

**Recognition of Provision of Allowance for Doubtful Accounts and Loss on Investments in Partnerships in Non-Consolidated Financial Results**

SoftBank Group Corp. ("SBG") announced today that it recognized provision of allowance for doubtful accounts and loss on investments in partnerships in its non-consolidated financial results (Japanese GAAP) for the fiscal year ended March 2023.

As stated in "3. Impact on SBG's consolidated financial results," the majority of these losses are eliminated as intra-group transactions and have no impact on the consolidated financial results (IFRS) for the fiscal year ended March 2023. The remaining losses are included in the consolidated financial results for prior fiscal years and for the fiscal year ended March 2023 in due course, and therefore the recognition of these losses in the non-consolidated financial results has no incremental impact on the consolidated financial results for the fiscal year ended March 2023.

**1. Outline of provision of allowance for doubtful accounts**

For receivables against affiliated companies, SBG recorded provision of allowance for doubtful accounts of JPY 418,666 million as an extraordinary loss in its non-consolidated financial results (Japanese GAAP) for the fiscal year ended March 2023, as a result of an examination of the financial position and operating results of these affiliated companies. The main factors contributing to this loss were provisions of allowance for doubtful accounts related to receivables against Shiodome Project 17 GK ("Shiodome 17"), Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. (collectively, the "Delaware Subsidiaries").

(1) Provision of allowance for doubtful accounts related to receivables against Shiodome 17  
Shiodome 17, a wholly owned subsidiary of SBG, is an intermediate holding company that holds shares of Alibaba Group Holding Limited ("Alibaba"), excluding those held by other subsidiaries that are used for monetization transactions, among others. In September 2022 and March 2023, SBG transferred Alibaba shares to Shiodome 17 in order to improve management efficiency by centralizing the management of Alibaba shares held by the SoftBank Group. The consideration for these transfers was recognized as receivables, and the funds that Shiodome 17 would procure using Alibaba shares were expected to be used for payment. However, mainly due to fluctuations in the Alibaba share price after these transfers, it became increasingly probable that the funds procured using these shares will be less than the consideration for these transfers. Consequently, a provision of allowance for doubtful accounts of JPY 178,788 million was recorded for the estimated uncollectible amount.

(2) Provision of allowance for doubtful accounts related to receivables against the Delaware Subsidiaries

The Delaware Subsidiaries, in which SBG invests two-thirds and SBG's Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son invests one-third, invest in SB Northstar LP ("SB Northstar"), an asset management subsidiary of SBG. SBG entrusts the funds to the Delaware Subsidiaries in the form of loans. For these entrusted funds, after recording a provision of allowance for doubtful accounts in the non-consolidated financial results for the fiscal year ended March 2022 ((iii) in the related disclosure below), a further provision of JPY 117,107 million was recorded for the fiscal year ended March 2023. This was due to an increase in the estimated uncollectible amount (net of the estimated amount of compensation to be borne by Masayoshi Son) resulting from an additional investment loss of JPY 146.2 billion recorded by SB Northstar.

Related disclosure:

- (i) "Recognition of Gain on Sale of Investment Securities in Non-Consolidated Financial Results Following Transfer of Alibaba Common Stock to Subsidiary" dated September 15, 2022
- (ii) "Recognition of Gain on Sale of Investment Securities in Non-Consolidated Financial Results Following Transfer of Alibaba Common Stock to Subsidiary" dated March 30, 2023
- (iii) "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" dated May 12, 2022

## **2. Outline of loss on investments in partnerships**

SBG recorded loss on investments in partnerships of JPY 270,469 million as a non-operating expense in its non-consolidated financial results (Japanese GAAP) for the fiscal year ended March 2023. The loss mainly included a loss on investments in partnerships of JPY 261,099 million related to the financial support provided by SBG to WeWork Inc. ("WeWork"), through an investment partnership in which SBG invests, in accordance with an agreement between SBG and WeWork in October 2019.

## **3. Impact on SBG's consolidated financial results**

The majority of 1 and 2 above are eliminated as intra-group transactions and have no impact on the consolidated financial results (IFRS) for the fiscal year ended March 2023. The remaining losses are included in the consolidated financial results for prior fiscal years and for the fiscal year ended March 2023 in due course, and therefore the recognition of these losses in the non-consolidated financial results has no incremental impact on the consolidated financial results for the fiscal year ended March 2023. Please refer to the "Consolidated Financial Report for the fiscal year ended March 31, 2023" announced by SBG today.