

Recognition of Valuation Loss on Investments in Consolidated and Affiliated Partnerships (Godo Kaisha) and Provision of Allowance for Doubtful Accounts, etc. in Non-consolidated Financial Results

SoftBank Group Corp. ("SBG") today announced that it recognized a loss of JPY 669,540 million in connection with investment in listed stocks and other instruments by its asset management subsidiary, including a loss on valuation of investments in consolidated and affiliated partnerships (Godo Kaisha) and provision of allowance for doubtful accounts, etc., in its non-consolidated financial results (Japan GAAP) for the fiscal year ended March 31, 2022.

As stated in "2. Impact on SBG's consolidated financial results," there is no incremental impact from recording this loss in the non-consolidated financial results (Japan GAAP) on the consolidated financial results for the fiscal year ended March 31, 2022.

1. Outline of valuation loss on investments in consolidated and affiliated partnerships and provision of allowance for doubtful accounts, etc.

SB Northstar LP ("SB Northstar") is an asset management subsidiary of SBG and has been acquiring and selling listed stocks and other instruments and engaging in derivative and credit transactions related to listed stocks, using surplus funds of SBG. SBG indirectly holds 67% and SBG's Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son indirectly holds 33% of interests in SB Northstar. As of March 31, 2022, SBG had (i) invested in Delaware Project 1 L.L.C., Delaware Project 2 L.L.C. and Delaware Project 3 L.L.C. (collectively the "Delaware Subsidiaries"), from which SB Northstar is funded, through its wholly owned subsidiary Northstar Godo Kaisha, and (ii) directly loaned a total of JPY 1,281,435 million to the Delaware Subsidiaries as entrusted funds. For this entrusted fund, the agreement provides that if the Delaware Subsidiaries have any unfunded repayment obligation to SBG at the end of the fund life of SB Northstar (12 years + 2-year extension), Masayoshi Son will pay his pro rata share of any such unfunded obligations based on his relative ownership percentage.

Since the start of its operation in the second quarter of the fiscal year ended March 31, 2021, SB Northstar has been investing in listed stocks and other instruments to diversify assets held by SBG and to manage surplus funds. This has been done while being firmly committed to SBG's stated financial policies on its loan-to-value (LTV) and cash position. However, SB Northstar has incurred significant investment losses (JPY 249.1 billion in the fiscal year ended

March 31, 2022 and a cumulative total of JPY 746.2 billion since inception) and is scaling down its business to reallocate funds to investments under SoftBank Vision Fund 2, which is currently the primary focus of SBG. Considering these circumstances, in the non-consolidated financial results for the fiscal year ended March 31, 2022 (Japan GAAP), SBG recorded a loss of JPY 39,793 million on valuation of investments in Northstar Godo Kaisha (equivalent to the entire amount of SBG's investment in the company), as well as a provision of allowance for doubtful accounts and others of JPY 629,746 million for the estimated uncollectible loans to the Delaware Subsidiaries (reduced by the estimated amount of compensation and other recoveries).

The JPY 629,746 million provision of allowance for doubtful accounts and others represents the estimated uncollectible amount of JPY 944,619 million for the balance of loans to the Delaware Subsidiaries of JPY 1,281,435 million, less an estimated amount of JPY 314,873 million of compensation to be borne by Masayoshi Son based on the aforementioned agreement. Disclosures in the non-consolidated financial statements have been presented in accordance with the accounting standards for financial instruments, including by offsetting loans and allowance for doubtful accounts with an amount of JPY 97,019 million, which is equivalent to the uncollected amount of interests and other income generated from the loans to date.

2. Impact on SBG's consolidated financial results

In SBG's quarterly IFRS consolidated financial results, investment gains and losses at SB Northstar are included as gains and losses on investment at Investment Business of Holding Companies on the statement of income. Net income attributable to owners of the parent reflects 67% of such investment gain (loss), as the interest of Masayoshi Son and the amount equivalent to the estimated amount of compensation are deducted as non-controlling interests from gain (loss) at SB Northstar. Therefore, there is no incremental impact on SBG's consolidated financial results for the fiscal year ended March 31, 2022 from recording the abovementioned loss on valuation of investments in consolidated and affiliated partnerships and provision of allowance for doubtful accounts and others in its non-consolidated financial results.