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To Our Shareholders:

Disclosed information on the Internet at the Time of Notifying Convocation of the 41st Annual General Meeting of Shareholders

June 8, 2021

SoftBank Group Corp.

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All matters above are provided to shareholders of SoftBank Group Corp. on the website of SoftBank Group Corp. on the Internet (https://group.softbank/) in accordance with all laws and Article 14 of the Articles of Incorporation of SoftBank Group Corp.

Status of SoftBank Group Corp. (“SBG”)

(5) Overview of system to ensure the appropriateness of the operation and its implementation status

The overview of the system established in SBG to ensure the appropriateness of the operations and its implementation status is as follows.

[1] System to ensure the appropriateness of the operation

1. System to ensure that the execution of duties by directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of SBG

SBG has established the SoftBank Group’s Officer and Employee Code of Conduct to be followed by all directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

(1) A Chief Compliance Officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance SBG's compliance system, the CCO periodically reports to the Board of Directors on compliance-related issues and the status of addressing those issues.

(2) Internal and external hotlines (whistle-blowing system) are established for direct reporting and consultations by directors and employees to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted using the hotlines will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in the Internal Reporting Regulations.

(3) The Internal Audit Department carries out audits on the effectiveness of the system for compliance in line with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO. The Internal Audit Department also works in cooperation with the Audit & Supervisory Board members by explaining the results of those audits to them.

2. System for the storage and management of information regarding the execution of duties by Directors

SBG has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by directors, including minutes and proposals of the Board of Directors meetings and requests for approval:

(1) SBG determines retention periods and methods and measures to prevent accidents based on the Information Security Basic Regulations, etc. and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) SBG appoints a Chief Information Security Officer (CISO) as the person responsible for information security, and the CISO promotes the establishment and reinforcement of information security system of SBG.

3. Regulations and systems related to risk management

SBG has established the following systems to avoid or minimize risk and to implement necessary measures related to the variety of risks in its business operations:

(1) Responsible departments are designated to address various risks, manage risks in each responsible department, and work to reduce risks and prevent the occurrence of risk events based on the SoftBank Group's Risk Management Rules. In addition, when an emergency situation arises, an Emergency Response Department will be established according to the designated escalation flow, and efforts will be made to minimize the loss based on the instructions of the Emergency Response Department.

(2) The Risk Management Office summarizes the status of risk evaluation, analysis, and response at each responsible department, and periodically reports its findings to the Board of Directors.

(3) The Internal Audit Department carries out audits on the effectiveness of the risk management processes

4. System to ensure the efficiency of directors in the execution of their duties

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

(1) SBG sets out the Board of Directors Regulations to clarify matters to be resolved by and reported to the Board of Directors and lays out the Internal Approval Regulations and other regulations related to institutional decision-making to clarify decision-making authority.

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

(3) To ensure that the directors, including external directors, can discuss matters fully at the Board of Directors meetings, SBG shall provide them with materials for the meeting in advance, and with additional or supplementary materials upon their request.

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

5. System to ensure appropriateness of the Company's operations

SBG has formulated the SoftBank Group's Charter to promote fundamental concepts and policies shared throughout the Company and the SoftBank Group's Company Management Rules, which spell out the management policies and systems of group companies. In addition, the SoftBank Group's Code of Conduct and the SoftBank Group Sustainability Principles are set out with which group companies must comply, as well as their directors and employees. Based on the regulations, the following systems have been established, giving consideration to the scale and materiality of group companies:

(1) A Group Compliance Officer (GCO) is appointed to promote the establishment and reinforcement of groupwide compliance system, as the person ultimately responsible for compliance throughout the Company. A Group Hotline has also been established to receive reports and provide consultation to

directors and employees of group companies to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted on the Group Hotline will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in the Group Company Management Regulations of the SoftBank Group.

(2) The Chief Information Security Officer ("CISO") of SoftBank Group Corp. promotes the establishment and reinforcement of groupwide information security systems.

(3) The representative of each group company must submit a Representative Oath pertaining to the financial reports submitted to SBG, thereby ensuring the accuracy of the annual securities report and other documents submitted by the Group companies.

(4) The Internal Audit Department comprehensively judges the results of past internal audits and the financial position of each group company, and carries out internal audits of the Group companies deemed as having a high risk.

(5) While each group company addresses risks in an effort to reduce and prevent any possible risks, in the event of emergency, each Group company follows the escalation flow of SBG to minimize loss in accordance with SBG's instructions.

6. System for excluding organized crime and other criminal elements

SBG clearly states in the SoftBank Group's Code of Conduct its policy of having absolutely no association with organized crime and other criminal elements that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from organized crime and other criminal elements and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

7. System related to support personnel who assist the Audit & Supervisory Board members, matters related to the independence of the relevant employees from the directors, and matters related to ensuring the effectiveness of instructions given to the relevant employees

SBG has established the Assistant to Audit Department as an organization to support the work of the Audit & Supervisory Board members, and assigns dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board members to ensure the effectiveness of the instructions, and any personnel changes, evaluations, or other such actions require the agreement of the Audit & Supervisory Board members

8. System for reporting to the Audit & Supervisory Board members

Directors and employees of SBG shall report the following matters to the Audit & Supervisory Board members:

(1) Important matters related to the management, finances, or business execution of theCompany

(2) Matters related to the compliance system or use of the hotlines

(3) The development status of internal control system

(4) Matters that could cause significant damage to SBG

(5) Matters related to violations of laws, regulations, or the Articles of Incorporation

(6) Results of audits conducted by the Internal Audit Department
(7) Other matters that the Audit & Supervisory Board members deem necessary to be reported in order for them to execute their duties

9. <u>Other systems to ensure that the audits by the Audit & Supervisory Board members are conducted effectively</u>

(1) When the Audit & Supervisory Board members deem it necessary, opportunities shall be provided for them to interview directors or employees of group companies. In addition, the Audit & Supervisory Board members periodically meet with the independent auditor and the Audit & Supervisory Board members of major subsidiaries and other entities to exchange information and ensure cooperation.
(2) SBG ensures that persons who have reported or consulted with the Audit & Supervisory Board members will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds Internal Reporting Regulations and the Group Company Management Regulations of the SoftBank Group.
(3) SBG shall pay expenses related to the independent auditor, attorneys, and other professionals, and other expenses associated with the execution of duties by the Audit & Supervisory Board members.

[2] Overview of the implementation status of the system to ensure the appropriateness of the operations

1. Matters concerning compliance

SBG continues to conduct compliance training for Board Directors and employees of the Company, as well as having the GCO share information, give advice, and so forth, as necessary to the CCO of group companies for enhancing the compliance system. In addition, SBG works to ensure the effectiveness of compliance of the entire group by establishing and operating hotlines so that Board Directors and employees of the Company can report and consult directly. The effects of these measures are reviewed to make improvements as necessary.

2. Matters concerning risk management

Based on the SoftBank Group’s Risk Management Rules and Group Company Management Regulations of the SoftBank Group, the responsible departments at SBG and group companies manage risks and continuously work on reducing them and preventing their materialization. In addition, the Risk Management Office summarizes the status of risk evaluation and analysis, as well as countermeasures and responses to risks implemented in each responsible department and group company, and periodically reports its findings to the Board of Directors.

3. Matters concerning group management

In managing and overseeing group companies as a holding company, SBG has established compliance with the SoftBank Group Charter, Group Company Management Regulations of the SoftBank Group, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles, which are applied to the Company. Reviewing as necessary such internal rules based on changes in the social environment and the status of the Company, SBG continuously works on enhancing and strengthening the Company’s management system.

4. Matters concerning internal audits

The Internal Audit Department carries out audits on the effectiveness of the system for compliance with laws, regulations, and the Articles of Incorporation as well as the risk management process at SBG. In addition, the department continuously carries out audits of group companies deemed as having a high risk and reports the results of the audits to the CEO each time.

5. Matters concerning the execution of duties by Board Directors and employees

SBG ensures efficiency in the execution of duties by its Board Directors and employees based on internal regulations such as the Board of Directors Regulations and Internal Approval Regulations. SBG also ensures an environment where matters can be fully discussed at the Board of Directors meetings by Board Directors, including independent External Board Directors.

6. Matters concerning the execution of duties by Audit & Supervisory Board Members

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

Consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2021)

(Millions of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock
As of April 1, 2020	238,772	1,490,325	496,876	3,945,820	(101,616)
Comprehensive income					
Net income	-	-	-	4,987,962	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	4,987,962	-
Transactions with owners and other transactions					
Cash dividends	-	-	-	(86,841)	-
Distribution to owners of other equity instruments	-	-	-	(30,139)	-
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(383)	-
Purchase and disposal of treasury stock	-	-	-	(2,452)	(2,188,461)
Changes from business combination	-	-	-	-	-
Changes from loss of control	-	-	-	-	-
Changes in interests in subsidiaries	-	1,126,469	-	-	-
Changes in associates' interests in their subsidiaries	-	4,794	-	-	-
Share-based payment transactions	-	(3,278)	-	-	-
Transfer of accumulated other comprehensive income held for sale	-	-	-	-	-
Other	-	194	-	(3,545)	-
Total transactions with owners and other transactions	-	1,128,179	-	(123,360)	(2,188,461)
As of March 31, 2021	238,772	2,618,504	496,876	8,810,422	(2,290,077)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total		
As of April 1, 2020	(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	90,274	5,078,236
Other comprehensive income	700,472	700,472	(205,695)	494,777	5,231	500,008
Total comprehensive income	700,472	5,688,434	(205,695)	5,482,739	95,505	5,578,244
Transactions with owners and other transactions						
Cash dividends	-	(86,841)	-	(86,841)	(219,698)	(306,539)
Distribution to owners of other equity instruments	-	(30,139)	-	(30,139)	-	(30,139)
Transfer of accumulated other comprehensive income to retained earnings	383	-	-	-	-	-
Purchase and disposal of treasury stock	-	(2,190,913)	-	(2,190,913)	-	(2,190,913)
Changes from business combination	-	-	-	-	265,219	265,219
Changes from loss of control	-	-	-	-	(424,226)	(424,226)
Changes in interests in subsidiaries	-	1,126,469	-	1,126,469	559,955	1,686,424
Changes in associates' interests in their subsidiaries	-	4,794	-	4,794	-	4,794
Share-based payment transactions	-	(3,278)	-	(3,278)	3,777	499
Transfer of accumulated other comprehensive income held for sale	(267)	(267)	267	-	-	-
Other	-	(3,351)	-	(3,351)	2,664	(687)
Total transactions with owners and other transactions	116	(1,183,526)	267	(1,183,259)	187,691	(995,568)
As of March 31, 2021	338,329	10,212,826	267	10,213,093	1,742,500	11,955,593

Non-consolidated Statement of Changes in Equity

(For the fiscal year from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					
		Capital surplus		Retained earnings		
					Other retained earnings	
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2020	¥238,772	¥472,079	¥472,079	¥1,414	¥3,553,128	¥3,554,543
Changes in items during period						
Dividends of surplus	—	—	—	—	(86,841)	(86,841)
Net profit	—	—	—	—	1,403,478	1,403,478
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	(2,452)	(2,452)
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes in items during period	—	—	—	—	1,314,185	1,314,185
Balance as of March 31, 2021	¥238,772	¥472,079	¥472,079	¥1,414	¥4,867,313	¥4,868,727

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance as of April 1, 2020	¥(101,616)	¥4,163,777	¥(26,725)	¥(26,725)	¥16,153	¥4,153,205
Changes in items during period						
Dividends of surplus	—	(86,841)	—	—	—	(86,841)
Net profit	—	1,403,478	—	—	—	1,403,478
Purchase of treasury shares	(2,226,229)	(2,226,229)	—	—	—	(2,226,229)
Disposal of treasury shares	37,768	35,317	—	—	—	35,317
Net changes in items other than shareholders' equity	—	—	261,652	261,652	(4,462)	257,190
Total changes in items during period	(2,188,461)	(874,275)	261,652	261,652	(4,462)	(617,086)
Balance as of March 31, 2021	¥(2,290,077)	¥3,289,502	¥234,926	¥234,926	¥11,692	¥3,536,120

Notes to Consolidated Financial Statements

(Basis of Presentation of Consolidated Financial Statements)

1. Basis of preparation of the consolidated financial statements

The consolidated financial statements of SoftBank Group Corp. and its subsidiaries are prepared on the basis of International Financial Reporting Standards ("IFRSs") pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of certain disclosures required under IFRSs.

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

Company name/ abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following 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.

As part of a series of transactions to realize the business integration of Z Holdings Corporation, a subsidiary of the Company, and LINE Corporation, Shiodome Z Holdings GK, a subsidiary of the Company, conducted an absorption-type merger (the "Merger") for Shiodome Z Holdings GK as the absorbed corporation with LINE Corporation as the surviving corporation on February 26, 2021.

At the same time as the Merger became effective, by contributing all of its business to a newly formed wholly owned subsidiary ("LINE Successor") in a corporate demerger (absorption-type demerger), LINE Corporation transitioned to a holding company structure and changed its company name to A Holdings Corporation as of February 28, 2021.

In addition, as of March 1, 2021, LINE Successor became a wholly owned subsidiary of Z Holdings Corporation through a share exchange with Z Holdings Corporation shares as consideration whereby Z Holdings Corporation has become the wholly owning parent company and LINE Successor has become the wholly owned subsidiary company. The LINE Successor has changed its company name to LINE Corporation. After a series of transactions, A Holdings Corporation became a parent company of Z Holdings Corporation.

The details are described in "(Notes Relating to Business Combinations)."

Beginning of the fiscal year ended March 31, 2021, the description of “SoftBank Vision Fund and other SBIA-managed funds” presented in the names of accounts 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
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1

2. Scope of consolidation

Number of consolidated subsidiaries: 1,408

Names of main consolidated subsidiaries

SB Northstar LP, SoftBank Vision Fund L.P., SoftBank Corp., Arm Limited, SoftBank Group Capital Limited, and SoftBank Vision Fund II-2 L.P.

Name of the main entity newly consolidated and the reason thereof

SB Northstar LP	Newly established
A Holdings Corporation	Acquisition of the stock
LINE Corporation	Acquisition of A Holdings Corporation

Name of the main entity excluded from consolidation and the reason thereof

Sprint Corporation	Dissolved as a result of an absorption-type merger
Brightstar Global Group Inc.	Sale of the stock held

3. Scope of entities applying equity method

Number of entities applying the equity method: 505

Name of the main entity applying the equity method

Alibaba Group Holding Limited

WeWork Inc.

Name of the main associate not accounted for under the equity method and the reason thereof

WeWork Inc.	Investments in associates made by SVF1 are investments held indirectly through venture capital organizations. Therefore, these investments are measured at fair value through profit or loss in accordance with Paragraph 18 of IAS 28. Preferred stock investments made by the Company's wholly owned subsidiaries, other than SVF1, (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"), have features that are substantively different from those of common stock; therefore the above investments in associate are measured at fair value through profit or loss. In addition, for common stock investments by the WeWork Investment Subsidiary, the investments in the associate are accounted for under the equity method.

4. Matters regarding the equity method associates for the current fiscal year

The Company applies the equity method to its investment in Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to unify the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occur during the intervening period and which are publicly announced by Alibaba.

5. Summary of significant accounting policies

(1) Evaluation standards and methods for financial instruments

a. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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 measured at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL") 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 of 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 “(13) Significant accounting policies for 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 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 financial liabilities at FVTPL. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and gains or losses arising from changes in fair value and interest 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, 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 rates, interest rates and share price risks. In addition, SB Northstar is engaged in derivative transactions such as option contracts related to listed stocks for diversification of the asset held and management of surplus funds.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are substantially measured at their fair values at the end of the fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated 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.

(2) Evaluation standards and methods for inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile devices and accessories. Their costs comprise all costs 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.

(3) Evaluation standards, valuation methods, and depreciation or amortization methods for property, plant and equipment and intangible assets

a. Property, plant and equipment

The Company uses the cost model for measurement of property, plant and equipment in which the assets 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		
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.

b. 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:

Software	5 - 10	years
Technologies	8 - 20	years
Customer relationships	8 - 25	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 the 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 "(6) Impairment of property, plant and equipment; right-of-use assets; intangible assets; and goodwill."

The Company does not apply IFRS 16 to leases of intangible assets.

(4) Lease

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 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.

(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 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 payments 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.

(5) Accounting treatment of goodwill

Please refer to “(12) Accounting treatment for 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 “(6) Impairment of property, plant and equipment; right-of-use assets; intangible assets; and goodwill.”

Any excess of the cost of acquisition of an associate or joint venture over the Company’s interest in the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of investment in the relevant company. Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates or joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates the investment may be impaired.

(6) 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 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.

The 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 pretax discount rate that reflects the time value of money and the risks specific to the asset.

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

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased. 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 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 will not be reversed in subsequent periods.

(7) Criteria for recording significant 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 pretax 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 mainly recognizes asset retirement obligations and provisions for loss on interest repayment.

Provision for loss on interest repayment is recorded based on an amount representing future expected claims by debtors and others for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act.

(8) Revenue recognition

The Company's main 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 Company sells mobile devices to subscribers and enters into mobile communications services contracts directly with subscribers.

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

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

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

(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 transaction prices is allocated to sales of mobile devices and mobile communications services 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 sales of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile 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 sales of mobile devices is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile 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 service

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

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

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 business are recognized as revenue at the time of delivery to customers, representing the point in time when 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 services

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.

(9) 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 communications services contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period (normally 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.

(10) Accounting treatment for income taxes

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.

(11) Criteria for foreign currency translation

a. Transactions denominated in foreign currencies

Financial statements of each group company are prepared in the 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 available-for-sale 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 and expenses are translated into Japanese yen 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.

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.

(12) Accounting treatment for 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 gain or loss from the remeasurement, 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 accounted by the same method as the Company would dispose the interests.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its 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) as of the date of transition to IFRSs and recorded by that amount after an impairment test.

(13) Significant accounting policies for the SVF1 and other SBIA-managed funds segment

For SVF1 and SVF2, the Company applies the following accounting policies.

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 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.

(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 is 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 their respective 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 agreements. 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 agreements in a theoretical liquidation scenario at the end of each year.

"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.

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 from the Company as limited partners to SVF1 and SVF2 are eliminated in consolidation.

(14) 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 stocks 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 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 on investments at Investment Business of Holding Companies” in the consolidated statement of income.

In addition, 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 through convertible bonds made by SB Northstar are accounted for as financial assets at FVTPL and are included in “other financial assets (non-current)” under non-current assets in the consolidated statement of financial position. Valuation gains and losses arising from changes in fair value and dividend income are included in “Gain on investments at Investment Business of Holding Companies” in the consolidated statement of income.

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 included in “Securities pledged as collateral in asset management subsidiaries” in the consolidated statement of financial position.

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.

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.

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. 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.

(15) Accounting treatment for consumption taxes
National consumption tax and local consumption tax are excluded from transaction amounts.

(Notes Relating to Changes in Presentation)

1. Consolidated Statement of Financial Position

“Derivative financial assets,” which was included in “Other financial assets” in non-current assets in the previous fiscal year, has been presented separately for the fiscal year ended March 31, 2021, as it became quantitatively material.

2. Consolidated Statement of Income

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 has been 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 fiscal year ended March 31, 2021. “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 fiscal year ended March 31, 2021.

In connection with this change, the Company also determined to present “Gain (loss) on investments” in the consolidated statement of income from the fiscal year ended March 31, 2021 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. 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.

“Dilution gain from changes in equity interest” which was presented separately in the previous fiscal year has been included in “Other loss” for the fiscal year ended March 31, 2021, as it became quantitatively immaterial.

3. Notes Relating to Accounting Estimates

“Notes Relating to Accounting Estimates” are added from the current fiscal year in accordance with the first paragraph of Article 102-3-2 of the Regulation on Corporate Accounting due to the revision of the Regulation on Corporate Accounting (Ministry of Justice Order No. 13, 2006) along with the promulgation of the Ministerial Ordinance Partially Revising the Regulation on Corporate Accounting (Ministry of Justice Order No. 45, 2020).

(Notes Relating to Accounting Estimates)

1. Fair values of financial instruments

The Company makes accounting estimates in measurement of fair values of investments from asset management subsidiaries, investments from SVF1 and SVF2 accounted for using FVTPL, and investment securities. The details are described in “(1) Evaluation standards and methods for financial instruments” in “5. Summary of significant accounting policies” under “(Basis of Presentation of Consolidated Financial Statements).”

In addition, the details are described in "(14) Significant accounting policies for the asset management subsidiary" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" for investments from asset management subsidiaries, and "(13) Significant accounting policies for the SVF1 and other SBIA-managed funds segment" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "1. SVF1 and other SBIA-managed funds business" under "(Notes Relating to Consolidated Statement of Income)" for investments from SVF1 and SVF2 accounted for using FVTPL.

2. Fair values of derivatives (including embedded derivatives)

The Company makes accounting estimates in measurement of fair values of derivative financial assets and derivative financial liabilities in asset management subsidiaries. The details are described in "(1) Evaluation standards and methods for financial instruments" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)", "2. Gain on investments" under (Notes Relating to Consolidated Statement of Income)", and "4. Derivative loss (excluding gain (loss) on investments)" under "(Notes Relating to Consolidated Statement of Income)."

3. Recognition and measurement of impairment losses on goodwill

The Company makes accounting estimate in the impairment test for goodwill. The details are described in "(5) Accounting treatment of goodwill" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)," “(6) Impairment of property, plant and equipment; right-of-use assets; intangible assets; and goodwill, b. Impairment of goodwill” in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "2. Brightstar" under "(Notes Relating to Discontinued Operations)."

4. Recognition and measurement of provisions

The Company makes accounting estimates in recognition and measurement of provisions. The details are described in "(7) Criteria for recording significant provisions" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "5. Other loss" under "(Note Relating to Consolidated Statement of Income)."

5. Fair values of assets acquired and liabilities assumed by business combinations

The Company makes accounting estimates in measurement of fair values of assets acquired and liabilities assumed by business combinations. The details are described in "(12) Accounting treatment for business combinations" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "(Notes Relating to Business Combinations)."

6. Measurement of third-party interests in SVF1

The Company makes accounting estimates in measurement of third-party interests in SVF1. The details are described in "(13) Significant accounting policies for the SVF1 and other SBIA-managed funds segment" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and “1. SVF1 and other SBIA-managed funds business” under “(Notes Relating to Consolidated Statement of Income).”

7. Recoverability of deferred tax assets

The Company makes accounting estimates in assessment of recoverability of deferred tax assets. The details are described in "(10) Accounting method for income taxes" in "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "6. Income taxes" under "(Notes Relating to Consolidated Statement of Financial Position)."

8. Recognition of contingent liabilities and expenses

The Company makes accounting estimates in recognition of contingent liabilities and expenses. The details are described in "7. Contingency" under "(Notes Relating to Consolidated Statement of Financial Position)."

9. Impact from the novel coronavirus ("COVID-19")

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. 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, 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.

(Notes Relating to Changes in Accounting Estimates)

1. Impairment of assets

   On September 17, 2020, the Company 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. An impairment loss on goodwill was recorded as the fair value less costs to sell (expected sale price) of Brightstar was lower than the carrying amount. The details are described in “2. Brightstar” under “(Notes Relating to Discontinued Operations).”

2. Use of loss carryforwards

   In May 2020, SoftBank Group Japan Corporation (“SBGJ”), a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage: 5.0%) and, in September 2020, transferred a portion of SoftBank Corp. shares held (ownership percentage: 21.7%).

   As a result of the transactions, SBGJ utilized a loss carryforward, whose deferred tax asset was not recognized in SBGJ, for the taxable income generated from the sales of SoftBank Corp. shares, and a credit of income taxes (profit) was recorded. The details are described in “6. Income taxes” under “(Notes Relating to Consolidated Statement of Financial Position).”

3. Allowance for loan commitment losses

   As of March 31, 2021, expected credit losses for a loan commitment for WeWork, an equity method associate of the Company, were estimated. As a result, a reversal of allowance was recorded. The details are described in "5. Other loss (Note 1)" under "(Notes Relating to Consolidated Statement of Income)."

4. Allowance for financial guarantee contract losses

   As of March 31, 2021, expected credit losses for a financial guarantee contract for WeWork, an equity method associate of the Company, were estimated. As a result, a reversal of allowance was recorded. The details are described in “5. Other loss (Note 2)” under “(Notes Relating to Consolidated Statement of Income).”

5. Impairment loss on equity method investments

   Impairment loss on equity method investments and reversal of impairment losses on equity method investments were recorded for the equity method investment in WeWork, an equity method associate of the Company. The details are described in "5. Other loss (Note 5)" under “(Notes Relating to Consolidated Statement of Income).”

(Notes Relating to Discontinued Operations)

1. Sprint

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.

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 is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date is recognized as "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income.

Gain relating to loss of control over Sprint for the fiscal year ended March 31, 2021 is 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 "2. The transfer of T-Mobile shares." under "(Other Notes)."

Results of operations from discontinued operations

	(Millions of yen)
Net sales	-
Cost of sales	-
Selling, general and administrative expenses	-
Finance cost	-
Other	-
Income from discontinued operations before income tax	-
Income taxes	-
Income from discontinued operations after income tax	-
Gain relating to loss of control over discontinued operations[1, 2]	720,842
Net income from discontinued operations	720,842
Net income from discontinued operations	720,842
Other comprehensive income from discontinued operations	(205,694)
Comprehensive income from discontinued operations	515,148

Notes:

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 related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc. was generated at SoftBank Group Corp.

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 including ¥870 million 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.

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.

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 common stock, therefore the preferred stock is measured at fair value and accounted for as financial instruments at FVTPL.

Results of operations from discontinued operations

	(Millions of yen)
Net sales	330,929
Cost of sales	(303,409)
Selling, general and administrative expenses	(18,992)
Finance cost	(2,044)
Other	(15,459)
Income from discontinued operations before income tax	(8,975)
Income taxes	(2,082)
Income from discontinued operations after income tax	(11,057)
Gain relating to loss of control over discontinued operations	1,163
Net income from discontinued operations	(9,894)
Net income from discontinued operations	(9,894)
Other comprehensive income from discontinued operations	2,902
Comprehensive income from discontinued operations	(6,992)

(Notes Relating to 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, SBIA 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, SBIA 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)
Other financial assets (non-current)	
Trust accounts in SPACs	327,569

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)
Other financial liabilities (non-current)	
Non-controlling interests subject to possible redemption	298,092

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.

(Notes Relating to Business Combinations)

Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation

1. Overview of the transaction

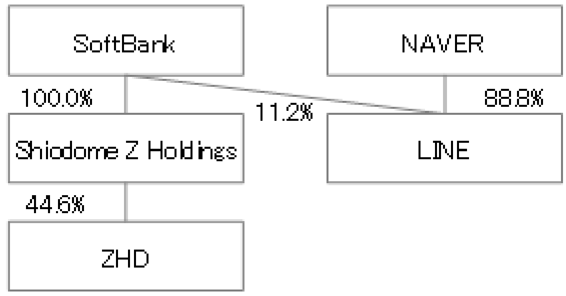
SoftBank Corp., a subsidiary of the Company, consolidated LINE Corporation and implemented the business integration of LINE Corporation and Z Holdings Corporation for the purpose of maximizing synergy in each business field pertaining to Z Holdings Corporation and LINE Group, aggregating management resources 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 toward 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 (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 company 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

<table>
<tr><td>(a) Joint tender offer for LINE Corporation shares and squeeze-out</td><td>
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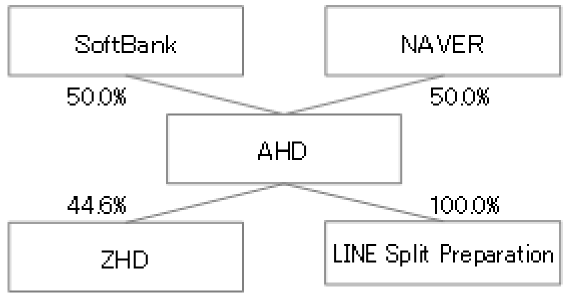
<tr><td>(b) Tender offer for Z Holdings Corporation shares and absorption-type merger between Shiodome Z Holdings G.K. and LINE Corporation as well as LINE business demerger</td><td>
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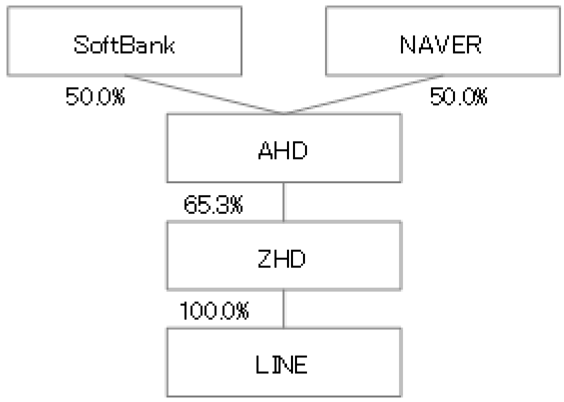
<tr><td>(c) Share exchange between Z Holdings Corporation and A Holdings Corporation</td><td>
</td></tr>
</table>

2. Summary of acquiree

Name	LINE Corporation*
Name 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 service

Note:

* 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)

		Acquisition date (February 28, 2021)
Fair value of common shares in LINE Corporation already held at the time of the acquisition of control		172,922
Fair value of common shares in Shiodome Z Holdings GK transferred at the time of the acquisition of control		689,150
Total consideration transferred	A	862,072

Acquisition costs related to the business combination are ¥1,970 million and recognized in “Selling, general and administrative expenses” for ¥932 million and ¥1,038 million, respectively, in the consolidated statement of income for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2021.

5. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen)
		Acquisition date (February 28, 2021)
Cash and cash equivalents		312,791
Trade and other receivables		67,553
Other (current)		46,687
Property, plant and equipment		24,667
Right-of-use assets		62,940
Intangible assets[1]		425,401
Investments accounted for using the equity method		168,093
Other (non-current)		104,809
Total assets		1,212,941
Interest-bearing debt (current and non-current)		244,248
Trade and other payables		233,671
Other (current)		49,169
Deferred tax liabilities		155,856
Other (non-current)		20,745
Total liabilities		703,689
Net assets	B	509,252
Non-controlling interests[2]	C	264,257
Goodwill[3]	A-(B-C)	617,077

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.

Notes:

1. Intangible assets

   Identifiable assets of ¥406,964 million 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)

	Acquisition date (February 28, 2021)
Intangible assets with indefinite useful lives	
Trademarks	170,078
Intangible assets with finite useful lives	
Customer relationships	236,886
Total	406,964

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. Revenue and net loss of the acquiree

   The revenue and net loss of the acquiree recorded in the consolidated statement of income for the fiscal year ended March 31, 2021, on and after the acquisition date, are ¥25,205 million and ¥5,877 million, respectively. Net loss above includes ¥10,002 million of impairment loss and ¥3,147 million of deferred income tax benefit on impairment loss.

(Notes Relating to Consolidated Statement of Financial Position)

1. Borrowings by asset pledged and equity securities-lending contract

(1) Assets pledged as collateral and associated liabilities

Assets pledged as collateral and secured liabilities by the Company are as follows:

	(Millions of yen)
Assets pledged as collateral:	
Cash and cash equivalents	4,736
Trade and other receivables	5,433
Other financial assets (current)	15,088
Other current assets	4,967
Property, plant and equipment	137,196
Intangible assets	9,176
Investments accounted for using the equity method[1, 2, 3]	1,462,579
Investments from SVF1 and SVF2 accounted for using FVTPL[4]	786,651
Investment securities[3]	1,483,897
Other financial assets (non-current)	2,503
Total	3,912,226
Secured liabilities:	
Trade and other payables	27
Interest-bearing debt	
Short-term borrowings	8,007
Current portion of long-term borrowings[5]	502,737
Current portion of financial liabilities relating to sale of shares by prepaid forward contract[2]	1,798,701
Long-term borrowings[1, 3, 4]	1,636,452
Financial liabilities relating to sale of shares by prepaid forward contract[2]	1,287,038
Other financial liabilities (current)	576
Other current liabilities	307
	5,233,845

Notes:

1. ¥833,317 million of Alibaba shares (the 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 of long-term borrowings. The Alibaba shares are recorded as “Investments accounted for using the equity method” in 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.

2. West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited and Tigress 2020 Holdings Limited, wholly-owned subsidiaries of the Company set ¥583,897 million (the carrying amount on a consolidated basis) of Alibaba shares as collateral for ¥1,798,701 million of current portion of financial liabilities relating to sale of shares by prepaid forward and ¥1,287,038 million of financial liabilities relating to sale of shares by prepaid forward. The Alibaba shares are included in “Investment accounted for using the Equity method” in the consolidated statement of financial position as of March 31, 2021.

   Also, on April 13, 2021, Skylark Limited paid ¥313,411 million ($2.9 billion) of cash, and completed the settlement of prepaid forward contract using Alibaba shares by Skylark Limited. And ¥285,780 million of current portion of financial liabilities relating to sale of shares by prepaid forward and ¥28,096 million of derivative financial liabilities (current) which was recognized in the consolidated statement of financial position as of March 31, 2021, were derecognized. Accordingly, on the same date, ¥61,633 million (the carrying amount on a consolidated basis) of Alibaba shares was released from the collateral.

3. 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 of T-Mobile shares is pledged as collateral for ¥481,260 million 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 as “Investments accounted for using the equity method” in the consolidated statement of financial position as of March 31, 2021.

4. 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.

   ¥786,651 million of the listed shares held by SVF1 (the carrying amounts of asset as of March 31, 2021) were pledged as collateral for ¥136,841 million of long-term borrowings as of March 31, 2021. 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.

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 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 of securities are pledged as collateral, ¥111,787 million of restricted cash and ¥14,685 million of margin deposits in SB Northstar are pledged as collateral mainly for ¥1,203,925 million of short-term borrowings, ¥14,673 million of derivative financial liabilities and ¥8,713 million 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 subsidiaries in the consolidated statement of financial position and Alibaba shares held by SB Northstar (the carrying amount of ¥124,804 million on a consolidated basis) will be pledged additionally as collateral in respond 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 pleaded securities is less than the certain proportion of the residual balance of the borrowings.

Also, ¥302,048 million of Alibaba shares held by SB Northstar (the carrying amount on a consolidated basis) is pledged as collateral for ¥662,596 million 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

Based on a term loan agreement of $0.9 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

¥86,248 million of investment securities are pledged as collateral for financing and exchange settlement by a subsidiary operating banking business. Also, other financial assets (non-current) include ¥155,210 million of margin deposits with a central counterparty.

(2) Others

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)
Property, plant and equipment	490,356

The liabilities related to the assets to which the Company does not have legal title are as follows:

	(Millions of yen)
Current portion of long-term borrowings	122,764
Long-term borrowings	353,466
Total	476,230

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, to which IFRS 16 is not applied, are as follows:

	(Millions of yen)
Intangible assets	350,198

The liabilities related to the assets that are restricted to be transferred, subleased or pledged as collateral are as follows:

	(Millions of yen)
Current portion of long-term borrowings	115,058
Long-term borrowings	228,442
Total	343,500

c. Deposits at the Bank of Japan

A subsidiary operating 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 of deposits at the Bank of Japan which is more than the legal reserve requirement.

2. Allowance for doubtful accounts directly deducted from assets

	(Millions of yen)
Trade and other receivables	20,513
Other financial assets (current)	10,935
Other financial assets (non-current)	82,599
Total	114,047

3. Accumulated depreciation and accumulated impairment losses of property, plant, and equipment

(Millions of yen)

1,953,321

4. Accumulated depreciation and accumulated impairment losses of right-of-use assets

(Millions of yen)

1,215,994

5. Disposal group classified as held for sale

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, ¥11,271 million, and ¥267 million, respectively as of March 31, 2021. The transaction requires regulatory approval and satisfaction of certain closing conditions and is expected to be completed by June 2021.

6. Income taxes

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”), SBGJ, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage 5.0%). 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.

¥1,526,867 million 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, 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 SBGJ, was utilized and a credit of income taxes (profit) was recorded for ￥159,802 million.

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.

7. 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.

Due to the nature of the credit limits, where there are maximum amounts which the credit card members are allowed to spend within a certain range, but that 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 one year because they are payable on demand.

	(Millions of yen)
Lending commitments	5,964,876
Funded	701,749
Unfunded	5,263,127

(2) Credit guarantee

Guarantees that the Company provides are as follows:

	(Millions of yen)
Total amount of financial guarantee contract	211,978
Guarantee balance	154,265

These mainly consist of credit support for a \$1.75 billion letter of credit facility to WeWork by financial institutions, which the total amount of the guarantee contract is ¥193,743 million and the guarantee balance is ¥145,640 million. The details are described in “1. Details and progress of the agreement between the Company and WeWork” in “(Other Notes).”

(3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are parties 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. (formerly 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 "(2) Tender Offer" in "1. Details and progress of the agreement between the Company and WeWork" under "(Other Notes)."

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) with lawsuit (a) 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 to approximately ¥16.81 billion.

8. Financial covenants

(1) 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 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 and the balance sheet 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.

(2) Financial covenants on interest-bearing debts of SoftBank Corp.
SoftBank Corp.'s interest-bearing debt includes financial covenants. The major financial covenants 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[1] of SoftBank Corp. must not exceed certain numbers at the end of the fiscal year and at the end of the second quarter.

Notes:
1. Net leverage ratio: Net debt[2] / Adjusted EBITDA[3]
2. 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.
3. Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

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

Z Holdings Corporation's interest-bearing debt includes financial covenants. The major financial covenants are as follows:

a. At the end of the fiscal year from the second quarter ended September 30, 2020, Z Holdings Corporation is required to maintain net assets presented in the non-consolidated balance sheet at a minimum of 75% of that of the same date during the previous fiscal year.

b. 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, Z Holdings Corporation is required to maintain net assets presented in the consolidated statement of financial position at a minimum of 75% of that of the same date during the previous fiscal year.

c. At the end of the fiscal year from the second quarter ended September 30, 2020, Z Holdings Corporation must not have a net capital deficiency in the non-consolidated balance sheet.

d. 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, Z Holdings Corporation must not have a net capital deficiency in the consolidated balance sheet.

e. At the end of the each fiscal year from the fiscal year ended March 31, 2021, Z Holdings Corporation must not incur operating losses or net losses in the non-consolidated statement of income for two consecutive fiscal years.

f. At the end of the each fiscal year from the fiscal year ended March 31, 2021, Z Holdings Corporation must not incur operating losses or net losses in the consolidated statement of income for two consecutive fiscal years.

g. 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, Z Holdings Corporation is required to maintain a net leverage ratio[1] below a certain value.

Notes:

1. Net leverage ratio: Net debt[2] / Adjusted EBITDA[3]
2. 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).
3. Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

(Notes Relating to Consolidated Statement of Income)

1. SVF1 and other SBIA-managed funds business

(1) Income and loss arising from the SVF1 and other SBIA-managed funds business included in the consolidated statement of income

a. Overview

Income and loss 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 income before income tax is presented as “Change in third-party interests in SVF1.”

b. Income and loss arising from SVF1 and other SBIA-managed funds business

The components of income and loss arising from the SVF1 and other SBIA-managed funds business are as follows:

	(Millions of yen)
Gain on investments at SVF1, SVF2, and others	
Realized gain on sales of investments	419,640
Unrealized gain on valuation of investments	
Change in valuation for the fiscal year[1]	6,013,404
Reclassified to realized loss recorded in the past fiscal year[2]	(116,345)
Dividend income from investments	29,849
Derivative gain on investments	1,091
Effect of foreign exchange translation[3]	9,823
	6,357,462
Selling, general and administrative expenses	(74,194)
Finance cost (interest expenses)	(10,419)
Change in third-party interests in SVF1	(2,246,417)
Other gain	391
Income and loss arising from the SVF1 and other SBIA-managed funds business (income before income tax)	4,026,823

Notes:

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 entry into the definitive agreement, SVF1 recorded ¥45,435 million 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 on investments at SVF1, SVF2, and others” (in Change in valuation for the fiscal year under Unrealized gain on valuation of investments) in the above-mentioned income and loss arising from the SVF1 and other SBIA-managed funds business. However, the unrealized gain is eliminated in consolidation as Arm is a subsidiary of the Company.

   In addition, SVF1 received ¥19,912 million of dividends from Arm in the fiscal year ended March 31, 2021. The dividends received from Arm is included in “Gain on investments at SVF1, SVF2, and others” (in Dividend income from investments) in the above-mentioned income and loss arising from the SVF1 and other SBIA-managed funds business, however, the dividends are eliminated in consolidation.

   The unrealized gain and the dividends, that are eliminated in consolidation, are not included in “Gain on investments at SVF1, SVF2, and others” in the consolidated statement of income

2. It represents the unrealized gains and losses on valuation of investments recorded as “Gain and 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 gains and losses on investments are translated using the average exchange rate for the quarter in which the gains and losses were recognized, while realized gains and losses on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed of. "Effect of foreign exchange translation" arise from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.

(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 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)

	Third-party interests (Total of current liabilities and non-current liabilities)	
		(Breakdown)
As of April 1, 2020	4,584,419	
Contributions from third-party investors	979,266	
Changes in third-party interests	2,246,417	
Attributable to investors entitled to fixed distribution		197,796
Attributable to investors entitled to performance-based distribution		2,048,621
Distribution/repayment to third-party investors	(1,362,066)	
Exchange differences on translating third-party interests	153,755	
As of March 31, 2021	6,601,791	

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 income and loss arising from the SVF1 and other SBIA-managed funds business (income before income tax), 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 agreements. 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 a clawback provision which is triggered under certain conditions based on future investment performance.

2. Gain on investments

(1) Gain on investments at Investment Business of Holding Companies

The components of gain on investments at Investment Business of Holding Companies are as follows:

	(Millions of yen)
Gain relating to sales of T-Mobile shares[1]	421,755
Realized loss on sales of investments at asset management subsidiaries	(20,537)
Unrealized gain on valuation of investments at asset management subsidiaries	134,074
Derivative loss on investments at asset management subsidiaries	(610,690)
Realized gain on sales of investments	220,875
Unrealized gain on valuation of investments	609,734
Derivative gain on investments[2, 3]	185,769
Other	4,964
Total	945,944

Notes:

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 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 of realized loss on sales of investments and ¥3,014 million 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 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 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 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 of gain relating to sales of T-Mobile shares was recorded for the fiscal year ended March 31, 2021. The details are described in “2. The transfer of T-Mobile shares” under "(Other Notes)."

2. ¥264,395 million 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 “(Notes Relating to Discontinued operations).”

3. 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. The details are described in "1. Details and progress of the agreement between the Company and WeWork" under "(Other Notes)."

(2) Gain on investments at SVF1, SVF2, and others

The details are described in “1. SVF1 and other SBIA-managed funds business” under "(Notes Relating to Consolidated Statement of Income)."

(3) Gain on other investments

The components of gain on other investments are as follows:

	(Millions of yen)
Realized gain on sales of investments	11,185
Unrealized gain on valuation of investments	259,375
Derivative gain on investments	9,158
Other	11,320
Total	291,038

3. Finance cost

The components of finance cost are as follows:

	(Millions of yen)
Interest expenses	(307,250)

4. Derivative loss (excluding gain (loss) on investments)

Derivative loss of ¥504,048 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares.

5. Other loss

The components of other loss are as follows:

	(Millions of yen)
Interest income	18,352
Foreign exchange loss	(137,166)
Reversal of allowance for loan commitment losses[1]	61,312
Reversal of allowance for financial guarantee contract losses[2]	58,208
Dilution gain from changes in equity interest[3]	54,941
Gain on liquidation of a subsidiaries[4]	45,257
Reversal of impairment losses on equity method investments[5]	21,634
Impairment loss on equity method investments[5]	(68,215)
Impairment loss	(21,160)
Loss on redemption of corporate bonds[6]	(17,853)
Provision for allowance for doubtful accounts	(7,533)
Other	(52,273)
Total	(44,496)

Notes:

1. ¥61,312 million 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 "Note 1. Details and progress of the agreement between the Company and WeWork" under "(Other Notes)."

2. ¥50,887 million 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 "Note 1. Details and progress of the agreement between the Company and WeWork" under "(Other Notes)."

3. 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. Primarily, due to the realization of exchange differences resulted from the liquidation of Kahon 3 Oy, a wholly-owned subsidiary of the Company.

5. The WeWork Investment Subsidiary purchased the common shares from We Holdings LLC, served as the managing member by the founder and former CEO of WeWork, Adam Neumann, at $19.19 per share for the equivalent 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. Subsequently, ¥21,634 million 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. The details are described in "1. Details and progress of the agreement between the Company and WeWork" under "(Other Notes)."

6. Primarily represents the loss related to foreign-currency-denominated senior notes purchased by SoftBank Group Corp.

(Notes Relating to Consolidated Statement of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2021
   Common stocks 2,089,814,330 shares

2. Matters regarding dividends
   (1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 25, 2020	Common stocks	45,496	22	March 31, 2020	June 26, 2020	Retained earnings
Board of Directors' meeting held on October 22, 2020	Common stocks	41,345	22	September 30, 2020	December 14, 2020	Retained earnings

   (2) Dividends for which record date is in the fiscal year ended March 31, 2021, and effective date for payment is in the following fiscal year

Resolution plan	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 23, 2021	Common stocks	38,247	22	March 31, 2021	June 24, 2021	Retained earnings

3. Number of shares for stock acquisition rights as of March 31, 2021
   (Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)
   Common stocks 6,195,400 shares

4. Other equity instruments
   On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years ("NC6") Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years ("NC10") 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.

   The payment of interest was completed on the interest payment dates, July 20, 2020 and January 19, 2021 and "Retained earnings" decreased by ¥15,339 million and ¥14,800 million respectively as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.

   Also, as of March 31, 2021, 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.

(Notes Relating to Financial Instruments)

1. Matters regarding conditions of financial instruments

(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 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.

(1) Market risk

a. Foreign exchange risk

The Company is engaged in international businesses through investments, financial contributions and the establishment of joint ventures. 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, British pound, and Indian Rupee. To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also uses foreign currency forward contracts, foreign currency swap contracts, and interest rate currency swap contracts to hedge the risk.

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 a 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.

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, 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.

(2) 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 on 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.

(3) 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.

2. Matters regarding fair value of financial instruments

The carrying amounts and fair values of financial instruments are as follows. Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table below. Financial instruments that are measured at fair value on a recurring basis are also excluded because their carrying amounts approximates their fair values.

(Millions of yen)

	Carrying amount	Fair value
Interest-bearing debt (non-current)		
Long-term borrowings	4,745,058	4,798,110
Corporate bonds	4,745,184	4,894,113
Other financial liabilities (non-current)		
Non-controlling interests subject to possible redemption	298,092	322,114

(1) Fair value measurement of financial instruments

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings

Fair values of long-term borrowings are measured using quoted prices in active markets if such prices are available. Where such prices in active markets are not available, fair values of long-term borrowings with variable rates other than its current portion are measured based on the discounted cash flow method using observable inputs, such as market interests, and fair values of long-term borrowings with a fixed rate other than its current portion are measured based on the discounted cash flow method using an interest rate, including the credit spread that would be used for a borrowing with the same terms and maturity.

b. Corporate bonds

Fair values of corporate bonds other than its current portion are mainly measured using quoted prices in active markets for identical bonds.

c. Non-controlling interests subject to possible redemption

Fair value of non-controlling interests subject to possible redemption are measured using quoted price in active markets. The details of non-controlling interests subject to possible redemption are described in "(Notes Relating to Special Purpose Acquisition Companies sponsored by the Company)."

(2) Redemption schedule for interest-bearing debt, lease liabilities, and deposits for banking business

Redemption schedule for interest-bearing debt, lease liabilities, and deposits for banking business is as follows:

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years
Interest-bearing debt				
Short-term borrowings	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
Corporate bonds (including current portion)	5,549,540	5,583,044	805,969	513,066
Financial liabilities relating to sale of shares by prepaid forward contracts	3,085,739	3,104,068	1,801,124	910,373
Installment payables	688	688	232	149
Lease liabilities	1,035,001	1,035,001	307,447	209,749
Deposits for banking business*	1,128,439	1,128,525	1,109,254	7,114
Total	20,676,415	20,761,736	9,161,393	3,821,861

	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Interest-bearing debt				
Short-term borrowings	-	-	-	-
Commercial paper	-	-	-	-
Long-term borrowings (including current portion)	809,343	1,442,276	189,794	150,220
Corporate bonds (including current portion)	640,008	627,409	1,051,485	1,945,107
Financial liabilities relating to sale of shares by prepaid forward contracts	279,923	112,648	-	-
Installment payables	142	112	45	8
Lease liabilities	122,099	69,721	58,133	267,852
Deposits for banking business*	5,449	2,205	1,583	2,920
Total	1,856,964	2,254,371	1,301,040	2,366,107

Note:

* Deposits for banking business payable on demand are included in “Within 1 year.”

(Notes Relating to per Share Data)

Equity per share attributable to owners of the parent*	¥5,588.80
Basic earnings per share	
Continued operations	¥2,243.80
Discontinued operations	¥375.81
Total	¥2,619.61

(Notes Relating to Significant 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.

(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 to be retired	Common stock of SoftBank Group Corp.
(4) Number of shares to be retired	25,980,400 shares (1.49% of number of issued and outstanding shares prior to the retirement)
(5) Retirement date	May 19, 2021
(6) Number of issued and outstanding shares after the retirement	1,722,953,730 shares

(Other Notes)

1. Details and progress of the agreement between the Company and WeWork

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 (specifically, the master transaction agreement, the “MTA”) and in the fiscal year 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 or 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.

(1) 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.

(2) 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 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 on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income.

(3) 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”). Upon the execution of the contract, the Company recorded an allowance for loss on valuation for expected credit losses for the financial guarantee contract and 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. 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.

(4) 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.

2. 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.

Note:

* 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.

Note:
* 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

Note:
* Calculated on the assumption that the Call Options are fully exercised.

3. 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.

(Significant accounting policies)

1. Basis and methods of valuation for assets

(1) Marketable securities and investment securities

Investments in subsidiaries and affiliated companies	Stated at cost determined by the moving-average method
Available-for-sale securities	
With market quotations:	Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is reported as a separate component of equity, net of tax; cost of sales is determined by the moving-average method)
Without market quotations:	Stated at cost determined by the moving-average method
(2) Derivative instruments:	Stated at fair value

2. Depreciation and amortization

(1) Property and equipment:	Calculated using the straight-line method
(2) Intangible assets:	Calculated using the straight-line method Software for internal use is amortized using the straight-line method based on the estimated useful life (five years).

3. Accounting principles for allowances and provisions

(1) Allowance for doubtful accounts

In anticipation of uncollectible receivables, general allowance for doubtful accounts (excluding receivables from affiliated companies) is calculated based on past credit loss experience. Individual allowances for doubtful accounts deemed to be uncollectible and receivables from affiliated companies are calculated based on the collectability of the account.

(2) Allowance for loss on investment

In anticipation of valuation loss due to decrease in investee's substantial value, allowance for loss on investment is recorded after considering the investee's financial condition from a sound financial point of view.

(3) Provision for bonuses

Provision for bonuses is calculated based on SoftBank Group Corp.'s computation rule for expected payment.

4. Other basis of presentation of financial statements

(1) Deferred assets

Bond issuance cost:	Amortized each month over the redemption period

(2) Accounting for hedge transactions

Currency swaps

① <Hedge accounting>

Corporate bonds and bond interests denominated in foreign currencies for which foreign currency swap contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate if the swap contracts qualify for hedge accounting.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging:	Currency swap contracts
Hedged items:	Foreign currency-denominated corporate bonds and bond interests

③ <Hedging policy>

In accordance with SoftBank Group Corp.'s policy, SoftBank Group Corp. uses derivatives to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

Currency swaps qualify for hedge accounting. Effectiveness of the hedge transaction is omitted.

(3) Accounting method for consumption taxes

National consumption tax and local consumption taxes are excluded from transaction amounts.

(Notes on changes in presentation)

Balance Sheet

"Income taxes receivable", which was included in "Other" in current assets in the previous fiscal year, is presented separately in the current fiscal year because of its increasing importance in terms of amount. In addition, "Income taxes receivable" in the previous fiscal year was 21,927 million yen.

Statement of Income

"Provision of allowance for doubtful accounts" which was included in "Other" in non-operating expenses in the previous fiscal year, is presented separately in the current fiscal year because of its increasing importance in terms of amount. In addition, "Provision of allowance for doubtful accounts" in the previous fiscal year was 22 million yen.

Notes on accounting estimates

Following the promulgation of the Ministerial Ordinance on partial amendment to the "Accounting Regulation Ordinance" (Ministry of Justice Ordinance No. 45, 2020), "Accounting Regulation Ordinance" (Ministry of Justice Ordinance No.13, 2006) was amended. In accordance with Article 102-3-2, Paragraph 1 of the amended "Accounting Regulation Ordinance", "Notes on accounting estimates" has been added in the current fiscal year.

(Notes on accounting estimates)

Among the accounting estimates recorded in the financial statements of this fiscal year, items that may significantly affect the financial statements of the following fiscal year are as follows.

1. Valuation of securities without market quotations
   For securities whose market value is extremely difficult to measure, when the substantial value significantly declines due to deterioration of the issuer's financial condition without sufficient evidence that the value may recover, investment securities are reduced to net realizable value by a charge to loss. In this fiscal year, losses on devaluation of investment securities of 393 million yen, of investment in subsidiaries and affiliated companies of 138,254 million yen and of investments in consolidated and affiliated Godo Kaisha (Japanese LLC) and partnerships of 2,365 million yen were recorded.

2. Valuation of receivables
   Based on the financial condition and performance of the debtors, receivables are classified into normal receivables, receivables at high risk and claims provable in bankruptcy, claims provable in rehabilitation and other. Depending on the classification, the amount of allowance for doubtful accounts is determined considering the historical default rate and such. In this fiscal year, SoftBank Group Corp. recorded 31,754 million yen of allowance for doubtful accounts, mainly for lending to affiliated companies, after assessing each debtor's financial condition and performance to calculate the estimated uncollectible amount. If it is necessary to revise the amount of allowance for doubtful accounts due to deterioration in financial condition and performance of the debtors, additional amount may be recognized in the following fiscal year. For details, please refer to "Significant accounting policies" "3. Accounting principles for allowances and provisions" "(1) Allowance for doubtful accounts".

3. Estimation of allowance for loss on investment
   For details, please refer to "Significant accounting policies" "3. Accounting principles for allowances and provisions" "(2) Allowance for loss on investment" and "Notes relating to Statement of Income" "2. Provision of allowance for loss on investment".

4. Impact from the novel coronavirus ("COVID-19")
   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 with new capital continuing to flow in.

   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 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 investment, loans receivable, guarantee obligations, etc. of SoftBank Group Corp., these balances were recorded with the amount reasonably estimated, based on the information and the facts available at the timing of preparing the financial statements, considering the duration of the infection of COVID-19 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.

(Notes relating to Balance Sheet)

	Millions of yen
1. Accumulated depreciation of property and equipment	¥3,474

2. Guarantee obligation

Guarantee (Nature of guarantee obligation)	Millions of yen
[Guarantee obligation]	
Delaware Project 6 L.L.C (Note 1) (Borrowings)	33,471
SoftBank Group Capital Limited (Lease contract of office space)	1,502
Subtotal	34,973
[Letter of awareness for management service]	
SBG Cleantech ProjectCo Private Limited (Sponsor support agreement)	30,862
Subtotal	30,862
Total	¥65,836

Joint and several obligor (Nature of Joint and several obligation)	Millions of yen
[Joint and several obligations]	
WeWork Companies LLC (Letter of credit for real estate lease agreement) (Note 2)	¥145,640
Subtotal	145,640

(Notes) 1. Delaware Project 6 L.L.C borrowed $4.38 billion, using the shares of T-Mobile US, Inc. (hereafter, "T-Mobile") after the merger with Sprint as collateral. SoftBank Group Corp. guarantees up to $2.02 billion of this borrowing. As a part of this borrowing, Delaware Project 6 L.L.C pledged the shares of Alibaba Group Holding Limited, which were borrowed from SoftBank Group Corp. through a securities lending agreement, as collateral. In addition, as a prerequisite for fulfilling the guarantee, the financial institutions are required firstly to plan the maximum recoverable amount from the shares of Alibaba Group Holding Limited pledged as collateral for this borrowing.
The amount of guarantee obligation above is calculated by deducting the market value of the shares of Alibaba Group Holding Limited as of the end of the current fiscal year from the maximum guarantee amount.
2. If SoftBank Group Corp. fulfills the joint and several obligations, it will have the right to obtain reimbursement against WeWork Companies LLC. In addition, the guarantee limit is $ 1.75 billion.

3. Dispute

For details, please refer to "Notes to Consolidated Financial Statements (Notes Relating to Consolidated Statement of Financial Position)" "7 Contingency (3) Litigation" "a. WeWork Tender Offer Litigation".

4. Monetary receivables from and payables to subsidiaries and affiliated companies

	Millions of yen
Short-term monetary receivables	¥1,616,011
Long-term monetary receivables	417,997
Short-term monetary payables	5,714,147
Long-term monetary payables	2,696,263

5. Monetary receivables from and payables to board members and corporate auditors

	Millions of yen
Monetary receivables	¥15,294
Monetary payables	708

6. Contribution in kind to funds

SoftBank Group Corp. invests in SoftBank Vision Fund L.P. and Softbank Vision Fund Ⅱ-2 L.P. and SoftBank Latin America Fund L.P. through cash and share contributions-in-kind. Although the amount of investment in cash is recorded as "Investments in consolidated and affiliated Godo Kaisha and partnerships" on the balance sheet, the shares transferred as contribution-in-kind are not treated as a transfer of financial instruments, pursuant to Article 40 of the "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No. 14). As a result, a portion of the investment in SoftBank Vision Fund L.P. is recorded as "Investments in subsidiaries and affiliated companies" on the balance sheet , and a part of the amount of the investment in Softbank Vision Fund Ⅱ-2 L.P. and SoftBank Latin America Fund L.P. is recorded as “Investments in consolidated and affiliated Godo Kaisha and partnerships” on the balance sheet.

The amount of major investment in kind to the funds on the balance sheet is as follows:

	Millions of yen
SVF HOLDCO (UK) LIMITED	¥610,068
SVF II AIV (DE) LLC	169,917
LA BI Holdco LLC	46,759

7. Securities lending

SoftBank Group Corp. lends securities under securities lending agreements. 352,522 million yen of investments in subsidiaries and affiliated companies are provided for lending. Lending fees from the transactions are recorded as “Charge on loaned securities” in non-operating income on the statement of income.

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

1. Gain arising from investment securities received without consideration

On April 1, 2020, the merger of Sprint Corporation and T-Mobile US was completed. Along with the acquisition of the shares of T-Mobile as the consideration for the merger by a subsidiary which was a wholly-owned subsidiary and a party of the transaction, SoftBank Group Corp. also acquired gratis share acquisition rights of T-Mobile as consideration when certain contingency is satisfied. The acquired gratis share acquisition rights were recorded as “Investment securities” on the balance sheet and 196,313 million yen of the fair value of the consideration based on market value as of April 1, 2020 was recorded as “Gain arising from investment securities received without consideration”.

2. Provision of allowance for loss on investment

Provision for allowance for loss on investment was related to SB WW Holdings (Cayman) Limited, which owns the investment to WeWork.

3. Transactions with subsidiaries and affiliated companies

	Millions of yen
Operating revenue	¥1,622,615
Operating expenses	19,905
Non-operating transactions	2,743,843
Sales of equity securities	2,299,943
Acquisition of equity securities	205,323
Liquidating dividend received	11,129

(**Notes relating to Statement of Changes in Equity**)

Class and number of treasury stocks as of March 31, 2021

Number of common stocks	351,297,587 shares

(Notes relating to tax effect accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets	Millions of yen
Investments in subsidiaries and affiliated companies	¥821,411
Tax loss carryforwards	828,373
Deferred assets	12,546
Investments in consolidated and affiliated Godo Kaisha and partnerships	24,295
Foreign exchange loss	11,055
Others	62,902
Gross deferred tax assets	1,760,582
Less: valuation allowance on loss carryforwards	(828,373)
Less: valuation allowance on deductible temporary differences	(745,406)
Total valuation allowance	(1,573,779)
Total deferred tax assets	186,803

Deferred tax liabilities	Millions of yen
Investments in subsidiaries and affiliated companies	(186,803)
Gain on sales of specified foreign subsidiary company	(53,815)
Deferred taxable gain on the sale of shares of a subsidiary to a wholly-owned subsidiary under Japanese group taxation regime	(288)
Valuation difference on available-for-sale securities	(107,159)
Others	(5,256)
Total deferred tax liabilities	(353,321)
Net deferred tax liabilities	¥(166,518)

(**Notes relating to Related-Party Transactions with SoftBank Group Corp.**)

1. Subsidiaries and affiliated companies

Category	Name	Voting rights (%) (Note 2)	Nature of transaction	Note	Amount of transaction (Note 13)	Account	Balance at March 31, 2021 (Notes 12, 13)
					Millions of yen		Millions of yen
Subsidiary	SoftBank Group Japan Corporation	Direct 100%	Borrowing of long-term loans payable (net of repayment)	5	¥882,340	Current portion of long-term loans payable	¥1,784,142
						Long-term loans payable	500,000
			Interest payment	6	19,695	Accrued expenses	1,626
			Dividend receipt		1,200,065		
			Contribution in-kind		377,545		
Subsidiary	Skybridge Corporation	Direct 100%	Borrowing of long-term loans payable (net of repayment)	5	1,210,450	Long-term loans payable	1,210,450
			Interest payment	6	1,598	Accrued expenses	147
Subsidiary	Skywalk Finance GK	Direct 100.0% Indirect 0.0%	Repayment of long-term loans payable (Net of borrowing)		123,675	Long-term loans payable	892,323
			Interest payment	6	6,100	Accrued expenses	156
			Payment of refinance-related expenses	7	1,367		
Subsidiary	Shiodome Project 9 GK	Direct 100%	Borrowing of long-term loans payable (net of repayment)		29,224	Long-term loans payable	29,224
			Interest payment	6	719	Accrued expenses	-
Subsidiary	SoftBank Group Capital Limited	Direct 100%	Repayment of short-term loans payable (net of borrowing)	6	2,831,070	Short-term loans payable	3,249,260
			Interest payment		54,724	Accrued expenses	-
			Dividend receipt		422,160		
Subsidiary	Delaware Project 6 L.L.C.	Direct 100%	Capital contribution		1,062,849		
			Capital reduction		439,320		
Subsidiary	Delaware Project 1 L.L.C	Indirect 66.7%	Lending of short-term loans receivable (Net of receipt)		456,293	Short-term loans receivable	456,293
			Interest receipt	8	19,350	Current assets - Other	54
			Sales of investment securities		762,052		

Category	Name	Voting rights (%) (Note 2)	Nature of transaction	Note	Amount of transaction (Note 13)	Account	Balance at March 31, 2021 (Notes 12, 13)
					Millions of yen		Millions of yen
Subsidiary	Delaware Project 2 L.L.C	Indirect 66.7%	Lending of short-term loans receivable (Net of receipt)		¥456,293	Short-term loans receivable	¥456,293
			Interest receipt	8	19,350	Current assets - Other	54
			Sales of investment securities		762,052		
Subsidiary	Delaware Project 3 L.L.C	Indirect 66.7%	Lending of short-term loans receivable (Net of receipt)		456,293	Short-term loans receivable	456,293
			Interest receipt	8	19,350	Current assets - Other	54
			Sales of investment securities		762,052		
Subsidiary	SoftBank Vision Fund II-2 L.P.	— (Note 3)	Capital contribution		339,216		
			Dividend receipt		2,810		
Subsidiary	SB Triangle Holdco (Jersey) Limited	Indirect 100.0%	Receipts of short-term loans receivable (net of lending)		319,571	Shot-term loans receivable	-
			Interest receipt	8	7,823	Current assets - Other	-
Subsidiary	SIP Lender (UK) Limited	Direct 100.0%	Lending of long-term loans receivable		284,218	Long-term loans receivable	284,218
			Interest receipt	8	3,192	Current assets - Other	-
Subsidiary	StarBright WW LP	- (Note 3)	Capital contribution		245,438		
Subsidiary	West Raptor Holdings, LLC	Indirect 100.0%	Borrowing of long-term loans payable		66,107	Current portion of long-term loans payable	185,052
						Long-term loans payable	62,965
			Interest payment	6	10,749	Accrued expenses	13,516
						Non-current liabilities - Other	1,302
Associate	T-Mobile US, Inc. (Post-merger)	Indirect 8.5% (Note 4)	Acquisition of investment securities	9	196,313		
Associate (Including subsidiaries of the associate)	WeWork Inc. (Note 1)	Indirect 49.9%	Credit support for payment guarantee	10	-		
			Exercise of penny warrant (conversion price of USD 0.01)	11	136		

The terms of transactions and the policies

(Notes) 1. The We Company changed the company name to WeWork Inc.

2. For Godo Kaisha, this column represents the ratio of investment amount to total capital and capital surplus.

3. The commitment ratio of Softbank Group Corp. is 100% of total committed capital contribution.

4. The amount is for the transactions when T-Mobile US, Inc. was an associate. For details, please refer to “Notes to Consolidated Financial Statements (Notes Relating to Discontinued Operations) 1. Sprint”.

5. On October 1, 2020, Skybridge Corporation was newly established by separation from SoftBank Group Japan Corporation. The amount of the transactions includes the succession amount from SoftBank Group Japan Corporation to Skybridge Corporation.

6. The interest rates for borrowings from related parties are determined in reference to market interest rates.

7. The payment of refinancing-related expenses is determined by negotiation, with reference to market conditions.

8. The interest rates for loans to related parties are determined in reference to market interest rates.

9. 48,751,557 gratis share acquisition rights of T-Mobile US, Inc. were acquired as consideration when certain contingency is satisfied for the merger between Sprint Corporation and T-Mobile US, Inc.

10. SoftBank Group Corp. provides $1.75 billion of credit support for payment guarantee of WeWork Inc. subsidiaries.

11. SoftBank Group Corp. purchased a total of $2.2 billion of unsecured bonds issued by WeWork Inc. through a 100% owned fund and received warrants - convertible to WeWork Inc. preferred shares at $0.01 per share - as compensation for credit support for payment guarantee of WeWork Inc. subsidiaries.

12. The foreign currency-denominated balance is translated at the exchange rate (USD 1=JPY 110.71, EUR 1=JPY 129.80) as of March 31, 2021.

13. Consumption taxes are included in the year-end balance, but not included in the transaction amount.

2. Directors and major individual shareholders

On November 9, 2020, Marcelo Claure, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors. On the same day, Marcelo Claure 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 maintained their positions of major Corporate Officers and therefore, are related parties of SoftBank Group Corp. On March 31, 2021 Katsunori Sago resigned from the position of Executive Vice President and CSO. From April 1, 2021, Katsunori Sago is not a related party of SoftBank Group Corp.

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 19)	Account	Balance at March 31, 2021 (Note 19)
					Millions of yen		Millions of yen
Director and shareholder (Individual)	Masayoshi Son (Son Assets Management, LLC)	Owned directly 26.5%	Temporary advance for expenses on behalf of Son Assets Management, LLC		¥177	Current assets - Other	-
			Office facility usage	1	24		
			Refund of guarantee deposit		174	Non-current assets - Other	-
			Liabilities guarantee agreement	2,3	-		
Director	Yoshimitsu Goto	Owned directly 0.1%	Exercise of stock acquisition rights		1,882		
Director	Ken Miyauchi	Owned directly 0.2%	Exercise of stock acquisition rights		2,396		
Auditor	Masato Suzaki	-	Exercise of stock acquisition rights		123		

The terms of transactions and policies

(Notes) 1. “Office facility usage” is determined based on the percentage of facility used similar to subsidiaries and affiliated companies.

2. For obligations to SoftBank Group Corp. (including monetary liabilities, stocks and securities borrowings, as well as other guarantee obligations and compensation) of Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., Delaware Project 3 L.L.C. (hereafter, “Delaware subsidiaries”), SB Northstar LP (hereafter, “SB Northstar”) and their subsidiaries (hereafter, “guaranteed subsidiaries”) up until November 10, 2020,

Masayoshi Son and Son Assets Management, LLC provide joint and several guarantee to the extent based on the equity interest in SB Northstar. The guaranteed subsidiaries still owe the liabilities to SoftBank Group Corp. even when SB Northstar expires, and Masayoshi Son and Son Assets Management, LLC. compensate for unpaid portion of the liabilities up to the extent based on the equity interest in SB Northstar.
In addition, new liabilities to SoftBank Group Corp. of the guaranteed subsidiaries from November 11, 2020 are guaranteed or compensated only to the consented scope with Masayoshi Son.
3. In case Masayoshi Son is not able to fulfill a long-term or permanent asset management decision making role in SB Northstar, SoftBank Group Corp. has the call option to buy back the investment of Masayoshi Son and Son Assets Management, LLC in Delaware subsidiaries at fair value. If SoftBank Group Corp. exercises the call option, SoftBank Group Corp. will negotiate with Masayoshi Son and Son Assets Management, LLC about the termination of the guarantee agreement.

Incentive plan

As part of the incentive plan, SoftBank Group Corp. has provided certain executives of SoftBank Group Corp. with loans for which purchase of SoftBank Group Corp. shares as the purpose of the funds.

(1) Incentive plan in April / July 2018
SoftBank Group Corp. loaned ¥10,992 million to certain executives of the Company in February 2020, as a part of the incentive plan approved by the Board of Directors in April 2018. Transaction amounts and balance at period end related to the incentive plan approved by the Board of Directors in April 2018 and July 2018 between SoftBank Group Corp. and related parties for the year ended March 31, 2021 are as follows.

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 19)	Account	Balance at March 31, 2021 (Note 19)
					Millions of yen		Millions of yen
Director	Yoshimitsu Goto	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	5,6,8	-	Long-term loans receivable	¥5,554
			Interest receipt	5,6,8	80	Current assets - Other	67
			Borrowing of long-term loans payable (net of repayment)	5	-	Long-term loans payable	700
			Interest payment	5	10	Accrued expenses	8
Director	Ken Miyauchi	Owned directly 0.2%	Lending of long-term loans receivable (net of receipts)	5,6,8	-	Long-term loans receivable	5,555
			Interest receipt	5,6,8	80	Current assets - Other	67
Corporate Officer	Marcelo Claure	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	4,6 7,8	-	Long-term loans receivable	11,109
			Interest receipt	4,6 7,8	327	Current assets - Other	272
Corporate Officer	Katsunori Sago	Owned directly 0.1%	Receipts of long-term loans receivable	5,6,8	5,554	Long-term loans receivable	-
			Interest receipt	5,6,8	53	Current assets - Other	-
Corporate Officer	Rajeev Misra	Owned directly 0.1%	Receipts of long-term loans receivable	4,6 7,8	0	Long-term loans receivable	10,992
			Interest receipt	4,6 7,8	323	Current assets - Other	269

The terms of transactions and policies
(Notes) 4. The interest rate for the loan is set at a fixed rate of 2.94%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. 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 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.

5. The interest rates for the loans are set at a fixed rate of the 1.45%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. 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 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.
6. 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 future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan (such rights to receive the asset, “Additional Rights”).
7. When the fair market value of the collateral assets is less than 70% of the outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to create and procure a pledged and security interest over additional property.
8. Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and Additional Rights, from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Representative Director of SoftBank Group Corp.

(2) Incentive plan in February 2020

SoftBank Group Corp. loaned ¥32,976 million to certain executives of SoftBank Group Corp. in February 2020, as a part of the incentive plan approved by the Board of Directors in February 2020. Transaction amounts and balance at period end related to the incentive plan approved by the Board of Directors in February 2020 between SoftBank Group Corp. and related parties for the year ended March 31, 2021 are as follows

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 19)	Account	Balance at March 31, 2021 (Note 19)
					Millions of yen		Millions of yen
Corporate Officer	Marcelo Claure (Claure Holdings LLC)	Owned directly 0.1%	Receipt of long-term loans receivable	9,10 11,12	0	Long-term loans receivable	¥16,488
			Interest receipt	9,10 11,12	318	Current assets - Other	361
Corporate Officer	Rajeev Misra (Giantstep Holdings)	Owned directly 0.1%	Receipt of long-term loans receivable	9,10 11,12	0	Long-term loans receivable	16,488
			Interest receipt	9,10 11,12	318	Current assets - Other	361

The terms of transactions and policies

(Notes) 9. The interest rate for the loan is set at a fixed rate of 1.93%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. The maturity date for the loans is seven years after the loan execution date and the borrower is required to make a single payment at maturity. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the 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.
10. Transfer of shares of SoftBank Group Corp. purchased through this loan is restricted for 12 months from the effective date of the contract. After that, the shares that can be transferred will increase by 20% every 3 months, and after 24 months all the shares will be transferable.
11. If a 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 (such rights to receive the asset, “Additional Rights”).
12. Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and Additional Rights, from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Representative Director of SoftBank Group Corp.

(3) Lending following the sale of T-Mobile shares

As part of the transaction related to transfer of T-Mobile shares, SoftBank Group Corp. 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. Transaction amounts and balance at period end related to the transactions between SoftBank Group Corp. and related parties for the year ended March 31, 2021 are as follows.

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 19,20)	Account	Balance at March 31, 2021 (Note 19)
					Millions of yen		Millions of yen
Director	Ronal D. Fisher (T-Mo Fisher LLC)	Owned directly -%	Lending of long-term loans receivable (net of receipt)	13,14 15,17	¥3,868	Long-term loans receivable	¥3,991
			Interest receipt	13,14 15,17	53	Current assets - Other	60
Corporate Officer	Marcelo Claure (CLAURE MOBILE LLC)	Owned directly 0.1%	Lending of long-term loans receivable (net of receipt)	13,14 15,16 18	55,100	Long-term loans receivable	57,016
			Interest receipt	13,14 15,17	759	Current assets - Other	792
Corporate Officer	Rejeev Misra (Brightstart Consultants Limited)	Owned directly 0.1%	Lending of long-term loans receivable (net of receipt)	13,14 15,17	49,099	Long-term loans receivable	51,314
			Interest receipt	13,14 15,17	570	Current assets - Other	768

The terms of transactions and policies

(Notes) 13. 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 Claure 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.

14. 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 for other borrowings with similar period held by SoftBank Group Corp. The maturity date is July 1, 2024 for the loan in June 2020 and September 1, 2024 for the loan 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.

15. Unless the borrowers have received the prior consent of SoftBank Group Corp., 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.
In this case, proceeds from this transfer are not subject to mandatory prepayment, however, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan prior to maturity.

16. Unless the borrowers have received the prior consent of SoftBank Group Corp., the borrower has no ability to pledge T-Mobile shares as collateral.

17. If certain conditions are met such as entering into an intercreditor agreement including SoftBank Group Corp., each borrower can assume additional debts 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, however, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan prior to maturity.

18. CLAURE MOBILE LLC can choose limited recourse and full recourse to Marcelo Claure will be canceled if certain conditions are met, such as the transfer restrictions being lifted without Marcelo Claure being appointed as a director of T-Mobile. In addition, when the limited recourse is selected, SoftBank Group Corp. 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 will be done as follows;

a. 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 obligation 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

b. 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 obligation up to only the proceeds from the transfer of T-Mobile shares.

c. 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 US$150 per share, the transfer price after tax for the portion exceeding $150 per share will belong to SoftBank Group Corp.

19. Consumption taxes are included in the year-end balance, but not included in the transaction amount.
20. The amount is translated by the exchange rate at the time of the transaction.

(Notes relating to per share data)

Shareholders' equity per share	¥2,027.26
Net loss per share	¥741.58

(Other notes)

Equity commitment

Main undrawn commitment as of March 31, 2021

SoftBank Vision Fund L.P. and its alternative investment vehicles	$3.2billion
SB Delta Fund (Jersey) L.P.	$0.6billion
SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles	$13.2billion
SoftBank Latin America Fund L.P.	$2.3billion

(Significant subsequent events)

Retirement of treasury stock

For details, please refer to "Notes to Consolidated Financial Statements (Notes Relating to Significant Subsequent Events)" "1. Retirement of treasury stock".