primarily represents the loss related to foreign-currency-denominated senior notes purchased by SoftBank Group Corp.

\*8 For the fiscal year ended March 31, 2020, ¥90,210 million of provisions for allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*9 For the fiscal year ended March 31, 2020, ¥52,349 million of provisions for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*10 The primary component for the fiscal year ended March 31, 2020 was the amount of ¥25,710 million of impairment loss for the management contracts, which was recognized because the recoverable amounts of management contracts were less than the carrying amounts.

#### 46. Other comprehensive income

The table below presents the amount arising during the year, reclassification adjustments to profit or loss and the income tax effect of each item in other comprehensive income.

For the fiscal year ended March 31, 2020

	(Millions of yen)				
	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan . . . . .	¥ (27,264)	¥ –	¥ (27,264)	¥ 5,983	¥ (21,281)
Equity financial assets at FVTOCI . . . . .	(10,658)	–	(10,658)	4,413	(6,245)
Total . . . . .	(37,922)	–	(37,922)	10,396	(27,526)
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI . . . . .	(1,501)	(516)	(2,017)	515	(1,502)
Cash flow hedges . . . . .	20,879	43,817	64,696	(8,539)	56,157
Exchange differences on translating foreign operations . . . . .	(574,539)	8	(574,531)	52,911	(521,620)
Share of other comprehensive income of associates . . . . .	3,989	–	3,989	923	4,912
Total . . . . .	(551,172)	43,309	(507,863)	45,810	(462,053)
Total other comprehensive income . . . . .	¥ (589,094)	¥ 43,309	¥ (545,785)	¥ 56,206	¥ (489,579)

For the fiscal year ended March 31, 2021

	(Millions of yen)				
	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan . . . . .	¥ (59)	¥ –	¥ (59)	¥ 19	¥ (40)
Equity financial assets at FVTOCI . . . . .	48,754	–	48,754	(19,259)	29,495
Total . . . . .	48,695	–	48,695	(19,240)	29,455
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI . . . . .	1,000	(323)	677	(123)	554
Cash flow hedges . . . . .	99,827	(62,659)	37,168	(3,393)	33,775
Exchange differences on translating foreign operations . . . . .	628,541	(36,743)	591,798	(89,713)	502,085
Share of other comprehensive income of associates . . . . .	(74,495)	–	(74,495)	8,634	(65,861)
Total . . . . .	654,873	(99,725)	555,148	(84,595)	470,553
Total other comprehensive income . . . . .	¥ 703,568	¥ (99,725)	¥ 603,843	¥ (103,835)	¥ 500,008

(Thousands of U.S. dollars)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan . . . . .	\$ (533)	\$ –	\$ (533)	\$ 172	\$ (361)
Equity financial assets at FVTOCI . . . . .	440,376	–	440,376	(173,960)	266,416
Total . . . . .	439,843	–	439,843	(173,788)	266,055
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI . . . . .	9,033	(2,918)	6,115	(1,111)	5,004
Cash flow hedges . . . . .	901,698	(565,974)	335,724	(30,648)	305,076
Exchange differences on translating foreign operations . . . . .	5,677,364	(331,885)	5,345,479	(810,342)	4,535,137
Share of other comprehensive income of associates. . . . .	(672,884)	–	(672,884)	77,988	(594,896)
Total . . . . .	5,915,211	(900,777)	5,014,434	(764,113)	4,250,321
Total other comprehensive income . . . . .	\$ 6,355,054	\$ (900,777)	\$ 5,454,277	\$ (937,901)	\$4,516,376

Basic earnings per share and diluted earnings per share are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income attributable to ordinary shareholders of the parent			
Net income attributable to owners of the parent . . . . .	¥ (961,576)	<b>¥4,987,962</b>	<b>\$45,054,304</b>
Net income not-attributable to ordinary shareholders of the parent*2 . . . . .	(30,948)	<b>(30,246)</b>	<b>(273,200)</b>
Net income used in the calculation of basic earnings per share . . . . .	¥ (992,524)	<b>¥4,957,716</b>	<b>\$44,781,104</b>
Net income used in the calculation of basic earnings per share			
Net income from continuing operations attributable to ordinary shareholders of the parent . . . . .	¥ (943,097)	<b>¥4,246,483</b>	<b>\$38,356,815</b>
Net income from discontinued operations attributable to ordinary shareholders of the parent . . . . .	(49,427)	<b>711,233</b>	<b>6,424,289</b>
Total . . . . .	¥ (992,524)	<b>¥4,957,716</b>	<b>\$44,781,104</b>
		(Thousands of shares)	
Weighted-average number of ordinary shares . . . . .	2,074,225	<b>1,892,538</b>	
		(Yen)	(USD)
Basic earnings per share			
Continuing operations. . . . .	¥ (454.67)	<b>¥2,243.80</b>	<b>\$20.27</b>
Discontinued operations . . . . .	(23.83)	<b>375.81</b>	<b>3.39</b>
Total . . . . .	¥ (478.50)	<b>¥2,619.61</b>	<b>\$23.66</b>

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Diluted net income attributable to ordinary shareholders of the parent			
Continuing operations			
Net income from continuing operations used in the calculation of basic earnings per share . . . . .	¥ (943,097)	¥4,246,483	\$38,356,815
Effect of dilutive securities issued by subsidiaries and associates. . . . .	(14,151)	(331,927)	(2,998,166)
Subtotal . . . . .	¥ (957,248)	¥3,914,556	\$35,358,649
Discontinued operations			
Net income from discontinued operations used in the calculation of basic earnings per share . . . . .	¥ (49,427)	¥ 711,233	\$ 6,424,289
Subtotal . . . . .	(49,427)	711,233	6,424,289
Total . . . . .	¥ (1,006,675)	¥4,625,789	\$41,782,938
		(Thousands of shares)	
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share			
Weighted-average number of ordinary shares . . . . .	2,074,225	1,892,538	
Adjustments			
Stock acquisition rights*3 . . . . .	—	5,385	
Total . . . . .	2,074,225	1,897,923	
		(yen)	(USD)
Diluted earnings per share			
Continuing operations. . . . .	¥ (461.50)	¥2,062.55	\$18.63
Discontinued operations . . . . .	(23.83)	374.74	3.39
Total . . . . .	¥ (485.33)	¥2,437.29	\$22.02

\*3 For the fiscal year ended March 31, 2020, stock acquisition rights are not included in the calculation for "Diluted earnings per share" as it has an antidilutive effect for the calculation.

#### **48. Supplemental information to the consolidated statement of cash flows**

##### **(1) Scope of purchase of property, plant and equipment and intangible assets**

"Purchase of property, plant and equipment, and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the consolidated statement of financial position.

##### **(2) Income taxes paid and income taxes refunded**

For the fiscal year ended March 31, 2020

Payment of withholding income tax related to dividends within the group companies of ¥470,259 million, payment of income tax mainly related to gain on sales of SoftBank Corp. shares held by SBJ in December 2018 of ¥321,290 million, and payment of income tax related to deemed dividends on sales of Z Holdings Corporation shares held by SBJ due to an acquisition of its own shares through the Tender Offer by Z Holdings Corporation of ¥78,801 million are included in "Income taxes paid."

In addition, refunded withholding income tax related to dividends within the group companies of ¥422,648 million is included in "Income taxes refunded."

For the fiscal year ended March 31, 2021

Payment of withholding income tax related to dividends within the group companies of ¥170,264 million (\$1,537,928 thousand) is included in "Income taxes paid."

In addition, refunded withholding income tax related to dividends within the group companies and deemed dividends of ¥243,602 million (\$2,200,361 thousand) is included in "Income taxes refunded."

##### **(3) Proceeds from sales/redemption of investments**

For the fiscal year ended March 31, 2021

¥2,099,746 million (\$18,966,182 thousand) of proceeds received from sales of T-Mobile shares is included in "Proceeds from sales/redemption of investments."

##### **(4) Proceeds from acquisition of control over subsidiaries**

For the fiscal year ended March 31, 2021

"Proceeds from acquisition of control over subsidiaries" is cash and cash equivalents held by LINE Group at the time of acquisition of control.

##### **(5) Payments into restricted cash**

For the fiscal year ended March 31, 2021

¥346,765 million (\$3,132,192 thousand) of payments, which is the amount in a segregated custody account before the expected early termination date for financial liabilities related to the settlement of prepaid forward contracts using Alibaba shares, is included in "Payments into restricted cash." The details are described in "\*5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

##### **(6) Payments into trust accounts in SPACs**

For the fiscal year ended March 31, 2021

"Payments into trust accounts in SPACs" is the amount held in trust accounts for proceeds from initial public offerings of SPACs sponsored by the Company. The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

##### **(7) Proceeds from non-controlling interests subject to possible redemption**

For the fiscal year ended March 31, 2021

"Proceeds from non-controlling interests subject to possible redemption" is proceeds from initial public offerings of SPACs sponsored by the Company. The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

##### **(8) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests**

For the fiscal year ended March 31, 2021

"Proceeds from the partial sales of shares of subsidiaries to non-controlling interests" is proceeds received primarily from sales of SoftBank Corp. shares.

##### **(9) Changes in liabilities arising from financing activities**

Changes in liabilities arising from financing activities are as follows:

For the fiscal year ended March 31, 2020

	(Millions of yen)			
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1
As of April 1, 2019 . . . . .	¥15,685,106	¥ –	¥115,470	¥4,136,965
Effect of retrospective adjustments due to adoption of new standards . . . . .	(892,472)	2,341,798	–	–
As of April 1, 2019 (after adjustments) . . . . .	¥14,792,634	¥2,341,798	¥115,470	¥4,136,965
(a) Changes arising from financing cash flows				
Proceeds in short-term interest-bearing debt, net . . . . .	133,173	–	–	–
Proceeds from interest-bearing debt . . . . .	8,601,926	–	–	–
Repayment of interest-bearing debt . . . . .	(5,646,727)	–	–	–
Repayment of lease liabilities . . . . .	–	(695,370)	–	–
Contributions into SVF1 from third-party investors . . . . .	–	–	–	1,843,660
Distribution/repayment from SVF1 to third-party investors . . . . .	–	–	–	(771,282)
(b) Changes from acquisition or loss of control over subsidiaries and other businesses* <sup>1</sup> . . . . .	21,989	21,497	–	–
(c) The effect of changes in foreign exchange rates . . . . .	(145,545)	(84,075)	–	(83,994)
(d) Changes in fair values . . . . .	–	–	(27,007)	–
(e) Changes in third-party interests in SVF1 . . . . .	–	–	–	(540,930)
(f) Non-cash transactions* <sup>2,3</sup> . . . . .	(715,044)	325,554	–	–
(g) Transfer to liabilities directly relating to assets classified as held for sale . . . . .	(3,923,658)	(786,091)	–	–
(h) Other changes . . . . .	13,134	17,013	(9,857)	–
As of March 31, 2020 . . . . .	¥ 13,131,882	¥1,140,326	¥ 78,606	¥4,584,419

\*1 Mainly due to the consolidation of ZOZO, Inc. The details are described in "ZOZO, Inc." under "Note 10. Business combinations."

\*2 The decrease of interest-bearing debt was made due to the delivery of the Alibaba shares for the repayment of current portion of long-term borrowings. The details are described in "(11) Significant non-cash transactions."

\*3 The increase of lease liabilities was mainly as a result of remeasurement of the lease liabilities and the lease transactions executed after the adoption of IFRS 16.



For the fiscal year ended March 31, 2021

	(Millions of yen)				
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1	Non-controlling interests subject to possible redemption*4
As of April 1, 2020 . . . . .	<b>¥13,131,882</b>	<b>¥1,140,326</b>	<b>¥ 78,606</b>	<b>¥4,584,419</b>	<b>¥ –</b>
(a) Changes arising from financing cash flows					
Proceeds in short-term interest-bearing debt, net . . . . .	<b>1,575,327</b>	–	–	–	–
Proceeds from interest-bearing debt . . . . .	<b>7,965,114</b>	–	–	–	–
Repayment of interest-bearing debt . . . . .	<b>(5,790,901)</b>	–	–	–	–
Repayment of lease liabilities . . . . .	–	<b>(402,257)</b>	–	–	–
Contributions into SVF1 from third-party investors . . . . .	–	–	–	<b>979,266</b>	–
Distribution/repayment from SVF1 to third-party investors . . . . .	–	–	–	<b>(1,362,066)</b>	–
Proceeds from non-controlling interests subject to possible redemption . . . . .	–	–	–	–	<b>345,466</b>
(b) Changes from acquisition or loss of control over subsidiaries and other businesses*1 . . . . .	<b>170,188</b>	<b>57,349</b>	–	–	<b>(35,999)</b>
(c) The effect of changes in foreign exchange rates . . . . .	<b>296,246</b>	<b>(10,277)</b>	–	<b>153,755</b>	<b>14,674</b>
(d) Changes in fair values . . . . .	–	–	<b>(79,454)</b>	–	–
(e) Changes in third-party interests in SVF1 . . . . .	–	–	–	<b>2,246,417</b>	–
(f) Non-cash transactions*2,3 . . . . .	<b>1,095,256</b>	<b>276,250</b>	–	–	–
(g) Transfer to liabilities directly relating to assets classified as held for sale . . . . .	–	<b>(7,485)</b>	–	–	–
(h) Other changes . . . . .	<b>69,863</b>	<b>(18,905)</b>	<b>(16,002)</b>	–	<b>(26,049)</b>
As of March 31, 2021 . . . . .	<b>¥18,512,975</b>	<b>¥1,035,001</b>	<b>¥ (16,850)</b>	<b>¥6,601,791</b>	<b>¥298,092</b>

(Thousands of U.S. dollars)

	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1	Non-controlling interests subject to possible redemption*4
As of April 1, 2020 . . . . .	<b>\$118,615,139</b>	<b>\$10,300,117</b>	<b>\$ 710,017</b>	<b>\$41,409,258</b>	<b>\$ —</b>
(a) Changes arising from financing cash flows					
Proceeds in short-term interest-bearing debt, net . . . . .	<b>14,229,311</b>	—	—	—	—
Proceeds from interest-bearing debt . . . . .	<b>71,945,750</b>	—	—	—	—
Repayment of interest-bearing debt . . . . .	<b>(52,306,937)</b>	—	—	—	—
Repayment of lease liabilities . . . . .	—	<b>(3,633,430)</b>	—	—	—
Contributions into SVF1 from third-party investors . . . . .	—	—	—	<b>8,845,326</b>	—
Distribution/repayment from SVF1 to third-party investors . . . . .	—	—	—	<b>(12,303,008)</b>	—
Proceeds from non-controlling interests subject to possible redemption . . . . .	—	—	—	—	<b>3,120,459</b>
(b) Changes from acquisition or loss of control over subsidiaries and other businesses*1 . . . . .	<b>1,537,241</b>	<b>518,011</b>	—	—	<b>(325,165)</b>
(c) The effect of changes in foreign exchange rates . . . . .	<b>2,675,874</b>	<b>(92,828)</b>	—	<b>1,388,808</b>	<b>132,544</b>
(d) Changes in fair values . . . . .	—	—	<b>(717,677)</b>	—	—
(e) Changes in third-party interests in SVF1 . . . . .	—	—	—	<b>20,291,004</b>	—
(f) Non-cash transactions*2,3 . . . . .	<b>9,893,018</b>	<b>2,495,258</b>	—	—	—
(g) Transfer to liabilities directly relating to assets classified as held for sale . . . . .	—	<b>(67,609)</b>	—	—	—
(h) Other changes . . . . .	<b>631,044</b>	<b>(170,761)</b>	<b>(144,539)</b>	—	<b>(235,290)</b>
As of March 31, 2021 . . . . .	<b>\$167,220,440</b>	<b>\$ 9,348,758</b>	<b>\$ (152,199)</b>	<b>\$59,631,388</b>	<b>\$2,692,548</b>

\*1 The increase of interest-bearing debt and lease liabilities are mainly due to the consolidation of LINE Corporation. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

\*2 The increase of interest-bearing debt was made due to the entry into several prepaid forward contracts using Alibaba shares and amendments to certain contracts. The details are described in "5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

\*3 The increase of lease liabilities was mainly as a result of remeasurement of the lease liabilities and the lease transactions executed during the period.

\*4 The details of non-controlling interests subject to possible redemption are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

#### (10) Cash outflows related to lease

For the fiscal year ended March 31, 2021, the total amount of cash outflows related to lease was ¥417,019 million (\$3,766,769 thousand) (for the fiscal year ended March 31, 2020: ¥787,726 million.)

#### (11) Significant non-cash transactions

Significant non-cash transactions (investing and financing transactions that do not require the use of cash and cash equivalents) are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Transfer of leased devices from inventories to property, plant and equipment . . . . .	¥548,375	¥ –	\$ –
Increase in right-of-use assets related to lease transactions . . . . .	332,066	276,167	2,494,508

In addition to the above, the following non-cash transactions were conducted.

For the fiscal year ended March 31, 2020

At June 3, 2019, ¥715,044 million of current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and ¥474,468 million of derivative financial liabilities (current) recognized for sale of Alibaba shares by variable prepaid forward contract were settled with Alibaba shares. The details are described in “\*2” in “(1) Gain and loss on investments at Investment Business of Holding Companies” under “Note 41. Gain on investments.”

For the fiscal year ended March 31, 2021

##### a. Offset proceeds from sales of listed shares and payments for acquisition of listed shares

Account payables for acquisition of listed shares and account receivables from sales of listed shares were offset because the counterparty was the same entity and the settlement date was the same date.

In the event that account payables for acquisition of shares are larger than account receivables from sales of shares, the net amount is recognized as “Payments for acquisition of investments,” and in the event that account receivables from sales of shares are larger than account payables, the net amount is recognized as “Proceeds from sales/redemption of investments.”

For the fiscal year ended March 31, 2021, ¥1,096,868 million (\$9,907,578 thousand) of account payables for acquisition of shares and ¥294,780 million (\$2,662,632 thousand) of account receivables from sales of shares were offset, and the net amount of ¥802,088 million (\$7,244,946 thousand) was recognized as “Payments for acquisition of investments.” Also, ¥961,358 million (\$8,683,570 thousand) of account receivable from sales of shares and ¥292,573 million (\$2,642,697

thousand) of account payables for acquisition of shares were offset, and the net amount of ¥668,785 million (\$6,040,873 thousand) was recognized as “Proceeds from sales/redemption of investments.”

##### b. Sprint Merger

The merger between Sprint and T-Mobile US, Inc. and the acquisition of contingent consideration with the merger correspond to significant non-cash transactions. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

- c. Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation
- An absorption-type merger and an absorption-type company split, which were conducted in order to consolidate LINE Corporation by SoftBank Corp., correspond to significant non-cash transactions as these transactions are conducted through in-kind contribution by issuing new shares. The details are described in “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 10. Business combinations.”

## 49. Related party transactions

### (1) Related party transactions and balance

Related party transactions of the Company are as follows:

For the fiscal year ended March 31, 2020

#### a. Incentive program

The Company provides loans to certain executives of the Company as a part of the incentive program, which was designated for use for the purchase of SoftBank Group Corp. shares.

##### (a) Incentive program approved in April and July 2018

The Company loaned an additional ¥10,992 million in February 2020 as a part of the incentive program that the Board approved in April 2018. Regarding the incentive program approved in April and July 2018, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire	Director	Lending of loans receivable* <sup>1,3,4,5</sup>	¥ –	¥11,109
		Interest receipt* <sup>1,3,4,5</sup>	327	274
Katsunori Sago	Director	Lending of loans receivable* <sup>2,3,5</sup>	–	5,554
		Interest receipt* <sup>2,3,5</sup>	81	67
		Repayment of borrowing* <sup>2</sup>	3,000	–
		Interest payment* <sup>2</sup>	42	–
Rajeev Misra	Director	Lending of loans receivable* <sup>1,3,4,5</sup>	10,992	10,992
		Interest receipt* <sup>1,3,4,5</sup>	43	43
Ken Miyauchi	Director	Lending of loans receivable * <sup>2,3,5</sup>	–	5,555
		Interest receipt* <sup>2,3,5</sup>	81	67

\*1 The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

\*2 The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.

\*3 The following assets of the borrower were pledged as collateral in the transactions.

• Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares.

Also, when default occurs, SoftBank Group Corp. is entitled to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

\*4 When the fair value of the collateral assets is less than 70% of the then-outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to establish a collateral over additional property.

\*5 Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and rights to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries as repayment of the loan from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Chairman & CEO of SoftBank Group Corp.

Other than the preceding, the Company provides loans to a non-Director executive of the Company based on the same incentive programs. The executive is not a related party who needs to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the executive recognized for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Nature of transaction	(Millions of yen)	
	Fiscal year ended March 31, 2020	As of March 31, 2020
	Amount of transaction	Balance at period-end
Lending of loans receivable* <sup>2,3,5</sup>	¥ –	¥ 5,554
Interest receipt* <sup>2,3,5</sup>	81	67
Borrowing of loans payable* <sup>2</sup>	700	700
Interest payment* <sup>2</sup>	7	7

#### (b) Incentive program approved in February 2020

As a part of the incentive program that the Board of Directors approved in February 2020, the Company loaned an additional ¥32,976 million in the same month. Regarding the incentive program approved in February 2020, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire (Claire Holdings LLC)	Director and related entities of which he holds more than one-half of the voting rights	Lending of loans receivable* <sup>6,7,8,9</sup>	¥16,488	¥16,488
		Interest receipt* <sup>6,7,8,9</sup>	43	43
Rajeev Misra	Director	Lending of loans receivable* <sup>6,7,8,9</sup>	16,488	16,488
		Interest receipt* <sup>6,7,8,9</sup>	43	43

\*6 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The borrower is required to pay the outstanding principal amount of the loan in a single payment on the seventh anniversary of the funding date. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

\*7 The transfer of SoftBank Group Corp. shares purchased through the loan is restricted for the twelve-month period succeeding the effective date of the agreement. Then, the number of shares available for transfer will increase by 20% every three months, and all

shares will become available for transfer after exceeding twenty four months.

\*8 When default occurs, SoftBank Group Corp. is entitled to receive future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

\*9 Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and rights to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries as repayment of the loan from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Chairman & CEO of SoftBank Group Corp.

## b. Other related party transactions

Related party transactions of the Company were as follows:

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period end
WeWork*1	Associate	Conversion of convertible note into preferred stock*2	¥ 107,700 (\$1.0 billion)	¥ —
		Conversion of advance payment for investment into preferred stock*3	161,550 (\$1.5 billion)	—
		Investment in preferred stock by advance payment for investment	131,796 (\$1.2 billion)	—
		Advance payment for investment*4	141,674 (\$1.3 billion)	44,161 (\$0.4 billion)
		Credit support for letter of credit facility*5	—	—
		Receipt of WeWork warrants with exercise price of USD 0.01 per share*6	—	—
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	17,230	—
		Advance payment for temporary expense	359	127
		Payment for equipment usage*7	39	—
		Guarantee deposits	—	174
		Guarantee for intergroup loans	*8	—
Ken Miyauchi	Director	Dividend paid from SoftBank Group Corp.	103	—
		Exercise of stock acquisition rights	1,540	—

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period end
Taizo Son (SON Financial Inc. and 3 other companies)*9	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	173	—
		Receipt of capital contribution from Mistletoe to a subsidiary*10	75	146*11

\*1 As of March 31, 2019, WeWork was an associate of the Company. However, in accordance with the change in WeWork's corporate governance, WeWork was no longer an associate of the Company for the three-months period ended June, 30, 2019. During the three-month period ended December 31, 2019, WeWork became the Company's associate due to the change in WeWork's corporate governance. The table above presents the transactions including the period during which WeWork was not an associate of the Company.

\*2 For the fiscal year ended March 31, 2019, the Company provided a loan of \$1.0 billion through a convertible note, and it was converted into preferred stock for the fiscal year ended March 31, 2020.

\*3 For the fiscal year ended March 31, 2019, the Company provided a loan of \$1.5 billion as advance payment for investment, and it was converted into preferred stock for the fiscal year ended March 31, 2020.

\*4 The advance payment for investment which is not converted into preferred stock as of March 31, 2020. The outstanding balance is the fair value of the advanced payment for investment as of March 31, 2020.

\*5 The Company offers to WeWork the credit support for a \$1.75 billion letter of credit facility provided by financial institutions. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(2) Credit guarantees" under "Note 50. Contingency."

\*6 WeWork warrants with exercise price of \$0.01 per share, which the Company has received as a consideration for the purchase of unsecured warrants issued by WeWork and for the credit support for a letter of credit facility. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(b) Price risk, iii. Option contracts" in "(2) Financial risk management, a. Market risk" under "Note 31. Financial instruments."

\*7 Equipment usage fees are determined based on the ratio of usage.

\*8 Masayoshi Son has given a payment undertaking to a subsidiary of the Company in relation to a loan (the "guaranteed loan") made by such subsidiary to another subsidiary of the Company, which loan is associated with an incentive scheme related to SoftBank Vision Fund. The guaranteed loan is for the principal amount of up to \$2 billion, with an interest rate of 3.674% per annum. The balance of the guaranteed loan including accrued interest thereon as of March 31, 2020 is ¥181,215 million. Following the winding up of the incentive scheme, if there is any outstanding balance of the guaranteed loan after other repayment obligations are met, Masayoshi Son will be liable under the terms of the payment undertaking to pay to a subsidiary of the Company the outstanding balance. There is no guarantee fee and no right of reimbursement against the subsidiary of the Company for amounts paid pursuant to the payment undertaking.

\*9 Taizo Son, relative of Chairman & CEO Masayoshi Son, holds over half of the voting rights of this company.

\*10 This represents the received amount of contribution to DEEPCORE TOKYO 1 by Mistletoe Venture Partners, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.

\*11 The balance at period end represents the total investment amount less cumulative investment partnership losses as of March 31, 2020.

For the fiscal year ended March 31, 2021

On November 9, 2020, Marcelo Claire, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors. On the same day, Marcelo Claire was appointed as the Corporate Officer, Executive Vice President and COO, Katsunori Sago was appointed as the Corporate Officer, Executive Vice President and CSO and Rajeev Misra was appointed as the Corporate Officer and Executive Vice President. After resigning from their positions on the Board of Directors, they maintain their position of major Corporate Officers and therefore, are related parties of SoftBank Group Corp.

On March 31, 2021, Katsunori Sago resigned from the position of the Corporate Officer, Executive Vice President and CSO. From April 1, 2021, Katsunori Sago is not a related-party of SoftBank Group Corp.

a. Transfer of T-Mobile shares

As a part of the transaction related to transfer of T-Mobile shares, the Company entered into agreements with certain executives for transferring T-Mobile shares and for loan which was designated for the use for the purchase of T-Mobile shares in June 2020.

Regarding the transactions associated with the transfer of T-Mobile shares, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Ronald Fisher (T-Mo Fisher LLC)	Director and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,6</sup>	¥ 3,884	¥ –
		Lending of loans receivable* <sup>1,3,4,6</sup>	3,884	3,991
		Interest receipt* <sup>1,3,4,6</sup>	57	60
Marcelo Claire (CLAURE MOBILE LLC)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,5,7</sup>	54,528	–
		Lending of loans receivable* <sup>1,3,4,5,7</sup>	54,528	57,016
		Interest receipt* <sup>1,3,4,6</sup>	754	792
Rajeev Misra (Brightstart Consultants Limited)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,6</sup>	49,937	–
		Lending of loans receivable* <sup>1,3,4,6</sup>	49,937	51,314
		Interest receipt* <sup>1,3,4,6</sup>	732	768

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Ronald Fisher (T-Mo Fisher LLC)	Director and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,6</sup>	\$36,050	\$ –
		Lending of loans receivable* <sup>1,3,4,6</sup>	36,050	36,050
		Interest receipt* <sup>1,3,4,6</sup>	539	539
Marcelo Claire (CLAURE MOBILE LLC)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,5,7</sup>	515,000	–
		Lending of loans receivable* <sup>1,3,4,5,7</sup>	515,000	515,000
		Interest receipt* <sup>1,3,4,6</sup>	7,151	7,151
Rajeev Misra (Brightstart Consultants Limited)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares* <sup>1,2,4,6</sup>	463,500	–
		Lending of loans receivable* <sup>1,3,4,6</sup>	463,500	463,500
		Interest receipt* <sup>1,3,4,6</sup>	6,933	6,933

\*1 The borrowers are entities of which certain executives or employees hold more than one-half of the voting rights. The repayment of the loan and interest is secured by a first priority pledge of 100% of the borrower's equity interests. (For Marcelo Claire and Ronald Fisher, this is only if their rights to collateralize equity interests is not prohibited by restrictions imposed by the T-Mobile board and others.) Each executive and employee guarantees the repayment of the loan and interest to full recourse. Also, the purchasers of T-Mobile shares are borrowers.

\*2 The purchase price per share is US\$103.00, which is the same amount of the purchase price per share for the T-Mobile public offering in the United States.

\*3 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity dates are July 1, 2024 for the loan made in June 2020 and September 1, 2024 for the loan made in August 2020, and the borrowers are required to make a single payment at maturity. Prior to the maturity date the borrowers may prepay all or any portion of the loans at any time voluntarily.

\*4 Unless the borrowers have received the prior consent of the Company, the borrowers shall hold T-Mobile shares until paid in full except for below;

• The transfer is made by cash consideration with fair market value.

However, in this case, proceeds from this transfer are not subject to mandatory prepayment but, prior to maturity, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

\*5 Unless the borrower has received the prior consent of the Company, the borrower has no ability to pledge T-Mobile shares as collateral until the loans are paid in full.

\*6 If certain conditions are met, such as entering into an intercreditor agreement with the Company, each borrower can borrow additional funds from third parties up to a certain amount with T-Mobile shares and others as collateral. Proceeds from this additional debt will not be subject to mandatory prepayment but, prior to maturity, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

\*7 CLAURE MOBILE LLC can choose limited recourse if certain conditions are met, such as the transfer restrictions being lifted without Marcelo Claire being appointed as a director of T-Mobile. And full recourse to Marcelo Claire will be canceled. In addition, when the limited recourse is selected, the Company will place the first lien on the T-Mobile shares purchased by CLAURE MOBILE LLC, if the

T-Mobile shares can be directly collateralized. (However, if the security interest cannot be set to the T-Mobile shares due to legal restrictions such as the Federal Reserve System, the security interest will be set to a first priority pledge of 100% equity interests of CLAURE MOBILE LLC.)

Settlement of the loan and accrued interest with the transfer of T-Mobile shares when the limited recourse is selected is as follows;

- If the T-Mobile share price at the time of transfer is less than 50% of the loan principal balance and accrued interest, CLAURE MOBILE LLC will fulfill payment obligations up to only the proceeds from the transfer of T-Mobile shares. Marcelo Claure will be obliged to pay the difference between the repayment amount and 50% of the loan balance and accrued interest.
- If the T-Mobile share price at the time of transfer is 50% or more and 100% or less of the loan principal balance and accrued interest, CLAURE MOBILE LLC will fulfill payment obligations up to only the proceeds from the transfer of T-Mobile shares.
- If the T-Mobile share price at the time of transfer exceeds 100% of the loan principal balance and accrued interest, proceeds from T-Mobile share transfer will be used to repay the loan and accrued interest, and CLAURE MOBILE LLC will receive remaining balance. However, if the T-Mobile share price at the time of transfer exceeds \$150 per share, the transfer price after tax for the portion exceeding \$150 per share will belong to the Company.

Other than the above, the Company entered into agreements with 1 employee for transferring T-Mobile shares and with 3 employees for a loan which was designated for the use for the purchase of T-Mobile shares. These employees are not related parties who need to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the employees recognized for the fiscal year ended March 31, 2021 and the outstanding balance were as follows. As one of the employees resigned on November 30, 2021, transactions with the person after the resignation and the balance at period-end for the person are not included in the following table.

Nature of transaction	(Millions of yen)	
	Fiscal year ended March 31, 2021	As of March 31, 2021
Nature of transaction	Amount of transaction	Balance at period-end
Transfer of T-Mobile shares*1,2,4,6 . . . . .	¥1,665	¥ –
Lending of loans receivable*1,3,4,8 . . . . .	6,572	5,131
Interest receipt*1,3,4,8 . . . . .	73	62

Nature of transaction	(Thousands of U.S. dollars)	
	Fiscal year ended March 31, 2021	As of March 31, 2021
Nature of transaction	Amount of transaction*9	Balance at period-end*9
Transfer of T-Mobile shares*1,2,4,6 . . . . .	\$15,450	\$ –
Lending of loans receivable*1,3,4,8 . . . . .	61,795	46,345
Interest receipt*1,3,4,8 . . . . .	690	559

\*8 If certain conditions are met, such as entering into an intercreditor agreement with the Company, the borrower can borrow additional funds from third parties up to a certain amount with T-Mobile shares and such as collateral for \$15 million of the loan. Proceeds from this additional debt will not be subject to mandatory prepayment but, prior to maturity, the borrower is prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

\*9 The amounts represent the original transaction amounts recorded in U. S. Dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.

## b. Incentive program

The Company provides loans to certain executives of the Company as a part of the incentive program, which was designated for use for the purchase of SoftBank Group Corp. shares.

### (a) Incentive program approved in April and July 2018

Regarding the incentive program approved in April and July 2018, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

			(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period end
Yoshimitsu Goto	Director	Lending of loans receivable*1,3,4	¥ –	¥ 5,554
		Interest receipt*1,3,4	80	67
		Borrowing of loans payable*1	–	700
		Interest payment*1	10	8
Ken Miyauchi	Director	Lending of loans receivable*1,3,4	–	5,555
		Interest receipt*1,3,4	80	67
Marcelo Claure	Corporate Officer	Lending of loans receivable*2,3,4,5	–	11,109
		Interest receipt*2,3,4,5	327	272
Katsunori Sago	Corporate Officer	Receipt of loans receivable*1,3,4	5,554	–
		Interest receipt*1,3,4	53	–
Rajeev Misra	Corporate Officer	Receipt of loans receivable*2,3,4,5	0	10,992
		Interest receipt*2,3,4,5	323	269



(Thousands of U.S. dollars)				
Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
Yoshimitsu Goto	Director	Lending of loans receivable* <sup>1,3,4</sup>	\$ –	\$50,167
		Interest receipt* <sup>1,3,4</sup>	723	605
		Borrowing of loans payable* <sup>1</sup>	–	6,323
		Interest payment* <sup>1</sup>	90	72
Ken Miyauchi	Director	Lending of loans receivable* <sup>1,3,4</sup>	–	50,176
		Interest receipt* <sup>1,3,4</sup>	723	605
Marcelo Claude	Corporate Officer	Lending of loans receivable* <sup>2,3,4,5</sup>	–	100,343
		Interest receipt* <sup>2,3,4,5</sup>	2,954	2,457
Katsunori Sago	Corporate Officer	Receipt of loans receivable* <sup>1,3,4</sup>	50,167	–
		Interest receipt* <sup>1,3,4</sup>	479	–
Rajeev Misra	Corporate Officer	Receipt of loans receivable* <sup>2,3,4,5</sup>	0	99,286
		Interest receipt* <sup>2,3,4,5</sup>	2,918	2,430

\*1 The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.

\*2 The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

\*3 The following assets of the borrower were pledged as collateral in the transactions.  
 • Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares.  
 Also, when default occurs, SoftBank Group Corp. is entitled to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

\*4 Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and rights to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries as repayment of the loan from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Representative Director of SoftBank Group Corp.

\*5 When the fair value of the collateral assets is less than 70% of the then-outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to establish a collateral over additional property.

(b) Incentive program approved in February 2020

Regarding the incentive program approved in February 2020, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

(Millions of yen)				
Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
Marcelo Claude (Claude Holdings LLC)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable* <sup>6,7,8,9</sup>	¥ 0	¥16,488
		Interest receipt* <sup>6,7,8,9</sup>	318	361
Rajeev Misra (Giantstep Holdings Limited)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable* <sup>6,7,8,9</sup>	0	16,488
		Interest receipt* <sup>6,7,8,9</sup>	318	361

(Thousands of U.S. dollars)				
Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
Marcelo Claude (Claude Holdings LLC)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable* <sup>6,7,8,9</sup>	\$ 0	\$148,930
		Interest receipt* <sup>6,7,8,9</sup>	2,872	3,261
Rajeev Misra (Giantstep Holdings Limited)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable* <sup>6,7,8,9</sup>	0	148,930
		Interest receipt* <sup>6,7,8,9</sup>	2,872	3,261

\*6 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The borrower is required to pay the outstanding principal amount of the loan in a single payment on the seventh anniversary of the funding date. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

\*7 The transfer of SoftBank Group Corp. shares purchased through the loan is restricted for the twelve-month period succeeding the effective date of the agreement. Then, the number of shares available for transfer will increase by 20% every three months, and all shares will become available for transfer after exceeding twenty four months.

\*8 When default occurs, SoftBank Group Corp. is entitled to receive future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

\*9 Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and rights to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries as repayment of the loan from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Representative Director of SoftBank Group Corp.

c. Other related party transactions

Related party transactions of the Company were as follows:

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
WeWork	Associate	Investment in preferred stock by advance payment for investment* <sup>1</sup>	¥140,062	¥ –
		Exchange of WeWork Asia shares for preferred stock of WeWork* <sup>2</sup>	13,453	–
		Exercise of WeWork warrants with exercise price of USD 0.01 per share* <sup>3</sup>	138	–
		Purchase of unsecured notes* <sup>4</sup>	189,942	129,887
		Credit support for letter of credit facility* <sup>5</sup>	–	–
		Purchase of senior secured notes* <sup>6</sup>	–	–
T-Mobile US, Inc.	Associate* <sup>7</sup>	Acquisition of the conditional consideration* <sup>8</sup>	–	–
		Indemnification against any losses incurred by Sprint* <sup>9</sup>	26,362	870
Masayoshi Son (Son Asset Management LLC and 5 other companies)	Representative Director of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	22,427	–
		Receipt of capital contribution to subsidiaries* <sup>10,11,12</sup>	19,893	–
		Exercise of stock acquisition rights of SoftBank Corp.	498	–
		Advance payment for temporary expense	177	–
		Guarantee deposits refunded	174	–
		Sales of goods* <sup>13,14</sup>	66	–
		Payment for equipment usage* <sup>15</sup>	24	–

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
Yoshimitsu Goto	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	1,882	–
Ken Miyauchi	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	2,396	–
		Exercise of stock acquisition rights of SoftBank Corp.	498	–
		Dividend paid from SoftBank Group Corp.	125	–
Yutaka Matsuo (AI & Company, Inc.)	Director and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution to a subsidiary* <sup>16</sup>	13	41* <sup>17</sup>
Marcelo Claure (Claure Holdings LLC and 2 other companies)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	243	–
		Advance payment for temporary expense	42	–
Rajeev Misra	Corporate Officer	Dividend paid from SoftBank Group Corp.	222	–
Taizo Son (SON Financial Inc. and 2 other companies* <sup>18</sup> )	Relative of Representative Director of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	247	–
		Receipt of capital contribution to a subsidiary* <sup>19</sup>	75	246* <sup>17</sup>

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
WeWork	Associate	Investment in preferred stock by advance payment for investment* <sup>1</sup>	<b>\$1,300,000</b> * <sup>20</sup>	<b>\$ –</b>
		Exchange of WeWork Asia shares for preferred stock of WeWork* <sup>2</sup>	<b>121,516</b>	<b>–</b>
		Exercise of WeWork warrants with exercise price of USD 0.01 per share* <sup>3</sup>	<b>1,246</b>	<b>–</b>
		Purchase of unsecured notes* <sup>4</sup>	<b>1,800,000</b> * <sup>20</sup>	<b>1,173,218</b>
		Credit support for letter of credit facility* <sup>5</sup>	<b>–</b>	<b>–</b>
		Purchase of senior secured notes* <sup>6</sup>	<b>–</b>	<b>–</b>
			<b>–</b>	<b>–</b>
T-Mobile US, Inc.	Associate* <sup>7</sup>	Acquisition of the conditional consideration* <sup>8</sup>	<b>–</b>	<b>–</b>
		Indemnification against any losses incurred by Sprint* <sup>9</sup>	<b>238,118</b>	<b>7,858</b>
Masayoshi Son (Son Asset Management LLC and 5 other companies)	Representative Director of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	<b>202,574</b>	<b>–</b>
		Receipt of capital contribution to subsidiaries* <sup>10,11,12</sup>	<b>179,686</b>	<b>–</b>
		Exercise of stock acquisition rights of SoftBank Corp.	<b>4,498</b>	<b>–</b>
		Advance payment for temporary expense	<b>1,599</b>	<b>–</b>
		Guarantee deposits refunded	<b>1,572</b>	<b>–</b>
		Sales of goods* <sup>13,14</sup>	<b>596</b>	<b>–</b>
		Payment for equipment usage* <sup>15</sup>	<b>217</b>	<b>–</b>
Yoshimitsu Goto	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	<b>16,999</b>	<b>–</b>
Ken Miyauchi	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	<b>21,642</b>	<b>–</b>
		Exercise of stock acquisition rights of SoftBank Corp.	<b>4,498</b>	<b>–</b>
		Dividend paid from SoftBank Group Corp.	<b>1,129</b>	<b>–</b>
Yutaka Matsuo (AI & Company, Inc.)	Director and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution to a subsidiary* <sup>16</sup>	<b>117</b>	<b>370</b> * <sup>17</sup>
Marcelo Claure (Claire Holdings LLC and 2 other companies)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	<b>2,195</b>	<b>–</b>
		Advance payment for temporary expense	<b>379</b>	<b>–</b>

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
			Amount of transaction	Balance at period end
Rajeev Misra	Corporate Officer	Dividend paid from SoftBank Group Corp.	<b>2,005</b>	<b>–</b>
Taizo Son (SON Financial Inc. and 2 other companies* <sup>18</sup> )	Relative of Representative Director of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	<b>2,231</b>	<b>–</b>
		Receipt of capital contribution to a subsidiary* <sup>19</sup>	<b>677</b>	<b>2,222</b> * <sup>17</sup>

\*1 For the fiscal year ended March 31, 2021, the Company acquired preferred stock of WeWork by converting advance payment of \$1.3 billion made for the fiscal year ended March 31, 2020. The fair value of the preferred stock of WeWork at the point in time of acquisition was ¥43,719 million (\$0.4 billion.) The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*2 The shares of WeWork Asia held by SVF1 were exchanged for preferred stock of WeWork. The fair value of preferred stock of WeWork at the point in time of exchange is presented as amount of transaction. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*3 WeWork warrants with exercise price of \$0.01 per share, which the Company received as a consideration for the purchase of unsecured notes issued by WeWork and for the credit support for a letter of credit facility provided by financial institutions. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method” and in “(b) Price risk, iii. Option contracts” in “(2) Financial risk management, a. Market risk” under “Note 31. Financial instruments.”

\*4 The Company is obliged to purchase up to \$2.2 billion in unsecured notes to be issued by WeWork. Amount of transaction represents the amounts of unsecured notes which the Company purchased for the fiscal year ended March 31, 2021. The balance sheet amount of unsecured notes as of March 31, 2021 is presented as balance at period end. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*5 The Company provides to WeWork the credit support for a \$1.75 billion letter of credit facility provided by financial institutions. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method” and in “(2) Credit guarantees” under “Note 50. Contingency.”

\*6 The Company is obliged to purchase up to \$1.1 billion in senior secured notes to be issued by WeWork. As of March 31, 2021, none of the senior secured notes had been purchased by the Company. The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 22. Investments accounted for using the equity method.”

\*7 As a result of the transfer of T-Mobile shares held by the Company on June 26, 2020, T-Mobile was no longer considered as an associate of the Company. The details are described in “(The transfer of T-Mobile shares)” under “Note 52. Additional information.” The amount of transaction represents the indemnification to T-Mobile recorded by the Company for the fiscal year ended March 31, 2021, which includes the amount recorded during the period T-Mobile was not an associate of the Company.

\*8 As consideration for the Merger of Sprint and T-Mobile US, Inc., the Company received the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

\*9 The Company may indemnify T-Mobile and its subsidiaries against any losses, including monetary losses resulting from certain specified matters, incurred by Sprint and its subsidiaries due to the cessation of T-Mobile’s and its subsidiaries’ access to the frequencies of Sprint and its subsidiaries under certain circumstance. The details are described in “\*2” in “(1) Sprint” under “Note 6. Discontinued operations.”

\*10 This represents the received amount of contribution to the Company’s subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C (“Delaware subsidiaries”) by Son Asset Management LLC in July 2020. Each Delaware subsidiary received ¥6,631 million (\$59,895 thousand). Then Delaware subsidiaries invested in the asset management subsidiary, SB Northstar.

\*11 All indebtedness occurred by November 10, 2020 including indebtedness for or in respect of borrowed money, stock or securities lending, and any other guarantees and indemnities which Delaware subsidiaries, SB Northstar and its subsidiaries (“guaranteed subsidiaries”) owe to the Company are guaranteed and indemnified by Masayoshi Son and Son Asset Management LLC as principal obligor, in proportion to the ownership interest against SB Northstar at the time the relevant guaranteed obligations were incurred. At the time of winding up of SB Northstar, Masayoshi Son and Son Asset Management LLC indemnify guaranteed obligations not being recoverable for any reason or any failure of guaranteed subsidiaries to perform any of its obligations or liabilities in proportion to the ownership interest against SB Northstar at the time the relevant guaranteed obligations were incurred.

Regarding any indebtedness occurred after November 11, 2020, it will be subject to this guarantee and indemnity agreement, to the extent that Masayoshi Son's prior consent has been obtained.

- \*12 In the event that Masayoshi Son is unable to perform, on a prolonged or permanent basis, his role with involvement in the investment management decisions of the SB Northstar, the Company has a call option to cause Masayoshi Son and Son Asset Management LLC to sell all of their interests in the Delaware subsidiaries at the fair market value. If the call option is exercised, SoftBank Group Corp. will discuss the termination of the guarantee and indemnity agreement mentioned above with Masayoshi Son and Son Asset Management LLC.
- \*13 SoftBank Corp. sold the masks to Masayoshi Son. The transaction amount does not include consumption taxes.
- \*14 The amount is determined based on the Company's acquisition cost.
- \*15 Equipment usage fees are determined based on the ratio of usage.
- \*16 This represents the received amount of contribution to DEEPCORE TOKYO 1 by AI & Company, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.
- \*17 The balance at period end represents the total investment amount less cumulative investment partnership losses and added cumulative investment partnership gains as of March 31, 2021.
- \*18 Taizo Son, relative of Representative Director Masayoshi Son, holds over half of the voting rights of this company.
- \*19 This represents the received amount of contribution to DEEPCORE TOKYO 1 by Mistletoe Venture Partners, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.
- \*20 The amounts represent the original contract amounts recorded in U. S. Dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.

## (2) Remuneration for executives

Remuneration for executives is as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Short-term benefits . . . . .	¥6,077	¥7,405	\$66,886
Share-based payments . . . . .	6	1,017	9,186
Retirement benefits . . . . .	16	19	172
<b>Total . . . . .</b>	<b>¥6,099</b>	<b>¥8,441</b>	<b>\$76,244</b>

### Note:

Remuneration for major executives represents remuneration for the directors of SoftBank Group Corp. (including external directors), Marcelo Claude as Corporate Officer, Executive Vice President and COO, Katsunori Sago as Corporate Officer, Executive Vice President and CSO, and Rajeev Misra as Corporate Officer, Executive Vice President. Although Marcelo Claude, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors of SoftBank Group Corp on November 9, 2020, they continue to be major executives of the Company and their remuneration during the term of office of directors and after resignation are included in the table above. Remuneration for Marcelo Claude, Katsunori Sago and Rajeev Misra included in the table above are ¥2,389 million (\$21,579 thousand), ¥387 million (\$3,496 thousand) and ¥1,536 million (\$13,874 thousand), respectively. Katsunori Sago resigned from his position of Corporate Officer, Executive Vice President and CSO on March 31, 2021. He is not an executive of the Company from April 1, 2021.

Other than the above, certain executives of SoftBank Group Corp. have each, as a limited partner, participated in a fund (an associate of the Company) which is managed by SBIA. Under the limited partnership agreement of the fund, these executives are exempt from paying any management or performance fees that are payable by the other limited partners of the fund.

With regard to the distributions made by the fund for the fiscal year ended March 31 2021, the executives were each exempt from paying any performance fees which were, in aggregate, equivalent to ¥137 million (\$1,237 thousand) (for the fiscal year ended March 31, 2020: ¥964 million). The fund, an associate of the Company, was dissolved in December 2020.

## 50. Contingency

### (1) Lending commitments

The lending commitments that the Company is engaged in are mainly shopping and cashing credit limits provided to the credit card members in the SoftBank segment.

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Lending commitments . . . . .	¥5,083,157	¥5,964,876	\$53,878,385
Funded . . . . .	511,092	701,749	6,338,623
Unfunded . . . . .	¥4,572,065	¥5,263,127	\$47,539,762

Due to the nature of the credit limits, that they are the maximum amounts which the credit card members are allowed to spend any time within the range but are not necessarily fully spent, and because the Company can arbitrarily increase or decrease the limits, the amounts included in outstanding unfunded balance are not expected to be funded in full amounts. Also, maturities of unfunded lending commitments are within 1 year because they are payable on demand.

Expected credit loss that could arise resulting from the execution of the above loan commitments are described in "b. Credit risk" in "(2) Financial risk management" under "Note 31. Financial instruments."

### (2) Credit guarantees

Guarantees that the Company provides are as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total amount of financial guarantee contract	¥304,478	¥211,978	\$1,914,714
Guarantee balance . . . . .	244,482	154,265	1,393,415

The Company has provided credit support (financial guarantee contract) for a \$1.75 billion letter of credit facility to WeWork by financial institutions. As of March 31, 2021, the Company recorded ¥193,743 million (\$1,750,005 thousand) (as of March 31, 2020: ¥190,453 million) of the total amount of the guarantee contract related to the financial guarantee contract and ¥145,640 million (\$1,315,509 thousand) (as of March 31, 2020: ¥145,338 million) of the guarantee balance. In addition, as of March 31, 2021, the Company recorded allowance for financial guarantee contract losses of ¥24,381 million (\$220,224 thousand) (as of March 31, 2020: ¥89,202 million) under "Other financial liabilities (current)" in the consolidated statement of financial position. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

Also, maturities of guarantee balance for credit guarantee are within 1 year because they are payable on demand.

### (3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are party to a number of currently-pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

#### a. WeWork Tender Offer Litigation

On April 7, 2020, a special committee of the board of directors of WeWork Inc. (formally The We Company) (herein after referred to as "WeWork"), filed a complaint in the Court of Chancery of the State of Delaware on behalf of WeWork against SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P., entitled The We Company v. SoftBank Group Corp. et al., alleging breach of contract and breach of fiduciary duty arising from SoftBank Group Corp.'s termination of a tender offer to purchase up to \$3 billion of shares of WeWork held by WeWork stockholders other than the Company (herein after referred to as the "WW Tender Offer"). SoftBank Group Corp. previously terminated the WW Tender Offer on April 2, 2020 in accordance with the terms of the Master Transaction Agreement, dated October 22, 2019, by and among WeWork, SoftBank Group Corp., SoftBank Vision Fund (AIV M1) L.P., Adam Neumann and We Holdings LLC (for which Adam Neumann served as the managing member), because certain conditions to the closing of the WW Tender Offer were not satisfied.

On May 4, 2020, Adam Neumann and We Holdings LLC also filed a complaint in the Court of Chancery of the State of Delaware against SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P., entitled Neumann, et al. v. SoftBank Group, Corp. et al., alleging breach of contract and breach of fiduciary arising from SoftBank Group Corp.'s termination of the WW Tender Offer.

On May 5, 2020, Adam Neumann and We Holdings LLC filed a motion to consolidate its May 4, 2020 action against SoftBank Group Corp. with the April 7, 2020 action brought by the special committee of the board of directors of WeWork.

The plaintiffs sought declaratory relief, specific performance to close the WW Tender Offer (or, in the alternate, compensatory damages) and an award of attorneys' fees and costs.

On February 26, 2021, SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P. entered into a settlement agreement with WeWork, Adam Neumann and We Holdings LLC to resolve all pending claims in the consolidated action. The details of the settlement agreement are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

The conditions of the settlement agreement were satisfied and as a result, the claims brought by Adam Neumann and We Holdings LLC against the defendants were dismissed with prejudice

on March 1, 2021 and the claims brought by WeWork against the defendants were dismissed with prejudice on April 15, 2021.

#### b. Litigation in which SoftBank Corp. is involved as a Party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (herein after referred to as "JPiT"), claiming for payment of remuneration, for additional services provided in connection with the installation of telecommunication lines, that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET. Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group's business sites existing countrywide. SoftBank Corp. performed such services, and upon JPiT's request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract. Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration, (approximately ¥14.9 billion), for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (herein after referred to as "NRI") as co-defendants. In such lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages. SoftBank Corp. intends to fully contest JPiT's claims in this lawsuit.

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015.

As a result of close inspection of the remuneration with respect to additional services provided in relation to lawsuit (a) above, SoftBank Corp. modified the amount of the claim from approximately ¥14.9 billion to approximately ¥20.4 billion on November 13, 2015.

SoftBank Corp. further modified the amount of claim from approximately ¥20.4 billion to approximately ¥22.3 billion on October 12, 2016 and from approximately ¥22.3 billion to approximately ¥24.0 billion on September 7, 2017, in response to matters such as the change of a purchase price of telecommunication line provided to JPiT.

JPiT filed an additional petition on June 24, 2020 in relation to the lawsuit (b) above, and modified the amount of the claim for SoftBank Corp. from approximately ¥16.15 billion (\$146 million) to approximately ¥16.81 billion (\$152 million).

## 51. Purchase commitments

For the fiscal year ended March 31, 2020, the WeWork Investment Subsidiary launched the tender offer worth up to \$3.0 billion (¥326,490 million) from shareholders of WeWork other than the Company, but as several of the closing conditions were not satisfied by the deadline of April 1, 2020, the Company withdrew and terminated the tender offer at that time.

For the fiscal year ended March 31, 2021, the WeWork Investment Subsidiary commenced a tender offer to purchase WeWork common shares and preferred shares from certain shareholders other than the Company for the total amount of \$922 million (¥102,032 million) in March 2021, and completed it in April 2021.

The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “22. Investments accounted for using the equity method.”

In addition, SoftBank Corp., NAVER Corporation, Z Holdings Corporation, a consolidated subsidiary of SoftBank Corp., and LINE Corporation, a consolidated subsidiary of NAVER entered into a business integration agreement on December 23, 2019, which is the legally-binding agreement regarding the Business Integration between Z Holdings Corporation and its subsidiaries and LINE and its subsidiaries (“Business Integration”). The Company and NAVER Corporation entered into a legally-binding transaction agreement regarding the Definitive Integration Agreement and joint venture agreement.

As one step in the series of transactions to realize the Business Integration, SoftBank Corp. and NAVER or its wholly owned subsidiary implemented the Joint Tender Offer for the purpose of taking LINE private, and an absorption-type merger was conducted between Shiodome Z Holdings G.K.\* as the company ceasing to exist in the Merger and LINE as the surviving company, and 180,882,293 new LINE Shares was issued in consideration of the Merger, all of which was allocated to SoftBank Corp.

The details of Business Integration are described in “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 10. Business combinations.”

\* Shiodome Z Holdings G.K. made an organizational change and transitioned to a limited liability company on March 31, 2020.

Other than the above, the Company had commitments to purchase services and goods of ¥1,617,788 million (\$14,612,844 thousand) as of March 31, 2021 (¥1,244,242 million as of March 31, 2020). Purchase commitments are mainly outstanding contracts related to investments, purchases of telecommunications equipment, and purchases of mobile devices. The amount of leases not yet commenced to which the Company is committed is not included in the balance of purchase commitment above. The details are described in “(4) Leases not yet commenced to which the Company is committed” under “Note 20. Leases”

## 52. Additional information

(The transfer of T-Mobile shares)

### (1) Outline of the Transfer

The Company, as part of the “¥4.5 trillion program,” of 304,606,049 shares of T-Mobile common stock held, transferred 173,564,426 shares on June 26, 2020 (a. and b. described in (2)), 5,000,000 shares on July 16, 2020 (c. described in (2)), and 19,750,000 shares on August 3, 2020 (d. described in (2)), to T-Mobile through its subsidiary (the “Transfer”).

T-Mobile disposed of the shares transferred from its subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a rights offering\* and a sale to Marcelo Claure, one of its directors, with the proceeds being transferred to the Company’s subsidiary (collectively, the “Related Transactions”).

In connection with the consummation of the Transfer and Related Transactions, the Company paid \$300 million to T-Mobile.

The aggregate transaction price for the Transfer is equal to the proceeds received by T-Mobile in the Related Transactions.

\* The Company, Deutsche Telekom, Marcelo Claure and certain of their respective affiliates have agreed to waive their rights to participate in the rights offering.

### (2) Number of shares to be transferred and transaction price

a. Shares to be transferred in the U.S. public offering by T-Mobile and transaction price thereof	154,147,026 shares Transaction price per share \$103.00 Aggregate transaction price \$15,877 million
b. Shares to be transferred to the Trust from T-Mobile in a private offering through the Trust and transaction price thereof	19,417,400 shares Aggregate transaction price \$1,667 million
c. Shares to be transferred to Marcelo Claure, a director of T-Mobile and transaction price thereof	5,000,000 shares Transaction price per share \$103.00 Aggregate transaction price \$515 million
d. Shares to be transferred to the shareholders in the rights offering by T-Mobile and transaction price thereof	19,750,000 shares Transaction price per share \$103.00 Aggregate transaction price \$2,034 million

### (3) Grant of call options to Deutsche Telekom

The Company granted to Deutsche Telekom call options (the “Call Options”) over 101,491,623 shares of T-Mobile which the Company holds through its subsidiary.



- a. For the Call Options over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is \$103.00 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.
- b. For the Call options over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20 trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above a. or October 2, 2020.

\* The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

#### (4) Number of shares to be transferred, number of shares subject to the Call Options and number of shares held by the Company before/after the transactions

a. Number of shares held before the Transfer	304,606,049 shares
b. Number of the released shares	198,314,426 shares
c. Number of shares held after the Transfer	106,291,623 shares
d. Number of shares subject to the Call Options	101,491,623 shares
e. Number of shares held after the Call Options are exercised*	4,800,000 shares

\* Calculated on the assumption that the Call Options are fully exercised.

(Sell of all shares in Arm)

On September 13, 2020 (U.S. time), SoftBank Group Capital Limited, a wholly owned subsidiary ("SBGC"), and SVF1 have entered into a definitive agreement with NVIDIA Corporation ("NVIDIA"), a U.S.-based semiconductor manufacturer, whereby the Company will sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA in a transaction value up to \$40 billion (the "Transaction").

The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other customary closing conditions. The Transaction is expected to take approximately 18 months from signing to close.

Upon completion of the Transaction, Arm will cease to be a subsidiary of the Company and will no longer be consolidated into the Company's financial results; however, as the Transaction is subject to regulatory approvals, including those of the U.K., China, the European Union, and the U.S., Arm continues to be treated as a continuing operation in the Company's consolidated statement of income until the closing of the Transaction is considered highly probable.

#### (1) Purpose of the Transaction

Since the acquisition in September 2016 for \$31.0 billion, Arm has been one of the most important assets of the Company. After consideration of its original plan to relist Arm on a stand-alone basis as compared to a combination with NVIDIA, the Company concluded that the latter approach is better suited to realize Arm's potential and will help increase the Company's shareholder value. The Company expects the combination will create the world's leading computing company for the age of artificial intelligence, accelerating innovation while expanding into large, high-growth markets – bringing together NVIDIA, the premier AI computing company, and Arm, the world's most pervasive computing platform. The Company will remain committed to Arm's long-term success as a significant strategic shareholder in NVIDIA, working to enhance NVIDIA's and, consequently, the Company's shareholder value.

#### (2) Summary of the Transaction

- The Company will sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA
- The transaction value is up to \$40 billion. Of the \$40 billion, \$2 billion was paid in cash to SBGC and Arm at signing, and \$10 billion in cash and \$21.5 billion in NVIDIA common stock (44,366,423 shares, of which \$1 billion in NVIDIA stock (2,063,554 shares) will be subject to an escrow to satisfy certain indemnification obligations of SBGC and SVF1 in the definitive agreement for the Transaction) will be paid to SBGC and SVF1 at closing. An earn-out of up to \$5 billion is payable to SBGC and SVF1 subject to satisfaction of specific financial performance targets of Arm in the definitive agreement, and, if earned, the Company has the option to elect for the earn-out to be paid either in NVIDIA common stock or cash.
- An additional \$1.5 billion in NVIDIA stock awards will be granted to Arm employees.
- The number of NVIDIA shares representing \$21.5 billion (44,366,423 shares) was determined based on a price of \$484.6007 per share (the average of the daily closing prices of NVIDIA common shares for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points).
- Upon closing of the Transaction, SBGC and SVF1 expect to receive in the aggregate approximately 6.7-8.1% of the outstanding NVIDIA shares (excluding treasury stock), depending on the final amount of the earn-out (if any). NVIDIA is not expected to become a subsidiary or affiliate of the Company following the completion of the Transaction.
- Arm's Internet-of-Things Services Group (ISG) business is carved out from Arm prior to the closing of the Transaction. Accordingly, the ISG business is not within the scope of the Transaction.
- Concurrently with the definitive agreement, NVIDIA and Arm entered into a license agreement. The consideration for the license agreement of \$0.75 billion is included in \$2 billion paid in cash to SBGC and Arm at signing.



### 53. Subsequent events

(Retirement of treasury stock)

SoftBank Group Corp., at the Board of Directors meeting held on April 28, 2021, resolved the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan and subsequently the retirement was conducted as follows.

(1) Reason of the retirement	To increase shareholder profit by decreasing the number of issued and outstanding shares
(2) Method for the retirement	Reduction from retained earnings
(3) Class of shares retired	Common stock of SoftBank Group Corp.
(4) Number of shares retired	340,880,200 shares (16.31% of number of issued and outstanding shares prior to the retirement)
(5) Retirement date	May 11, 2021
(6) Number of issued and outstanding shares after the retirement	1,748,934,130 shares

In addition, SoftBank Group Corp., at the Board of Directors meeting held on May 12, 2021, resolved the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan and subsequently the retirement was conducted as follows.

(1) Reason of the retirement	To increase shareholder profit by decreasing the number of issued and outstanding shares
(2) Method for the retirement	Reduction from retained earnings
(3) Class of shares retired	Common stock of SoftBank Group Corp.
(4) Number of shares retired	25,980,400 shares (1.49% of number of issued and outstanding shares prior to the retirement)
(5) Retirement date	May 20, 2021
(6) Number of issued and outstanding shares after the retirement	1,722,953,730 shares

### 54. Approval of consolidated financial statements

The consolidated financial statements have been approved by the Company's Representative Director, Corporate Officer, Chairman & CEO, Masayoshi Son, as of June 22, 2021.

# Independent Auditor's Report

SoftBank Group Corp. and its Consolidated Subsidiaries

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SoftBank Group Corp.:

### Opinion

We have audited the consolidated financial statements of SoftBank Group Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2(3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of  
Deloitte Touche Tomatsu Limited

## 1. Valuation of Arm's goodwill

### (1) Key Audit Matter Description

The Company recorded ¥4,664,419 million of goodwill in the consolidated statement of financial position as of March 31, 2021, which included ¥2,621,552 million of goodwill related to Arm Limited ("Arm"), representing 5.7% of total assets.

As discussed in Note 19, "Goodwill and intangible assets," on September 13, 2020, SoftBank Group Capital Limited ("SBGC"), a wholly owned subsidiary of the Company, and SoftBank Vision Fund L.P. and its alternative investment vehicles ("SVF1"), entered into a definitive agreement with NVIDIA Corporation ("NVIDIA"), whereby the Company would sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA (the "Transaction"). The Transaction is subject to regulatory approval mainly from authorities in the United Kingdom, the People's Republic of China, the European Union, and the United States of America and other customary closing conditions.

In the impairment test for Arm's goodwill, fair value is used to evaluate the recoverable amount of the cash generating unit, including goodwill. Since the uncertainties of satisfying the closing conditions (such as regulatory approval) exist, management considered two possible scenarios. The first scenario is that the closing conditions including regulatory approval are satisfied and all Arm shares are sold. The second scenario is SBGC and SVF1 would continue to hold Arm shares because closing conditions have not been satisfied. Management estimated the fair value of the cash generating unit including Arm's goodwill by calculating the fair value for each scenario and weighed them based on the probability of each scenario.

The fair value based on the scenario that all Arm shares are sold is calculated by considering the expected contractual proceeds from the NVIDIA transaction. The calculation contains significant assumptions, such as the probability of achieving specific Arm's financial performance targets, which is stipulated in the contract, in the fiscal year period beginning April 1, 2021 and ending on March 31, 2022 in order to receive contingent consideration ("earn-out"). In addition, the fair value based on the scenario that SBGC and SVF1 would continue to hold the Arm shares is calculated by discounting future cash flows according to Arm's business plan using an after-tax rate. The calculation contains significant assumptions, such as chip shipments for the smartphone market licensing business, which affect Arm's revenue forecasts, average royalty rate, and the discount rate.

The following assumptions which are used in calculating the fair value are subject to a high degree of management judgment and are highly sensitive to the calculation of fair value:

- The probability of each scenario
- The probability of achieving specific Arm's financial performance targets to receive the earn-out used for calculating fair value when all Arm shares are sold
- The key assumptions used for calculating fair value when SBGC and SVF1 would continue to hold Arm shares, including:
  - ✓ forecasts of chip shipments into the smartphone market and the average royalty revenue derived from each chip
  - ✓ the discount rate used when determining fair value

Based on the above, we determined that the valuation of the Arm's goodwill is a key audit matter.

## (2) How the Key Audit Matter Was Addressed in the Audit

We performed the following primary procedures, among others, to evaluate the reasonableness of the estimates related to the valuation of Arm's goodwill:

We performed the following procedures to evaluate the reasonableness of the probability that the Transaction will be completed:

- We inspected the related documents such as the definitive agreement to understand the closing conditions of the Transaction.
- We inspected the related documents such as Board minutes and performed inquiries of management to understand management's estimation for determining the probability that the Transaction will be completed.
- We performed inquiries of management and external legal counsel hired by the Company to understand the current status and progress of the Transaction, including regulatory approval, and their future outlook.
- We considered the reasonableness of management's estimate by referring to past M&A transactions in the global semiconductor industry.

We performed the following procedures to evaluate the reasonableness of the probability of achieving the earn-out targets, which is an assumption used in the calculation of fair value when all Arm shares are sold:

- We inspected the related documents such as the definitive agreement to understand the earn-out conditions.
- We inspected the related documents such as Board minutes and performed inquiries of management to understand management's estimate for determining the probability that the earn-out conditions would be satisfied.
- We considered the reasonableness of management's estimate related to the financial performance targets by performing certain procedures, such as analysis of the order backlog.

We performed the following procedures to evaluate the reasonableness of future cash flows based on the business plan, which was used for calculating the fair value for the scenario in which SBGC and SVF1 would continue to hold Arm shares:

- We considered the reasonableness regarding the forecasts of chip shipments into the smartphone market and the average royalty revenue derived from each chip by performing inquiries of management and inspecting the related documents and recent executed contracts.
- We evaluated the reasonableness of the discount rate with the assistance of our valuation specialists.

We independently performed a sensitivity analysis and evaluated whether the fair value calculated by management was significantly different from the amount determined by us.

## 2. Valuation of Level 3 investments

### (1) Key Audit Matter Description

The Company has expanded its investment activities, mainly through SVF1 and SoftBank Vision Fund II-2 L.P., and its alternative investment vehicles ("SVF2"). As a result of these activities, the Company recorded ¥13,646,774 million of investments from SVF1 and SVF2 accounted for using FVTPL and ¥3,706,784 million of investment securities in the consolidated statement of financial position as of March 31, 2021.

As discussed in Note 32, Investments from SVF1 and SVF2 accounted for using FVTPL and Equity securities (excluding investments from SVF1 and SVF2) included ¥6,979,770 million and ¥1,143,043 million of Level 3 investments, respectively, whose fair values were measured using unobservable inputs ("Level 3 investments"). The enterprise values to calculate the fair values of Level 3 investments are calculated primarily based on the recent transactions method, the discounted cash flow method and the market comparable company multiple method. Calculations are determined utilizing one or more of these methods for each security.

For each valuation method, the following significant assumptions are highly sensitive and are subject to a high degree of management judgment:

- revenue growth rate in the business plan, permanent growth rate and capital cost that are used in the discounted cash flow method
- selection of peer companies as the basis for revenue multiples used for a market comparable company multiple method and
- weighted average ratio when multiple valuation methods described above are used

The calculated enterprise value is allocated to the equity value of each type of stock according to the capital structure of the investee to calculate the fair value. With the main consideration of shareholder's rights and their preferred rights, the option pricing method is used to determine the allocation ratio. In addition, the allocation ratio is determined by considering the possibility that the preferred stock will be converted into common stock through an initial public offering and such. The possibility of an initial public offering and other uncertain future events significantly affect the allocation ratio.

Based on the above, we determined that valuation of Level 3 investments is a key audit matter.

### (2) How the Key Audit Matter Was Addressed in the Audit

We performed the following primary procedures to evaluate the reasonableness of the estimates related to valuation of Level 3 investments:

- We tested the reasonableness of the selection of valuation methods utilized by performing inquiries of management, evaluating the consistency of the valuation methods previously utilized and evaluating the appropriateness of changes in such methods, if any.
- In the scenario where the discounted cash flow method is utilized, we performed retrospective reviews of performance against plan with reference to external reports (where available) in order to evaluate the reasonableness of the revenue growth rate and the permanent growth rate used in the business plan. Regarding capital cost, we developed independent estimates with the assistance of our valuation specialists and evaluated the reasonableness of the capital cost used in the valuation.
- In the scenario where the market comparable company multiple method is utilized, we evaluated the reasonableness of management's selection of peer companies, which serves as the basis for the revenue multiples, with the assistance of our valuation specialists.
- In the scenario where multiple valuation methods are used, we evaluated the reasonableness of the weighted average ratio of multiple valuation methods, consistency with the weighted average ratio previously used and the appropriateness of changes in the ratio, if any.
- Regarding the estimates of the possibility of an initial public offering, we performed inquiries of management to evaluate if management's judgment was reasonable, as well as a review of any public filings.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

*Deloitte Touche Tohmatsu LLC*
















June 23, 2021

# Major Subsidiaries and Associates

As of March 31, 2021









## Corporation

### Subsidiaries

Company name	Capital	Voting rights (%)	Main businesses
<b>Investment Business of Holding Companies Segment</b>			
SoftBank Group Capital Limited	\$5,508 K	100.0	Holding company
SoftBank Group Japan Corporation *1	¥188,798 mn	100.0	Holding company
SB Group US, Inc.	\$0 K	100.0	Management of overseas investment
Skywalk Finance GK *2,3	¥0 mn	100.0	Holding company
SB Pan Pacific Corporation	¥48,249 mn	100.0	Holding company
STARFISH I PTE. LTD.	¥101,444 mn	100.0	Holding company
West Raptor Holdings, LLC *3,4	\$1,251,768 K	100.0	Holding company
Hayate Corporation	¥77,843 mn	100.0	Holding company
<b>SVF1 and Other SBIA-Managed Funds Segment</b>			
 SB Investment Advisers (UK) Limited	\$826 K	100.0	Management of SVF1 and SVF2
<b>SoftBank Segment</b>			
 SoftBank Corp. *5	¥204,309 mn	40.9	Provision of mobile communications services; sale of mobile devices; provision of broadband and other fixed-line communications services in Japan
A Holdings Corporation *6	¥100 mn	50.0	Holding company of shares of Z Holdings Corporation
 Z Holdings Corporation *6	¥237,724 mn	65.3	Management of group companies of Z Holdings Corporation
 SB C&S Corp. *7	¥500 mn	100.0	Manufacture, distribution, and sale of IT-related products and provision of IT-related services
 Wireless City Planning Inc.	¥18,899 mn	32.2	Planning and provision of mobile broadband services
 SB Technology Corp.	¥1,236 mn	53.1	Solutions and services for online businesses
 ITmedia Inc.	¥1,736 mn	52.5	Operation of comprehensive IT information site <i>ITmedia</i>
 Vector Inc.	¥1,019 mn	42.4	PC software downloads and advertising
<b>Subsidiaries of Z Holdings Corporation</b>			
Z Intermediate Holdings Corporation	¥1 mn	100.0	Holding company
 Yahoo Japan Corporation	¥199,250 mn	100.0	Internet advertising and e-commerce business
 LINE Corporation *6	¥34,201 mn	100.0	Provision of services of communication, content and advertisements based on the mobile messenger application <i>LINE</i>
LINE Financial Asia Corporation Limited	¥41,004 mn	100.0	Holding company
 ValueCommerce Co., Ltd.	¥1,728 mn	52.0	Affiliate advertising marketing service; <i>StoreMatch</i> online advertising distribution service
 ZOZO, Inc.	¥1,360 mn	50.1	Planning and operation of fashion e-commerce website; operational support of brands' own e-commerce website; operation of fashion coordination app
 The Japan Net Bank, Limited *8	¥37,250 mn	46.6	Banking
 ASKUL Corporation	¥21,190 mn	45.0	Mail-order sale of stationery and services
 eBook Initiative Japan Co., Ltd.	¥905 mn	43.4	E-book distribution

## Major Subsidiaries and Associates

As of March 31, 2021

Company name	Capital	Voting rights (%)	Main businesses
<b>Arm Segment</b>			
 Arm Limited <sup>*9</sup>	\$1,273 K	100.0	Design of microprocessor intellectual property and related technology; sale of software tools and provision of related services
Arm PIPD Holdings One, LLC <sup>*3,4</sup>	\$620,855 K	100.0	Holding company
Arm PIPD Holdings Two, LLC <sup>*3,4</sup>	\$426,016 K	100.0	Holding company
<b>Other</b>			
 PayPay Corporation	¥74,046 mn	100.0	Smartphone payment business
 Fortress Investment Group LLC <sup>*3,10</sup>	—	100.0	Alternative investment management business
 Fukuoka SoftBank HAWKS Corp.	¥100 mn	100.0	Ownership of professional baseball team; operation of baseball games; management and maintenance of baseball stadium and other sports facilities; distribution of video, voice, and data content via media
SBLA Advisers Corp. <sup>*11</sup>	\$0 K	100.0	Management of SoftBank Latin America Fund L.P.
 SB Energy Corp.	¥4,770 mn	100.0	Generation of electricity from renewable energy sources; supply and sale of electricity
 Boston Dynamics, Inc. <sup>*12</sup>	\$365,400 K	100.0	Design and development of mobile robots
 SoftBank Ventures Asia Corp.	KRW18,000 mn	100.0	Management of fund in Asia
 SoftBank Robotics Group Corp.	¥49,600 mn	84.9	Holding company

\*1 Effective October 1, 2020, SoftBank Group Japan Corporation ("SBGJ"), transferred all of its rights and obligations related to fund procurement using Alibaba shares to Skybridge Corporation, a newly established subsidiary.

\*2 Skywalk Finance GK uses its holdings of Alibaba shares as collateral for its borrowings.

\*3 The voting rights represent SBG's entire contributions as percentage of capital.

\*4 Capital represents the amount of capital contribution.

\*5 SBGJ sold a portion of its SoftBank Corp. shares in May and September 2020, which resulted in the Company holding voting rights of 40.9%.

\*6 On December 23, 2019, Z Holdings Corporation and LINE Corporation entered into a definitive agreement between four companies including their respective parent companies, SoftBank Corp. and NAVER Corporation, regarding a business integration (the "Business Integration"). As the surviving corporation, LINE implemented an absorption-type merger (the "Merger") with Shiodome Z Holdings GK, a subsidiary of SoftBank Corp., as the absorbed corporation, as part of the Business Integration effective February 26, 2021. In addition, the trade name of LINE was changed to A Holdings Corporation on February 28, 2021. Based on a series of transactions for the Business Integration that included the Merger, A Holdings became a subsidiary of SBG and holds the shares of Z Holdings as a strategic holding company. Effective March 1, 2021, Z Holdings made LINE (former LINE Split Preparation Corporation, a wholly owned subsidiary of A Holdings, and currently the corporation that succeeded the entire business\*\* of former LINE (currently A Holdings) through an absorption-type demerger), a wholly owned subsidiary by means of a share exchange and completed the Business Integration.

\*\* Excludes the Z Holdings shares, the contractual status pursuant to the agreements executed by LINE in relation to the Business Integration, and the rights and obligations set out in the absorption-type demerger agreement.

\*7 Effective April 1, 2020, SB C&S Holdings Corp. carried out an absorption-type merger as the surviving entity with SB C&S Corp. as the absorbed entity, and changed its name to SB C&S Corp. on the same date.

\*8 On April 5, 2021, The Japan Net Bank, Limited changed its name to PayPay Bank Corporation.

\*9 On September 13, 2020 (U.S. time), SoftBank Group Capital Limited ("SBGC"), SVF1 and NVIDIA entered into a definitive agreement to sell all shares of Arm held by SBGC and SVF1 ("the Transaction"). Upon completion of the Transaction, Arm is expected to cease to be a subsidiary of SBG.\*\*

\*\* The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other closing conditions and it is expected to take approximately 18 months to close following the execution of the agreement.

\*10 Fortress Investment Group LLC has not prepared stand-alone financial statements, thus a capital amount is not listed.








\*11 On June 23, 2020, SLA ADVISERS CORP. changed its name to SBLA Advisers Corp.

\*12 On December 11, 2020, SBG, Hyundai Motor Company and its affiliates (collectively, the "Hyundai Motor Group") and Hyundai Motor Group Chairman Euisun Chung reached an agreement pursuant to which the majority of Boston Dynamics, Inc. shares held by SBG through a wholly owned subsidiary will be sold to the Hyundai Motor Group and Euisun Chung, both of whom have agreed to underwrite newly issued shares in Boston Dynamics (the "Transaction"). The Transaction was completed on June 21, 2021, as regulatory approvals and other requirements were satisfied. Following the Transaction, Boston Dynamics ceased to be a subsidiary of SBG.

## Major Subsidiaries and Associates

As of March 31, 2021




### Associates

Company name	Capital	Voting rights (%)	Main businesses
<b>Investment Business of Holding Companies Segment</b>			
 Alibaba Group Holding Limited <sup>*1,2</sup>	CNY1,000 K	24.8	Investor company of companies operating e-commerce business; cloud computing; digital media and entertainment
 WeWork Inc. <sup>*13</sup>	\$197 K	49.9	Provision of co-working space service
<b>SoftBank Segment</b>			
 Geniee, Inc.	¥1,550 mn	31.2	Advertising technology business
 Scigineer Inc.	¥801 mn	32.1	Provision of Internet marketing support services using the personalized engine <i>deqwas</i> for e-commerce business operators and retailers
 C Channel Corporation	¥5,398 mn	29.0	E-commerce business; internet advertising and marketing
<b>Associates of Z Holdings Corporation</b>			
 DEMAЕ-CAN CO., LTD	¥16,008 mn	35.9	Operation of food delivery service Demae-can
 SRE Holdings Corporation	¥3,570 mn	21.9	Real estate business; IT platform business; AI solution business

\*13 On October 14, 2020, The We Company changed its name to WeWork Inc.

## Limited Partnership

### Subsidiaries

Fund name	Capital accepted	Investment ratio (%)	Main businesses
<b>Investment Business of Holding Companies Segment</b>			
SB Northstar LP	\$44 B	100.0	Investment in listed stocks and other financial instruments
<b>SVF1 and Other SBIA-Managed Funds Segment</b>			
 SoftBank Vision Fund L.P. <sup>*14</sup>	\$85 B	33.6	Investment fund in the technology sector
 SoftBank Vision Fund II-2 L.P.	\$7 B	100.0	Investment fund in the technology sector
<b>Other</b>			
 SoftBank Latin America Fund L.P.	\$3 B	100.0	Investment fund in the technology sector in Latin America

\*14 The capital accepted of SoftBank Vision Fund L.P. includes the capital accepted by alternative investment vehicles. Investment ratio of SoftBank Vision Fund L.P. includes incentive scheme related to SVF1.



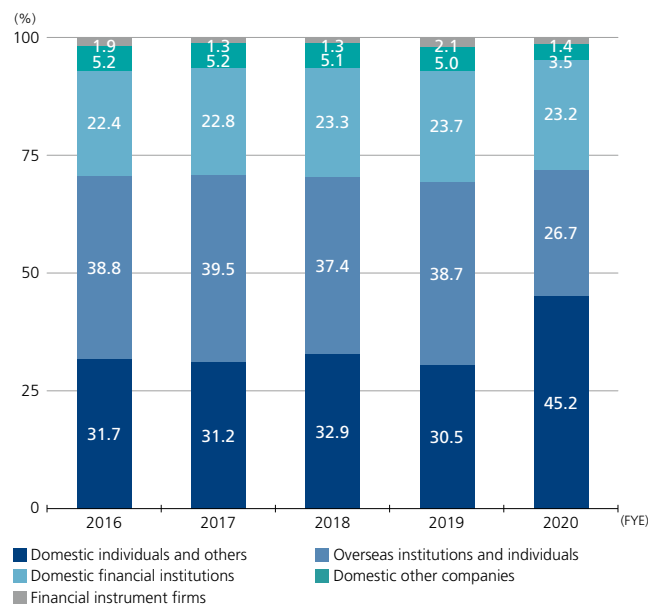
# Stock Information

As of March 31, 2021

<b>Shareholder registrar</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Stock exchange registration</b>	Tokyo Stock Exchange, First Section
<b>Securities code</b>	9984
<b>Number of shares</b>	
<b>Shares authorized</b>	7,200,000,000
<b>Shares issued</b>	2,089,814,330 (including 351,297,587 of treasury stock)

**Number of shareholders** 174,536

## Distribution by shareholder type



Note: SBG retired 340,880,200 and 25,980,400 shares of treasury stock on May 11, 2021 and May 20, 2021, respectively. The total number of shares issued immediately after these retirements of treasury stock was 1,722,953,730.

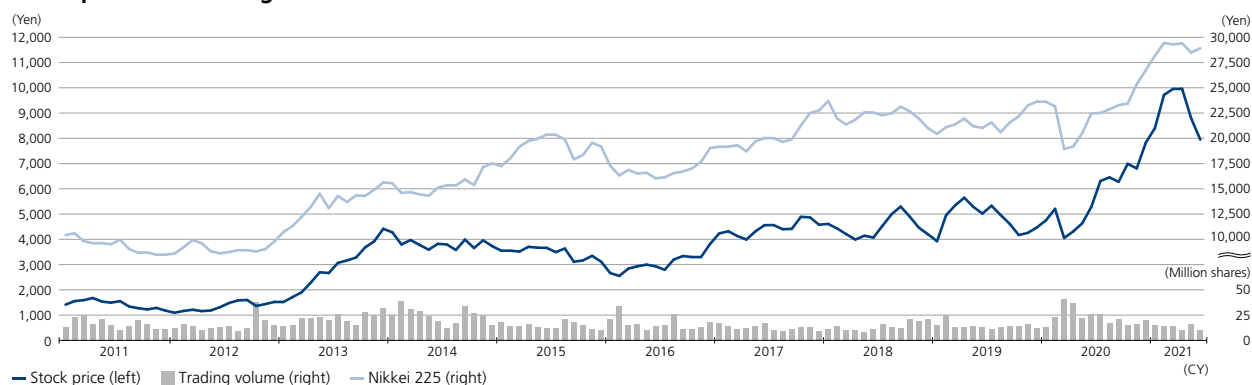
## Major shareholders

Name	Number of shares held (thousands)	Percentage of total shares issued (%)
Masayoshi Son	460,161	26.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	229,160	13.18
Custody Bank of Japan, Ltd. (Trust Account)	110,388	6.35
JP MORGAN CHASE BANK 385632	30,929	1.78
JP MORGAN CHASE BANK 380763	29,066	1.67
STATE STREET BANK WEST CLIENT-TREATY 505234	23,937	1.38
Custody Bank of Japan, Ltd. (Trust Account 5)	23,872	1.37
SSBTC CLIENT OMNIBUS ACCOUNT	21,541	1.24
Custody Bank of Japan, Ltd. (Trust Account 6)	21,163	1.22
SON ESTATE LLC	20,000	1.15
Top 10 Shareholders	970,217	55.81

Notes:

- Percentage of total shares issued is calculated by deducting treasury stock (351,297,587 shares).
- Of the above numbers of shares held, those held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are all related to trust operations.
- As for major shareholders, the number of shares held effectively by Masayoshi Son, verified by SBG, is presented as has been hitherto on a combined basis (by means of name-based aggregation), while those held by other major shareholders are presented precisely as reported in the register of shareholders.

## Stock price and trading volume



Note: Stock prices are average prices for each month, and trading volumes are average daily trading volumes for each month. The stock prices and trading volumes have been adjusted to reflect the share split on June 28, 2019.

## Market capitalization

	2016	2017	2018	2019	2020
Market capitalization (Trillions of yen)	8.7	8.8	11.8	7.9	19.5

Note: Market capitalization is calculated by multiplying the stock price by the total number of shares issued (including treasury stock after adjusting for the aforementioned share split) as of the end of each fiscal year.

# Corporate Data

As of March 31, 2021

<b>Corporate name</b>	SoftBank Group Corp.
<b>Founded</b>	September 3, 1981
<b>Corporate headquarters</b>	1-7-1, Kaigan, Minato-Ku, Tokyo 105-7537, Japan
<b>Telephone number</b>	+81-3-6889-2000
<b>Representatives</b>	Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO
<b>Share capital</b>	¥238.8 billion
<b>Number of subsidiaries</b>	1,408
<b>Number of associates</b>	535
<b>Number of joint ventures</b>	34
<b>Number of employees</b>	241 (consolidated basis: 58,786)
<b>Main business</b>	Pure holding company
<b>Independent auditor</b>	Deloitte Touche Tohmatsu LLC

## Selection for major indices

- Nikkei Stock Average
- JPX-Nikkei Index 400
- TOPIX Core 30 / TOPIX 100 / TOPIX 500 / TOPIX 1000
- Nikkei 500 Stock Average
- Nikkei Stock Index 300
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- MSCI Japan Empowering Women Index (WIN)\*
- S&P/JPX Carbon Efficient Index



## Credit rating

Rating agency	Long-term bond	Short-term bond	Outlook
Standard & Poor's	BB+	—	Stable
Japan Credit Rating Agency	A-	J-1	Stable

## External evaluations on sustainability

- Received an A- score from CDP in climate change in 2020.
- Granted "Kurumin" certification by the Minister of Health, Labor and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children in 2015.

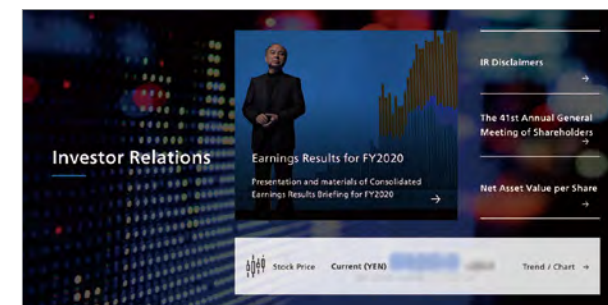


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We provide videos and related materials of the latest earnings results briefing, and IR-related news, among others.



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