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Provision in electronic format starts on: May 29, 2023

To Our Shareholders:

# The 43rd Annual General Meeting of Shareholders Other Matters Subject to Electronic Provision Measures (Matters Omitted from the Document)

May 29, 2023

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 operations

**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) Whistle-blowing system is 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 whistle-blowers will not be treated disadvantageously for having made reports 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 Board Directors including External Board Directors and the Audit & Supervisory Board Members including External Audit & Supervisory Board members by explaining the results of those audits to the Board of Directors and the Audit & Supervisory Board.

**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 under the Chief Risk Officer (CRO) in order to eliminate or reduce impediments to the sustainable growth of the Group.

(1) Under the Group's Risk Management Policy, SBG determines the following matters, based on the Risk Management Regulations.

- Officers and employees of SBG strive to foresee risks associated with the execution of business and respond to the identified risks, as well as report to superiors and the like.
- Each department appoints a risk manager, who conducts appropriate identification of and response to risks and incidents and reports any identified risks and the status of responses thereto to the Risk Management Office.
- The Risk Management Office identifies and evaluates the risks and incidents of each department and monitors the status of responses thereto. It also provides support and performs checks to ensure appropriate responses at each department. The Risk Management Office reports any material risks and incidents to the Board of Directors and the Group Risk and Compliance Committee.

(2) 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 Group's operations

SBG has formulated the SoftBank Group's Charter to promote fundamental concepts and policies shared throughout the Group 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 Group. A whistle-blowing system 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 through the whistle-blowing system 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) SBG determines the following matters based on the Risk Management Policy and the Group Company Management Regulations.
- Officers and employees of Group companies strive to foresee risks associated with the execution of business and respond to the identified risks, as well as report to superiors and the like.
- Each Group company appoints a risk manager.
- The risk manager of the Group company conducts appropriate identification of and response to risks and incidents of said Group company and reports any identified risks and the status of responses thereto to the Risk Management Office of SBG. The risk manager also provides support and performs checks to ensure appropriate identification of and response to risks and incidents in business units. In addition, the risk manager reports necessary risk information based on the instructions of the Risk Management Officer of SBG in order to conduct risk management across the Group.
- The Risk Management Office of SBG identifies and evaluates the risks and incidents of the Group companies, and monitors the status of responses thereto under the supervision of the CRO. It also reports any material risks and incidents to the Board of Directors and the Group Risk and Compliance Committee.

**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 the Group
(2) Matters related to the compliance system or use of the whistle-blowing system
(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. **Other systems to ensure that the audits by the Audit & Supervisory Board members are conducted effectively**

(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 Group, 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 a whistle-blowing system so that Board Directors and employees of the Group 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 Group's Risk Management Policy, Risk Management Regulations, and the Group Company Management Regulations of the SoftBank Group, each department of SBG and the officers, employees and risk managers of the Group companies conduct appropriate identification of and response to risks and incidents in order to eliminate or reduce impediments to the sustainable growth of the Group. The Risk Management Office of SBG also identifies, evaluates and monitors the risks and incidents of each department and the Group companies. Furthermore, the Risk Management Office reports any material risks and incidents to the Board of Directors and the Group Risk and Compliance Committee.

**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 Group. 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 Group's management system.

**4. Matters concerning internal audits**

Based on the Internal Audit Regulations, the Internal Audit Office 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. The Internal Audit Office also works in cooperation with the Board Directors including External Board Directors and the Audit & Supervisory Board Members including External Audit & Supervisory Board Members by explaining the results of those audits to the Board of Directors and the Audit & Supervisory Board.

**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 Group 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, 2023)

(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, 2022 | 238,772 | 2,634,574 | 496,876 | 4,515,704 | (406,410) |
| Comprehensive income | | | | | |
| Net income | - | - | - | (970,144) | - |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | - | - | - | (970,144) | - |
| Transactions with owners and other transactions | | | | | |
| Cash dividends | - | - | - | (70,327) | - |
| Distribution to owners of other equity instruments | - | - | - | (36,680) | - |
| Redemption and cancellation of other equity instruments | - | - | (82,821) | (21,776) | - |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | 2,633 | - |
| Purchase and disposal of treasury stock | - | - | - | (798) | (1,044,755) |
| Retirement of treasury stock | - | - | - | (1,412,374) | 1,412,374 |
| Changes from loss of control | - | - | - | - | - |
| Changes in interests in subsidiaries | - | 4,899 | - | - | - |
| Changes in associates’ interests in their subsidiaries | - | (5,845) | - | - | - |
| Changes in interests in associates’ capital surplus | - | 21,223 | - | - | - |
| Share-based payment transactions | - | (463) | - | - | - |
| Other | - | (1,598) | - | - | - |
| Total transactions with owners and other transactions | - | 18,216 | (82,821) | (1,539,322) | 367,619 |
| As of March 31, 2023 | 238,772 | 2,652,790 | 414,055 | 2,006,238 | (38,791) |

(Millions of yen)

| | Equity attributable to owners of the parent | | Non-controlling interests | Total equity |
|---|---|---|---|---|
| | Accumulated other comprehensive income | Total | | |
| As of April 1, 2022 | 2,496,158 | 9,975,674 | 1,732,088 | 11,707,762 |
| Comprehensive income | | | | |
| Net income | - | (970,144) | 180,343 | (789,801) |
| Other comprehensive income | 1,263,260 | 1,263,260 | (5,319) | 1,257,941 |
| Total comprehensive income | 1,263,260 | 293,116 | 175,024 | 468,140 |
| Transactions with owners and other transactions | | | | |
| Cash dividends | - | (70,327) | (288,175) | (358,502) |
| Distribution to owners of other equity instruments | - | (36,680) | - | (36,680) |
| Redemption and cancellation of other equity instruments | - | (104,597) | - | (104,597) |
| Transfer of accumulated other comprehensive income to retained earnings | (2,633) | - | - | - |
| Purchase and disposal of treasury stock | - | (1,045,553) | - | (1,045,553) |
| Retirement of treasury stock | - | - | - | - |
| Changes from loss of control | - | - | (5,248) | (5,248) |
| Changes in interests in subsidiaries | - | 4,899 | 27,728 | 32,627 |
| Changes in associates' interests in their subsidiaries | - | (5,845) | - | (5,845) |
| Changes in interests in associates' capital surplus | - | 21,223 | - | 21,223 |
| Share-based payment transactions | - | (463) | 37,116 | 36,653 |
| Other | - | (1,598) | (59,167) | (60,765) |
| Total transactions with owners and other transactions | (2,633) | (1,238,941) | (287,746) | (1,526,687) |
| As of March 31, 2023 | 3,756,785 | 9,029,849 | 1,619,366 | 10,649,215 |

# Non-consolidated Statement of Changes in Equity

(For the fiscal year from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | | |
|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | | Retained earnings | | |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings: Retained earnings brought forward | Total retained earnings |
| Balance as of April 1, 2022 | ¥238,772 | ¥472,079 | ¥472,079 | ¥1,414 | ¥1,960,392 | ¥1,961,806 |
| Changes in items during period | - | - | - | - | - | - |
| Dividends of surplus | - | - | - | - | (70,327) | (70,327) |
| Net income | - | - | - | - | 2,828,995 | 2,828,995 |
| Purchase of treasury shares | - | - | - | - | - | - |
| Disposal of treasury shares | - | - | - | - | (798) | (798) |
| Retirement of treasury shares | - | - | - | - | (1,412,374) | (1,412,374) |
| Net changes in items other than shareholders' equity | - | - | - | - | - | - |
| Total changes in items during period | - | - | - | - | 1,345,495 | 1,345,495 |
| Balance as of March 31, 2023 | ¥238,772 | ¥472,079 | ¥472,079 | ¥1,414 | ¥3,305,887 | ¥3,307,301 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Subscription rights to shares | Total net assets |
|---|---|---|---|---|---|---|---|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | | |
| Balance as of April 1, 2022 | ¥(406,410) | ¥2,266,247 | ¥482,408 | ¥- | ¥482,408 | ¥11,100 | ¥2,759,755 |
| Changes in items during period | - | - | - | - | - | - | - |
| Dividends of surplus | - | (70,327) | - | - | - | - | (70,327) |
| Net income | - | 2,828,995 | - | - | - | - | 2,828,995 |
| Purchase of treasury shares | (1,055,436) | (1,055,436) | - | - | - | - | (1,055,436) |
| Disposal of treasury shares | 10,681 | 9,882 | - | - | - | - | 9,882 |
| Retirement of treasury shares | 1,412,374 | - | - | - | - | - | - |
| Net changes in items other than shareholders' equity | - | - | 896,416 | 367,009 | 1,263,425 | (1,740) | 1,261,685 |
| Total changes in items during period | 367,619 | 1,713,114 | 896,416 | 367,009 | 1,263,425 | (1,740) | 2,974,799 |
| Balance as of March 31, 2023 | ¥(38,791) | ¥3,979,361 | ¥1,378,824 | ¥367,009 | ¥1,745,833 | ¥9,359 | ¥5,734,553 |

## 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 names / Abbreviations | Definition |
|---|---|
| SoftBank Group Corp. | SoftBank Group Corp. (stand-alone basis) |
| The Company | SoftBank Group Corp. and its subsidiaries |
| * Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any. | |
| SB Northstar or the asset management subsidiary | SB Northstar LP |
| SVF1 | SoftBank Vision Fund L.P. and its alternative investment vehicles |
| SVF2 | SoftBank Vision Fund II-2 L.P. |
| SVF2 LLC | SVF II Investment Holdings LLC |
| LatAm Funds | SBLA Latin America Fund LLC |
| SLA LLC | SLA Holdco II LLC |
| SVF | SVF1, SVF2, and LatAm Funds |
| SBIA | SB Investment Advisers (UK) Limited |
| SBGA | SB Global Advisers Limited |
| SBLA | SBLA Advisers Corp. |
| Arm | Arm Limited |
| Fortress | Fortress Investment Group LLC |
| Sprint | Sprint Corporation |
| Alibaba | Alibaba Group Holding Limited |
| WeWork | WeWork Inc. |
| MgmtCo | MASA USA LLC |

Beginning of the fiscal year ended March 31, 2023, the description presented in the names of accounts has been changed as follows:

Consolidated Statement of Financial Position

| Previous | Current |
|---|---|
| Investments from SVF1 and SVF2 accounted for using FVTPL | Investments from SVF (FVTPL) |
| Third-party interests in SVF1 and SVF2 | Third-party interests in SVF |

Consolidated Statement of Profit or Loss

| Previous | Current |
|---|---|
| Loss on investments at SVF1, SVF2, and others | Loss on investments at SoftBank Vision Funds |
| Change in third-party interests in SVF1 and SVF2 | Change in third-party interests in SVF |

2. Scope of consolidation

Number of consolidated subsidiaries: 1,280

Names of main consolidated subsidiaries

SoftBank Group Capital Limited, SoftBank Vision Fund L.P., SoftBank Vision Fund II-2 L.P., SBLA Latin America Fund LLC, SoftBank Corp., Arm Limited

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

| | |
|---|---|
| Skybridge Corporation | Dissolved due to an absorption-type merger |

3. Scope of entities applying equity method

Number of entities applying the equity method: 508

Name of the primary entity applying the equity method

Foxconn Ventures Pte. Ltd., Arm Technology (China) Co., Ltd.

Name of the main entity excluded from the associates accounted for under the equity method and the reason thereof

| | |
|---|---|
| Alibaba Group Holding Limited | As a result of large-scale settlements of prepaid forward contracts by Alibaba shares from August to September, 2022, the Company's voting power against Alibaba fell below 20% and the Company lost significant influence over Alibaba. |

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

| | |
|---|---|
| WeWork Inc. | Investments in associates made by SVF1 and SVF2 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 "Investments in Associates and Joint Ventures."<br><br>In addition, WeWork common stock investments previously accounted for using the equity method continue to be accounted for using the equity method after the transfer to SVF2. |

4. 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 the SoftBank Vision Funds segment" for the details of "Investments from SVF (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 the 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, option contracts and collar transactions in order to manage its exposure to foreign exchange rates, interest rates and share price risks.

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 strategies 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 profit or loss 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.

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 be occurred, any related income included in accumulated other comprehensive income is immediately reclassified 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 in SoftBank business. 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 calculated based on the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(3) Evaluation standards, valuation methodologies, 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 | 20 - 50 years |
| Structures | 4 - 50 years |
| Building fixtures | 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 - 20 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 |
| Customer relationships | 8 - 25 years |
| Technologies | 8 - 20 years |
| Spectrum-related costs | 18 years |
| Management contracts | 6 - 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-related 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, which is assigned to SoftBank Corp, 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 "Leases" 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 “Leases” to leases of intangible assets.

(c) Right-of-use asset

At the commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date; any initial direct costs; and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset; less any lease incentives received.

After the initial measurement, the right-of-use asset is depreciated on a straight-line basis: (a) over the estimated useful life if the transfer of ownership of the underlying asset is certain; or (b) over the shorter of the lease term or the estimated useful life of the leased asset if the transfer of ownership is not certain. The estimated useful life of the right-of-use asset is determined by the same method applied to property, plant and equipment. Further, if the right-of-use asset is impaired, an impairment loss is deducted from the carrying amount of the right-of-use asset.

(d) Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that will be paid over the lease term after that date. In calculating the present value, the interest rate implicit in the lease is used as a discount rate if that rate can be readily determined. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability mainly comprise: fixed payments; lease payments to be made during extension periods, if the lease term reflects the exercise of an option to extend the lease; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the initial measurement, the lease liability is measured at amortized cost using an effective interest method. The lease liability is remeasured if there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the assessment of the possibility of an option to extend or terminate the lease being exercised.

If the lease liability is remeasured, the carrying amount of the right-of-use asset is also adjusted by the amount of the remeasurement of the lease liability. However, if the amount of liability reduced by the remeasurement of the lease liability exceeds the carrying amount of the right-of-use asset, any remaining amount of the remeasurement after reducing the right-of-use asset to zero is recognized in profit or loss.

c. Lessor

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Company allocates the consideration in the contract applying IFRS 15 "Revenue from Contracts with Customers" to lease components and non-lease components of the contract.

(b) Classification of leases

At the commencement of a lease contract, the Company classifies whether the contract is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease. The Company assesses that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred in cases where the lease term is for a 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, asbestos claims liabilities and provisions for loss on contract.

Asbestos claims liabilities are recognized because Fortress acquired and consolidated an entity that holds asbestos claims liabilities and related insurance assets. For the asbestos claims liabilities, the subsidiary estimates future costs for the cases filed alleging injury as a result of exposure to asbestos, and records amounts as deemed necessary.

For provisions for loss on contract, the amount is estimated and recorded as deemed necessary to prepare for future losses incurred in fulfilling contracts with customers.

(8) Revenue recognition

The Company's main accounting policy for revenue recognition is as follows:

<u>SoftBank segment</u>

The SoftBank segment provides mobile services, sales of mobile devices, broadband services and solutions services in Japan, mainly through SoftBank Corp., internet advertising and e-commerce business through Yahoo Japan Corporation and LINE Corporation, and QR code payment services and credit card related services through PayPay Corporation.

a. Consumer business

(a) Mobile services and sales of mobile devices

The Company provides mobile 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 services, sales revenue is mainly generated from basic monthly charges, mobile 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 service contracts directly with subscribers.

In mobile 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 communications services expected to be provided and the corresponding expected consideration.

Basic charges and mobile 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 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.

i. 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 service fees are recognized as revenue over time during the contractual period because the performance obligation of mobile 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 services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

ii. Direct sales

For direct sales, the total amount of transaction prices is allocated to sales of mobile devices and mobile services revenue based on the ratio of their stand-alone selling prices, as the revenues from the sales of mobile devices and mobile services, including related fees, are considered to be one transaction. Discounts on mobile communications charges related to mobile 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 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 services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile services are priced at their observable prices when the mobile devices and mobile 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 service revenues are recognized as revenue over time during the contractual period because the performance obligation of mobile services is to provide a certain amount of data communications monthly to subscribers during the contractual period.

Contract assets are included in “other current assets” in the consolidated statement of financial position.

(b) Broadband services

For broadband services, revenues are mainly generated from basic monthly charges and telecommunications 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 the 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 upon fixed monthly charges plus the fees charged for usage of electricity.

b. Enterprise business

(a) Mobile services and mobile device rental services

Revenues from mobile services mainly consist of revenues from mobile services and other fees. Mobile device rental services are provided on the condition that mobile service contracts are entered into. Consideration arising from these transactions is allocated to lease and other based on the fair value of leased mobile devices and mobile communications services. The fair value is the price at which the mobile devices are sold individually and the price at which the mobile communications services are provided individually. Consideration allocated to other is recognized as revenues based on fixed monthly charges and the fees charged for usage of the network when services are provided to subscribers.

(b) Fixed-line communications services

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.

(c) Business solution and others

Revenues from business solution services and others mainly consist of cloud service fees, security service fees, engineering service fees, managed service fees, Internet of Things service fees, equipment sales service fees, and data center service fees.

Revenues from business solution and others are recognized when products or services are provided to subscribers, representing the point when subscribers have obtained control of the product or service, based upon the consideration receivable from subscribers.

c. 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.

d. Yahoo/LINE business

(a) Media business

The media business mainly comprises planning and sale of internet-based advertising-related services, information listing services, and other corporate services. Revenues in the media business mainly consist of revenues from Yahoo! JAPAN advertising services and LINE advertising services.

i. Yahoo! JAPAN advertising services

Yahoo! JAPAN advertising services consist of paid search advertising, display advertising and other advertising to advertisers.

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.

ii. LINE advertising services

LINE advertising services consist mainly of display advertising, account advertising and other advertising to advertisers.

Revenues from display advertising are recognized upon the fulfilment of certain actions under contracts with advertisers, such as impressions, views, and clicks.

Account advertising mainly comprises LINE Official Accounts and LINE Sponsored Stickers.

Revenues from LINE Official Accounts are recognized over time during the contract period in which the account is available for the registered user.

Revenues from LINE Sponsored Stickers are recognized over time during the contract period.

(b) Commerce business

The commerce business mainly comprises sales of products and planning and providing of services, which are provided via the internet for small to medium-sized businesses and individual customers. Revenues in the commerce business mainly consist of revenues from the sales of goods by ASKUL Group, e-commerce-related services, such as ZOZOTOWN and YAHUOKU!, and membership services, such as Yahoo! Premium.

i. Sales of goods by ASKUL Group

ASKUL Group engages in the business of selling office-related products and other goods. ASKUL Group's major customers are small- and medium-sized companies, as well as individual users. Revenues from the sale of goods 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.

ii. ZOZOTOWN

ZOZO Inc. operates ZOZOTOWN and mainly 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.

iii. YAHUOKU!

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.

iv. Yahoo! Premium

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.

e. Financial business

Revenues in the Financial Business mainly consist of merchant fees from providing QR code payment services and merchant fees from credit-related services. The merchant fees from providing QR code payment services are recognized as revenue at the completion of the settlement, assuming that the merchant has received the payment service at the point of sale of goods or other transactions.

Among the credit card-related services, the merchant fees from providing payment services are recognized as revenue at the time of card usage, where the performance obligation is satisfied. Additionally, fees generated from revolving payments, installment payments, and cash advance services provided to card members are recognized as revenue over the period of interest attributed in accordance with IFRS 9 "Financial Instruments".

<u>Arm segment</u>

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 services contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period (normally two to four 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 impairment relating to the capitalized costs to obtain such contracts.

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, however, exchange differences arising from equity financial assets at FVTOCI 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 on 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 SoftBank Vision Funds segment

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

a. Consolidation of SVF1, SVF2, and LatAm Funds by the Company

SVF1 and SVF2 are limited partnerships established by their respective general partners which are wholly-owned subsidiaries of the Company (SVF2 owns limited liability companies including SVF2 LLC) as its subsidiaries and by their forms of organization, qualify as structured entities. SVF1 and SVF2 are consolidated by the Company for the following reasons.

As of March 31, 2023, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and SBGA receives performance-linked management fees. 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 “Consolidated Financial Statements” over SVF1 and SVF2.

LatAm Funds is a limited liability company in which a wholly-owned subsidiary of the Company invests (LatAm Funds owns limited partnerships and the other forms of entities). LatAm Funds is consolidated by the Company as it holds more than one-half of the voting rights of LatAm Funds.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid, from SVF1, management fees and performance-linked management fees to SBGA paid or to be paid, from SVF2, and management fees, performance-linked management fees, and performance fees to SBGA paid or to be paid, from LatAm Funds are eliminated in consolidation.

b. Portfolio company investments made by SVF1, SVF2, and LatAm Funds

(a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, SVF2, and LatAm Funds, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company’s consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1, SVF2, and LatAm Funds are eliminated in consolidation.

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SVF1, SVF2, and LatAm Funds, 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 the Company when, as defined under IFRS 11 “Joint Arrangements,” SVF1, SVF2, and LatAm Funds 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, SVF2, and LatAm Funds are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28 “Investments in Associates and Joint Ventures” and presented as “Investments from SVF (FVTPL)” in the consolidated statement of financial position.

If the investments in associates and joint ventures that were transferred from SoftBank Group Corp. and its subsidiaries to SVF1, SVF2, or LatAm Funds were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1, SVF2, or LatAm Funds and presented as “Investments accounted for using the equity method” in the consolidated statement of financial position.

Gain and loss on the investments which were recognized in SVF1, SVF2, or LatAm Funds are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as “Income (Loss) on equity method investments” in the consolidated statement of profit or loss.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1, SVF2, and LatAm Funds 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 in SVF1, SVF2, and investors in LatAm Funds, SVF2 LLC and SLA LLC (collectively “SVF Investors”)

(a) Contribution from SVF Investors other than the Company (“Third-Party Investors,” and each a “Third-Party Investor”)

The interests attributable to Third-Party Investors in SVF1, SVF2, and LatAm Funds are classified as financial liabilities, “Third-party interests in SVF” in the consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of Third-Party Investors at the end of the finite life within the constitutional agreements relating to SVF1, SVF2, and LatAm Funds. 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 constitutional agreements in a theoretical liquidation scenario at the end of each quarter.

Third-Party Investor in SVF2 and LatAm Funds is entitled to make full or partial payments of its investment and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC or SLA LLC to the end of company life of SVF2 LLC or SLA LLC, and as of March 31, 2023, the Company has recognized receivables from Third-Party Investor. The receivables are included in “Other financial assets (non-current)” in the consolidated statement of financial position.

“Third-party interests in SVF” fluctuates due to the results of SVF1, SVF2, and LatAm Funds in addition to contributions from Third-Party Investors, and distributions and repayments of investments to Third-Party Investors, respectively. The fluctuations due to the results of SVF1, SVF2, and LatAm Funds are presented as “Change in third-party interests in SVF” in the consolidated statement of profit or loss.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9 “Financial Instruments,” and, therefore, such amount is not recorded in the consolidated statement of financial position.

(b) Contribution from the Company

Contributions to SVF1, SVF2, and LatAm Funds from the Company are eliminated in consolidation.

## (Notes Relating to Changes in Presentation)

1. Consolidated Statement of Financial Position

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, the investments from LatAm Funds, which were included in "Investment securities" and "Other financial assets (non-current)" as of March 31, 2022, are included in "Investments from SVF (FVTPL)" for the fiscal year ended March 31, 2023. In addition, the third-party interests in LatAm Funds, which were included in "Other financial liabilities (non-current)" as of March 31, 2022, are included in "Third-party interests in SVF" for the fiscal year ended March 31, 2023.

"Investments from asset management subsidiaries," "Securities pledged as collateral in asset management subsidiaries," and "Derivative financial assets in asset management subsidiaries," which were separately presented as of March 31, 2022, are included in "Other financial assets (current)" as of March 31, 2023, since the amounts decreased and became insignificant.

2. Consolidated Statement of profit or loss

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, gain and loss on investments at LatAm Funds, which were presented as "Gain on investments at Latin America Funds" in the fiscal year ended March 31, 2022, are included in "Loss on investments at SoftBank Vision Funds" for the fiscal year ended March 31, 2023. In addition, the change in third-party interests in LatAm Funds, which was included in "Other gain" in the fiscal year ended March 31, 2022, is included in "Change in third-party interests in SVF" for the fiscal year ended March 31, 2023.

## (Notes Relating to Accounting Estimates)

1. Fair values of financial instruments
   The Company makes accounting estimates in measurement of fair values of investments from SVF (FVTPL), and investment securities. The details are described in “(1) Evaluation standards and methods for financial instruments” in “4. Summary of significant accounting policies” under “(Basis of Presentation of Consolidated Financial Statements.)”

   In addition, the details are described in "(13) Significant accounting policies for the SoftBank Vision Funds segment" in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and "1. SoftBank Vision Funds business" under "(Notes Relating to Consolidated Statement of Profit or Loss)" for investments from SVF.

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. The details are described in "(1) Evaluation standards and methods for financial instruments" in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)", "2. Gain on investments" under (Notes Relating to Consolidated Statement of Profit or Loss)", and "4. Derivative gain (excluding gain (loss) on investments)" under "(Notes Relating to Consolidated Statement of Profit or Loss.)"

3. Recognition and measurement of impairment losses on goodwill
   The Company makes accounting estimates in the impairment test for goodwill. The details are described in "(5) Accounting treatment of goodwill" in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and “(6) Impairment of property, plant and equipment; right-of-use assets; intangible assets; and goodwill, b. Impairment of goodwill” in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements.)"

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 "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements.)"

5. Measurement of third-party interests in SVF
   The Company makes accounting estimates in measurement of third-party interests in SVF. The details are described in "(13) Significant accounting policies for the Softbank Vision Funds segment" in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)" and “1. Softbank Vision Funds business” under “(Notes Relating to Consolidated Statement of Profit or Loss.)”

6. 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 treatment for income taxes" in "4. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements.)"

7. Recognition of contingent liabilities and expenses
   The Company makes accounting estimates in recognition of contingent liabilities and expenses. The details are described in "5. Contingency" under "(Notes Relating to Consolidated Statement of Financial Position.)"

## (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 | 35 |
| Trade and other receivables | 14,367 |
| Other financial assets (current) | 1,308 |
| Property, plant and equipment | 4,768 |
| Investments accounted for using the equity method | 1,306 |
| Investments from SVF (FVTPL)*1,2 | 1,323,436 |
| Investment securities*3,4,5 | 5,382,849 |
| Other financial assets (non-current) | 6,818 |
| Other non-current assets | 200 |
| Total | 6,735,087 |
| | |
| Secured liabilities: | |
| Interest-bearing debt | |
| Current portion of long-term borrowings*1,2,5 | 139,496 |
| Current portion of financial liabilities relating to sale of shares by prepaid forward contracts*3 | 336,730 |
| Long-term borrowings*1,4,6 | 1,549,767 |
| Financial liabilities relating to sale of shares by prepaid forward contracts*3,5,7 | 3,926,873 |
| Trade and other payables | 426 |
| Other current liabilities | 399 |
| Total | 5,953,691 |

Notes:

1. As of March 31, 2023, certain shares and equity interests held by SVF1 are pledged as collateral for long-term borrowings. The facility agreements for the long-term borrowings include mandatory prepayment clauses, which may be triggered under certain circumstances such as a significant decrease in the fair value of investments that are pledged as collateral and other SVF1 investments that are stipulated in the facility agreements. The creditors would be able to enforce security and dispose of the pledged shares and equity interests if the mandatory prepayment clauses were triggered and SVF1 did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.

   ¥946,893 million of the listed shares held by SVF1 (the carrying amounts of assets as of March 31, 2023), Arm Limited shares (24.99% held by SVF1), which is a subsidiary of the Company, the equity interests of four subsidiaries of SVF1 and the equity interests of one subsidiary of the Company held by SVF1 are pledged as collateral for ¥547,156 million of long-term borrowings and ¥5,526 million of current portion of long-term borrowings as of March 31, 2023. The listed shares pledged as collateral are included within “Investments from SVF (FVTPL)” in the consolidated statement of financial position as of March 31, 2023.

2. As of March 31, 2023, certain listed shares held by SVF2 are pledged as collateral for long-term borrowings. The creditors would be able to enforce security and dispose of the pledged listed shares if SVF2 did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.
   ¥376,543 million of the listed shares held by SVF2 (the carrying amounts of assets as of March 31, 2023) are pledged as collateral for ¥133,530 million of the current portion of long-term borrowings as of March 31, 2023. The listed shares pledged as collateral are included within “Investments from SVF (FVTPL)” in the consolidated statement of financial position as of March 31, 2023.

3. Certain wholly-owned subsidiaries of the Company (“the entities for fund procurement by using Alibaba shares”) procured funds using Alibaba shares by entering into prepaid forward contracts with financial institutions. Based on the contracts, the entities for fund procurement by using Alibaba shares set ¥4,141,336 million of Alibaba shares, which is recognized as “Investment securities” in the consolidated statement of financial position, as collateral for ¥336,730 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥3,486,934 million of financial liabilities relating to sale of shares by prepaid forward contracts.

   In addition to the above, the entities for fund procurement by using Alibaba shares procured $4.1 billion in total by entering into forward contracts for the period on or after April 1, 2023.

4. ¥729,483 million of Deutsche Telekom shares held by the wholly-owned subsidiary of the Company is pledged as collateral for ¥441,326 million of the long-term borrowing as of March 31, 2023. Deutsche Telekom shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2023.

5. ¥479,644 million of T-Mobile shares held by the wholly-owned subsidiary of the Company is pledged as collateral for ¥376,217 million of financial liabilities relating to the sale of shares by prepaid forward contracts as of March 31, 2023. T-Mobile shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2023.

6. 906,289,633 shares out of 1,914,858,070 shares of SoftBank Corp. held by the Company are pledged as collateral for ¥497,416 million of long-term borrowings of a wholly-owned subsidiary of the Company. The borrowings include a cash collateral clause and 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 of the asset pledged as collateral in the event where the early settlement is demanded and the wholly-owned subsidiary of the Company does not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

7. 47,000,000 shares out of 1,914,858,070 shares of SoftBank Corp. held by the Company are pledged as collateral for ¥63,722 million of financial liabilities relating to the sale of shares by prepaid forward contracts by using SoftBank Corp. shares.

   The Company has the option to settle the sale of shares by prepaid forward contracts by delivering cash, SoftBank Corp. shares, or a combination of both cash and SoftBank Corp. shares. The Company granted the right of use to the creditors with respect to SoftBank Corp. shares that are collateralized in accordance with the sale of shares by prepaid forward contracts. However, the collateral can be released by cash settlement at the discretion of the Company. Therefore, SoftBank Corp. continues to be a consolidated subsidiary of the Company.

Other than the above, the following assets are pledged as collateral:

a. SVF2

Mainly the equity interests of subsidiaries of SVF2 were pledged as collateral for ¥636,474 million of current portion of long-term borrowings as of March 31, 2023. The facility agreement for the long-term borrowings includes a margin call provision and a mandatory prepayment clause, which may be triggered under certain circumstances such as a significant decrease in the fair value of investments SVF2 holds. The creditors would be able to enforce security and dispose of the equity interests of subsidiaries of SVF2 if the margin call clause or the mandatory prepayment clause were triggered and SVF2 did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.

b. Arm

For current portion of long-term borrowings of ¥1,126,619 million and interest payable of ¥450 million as of March 31, 2023, under the facility agreement entered into on March 28, 2022 by Kronos I (UK) Limited, a wholly-owned subsidiary of the Company, 75.01% (other than 24.99% held by SVF1) of shares of Arm Limited which is a subsidiary of the Company, all of Kronos I (UK) Limited’s assets except for certain assets specified in the agreement and the equity interests of wholly-owned subsidiaries of the Company which were established for this facility purpose are pledged as collateral. The primary asset held by Kronos I (UK) Limited is a restricted cash of ¥44,055 million as of March 31, 2023.

The facility agreement includes mandatory prepayment provisions for a part or whole loans, which may be triggered under certain circumstances such as sales of Arm shares upon occurrence of a listing and adjusted EBITDA of Arm being lower than the threshold, and an additional cash collateral provision, which may be triggered if a fair value of Arm shares pledged as collateral decreases significantly at designated test date. In addition, Kronos I (UK) Limited is required to reserve an amount equivalent to interest for a certain period in the designated account.

The borrowings of Kronos I (UK) Limited are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

c. Fortress

Based on a term loan agreement of $0.7 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 as of March 31, 2023.

d. Other

¥97,265 million of investment securities are pledged as collateral for financing and exchange settlement by a subsidiary operating banking business as of March 31, 2023. Also, other financial assets (non-current) include ¥125,200 million of margin deposits with central counterparties as of March 31, 2023.

(2) Borrowings related to equity-securities lending contract

The Company entered into a securities lending contract regarding the stocks of a certain subsidiary. As of March 31, 2023, the amount of the cash received as collateral under the contract is recognized as short-term borrowings of ¥20,100 million and included in "Interest-bearing debt (current)" in the consolidated statement of financial position.

(3) 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 of 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 | 731,125 |

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

| | |
|---|---|
| Interest-bearing debt | |
| Current portion of long-term borrowings | 206,823 |
| Long-term borrowings | 420,145 |
| Total | 626,968 |

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 "Leases" is not applied, are as follows:

| | (Millions of yen) |
|---|---|
| Intangible assets | 354,452 |

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

| | |
|---|---|
| Interest-bearing debt | |
| Current portion of long-term borrowings | 114,956 |
| Long-term borrowings | 199,600 |
| Total | 314,556 |

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, 2023, cash and cash equivalents include ¥344,767 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 | 11,774 |
| Other financial assets (current) | 18,025 |
| Other financial assets (non-current) | 186,622 |
| Total | 216,421 |

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

| (Millions of yen) |
|---|
| 2,802,920 |

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

| (Millions of yen) |
|---|
| 791,397 |

5. Contingency

(1) Lending commitments

Lending commitments that the Company provides are as follows:

| | (Millions of yen) |
|---|---|
| Lending commitments | 12,270,942 |
| Funded | 1,050,583 |
| Unfunded | 11,220,359 |

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.

The unfunded balance of the shopping limit and cashing limit does not indicate that the total amount of the balance will be used in the future because customers may use the credit card up to the limit at any time and do not always use the full amount of the limit and the Company may change the limit arbitrarily. Also, maturities for the unfunded lending commitments are within one year because they are payable on demand.

(2) Credit guarantee

Guarantees that the Company provides are as follows:

| | (Millions of yen) |
|---|---|
| Total amount of financial guarantee contract | 196,243 |
| Guarantee balance | 194,625 |

The Company has provided credit support (financial guarantee contract) for $1.43 billion letter of credit facility to WeWork by financial institutions. The total amount of the financial guarantee contract and the guarantee balance are ¥190,948 million as of March 31, 2023. The credit support for letter of credit facility will expire on March, 2025. In the event that the Company fulfills such joint and several liability, the Company will obtain the right of indemnification against WeWork.

As of March 31, 2023, the Company recorded allowance for financial guarantee contract losses of ¥152,365 million under “Other financial liabilities (current)” in the consolidated statement of financial position. Previously, SoftBank Group Corp. provided the credit support for letter of credit facility to WeWork by financial institutions. SVF2 has provided the credit supports as of March 31, 2023.

(3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are a party to a number of currently pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

a. Credit Suisse Litigation

On April 11, 2023, Credit Suisse Virtuoso SICAV-SIF (hereinafter referred to as "Credit Suisse Fund") and Glas Trust Corporation Limited (together with Credit Suisse Fund, hereinafter referred to as "Plaintiffs") filed a claim in the English High Court of Justice against SoftBank Group Corp., SoftBank Vision Fund I and II (together with SoftBank Group Corp., hereinafter referred to as "SoftBank Party"), and Greensill Limited in relation to certain transactions involving supply chain finance firm Greensill Capital (UK) Limited and Greensill Limited, and the US construction company Katerra Inc. (hereinafter referred to as "Katerra"). Plaintiffs allege that SoftBank Party orchestrated restructuring transactions between Greensill Limited and Katerra with respect to notes purchased by Credit Suisse Fund from Greensill Capital (UK) Limited in 2020 that were backed by accounts receivable purchased by Greensill Limited from Katerra, for the purpose of depriving Credit Suisse Fund of these accounts receivables, and as a result, Credit Suisse Fund suffered a loss of $440 million. SoftBank Party believes the allegations raised by Plaintiffs are wholly without merit and intends to vigorously contest the plaintiff's claim.

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 as well as other items, 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, 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. ("NRI") as co-defendants.

In this 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. JPiT made joint and several claims against both SoftBank Corp. and NRI for the alleged damages.

An order to consolidate the lawsuits described in items (a) and (b) above was made on July 29, 2015.

On September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and SoftBank Corp. to pay JPiT ¥10,854 million in damages and delay damages. SoftBank Corp. appealed this judgment to the Tokyo High Court on September 22, 2022. And as of March 31, 2023, SoftBank Corp. recorded a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which offset against the amount allowed under this judgment, in "Provisions (current)" in the consolidated statement of financial position. For the fiscal year ended March 31, 2023, in the consolidated statement of profit or loss, provision for loss relating to litigation of ¥19,176 million was recorded in "Other loss".

6. 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 covenant is as follows:

・The consolidated statement of financial position of the Company at the end of the fiscal year must not show a net capital deficiency.

(2) Financial covenants on interest-bearing debts of SoftBank Corp.
SoftBank Corp.'s interest-bearing debt includes financial covenants and 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 and the major financial covenants are as follows:

a. The amount of net assets in Z Holdings Corporation's statement of financial position at the end of the fiscal year from the second quarter ended September 30, 2020 must not fall below 75% of Z Holdings Corporation's net assets at the same dates during the previous year.

b. The amount of net assets in Z Holdings Corporation's consolidated statement of financial position at the end of the fiscal year and at the end of the second quarter of each year from the second quarter ended September 30, 2020 must not fall below 75% of Z Holdings Corporation's net assets at the same dates during the previous year.

c. The balance sheet of Z Holdings Corporation at the end of the fiscal year from the second quarter ended September 30, 2020, must not show a net capital deficiency.

d. The consolidated statement of financial position of Z Holdings Corporation at the end of the fiscal year and at the end of the second quarter of each year from the second quarter ended September 30, 2020 must not show a net capital deficiency.

e. In Z Holdings Corporation's statement of profit or loss, operating income (loss) or net income (loss) at the end of each fiscal year from the fiscal year ended March 31, 2021, must not result in losses for two consecutive fiscal years.

f. In Z Holdings Corporation's consolidated statement of profit or loss, operating income (loss) or net income (loss) at the end of each fiscal year from the fiscal year ended March 31, 2021, must not result in losses for two consecutive fiscal years.

g. Net leverage ratios[1] of Z Holdings Corporation must not exceed certain respective amounts or numbers at the end of the fiscal year and the end of the second quarter of each year from the second quarter ended September 30, 2020.

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. 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. Interest-bearing debt and cash and cash equivalents are adjusted not to include those of 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 Profit or Loss)

1. SoftBank Vision Funds business

(1) Income and loss arising from the SoftBank Vision Funds business

a. Overview

Income and loss arising from the SoftBank Vision Funds business (income before income tax) represents the net profits of the SoftBank Vision 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, performance-linked management fees, and performance fees, as applicable, that SBIA receives from SVF1 and SBGA receives from SVF2 and LatAm Funds.

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 SVF.”

b. Income and loss arising from the SoftBank Vision Funds business

The components of income and loss arising from the SoftBank Vision Funds business are as follows:

(Millions of yen)

| | Fiscal year ended March 31, 2023 |
|---|---|
| Loss on investments at SoftBank Vision Funds | |
| Loss on investments at SVF1, SVF2, and LatAm Funds | |
| Realized gain on investments*2 | 78,616 |
| Unrealized loss on valuation of investments | |
| Change in valuation for the fiscal year*3 | (4,978,591) |
| Reclassified to realized gain recorded in the past fiscal years*4 | (288,679) |
| Interest and dividend income from investments | 1,512 |
| Derivative gain on investments | 14,537 |
| Effect of foreign exchange translation*5 | (125,853) |
| Subtotal | (5,298,458) |
| Gain on other investments | 18,964 |
| Total loss on investments at SoftBank Vision Funds | (5,279,494) |
| Selling, general and administrative expenses | (65,999) |
| Finance cost (interest expenses) | (81,181) |
| Derivative gain (excluding gain (loss) on investments) | 907 |
| Change in third-party interests in SVF | 1,127,949 |
| Other loss*6 | (10,473) |
| Income and loss arising from the SoftBank Vision Funds business (income before income tax) | (4,308,291) |

Notes:

1. The Latin America Funds segment has been integrated into the SoftBank Vision Funds segment from the three-month period ended June 30, 2022 since LatAm Funds has been managed by SBGA, which manages SVF2.

2. The amount of realized gain and loss on investments is the exit price net of the investment cost. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by share exchange are included.

3. ¥84,962 million of the unrealized gain (net) on valuation arising from shares of the Company's subsidiaries held by SVF1 and SVF2 (mainly Arm and PayPay Corporation) is included in "Loss on investments at SoftBank Vision Funds" (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned income and loss. However, the unrealized gain on valuation is eliminated in consolidation.
   For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. ¥38,116 million of the unrealized loss on valuation arising from WeWork common shares held by SVF2 is included in "Loss on investments at SoftBank Vision Funds" (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned income and loss. However, the unrealized loss on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.
   The unrealized gain and loss on valuation, that are eliminated in consolidation, are not included in "Gain (loss) on investments at SoftBank Vision Funds" in the consolidated statement of profit or loss.

4. It represents the unrealized gain and loss on valuation of investments recorded as "Gain (loss) on investments at Softbank Vision Funds" in the past fiscal years, which are reclassified to "Realized gain on investments" due to the realization for the fiscal year ended March 31, 2023.

5. Unrealized gains and losses on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. "Effect of foreign exchange translation" is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.

6. SVF2 has provided credit support of $1.107 billion since December 2022 and additionally $0.47 billion since February 2023 for the credit facility for WeWork provided by financial institutions. The amount of the credit facility outstanding was reduced to $1.43 billion as of March 31, 2023. ¥37,780 million of provision for allowance for financial guarantee contract losses related to the credit support was recorded in the income and loss arising from the SoftBank Vision Funds business.

(2) Third-party interests in SVF

a. Terms and conditions of contribution from/ distribution to SVF Investors

Contributions by SVF Investors 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 SVF Investors, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance, as applicable, of SVF1, SVF2, and LatAm Funds. The net proceeds from SVF1 and LatAm Funds are also allocated to the performance fees attributed to SBIA and SBGA, respectively, using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to SVF Investors is allocated to each of the SVF Investors based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each of the SVF Investors after each of SVF1, SVF2, and LatAm Funds, as applicable, receive cash through dividend, or disposition or monetization of investments.

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December.
The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 and LatAm Funds are described in “1. Related party transactions regarding a co-investment program with restricted rights to receive distributions” under “Other Notes.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2 and LatAm Funds.

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

(a) Third-party interests in SVF1

Changes in interests attributable to Third-Party Investors in SVF1 (included in “Third-party interests in SVF” in the consolidated statement of financial position) are as follows:

(Millions of yen)

| | Third-party interests in SVF1 (Total of current liabilities and non-current liabilities) | |
|---|---|---|
| | | (Breakdown) |
| As of April 1, 2022 | 5,289,754 | |
| Contributions from Third-Party Investors | 17,857 | |
| Changes in third-party interests | (777,315) | |
| Attributable to investors entitled to fixed distribution | | 167,430 |
| Attributable to investors entitled to performance-based distribution | | (944,745) |
| Distribution/repayment to Third-Party Investors | (544,242) | |
| Exchange differences on translating third-party interests | 484,663 | |
| As of March 31, 2023 | 4,470,717 | |

(b) Third-party interests in SVF2 and receivables

Changes in interests attributable to Third-Party Investor in SVF2 (included in “Third-party interests in SVF” in the consolidated statement of financial position) are as follows: Third-party Investor in SVF2 is the investor entitled to performance-based distribution.

(Millions of yen)

| | Third-party interests in SVF2 (Total of current liabilities and non-current liabilities) |
|---|---|
| As of April 1, 2022 | 270,081 |
| Changes in third-party interests | (291,332) |
| Exchange differences on translating third-party interests | 21,251 |
| As of March 31, 2023 | - |

The Company has receivables from Third-party Investor in SVF2. The changes in the receivables from Third-Party Investor in SVF2 (included in “Other financial assets (non-current)” in the consolidated statements of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “(1) Transactions between SVF2 and related parties” in “1. Related party transactions regarding a co-investment program with restricted rights to receive distributions” under “Other Notes.”

(Millions of yen)

| | Receivables from Third-Party Investor in SVF2 |
|---|---|
| As of April 1, 2022 | 342,663 |
| Increase in receivables from accrued premiums charged to Third-Party Investor | 11,185 |
| Exchange differences on receivables | 31,022 |
| As of March 31, 2023 | 384,870 |

(c) Third-party interests in LatAm Funds and receivables

Changes in interests attributable to Third-Party Investor in LatAm Funds (included in “Third-party interests in SVF” in the consolidated statement of financial position) are as follows: Third-party Investor in LatAm Funds is the investor entitled to performance-based distribution.

(Millions of yen)

| | Third-party interests in LatAm Funds (Total of current liabilities and non-current liabilities) |
|---|---|
| As of April 1, 2022 | 80,663 |
| Changes in third-party interests | (59,302) |
| Exchange differences on translating third-party interests | 7,291 |
| As of March 31, 2023 | 28,652 |

The Company has receivables from Third-party Investor in LatAm Funds. The changes in the receivables from Third-Party Investor in LatAm Funds (included in “Other financial assets (non-current)” in the consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in LatAm Funds are described in “(2) Transactions between LatAm Funds and related parties” in “1. Related party transactions regarding a co-investment program with restricted rights to receive distributions” under “Other Notes.”

(Millions of yen)

| | Receivables from Third-Party Investor in LatAm Funds |
|---|---|
| As of April 1, 2022 | 80,663 |
| Increase in receivables from accrued premiums charged to Third-Party Investor | 2,641 |
| Exchange differences on receivables | 7,302 |
| As of March 31, 2023 | 90,606 |

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of March 31, 2023 was $8.2 billion.

(3) Management fees and performance fees

Terms and conditions of management fees, performance-linked management fees, and performance fees, included in income and loss arising from the SoftBank Vision Funds business, are as follows.

a. Management fees and performance fees in SVF1

Management fees to SBIA from SVF1 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.

Same as the performance-based distributions, the amount of the performance fees to SBIA from SVF1 is calculated using the allocation method as specified in the limited partnership agreement. SBIA is entitled to receive the performance fees when SVF1 receives cash through disposition, dividend and monetization of an investment.

From the inception of SVF1 to March 31, 2023, the cumulative amount of performance fees paid to SBIA was $439 million. The performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance. In April 2023, in accordance with the clawback provisions, the performance fee (net of tax) was distributed to the limited partners.

b. Management fees and performance-linked management fees in SVF2

Management fees to SBGA from SVF2 are, in accordance with the constitutional agreements, calculated by multiplying 0.7% per annum by the acquisition cost of investments and paid to SBGA by SVF2 quarterly.

The amount of the performance-linked management fees to SBGA from SVF2 is determined, based on the investment performance for certain periods specified in the constitutional agreement, according to the agreed principle. SBGA is entitled to receive the performance-linked management fees after certain periods for the investment performance measurement specified in the constitutional agreement provided that there are available cash proceeds through disposition, dividend and monetization of an investment in SVF2.

From the inception of SVF2 to March 31, 2023, no performance-linked management fees were paid to SBGA.

c. Management fees, performance-linked management fees and performance fees in LatAm Funds

Management fees to SBGA from LatAm Funds are, in accordance with the constitutional agreements, calculated based on the acquisition cost of investments and paid to SBGA by LatAm Funds quarterly.
LatAm Funds introduced the performance-linked management fees in July 2022. The amount of the performance-linked management fees to SBGA from LatAm Funds is determined, based on the investment performance for certain periods specified in the constitutional agreement, according to the agreed principle.
SBGA is entitled to receive the performance-linked management fees after certain periods for the investment performance measurement specified in the constitutional agreement provided that there are available cash proceeds through disposition, dividend and monetization of investments in LatAm Funds.
Same as the performance-based distributions, the amount of the performance fees to SBGA from LatAm Funds is calculated using the allocation method as specified in the constitutional agreements. SBGA is entitled to receive the performance fees when LatAm Funds receives cash through disposition, dividend and monetization of an investment.
From the inception of LatAm Funds to March 31, 2023, neither performance fees nor performance-linked management fees were paid to SBGA.

2. Gain on investments

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

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

(Millions of yen)

| | Fiscal year ended March 31, 2023 |
|---|---|
| Gain relating to settlement of prepaid forward contracts using Alibaba shares[1,2] | 4,838,251 |
| Gain relating to sales of T-Mobile shares[3] | 24,842 |
| Realized gain on investments at asset management subsidiaries | (73,950) |
| Unrealized loss on valuation of investments at asset management subsidiaries | (67,122) |
| Derivative gain on investments at asset management subsidiaries | (5,102) |
| Realized gain on investments[1,2] | (237,980) |
| Unrealized loss on valuation of investments[2] | (142,380) |
| Derivative gain on investments[4] | 205,506 |
| Other | 18,435 |
| Total | 4,560,500 |

Notes:

1. The gain was recognized as certain prepaid forward contracts were settled by Alibaba shares. In addition to regular physical settlements, large-scale physical settlements were made by entities for fund procurement by using Alibaba shares for part of prepaid forward contracts from August to September 2022 based on the board resolution in August 2022 (“Physical settlement under the board resolution in August 2022”), and most of them were early termination. During the course of the Physical settlement under the board resolution in August 2022, the Company lost significant influence over Alibaba because the voting power against Alibaba held by the Company decreased to below 20%, and Alibaba ceased to be an equity method associate of the Company. At the same time, Alibaba shares held by the Company as of the date the Company lost significant influence over Alibaba (“remaining Alibaba shares”) were remeasured based on the stock price of that day and were included in “Investment securities” in the consolidated statement of financial position.

As a result of the Physical settlement under the board resolution in August 2022 and the remeasurement of remaining Alibaba shares, ¥584,796 million of gain on settlement of prepaid forward contracts using Alibaba shares and ¥3,996,668 million of gain from remeasurement of remaining Alibaba shares were recognized.

In the schedule above, gain on settlement of prepaid forward contracts using Alibaba shares is divided into "Gain relating to settlement of prepaid forward contracts using Alibaba shares" and "Realized gain (loss) on investments," depending on whether a physical settlement is completed before Alibaba ceases to be an equity method associate of the Company or not, and the gain from remeasurement of Alibaba shares is included in "Gain relating to settlement of prepaid forward contracts using Alibaba shares."

Also, before the Physical settlement under the board resolution in August 2022, certain prepaid forward contracts using Alibaba shares were settled by Alibaba shares and ¥132,157 million of gain on settlement of prepaid forward contracts using Alibaba shares was recognized. The gain is included in "Gain relating to settlement of prepaid forward contracts using Alibaba shares."

2. "Gain relating to settlement of prepaid forward contracts using Alibaba shares" is composed of (1) gain on settlement of prepaid forward contracts using Alibaba shares which a settlement is completed before Alibaba ceases to be an equity method associate of the Company and (2) the effect of the remeasurement of remaining Alibaba shares recorded as of the date when Alibaba ceases to be an equity method associate of the Company. Effects of stock price changes after Alibaba ceases to be an equity method associate of the Company are included in "Realized gain (loss) on investments" or "Unrealized gain (loss) on valuation of investments" rather than "Gain relating to settlement of prepaid forward contracts using Alibaba shares." ¥210,919 million of realized loss on investments and ¥254,356 million of unrealized loss on valuation of investments were recognized related to the remaining Alibaba shares.

3. On April 12, 2022, Deutsche Telekom exercised options to purchase T-Mobile shares granted by the Company to Deutsche Telekom and the Company sold 21,153,145 of T-Mobile shares held by a wholly-owned subsidiary of the Company to Deutsche Telekom. In connection with the exercise, the wholly-owned subsidiary of the Company received $2.40 billion as consideration for the sale of T-Mobile shares. As a result, ¥24,842 million of gain relating to sales of T-Mobile shares was recorded. In addition, "T-Mobile" indicates T-Mobile US, Inc. after merging with Sprint.

   Cumulative gains on T-Mobile shares and the options associated with the transaction are ¥22,528 million. Of this, ¥6,012 million of loss was recorded for the fiscal year ended March 31, 2021, and ¥3,698 million of gain was recorded for the fiscal year ended March 31, 2022.

4. The Company has the right to acquire 48,751,557 shares of T-Mobile for no additional consideration if certain conditions are met due to the merger transaction with Sprint and T-Mobile US, Inc. on April 1, 2020. ¥189,874 million of derivative gain on investments was recorded due to changes in the fair value.

(2) Gain and loss on investments at SoftBank Vision Funds

The details are described in "(1) Income and loss arising from the SoftBank Vision Funds business" under "1. SoftBank Vision Funds business."

3. Finance cost

The components of finance cost are as follows:

| | (Millions of yen) Fiscal year ended March 31, 2023 |
|---|---|
| Interest expenses | (555,902) |

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

Derivative gain of ¥24,933 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The above derivative gain includes ¥790,145 million of derivative gain recorded for the period from July 1 to September 30, 2022 regarding the prepaid forward contracts using Alibaba shares subject to the Physical settlement under the board resolution in August 2022. The details are described in "Note 1" in "(1) Gain on investments at Investment Business of Holding Companies" under "2 Gain on investments."

5. Other loss

The components of other gain and loss are as follows:

| | (Millions of yen) Fiscal year ended March 31, 2023 |
|---|---|
| Interest income | 114,368 |
| Dilution gain from changes in equity interest[*1] | 84,799 |
| Gain on redemption of corporate bonds[*2] | 44,063 |
| Gain on liabilities for short put options over non-controlling interests[*3] | 40,310 |
| Gain relating to loss of control over subsidiaries | 22,872 |
| Provision for allowance for financial guarantee contract losses[*4] | (142,226) |
| Provision for allowance for doubtful accounts[*5] | (110,409) |
| Impairment loss on equity method investments[*6,7] | (67,162) |
| Provision for allowance for loan commitment losses[*8] | (20,444) |
| Provision for loss relating to litigation[*9] | (19,176) |
| Other | 28,867 |
| Total | (24,138) |

Notes:

1. Primarily, the amount is related to the dilution gain arising from changes in Alibaba's equity interest held by the Company, due to the exercise of stock options in Alibaba, before Alibaba ceased to be an equity method associate.

2. The amount is related to foreign-currency-denominated notes purchased by SoftBank Group Corp.

3. The Company recognizes short put options granted to owners of non-controlling interests in subsidiaries of the Company as financial liabilities at fair value through profit or loss. The amount primarily represents the valuation gain or loss due to the fluctuation of fair value in the financial liabilities related to Fortress.

4. ¥142,226 million of the provision for allowance for financial guarantee contract losses related to credit facility for WeWork provided by financial institutions was recorded mainly due to an increase in the credit spread on WeWork's unsecured notes distributed in the market from March 31, 2022. Previously, SoftBank Group Corp. provided the credit support for the credit facility for WeWork provided by financial institutions. SVF2 has provided credit support for $1.107 billion since December 2022 and additionally $0.47 billion since February 2023 for the credit facility for WeWork provided by financial institutions. The amount of credit facility outstanding was reduced to 1.43 billion as of March 31, 2023.

5. ¥77,191 million of the provision for allowance for doubtful accounts related to unsecured notes issued by WeWork (as of March 31, 2023: the face value of $1.65 billion) was recorded as the expected credit losses were higher than the amount recorded as of March 31, 2022 due to an increase in the credit spread for WeWork's unsecured notes distributed in the market.

   In April 2023, the unsecured notes were transferred to SVF2 at fair value and, in May, were exchanged into shares and convertible bonds newly issued by WeWork.

6. ¥31,304 million of the impairment loss was recorded as the carrying amount of equity method investments in DEMAE-CAN CO., LTD. was reduced to the recoverable amount.

7. ¥22,809 million of the impairment loss was recorded as the fair value of WeWork common shares accounted for using the equity method decreased.

8. ¥20,444 million of the provision for allowance for loan commitment losses related to acquiring senior secured notes up to $0.5 billion to be issued by WeWork was recorded. SVF2 became a party to the loan commitment contract related to acquiring the notes instead of a wholly-owned subsidiary of the Company other than SVF, effective from December 2022. In January 2023, SVF2 purchased $0.25 billion of senior secured notes.

   In April 2023, SVF2 purchased an additional $0.05 billion of senior secured notes. In May, the purchased $0.3 billion of senior secured notes were redeemed by WeWork, and the remaining $0.2 billion of unfunded loan commitment for the senior secured notes was canceled. In addition, SVF2 newly entered into a loan commitment contract with WeWork whereby SVF2 is obliged to purchase up to $0.3 billion in the notes to be issued by WeWork.

9. The amount was recorded based on the ruling of the Tokyo District Court delivered on September 9, 2022, related to litigation in which SoftBank Corp. was involved as a party, associated with a project to migrate the communications network connecting 27,000 sites (postal offices, etc.) countrywide to a new network, the 5th PNET. In addition, the case was appealed to the Tokyo High Court on September 22, 2022.

## (Notes Relating to Consolidated Statement of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2023
   Common stocks 1,469,995,230 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 24, 2022 | Common stocks | 36,229 | 22 | March 31, 2022 | June 27, 2022 | Retained earnings |
| Board of Directors' meeting held on October 28, 2022 | Common stocks | 34,098 | 22 | September 30, 2022 | December 9, 2022 | Retained earnings |

   (2) Dividends for which record date is in the fiscal year ended March 31, 2023, 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 21, 2023 | Common stocks | 32,187 | 22 | March 31, 2023 | June 22, 2023 | Retained earnings |

3. Number of shares for stock acquisition rights as of March 31, 2023
   (Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)
   Common stocks 3,493,600 shares

4. Other equity instruments
   On July 19, 2017, the Company issued $2.75 billion of USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes and $1.75 billion of USD-denominated Undated Subordinated Non-Call 10 years Resettable Notes (collectively, the "Hybrid Notes").

   The Hybrid Notes are classified as equity instruments in accordance with IFRSs because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for the distribution of residual assets on liquidation.

   In addition, on October 12, 2022, the Company purchased a portion of the above USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes (the face value of $0.75 billion) and retired them on the same date. The amount of ¥21,776 million reduced from "Retained earnings" as "Redemption and cancellation of other equity instruments" in the consolidated statement of changes in equity is the difference between the issue amount and the purchase amount, including foreign exchange effects.
   The payment of interest was completed on the interest payment dates of July 19, 2022, and January 19, 2023 and the payment of accrued interest for a portion of the Hybrid Notes purchased was completed on October 12, 2022, and "Retained earnings" were decreased by ¥19,723 million, ¥15,440 million, and ¥1,517 million, respectively, as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.
   Also, as of March 31, 2023, accrued interest, which was not recognized as a distribution to owners of other equity instruments because the payment had not yet been determined, was ¥6,418 million.

## (Notes Relating to Financial Instruments)

1. Matters regarding conditions of financial instruments

(1) Financial risk management

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, which were entered into by the Company, are conducted and controlled based on the Company's finance regulations and are limited to the extent of actual demands.

(2) 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, Chinese yuan and Euro currencies.

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

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 interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. In addition, in order to reduce interest rate fluctuation risk, for certain interest-bearing debt with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps converting floating interests into fixed interests. For floating interest rate debt, the Company continuously monitors interest rate fluctuations.

(3) Credit risk

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, which are executed and maintained by the Company, are conducted and controlled based on the Company's finance regulations, and those transactions engaged in are limited to those with financial institutions with high credit ratings in order to reduce the risk.

(4) Liquidity risk

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

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The fair value hierarchy is defined as follows in descending order of level:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized at the point of which the event or change in circumstances that caused the transfer is observed.

Additionally, there was no transfer between Level 1 and Level 2 during the fiscal year ended March 31, 2023.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

(Millions of yen)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Investments from SVF (FVTPL) | 3,373,503 | — | 7,116,219 | 10,489,722 |
| Equity securities (excluding investments from SVF (FVTPL)) | 6,563,457 | — | 459,317 | 7,022,774 |
| Bonds and loans (excluding investments from SVF (FVTPL)) | 4,804 | 162,411 | 83,843 | 251,058 |
| Derivative financial assets | | | | |
| Foreign currency exchange contracts | 987 | 88,752 | — | 89,739 |
| Option contracts | 24 | 472,901 | 857,517 | 1,330,442 |
| Interest rate contracts | — | 100 | — | 100 |
| Other | 1 | — | 1 | 2 |
| Other | 57,257 | 300 | 504,072 | 561,629 |
| Total | 10,000,033 | 724,464 | 9,020,969 | 19,745,466 |
| Financial liabilities | | | | |
| Derivative financial liabilities | | | | |
| Foreign currency exchange contracts | 279 | 10,037 | — | 10,316 |
| Option contracts | — | 107,010 | — | 107,010 |
| Interest rate contracts | — | 2,241 | — | 2,241 |
| Forward contracts | — | 805,039 | — | 805,039 |
| Collar contracts using shares | — | 57,350 | — | 57,350 |
| Other | 7 | — | — | 7 |
| Other | — | — | 24,327 | 24,327 |
| Total | 286 | 981,677 | 24,327 | 1,006,290 |

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Investments from SVF (FVTPL), equity securities, and bonds and loans

Investments from SVF (FVTPL), equity securities, and bonds and loans are measured using quoted prices in active markets for identical assets or liabilities if such prices are available and are classified as Level 1.

If such prices are unavailable, and if prices of recent arm's-length transactions or equity financing are available, they are measured using recent transaction prices adjusting for performance of the market and company performance.

In the absence of a recent transaction, market approach, income approach, or net asset approach is applied for the enterprise valuation.

The market approach is used to the extent comparable guidelines for public companies are available. The market approach is a valuation method using figures from the financial statements of the subject companies and valuation multiple of comparable companies, such as Enterprise Value (EV)/Revenue and EV/EBITDA. The income approach is used when reliable cash flow projections are available. Under this approach, the present value is calculated by discounting estimated future cash flows at the discount rate and the future cash flows are estimated by taking into consideration several assumptions, including the revenue growth rate. The net asset approach is a valuation method using net assets on balance sheet of subject companies for calculation of stock value. The enterprise value which is calculated by the above method is allocated to shareholder's value of each class of shares depending on the capital structures of the investments. For the allocation, an option pricing model, which values each individual security in the capital structure based on its unique rights and preferences, and a method which allocates value assuming the conversion of preferred shares into common shares due to a possible initial public offering and such, are mainly used.

The financial instruments are classified as Level 2 if all significant inputs, such as quoted prices and discount rates used for the measurement are observable, and they are classified as Level 3 when they are measured using significant unobservable inputs.

b. Derivative financial assets and derivative financial liabilities

The fair value of derivative financial instruments is measured using quoted prices in active markets if they are available and classified as Level 1.

If quoted prices in active markets are not available, the fair value of derivative financial instruments is measured using valuation techniques including a discounted cash flows model and Black-Scholes model, or using quoted prices in inactive markets. Derivative financial instruments are classified as Level 2 if all significant inputs, such as foreign currency exchange rates and discount rates used for the measurement, are observable; and they are classified as Level 3 when they are measured using significant unobservable inputs.

(2) Fair value measurements of financial instruments that are categorized as Level 3

a. Valuation techniques and inputs

The following table shows information about the valuation techniques used and the significant unobservable inputs used in the Level 3 fair value measurements.

(a) Investments from SVF (FVTPL)

For Level 3 fair value measurements of investments from SVF (FVTPL), the Company mainly uses the discounted cash flow method, the market comparable company multiple method and price of the recent transactions method. The following table shows the fair value of the investments measured by each valuation technique. When a combination of multiple valuation techniques is applied, aggregated amounts of fair value are presented for each combination of valuation techniques.

(Millions of yen)

| Valuation techniques | Fair value<br>As of March 31, 2023 |
|---|---|
| Discounted cash flow | 2,308,146 |
| Market comparable companies | 2,293,491 |
| Discounted cash flow / Market comparable companies | 1,686,770 |
| Recent Transactions | 526,638 |
| Other | 301,174 |
| Total | 7,116,219 |

The valuation techniques and the inputs are as follows.

| Valuation techniques | Unobservable inputs | Ranges of unobservable inputs<br>As of March 31, 2023 |
|---|---|---|
| Discounted cash flow | Cost of capital | 15.3% - 172.1% |
| | EBITDA multiple [1] | x6.0 - x36.0 |
| | Revenue multiple[1] | x0.9 - x15.0 |
| | Gross profit multiple[1] | x2.0 - x25.0 |
| | Price to earnings ratio[1] | x20.0 - x40.0 |
| | EBIT multiple [1] | x15.0 |
| Market comparable companies | Revenue multiple | x0.3 - x16.4 |
| | EBITDA multiple | x7.0 - x20.0 |
| | Gross profit multiple | x2.0 - x15.0 |
| | Price to earnings ratio | x13.0 - x13.5 |
| | Price to sales ratio | x1.0 - x7.0 |

Note:

1. Various multiples of market comparable companies are used for the measurement of the terminal value.

(b) Financial instruments including “Investment securities”

For Level 3 fair value measurements of financial assets, the price of the market comparable company multiple method, the discounted cash flow method, the recent transactions method, and Monte Carlo method are mainly adopted. The following table shows information about the valuation techniques with unobservable inputs and the significant unobservable inputs used in the fair value measurement.

| Valuation techniques | Unobservable inputs | Ranges of unobservable inputs As of March 31, 2023 |
|---|---|---|
| Equity securities | | |
| Market comparable companies | Revenue multiple | x0.8 - x14.5 |
| Discounted cash flow | Cost of capital | 13.2% - 41.7% |
| | Capitalization rate[2] | 5.2% - 10.9% |
| | Revenue multiple[2] | x3.0 - x4.0 |
| | EBITDA multiple[2] | x12.0 - x20.3 |
| Derivative financial assets | | |
| Monte Carlo simulation | Volatility | 22.5% |

Note:

2. EBITDA multiple of market comparable companies, revenue multiple of market comparable companies, and capitalization rate considering the most recent performance are used for the measurement of the terminal value.

b. Sensitivity Analysis

Of the above unobservable inputs, the EBITDA multiple, the revenue multiple, the gross profit multiple, the price to earnings ratio, EBIT multiple, price to sales ratio and volatilities have a positive correlation with the fair value of financial assets subject to the valuation.

In contrast, the cost of capital and the capitalization rate have a negative correlation with the fair value of financial assets subject to the valuation.

c. Valuation processes

(a) Valuation processes at SVF1, SVF2, and LatAm Funds

The valuations are prepared by the valuation team of SBIA under IFRS 13 “Fair Value Measurement”, in accordance with the SBIA Global Valuation Policy and International Private Equity and Venture Capital Valuation Guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments that are subject to fair value measurement. The valuation team of SBIA may engage external specialists with a high level of knowledge and experience as needed, in determining the fair value of certain complex financial instruments. The valuations are then reviewed by the Valuation and Financial Risk Committee (“VFRC”), established as a committee of SBIA, SBGA, and SBLA. The VFRC reviews the reasonableness of significant inputs and assumptions as well as the valuation results. In addition, the VFRC considers the appropriateness of the choice of valuation methodology. The valuations of the portfolio companies performed by the aforementioned procedures are then reviewed and approved by SBIA’s Board of Directors as manager of SVF1 and SBGA's Board of Directors as manager of SVF 2 and LatAm Funds with overall responsibility for valuations on a quarterly basis.

(b) Valuation processes at entities other than SVF1, SVF2, and LatAm Funds

Fair value is measured by the Company's personnel in the finance, treasury and accounting departments based on internal guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value measurement. For the fair value measurements of the financial instruments that require both high level of knowledge and experiences where amounts are material, the Company may engage external specialists. Thereafter, management responsible for the valuation processes approves the results of fair value measurements by the Company's personnel and the valuation by the external specialists performed at the end of each quarter after reviewing the analysis of fair value changes and other content.

d. Roll forward of financial instruments categorized as Level 3

Roll forward of financial instruments categorized as Level 3 is as follows:

(Millions of yen)

| Financial assets | Investments from SVF (FVTPL) | Equity securities (excluding investments from SVF (FVTPL)) | Bonds and loans (excluding investments from SVF (FVTPL)) | Derivative financial assets | Other |
|---|---|---|---|---|---|
| As of April 1, 2022 | 9,969,250 | 528,635 | 186,299 | 633,553 | 513,562 |
| Gains or (losses) | | | | | |
| Net income | (3,622,977) | (108,019) | (68,572) | 167,984 | (45,991) |
| Other comprehensive income | 906,834 | 30,779 | 14,516 | 55,965 | 28,234 |
| Purchases | 395,769 | 34,705 | 1,580 | — | 62,506 |
| Sales | (119,692) | (11,221) | (49,718) | — | (56,378) |
| Transfers to Level 1 due to listing | (416,823) | (5,986) | — | — | — |
| Other | 3,858 | (9,576) | (262) | 16 | 2,139 |
| As of March 31, 2023 | 7,116,219 | 459,317 | 83,843 | 857,518 | 504,072 |
| Gains or (losses) recognized in net income on financial instruments held at March 31, 2023 | (3,610,537) | (104,445) | (68,811) | 169,956 | (46,303) |

| Financial liabilities | Derivative financial liabilities | Other |
|---|---|---|
| As of April 1, 2022 | 29,816 | 98,432 |
| (Gains) or losses | | |
| Net income | (740) | (40,310) |
| Other comprehensive income | 5,350 | — |
| Other* | (34,426) | (33,795) |
| As of March 31, 2023 | — | 24,327 |
| (Gains) or losses recognized in net income on financial instruments held at March 31, 2023 | (750) | (40,310) |

Gains or losses recognized in net income are included in "Gain on investments at Investment Business of Holding Companies," "Loss on investments at Softbank Vision Funds," "Loss on other investments," "Derivative gain (excluding gain (loss) on investments)," and "Other loss" in the consolidated statement of profit or loss.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

(Millions of yen)

| | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Interest-bearing debt (non-current) | | | | | |
| Long-term borrowings | 4,164,682 | — | 3,003,771 | 1,058,013 | 4,061,784 |
| Corporate bonds | 6,257,455 | — | 5,977,812 | — | 5,977,812 |

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their carrying amounts approximate their fair values.

a. 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 the non-current portion of long-term borrowings are measured using quoted prices in active markets if such prices are available, and the measurement is categorized as Level 1. Where such prices in active markets are not available, fair values of the non-current portion of long-term borrowings are measured based on the discounted cash flow method using observable inputs such as market interest rates, and the measurement is categorized as Level 2. The measurement of the non-current portion of long-term borrowings that the fair values are measured based on the discounted cash flow method using unobservable inputs such as an interest rate including the credit spread that would be used for a borrowing with the same terms and maturity are categorized as Level 3.

(b) Corporate bonds

Fair values of the non-current portion of corporate bonds are mainly categorized as Level 1 or Level 2. When the fair value is measured using quoted prices in active markets for identical bonds, it is categorized as Level 1. When the fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as Level 2.

b. 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 | 900,502 | 900,502 | 900,502 | - |
| Commercial paper | 283,001 | 283,001 | 283,001 | - |
| Long-term borrowings (including current portion) | 7,120,162 | 7,158,208 | 2,972,119 | 1,798,920 |
| Corporate bonds (including current portion) | 6,910,692 | 6,955,860 | 653,864 | 792,863 |
| Financial liabilities relating to sale of shares by prepaid forward contracts | 4,263,603 | 4,408,237 | 337,622 | 3,740,546 |
| Installment payables | 234 | 234 | 97 | 99 |
| Lease liabilities | 836,997 | 836,997 | 184,105 | 117,680 |
| Deposits for banking business* | 1,487,949 | 1,487,987 | 1,472,272 | 5,466 |
| Total | 21,803,140 | 22,031,026 | 6,803,582 | 6,455,574 |

| | 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) | 1,463,590 | 388,087 | 260,616 | 274,876 |
| Corporate bonds (including current portion) | 1,076,326 | 884,739 | 483,179 | 3,064,889 |
| Financial liabilities relating to sale of shares by prepaid forward contracts | 330,069 | - | - | - |
| Installment payables | 38 | - | - | - |
| Lease liabilities | 89,762 | 79,292 | 66,182 | 299,976 |
| Deposits for banking business* | 3,852 | 944 | 1,409 | 4,044 |
| Total | 2,963,637 | 1,353,062 | 811,386 | 3,643,785 |

Note:

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

### (Notes Relating to Revenue Recognition)

(1) Breakdown of net sales

The components of net sales are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2023 |
|---|---|
| SoftBank segment | |
| Consumer business | |
| Service revenues | |
| Mobile communications | 1,502,112 |
| Broadband | 396,745 |
| Electricity | 392,550 |
| Revenues from sales of goods and others | 579,765 |
| Enterprise business | 729,494 |
| Distribution business | 516,188 |
| Yahoo! JAPAN/LINE business | |
| Media | 627,569 |
| Commerce | 819,913 |
| Strategy | 72,476 |
| Other | 13,035 |
| Financial business | 174,135 |
| Other | 129,392 |
| Subtotal | 5,953,374 |
| Arm segment | |
| License revenue | 124,000 |
| Royalty revenue | 241,714 |
| Other | 16,032 |
| Subtotal | 381,746 |
| Other | 235,319 |
| Total | 6,570,439 |

The component of net sales includes ¥148,353 million of revenue arising from other sources than those arising from IFRS 15, such as lease contracts at the SoftBank segment.

(2) Basic information to understand revenue

The details are described in “(8). Revenue recognition” in “4. Summary of significant accounting policies” under “(Basis of Presentation of Consolidated Financial Statements.)”

(3) Information to understand amounts of revenue for the fiscal year ended March 31, 2023 and the following fiscal years

a. Contract balance

The components of contract balances are as follows.

(Millions of yen)

| | As of April 1, 2022 | As of March 31, 2023 |
|---|---|---|
| Receivables arising from contracts with customers | 1,015,459 | 1,102,918 |
| Contract assets | 51,883 | 50,549 |
| Contract liabilities | 265,276 | 335,898 |

Contract assets generally increase when the Company transfers goods or services to a customer (excluding claims for which the right to remuneration is unconditional) before the customer pays the consideration or before the payment becomes due and decrease when the Company bills the customer.

Contract liabilities generally increase when the Company receives consideration from a customer prior to the transfer of goods or services to the customer and decrease when the Company meets its performance obligations.

For the fiscal year ended March 31, 2023, impairment loss on receivables related to revenue from contracts with customers was ¥6,216 million.

Of the amount of net sales recognized for the fiscal year ended March 31, 2023, ¥124,938 million was included in the beginning balance of contract liabilities as of that date.

b. Transaction price allocated to unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2023 is ¥378,510 million.

Of this, the unsatisfied performance obligations of ¥227,023 million as of March 31, 2023 arise primarily from license contracts related to Arm’s technology in the Arm segment and of ¥150,980 million as of March 31, 2023 arise primarily from mobile services and mobile device rental services in the SoftBank segment.

The unsatisfied performance obligations in the Arm segment include performance obligations under a license agreement entered into by Arm and NVIDIA in September 2020 which will be recognized as revenue over a twenty-year period from the execution date. Other than the license agreement of NVIDIA, majority of the unsatisfied performance obligations in the Arm segment are expected to be recognized as revenue within two years.

The unsatisfied performance obligations in the SoftBank segment are expected to be recognized as revenue primarily within three years.

The Company applies practical expedients. Transaction prices of contracts with an original duration of one year or less and transaction prices of contracts in which considerations are received from customers directly corresponding to the volume of service delivered are not included in the transaction prices allocated to the residual performance obligations mentioned above.

### (Notes Relating to per Share Data)

| | |
|---|---|
| Equity per share attributable to owners of the parent* | ¥5,888.94 |
| Basic earnings per share | ¥(652.37) |

Note:

* "Equity per share attributable to owners of the parent" is based on "Equity attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

## (Other Notes)

1. Related party transactions regarding a co-investment program with restricted rights to receive distributions

MgmtCo, which is the investor in SVF2 LLC (a subsidiary of the Company under SVF2) and the investor in SLA LLC (a subsidiary of the Company under the LatAm Funds), is a company controlled by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SoftBank Group Corp., and a related party of the Company. The co-investment program with restricted rights to receive distributions to SVF2 and LatAm Funds has been introduced from the three-month period ended September 30, 2021 for the purpose of enabling Masayoshi Son to make a co-investment in SVF2 and LatAm Funds with the Company, sharing risk of losses as well as benefit of profits in the success of SVF2 and LatAm Funds, and leading to enhanced focus on the management of investments held by them, which in turn is intended to contribute to increases in the Company's earnings. In making a co-investment in SVF2 and LatAm Funds under the terms of the program, MgmtCo both receives the benefit of profits and assumes the risk of losses from SVF2 and LatAm Funds, and MgmtCo's right to receive distributions from its investment is subject to certain restrictions.

Contributions to SVF2 LLC and SLA LLC are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. SVF2 LLC and SLA LLC each have issued Equity entitled to performance based distributions that are allocated to the Company and MgmtCo based on the proportion of their respective contributions. The Company's Equity interest in each of SVF2 LLC and SLA LLC is 82.75%, and MgmtCo's Equity interest in each of SVF2 LLC and SLA LLC is 17.25%. The Company's investment in SVF2 LLC is made through SoftBank Vision Fund II-2 L.P. and its subsidiaries, and its investment in SLA LLC is made through SBLA Latin America Fund LLC and its subsidiaries.

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

(Millions of yen)

| Name of the company or individual | Nature of relationship | Nature of transaction | Fiscal year ended March 31, 2023<br>Amount of transaction | As of March 31, 2023<br>Balance at period end |
|---|---|---|---|---|
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights | Receipt of capital contribution in SVF2 LLC and related adjustments*[1,2] | - | 384,870*[3,4]<br>($2,882 million) |
| | | The premium received on SVF2 LLC's receivables | 11,185*[3]<br>($83 million) | |
| | | MgmtCo's Equity interests in SVF2 LLC*[5,6] | - | - |
| | | Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC)*[7] | | 384,870<br>($2,882 million) |

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

MgmtCo's right to receive distributions from its investment is subject to certain restrictions. Distributions from SVF2 LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SVF2 LLC from realized investments plus the aggregate fair value of all of SVF2 LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SVF2 LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distribution. In the event that, upon the liquidation of SVF2 LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

2. Nature of the Equity contribution by MgmtCo

The Equity interests contributed by the Company and MgmtCo are subordinated to the Preferred Equity contributed separately by the Company to SVF2 LLC. If there is a shortfall in the amount of return of Preferred Equity contributions and the amount of fixed distributions to be received by the Preferred Equity holders at the time of the final profit distribution by SVF2 LLC, then MgmtCo is obligated to pay the shortfall proportional to Equity interests' ratio up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

3. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments
   Balance at period end is the balance of SVF2 LLC's receivables consist of the balance related to receipt of capital contribution, related adjustments and premiums received from MgmtCo, less any decrease in receivables due to offsetting settlement with distributions to MgmtCo.

   The amount of the transaction for "Receipt of capital contribution in SVF2 LLC and related adjustments" at the inception of the program is MgmtCo's Equity Acquisition Amount in SVF2 LLC, which consists of the amount calculated based on MgmtCo's Equity interests of 17.25% in the SVF2's initial acquisition costs of the relevant portfolio companies held by SVF2 LLC and related adjustments calculated based on 17.25% interest in the increase in the portfolio companies' fair value from the initial acquisition costs at SVF2 to June 30, 2021, and the adjustment equivalent to interests for the period from the Company's contribution to SVF2 until June 30, 2021.

   MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time at its discretion from the date it became an investor in SVF2 LLC to the end of the company life of SVF2 LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. "The premium received on SVF2 LLC's receivables" refers to the amount of such premium accrued in the current period. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion on the same terms and conditions as Equity Acquisition Amount.

   Any distributable amount from SVF2 LLC to MgmtCo is offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until the SVF2 LLC's receivables are paid in full.

4. Collateral and other credit protection for receivables
   In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of March 31, 2023, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

5. MgmtCo's Equity interest in SVF2 LLC
   The amount represents SVF2 LLC's net assets attributable to MgmtCo (before deduction of receivables), which is included in "Third-party interests in SVF" in the consolidated statement of financial position.

6. Management fee and performance-linked management fees to be charged to MgmtCo
   The terms of the management fee and performance-linked management fee to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SVF2 LLC.

7. Net balance at period end
   Net balance at period end is the balance of receivables held by SVF2 LLC less MgmtCo's Equity interest in SVF2 LLC.

(2) Transactions between LatAm Funds and related parties

(Millions of yen)

| Name of the company or individual | Nature of relationship | Nature of transaction | Fiscal year ended March 31, 2023<br>Amount of transaction | As of March 31, 2023<br>Balance at period end |
|---|---|---|---|---|
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights | Receipt of capital contribution in SLA LLC and related adjustments*1,2 | - | 90,606*3,4 ($678 million) |
| | | The premium received on SLA LLC's receivables | 2,641*3 ($19 million) | |
| | | MgmtCo's Equity interests in SLA LLC*5,6 | - | 28,652 ($215 million) |
| | | Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC)*7 | | 61,954 ($463 million) |

Notes:

1. Restrictions on rights to receive distributions to MgmtCo
MgmtCo's right to receive distributions from its investment is subject to certain restrictions. Distributions from SLA LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SLA LLC from realized investments plus the aggregate fair value of all of SLA LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SLA LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distribution. In the event that, upon the liquidation of SLA LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

2. Nature of the Equity contribution by MgmtCo
The Equity interests contributed by the Company and MgmtCo are subordinated to the Preferred Equity contributed separately by the Company to SLA LLC. If there is a shortfall in the amount of return of Preferred Equity contributions and the amount of fixed distributions to be received by the Preferred Equity holders at the time of the final profit distribution by SLA LLC, then MgmtCo is obligated to pay the shortfall proportional to Equity interests' ratio up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

3. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments
Balance at period end is the balance of SLA LLC's receivables which consists of the balance related to receipt of capital contribution, related adjustments, and premiums received.

The amount of the transaction for "Receipt of capital contribution in SLA LLC and related adjustments" at the inception of the program is MgmtCo's Equity Acquisition Amount in SLA LLC, which consists of the amount calculated based on MgmtCo's Equity interests of 17.25% in the LatAm Funds' initial acquisition costs of the portfolio companies held by LatAm Funds and related adjustments calculated based on 17.25% interest in the increase in the portfolio companies' fair value from the initial acquisition costs at LatAm Funds to June 30, 2021, and the adjustment equivalent to interests for the period from the Company's contribution to LatAm Funds until June 30, 2021.

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time at its discretion from the date it became an investor in SLA LLC to the end of the company life of SLA LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. "The premium received on SLA LLC's receivables" refers to the amount of such premium accrued in the current period. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion on the same terms and conditions as Equity Acquisition Amount.

Any distributable amounts from SLA LLC to MgmtCo are offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until the SLA LLC's receivables are paid in full.

4. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SLA LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of March 31, 2023, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

5. MgmtCo's Equity interest in SLA LLC

The amount represents SLA LLC's net assets attributable to MgmtCo (before deduction of receivables), which is included in "Third-party interests in SVF" in the consolidated statement of financial position.

6. Management fee, performance-linked management fees and performance fees to be charged to MgmtCo

The terms of the management fee, performance-linked management fees and performance fee to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SLA LLC.

7. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC less MgmtCo's Equity interest in SLA LLC.

2. 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").

In the event that the Company forms SPACs as a sponsor, the Company acquires shares and, if applicable, warrants of SPACs as consideration for funds invested by the Company in SPACs. Since the Company has control over the SPACs from inception until its merger with a target company, the SPACs are consolidated as subsidiaries. Investments in SPACs by the Company as a sponsor are eliminated in consolidation.

The amount of ownership interests held by investors other than the Company as a sponsor ("Public Market Investors") includes 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 the 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.

Non-controlling interests subject to possible redemption are included in and presented as "Other financial liabilities (current)" and classified as "financial liabilities measured at amortized cost" in the consolidated statement of financial position.

The proceeds received from 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 the completion of the initial merger or redemption to Public Market Investors and are invested only in certain financial assets that are highly liquid.

For the fiscal year ended March 31, 2021, the Company has formed, as a sponsor, 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.

For the fiscal year ended March 31, 2022, 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.

For the fiscal year ended March 31, 2023, a SPAC sponsored by SB Investment Advisers (US) Inc.* completed a merger with a target company and that SPAC was excluded from the scope of consolidation due to loss of control.

Furthermore, for the fiscal year ended March 31, 2023, six SPACs sponsored by the Company ceased all operations as those SPACs were unable to complete a merger. As a result, the proceeds received from Public Market Investors held in trust accounts were fully withdrawn for redemption to the Public Market Investors.
As of March 31, 2023, the carrying amounts of trust accounts in SPACs in "Other financial assets (current)" and non-controlling interests subject to possible redemption in "Other financial liabilities (current)" in the consolidated statement of financial position are nil.

Note:
* SB Investment Advisers (US) Inc. is a wholly-owned subsidiary of the Company and provides investment advices to SBIA.

Notes to Non-consolidated Financial Statements

**(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 | |
| Except for Stocks and others without market quotations: | Stated at fair value (unrealized gain/loss is reported as a separate component of equity, net of tax; cost of sales is determined by the moving-average method) |
| Stocks and others 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<br>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 subsidiaries and affiliated companies) is calculated based on past credit loss experience. Individual allowances for doubtful accounts deemed to be uncollectible and receivables from subsidiaries and affiliated companies are calculated based on the collectability of the account.

(2) 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

a. Currency swaps

(a) <Hedge accounting>

Deferral hedge accounting

(b) <Derivative instruments for hedging and hedged items>

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

(c) <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.

(d) <Effectiveness of hedge transactions>

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

b. Prepaid forward contracts using shares

(a) <Hedge accounting>

Deferred hedge accounting

(b) <Derivative instruments for hedging and hedged items>

| | |
|---|---|
| Derivative instruments for hedging: | Prepaid forward contracts using shares |
| Hedged items: | Available-for-sale securities |

(c) <Hedging policy>

In accordance with SoftBank Group Corp.'s policy, SoftBank Group Corp. uses prepaid forward contracts using shares to hedge the risk of exposures to market fluctuations.

(d) <Effectiveness of hedge transactions>

The effectiveness of hedge transactions is assessed by confirming that there is a high correlation between the variability of market fluctuation of hedged items and the variability of market fluctuation of hedge instruments.

**(Notes on changes in presentation)**

1. Balance Sheet

"Accounts receivable - other", which was included in "Other" in current assets in the previous fiscal year, is presented separately in the current fiscal year, since the amount increased and became significant. In addition, "Accounts receivable - other" in the previous fiscal year was ¥12,387 million.

2. Statement of Profit or Loss

"Gain on redemption of bonds" which was included in "Other" in non-operating income in the previous fiscal year, is presented separately in the current fiscal year, since the amount increased and became significant. In addition, "Gain on redemption of bonds" in the previous fiscal year was ¥168 million.

**(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 stocks and other 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, ¥164 million of loss on valuation of investment securities, ¥97,955 million of losses on valuation of investment in subsidiaries and affiliated companies and ¥201,230 million of losses on valuation of investments in consolidated and affiliated Godo Kaisha (Japanese LLC) and partnerships 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. As of the end of the current fiscal year, provision of allowance for doubtful accounts of ¥71,573 million was recorded as non-operating expenses and ¥418,666 million as extraordinary losses, mainly as a result of individual calculations of estimated doubtful accounts for receivables from subsidiaries and affiliated companies, taking into account their individual financial conditions and operating results. In addition, a partnership loss was recorded as a result of the calculation of the estimated bad debt amounts of claims (including guarantees) to subsidiaries and affiliated companies held by the partnership in which SoftBank Group Corp. has invested. Mainly as a result of these losses, loss on investments in partnerships of ¥270,469 million was recorded for the fiscal year.

   The allowance for doubtful accounts amounted to ¥1,061,788 million at the end of the fiscal year, and its main contents are as follows.

   SoftBank Group Corp. has loaned ¥1,146,345 million to three intermediate holding companies, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. (hereafter "Delaware subsidiaries".) Delaware subsidiaries invest in asset management subsidiary, SB Northstar LP, (hereafter "SB Northstar") that use surplus funds of SoftBank Group Corp. to acquire and sell listed stocks and other instruments and engages in derivatives and credit transactions related to listed stocks. For this loan as investment trust fund, provision of allowance for doubtful accounts was recorded in the previous fiscal year, and the estimated amount of bad debt amount was calculated by reducing the estimated amount of disposal value of assets held by SB Northstar, of which listed investment securities that are measured at observable market value and bonds that are measured at recoverable amounts based on their financial profile and the estimated amount of burden by Masayoshi Son, Son Asset Management, LLC and Son Wealth Management Inc against the amount of loans receivable.

   In addition, Masayoshi Son and Son Assets Management, LLC are a major shareholder of SoftBank Group Corp. and are deemed to have sufficient holdings to guarantee and indemnity. The details are described in "The terms of transactions and policies (Notes)1" in "2. Directors and major individual shareholders" under "Notes relating to Related-Party Transactions with SoftBank Group Corp."

   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. The details are described in "(1) Allowance for doubtful accounts" in "3. Accounting principles for allowances and provisions" under "(Significant accounting policies.)"

**(Notes relating to Balance Sheet)**

| | Millions of yen |
|---|---|
| 1. Accumulated depreciation of property and equipment | ¥1,837 |

2. Guarantee obligation

| Guarantee (Nature of guarantee obligation) | Millions of yen |
|---|---|
| [Guarantee obligation]<br>SoftBank Group Capital Limited<br>(Lease contract of office space) | ¥1,037 |
| Subtotal | 1,037 |
| [Acts similar to guarantees]<br>Fund procurement subsidiaries<br>(Payment guarantee of transaction-related expenses) | 1,249 |
| Subtotal | 1,249 |
| Total | ¥2,286 |

3. Contingency
   The details are described in "(3) Litigation, a. Credit Suisse Litigation" in "5. Contingency" in "(Notes Relating to Consolidated Statement of Financial Position)" under "Notes to Consolidated Financial Statements."

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

| | Millions of yen |
|---|---|
| Short-term monetary receivables | ¥2,615,613 |
| Long-term monetary receivables | 1,679,114 |
| Short-term monetary payables | 8,689,653 |
| Long-term monetary payables | 1,509,024 |

5. Monetary receivables from and payables to directors and audit & supervisory board members

| | Millions of yen |
|---|---|
| Monetary receivables | ¥5,622 |

6. Securities lending
   SoftBank Group Corp. lends securities under securities lending agreements. ¥873,756 million of “investment securities” are provided for lending.

**(Notes relating to Statement of Profit or Loss)**

1. Transactions with subsidiaries and affiliated companies

| | Millions of yen |
|---|---|
| Operating revenue | ¥657,112 |
| Operating expenses | 13,876 |
| Non-operating transactions | 7,209,134 |
| Sales of investment securities | 6,899,089 |
| Acquisition of investment securities | 12,586 |

2. Provision of allowance for doubtful accounts
   SoftBank Group Corp. recorded an extraordinary loss of ¥418,666 million in “provision of allowance for doubtful accounts” with respect to receivables from subsidiaries and affiliated companies. The details are described in "2. Valuation of receivables" under "(Notes on accounting estimates.)"

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

Class and number of treasury stocks as of March 31, 2023

| | |
|---|---|
| Number of common stocks | 6,947,599 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 | ¥810,898 |
| Tax loss carryforwards | 657,404 |
| Allowance for doubtful account | 378,838 |
| Foreign exchange loss | 23,630 |
| Deferred assets | 9,079 |
| Others | 50,265 |
| Gross deferred tax assets | 1,930,115 |
| Less: valuation allowance on deductible temporary differences | (1,085,908) |
| Less: valuation allowance on loss carryforwards | (657,404) |
| Total valuation allowance | (1,743,312) |
| Total deferred tax assets | 186,803 |

| Deferred tax liabilities | Millions of yen |
|---|---|
| Deferred taxable gain on the sale of investment securities to a wholly-owned subsidiary under Japanese group taxation regime | (867,576) |
| Valuation difference on available-for-sale securities | (607,702) |
| Investments in subsidiaries and affiliated companies | (186,803) |
| Deferred gains or losses on hedges | (161,975) |
| Gain on sales of specified foreign subsidiary company | (34,778) |
| Others | (4,167) |
| Total deferred tax liabilities | (1,863,000) |
| Net deferred tax liabilities | ¥(1,676,197) |

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

1. Subsidiaries and associates

| Category | Name | Voting rights (%) (Note 1) | Nature of transaction | Note | Amount of transaction | Account | Balance at March 31, 2023 (Notes 12) |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Subsidiary | Shiodome Project 17 GK | Direct 100% | Sales of investment securities | 3 | ¥3,508,267 | Accounts receivable - other (Note 9) | ¥1,342,815 |
| | | | Capital contribution | | 2,071 | | |
| Subsidiary | SoftBank Group Japan Corporation | Direct 100% | Borrowing of short-term loans payable (Net of repayment) | | 1,317,471 | Short-term loans payable | 1,317,471 |
| | | | Repayment of long-term loans payable (Net of borrowing) | | 1,204,281 | Long-term loans payable | 500,000 |
| | | | Interest payment | 4 | 16,742 | Accrued expenses | 1,528 |
| | | | Capital reduction | | 318,301 | | |
| | | | Dividend receipt | | 44,141 | | |
| Subsidiary | Shiodome Project 9 GK | Direct 100% | Repayment of long-term loans payable (Net of borrowing) | | 1,445,719 | Long-term loans payable | 987,909 |
| | | | Interest payment | 4 | 5,841 | Accrued expenses | - |
| | | | Capital contribution | | 380,314 | | |
| | | | Capital reduction | | 506,175 | | |
| | | | Dividend receipt | | 318,206 | | |
| Subsidiary | Skywalk Finance GK | Direct 100.0% Indirect 0.0% | Repayment of long-term loans payable | | 790,399 | Current portion of long-term loans payable | - |
| | | | Interest payment | 4 | 14,670 | Accrued expenses | - |
| | | | Capital reduction | | 424,170 | | |
| Subsidiary | Skybridge LLC | Direct 100% | Borrowing of long-term loans payable | 5 | 2,233,354 | Current portion of long-term loans payable | 2,187,485 |
| | | | Receipt of proceeds from settlement of derivatives transactions | 5 | 1,129,579 | Accounts receivable - other | 1,106,379 |
| | | | Derivative transactions | 5 | 182,501 | Current assets - Other | 159,268 |
| | | | Loans of investment securities | 5 | 858,844 | Investment securities | 873,756 |
| | | | Capital contribution | 5 | 14,445 | | |
| Subsidiary | Valiant I 2022 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 850,002 | | |

| Category | Name | Voting rights (%) (Note 1) | Nature of transaction | Note | Amount of transaction | Account | Balance at March 31, 2023 (Notes 12) |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Subsidiary | SoftBank Group Capital Limited | Direct 100% | Repayment of short - term loans payable (Net of borrowing)<br>Borrowing of long-term loans payable<br>Interest payment<br>Payment of refinance-related expenses<br>Dividend receipt | <br><br>4<br>6<br> | ¥155,544<br>191,352<br>182,038<br>2,375<br>288,680 | Short-term loans payable<br>Current portion of long-term loans payable<br>Accrued expenses | ¥3,728,059<br>1,135,005<br>458 |
| Subsidiary | Valiant II 2022 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 725,317 | | |
| Subsidiary | SoftBank Vision Fund II-2 L.P. | - (Note 2) | Capital contribution<br>Dividend receipt | | 415,952<br>136,704 | | |
| Subsidiary | Nova 2021 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 337,428 | | |
| Subsidiary | Abydos 2021 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 321,538 | | |
| Subsidiary | Corinth I 2021 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 245,897 | | |
| Subsidiary | Gawain I 2022 Holdings Limited | Indirect 100% | Sales of investment securities | 3 | 245,897 | | |
| Subsidiary | West Raptor Holdings, LLC | Indirect 100% | Repayment of short - term loans payable (Net of borrowing)<br>Repayment of long - term loans payable (Net of borrowing)<br>Interest payment | <br><br>4 | 225,851<br>3,680<br>16,184 | Short-term loans payable<br>Current portion of long-term loans payable<br>Accrued expenses | -<br>-<br>- |
| Subsidiary | Delaware Project 1 L.L.C | Indirect 66.7% | Receipts of long-term loans receivable (Net of lending)<br>Interest receipt | <br>7 | 25,346<br>649 | Long-term loans receivable (Note 10)<br>Current assets - Other | 382,115<br>- |
| Subsidiary | Delaware Project 2 L.L.C | Indirect 66.7% | Receipts of long-term loans receivable (Net of lending)<br>Interest receipt | <br>7 | 25,346<br>649 | Long-term loans receivable (Note 10)<br>Current assets - Other | 382,115<br>- |
| Subsidiary | Delaware Project 3 L.L.C | Indirect 66.7% | Receipts of long-term loans receivable (Net of lending)<br>Interest receipt | <br>7 | 25,346<br>649 | Long-term loans receivable (Note 10)<br>Current assets - Other | 382,115<br>- |

<table>
<tr><th rowspan="2">Category</th><th rowspan="2">Name</th><th rowspan="2">Voting rights (%) (Note 1)</th><th rowspan="2">Nature of transaction</th><th rowspan="2">Note</th><th>Amount of transaction</th><th rowspan="2">Account</th><th>Balance at March 31, 2023 (Notes 12)</th></tr>
<tr><th>Millions of yen</th><th>Millions of yen</th></tr>
<tr><td rowspan="2">Subsidiary</td><td rowspan="2">SIP Lender (UK) Limited</td><td rowspan="2">Direct 100%</td><td>Lending of long-term loan receivable (Net of receipt)</td><td></td><td>¥7,114</td><td>Long-term loans receivable (Note 11)</td><td>¥331,000</td></tr>
<tr><td>Interest receipt</td><td>7</td><td>14,062</td><td>Current assets - Other</td><td>-</td></tr>
<tr><td>Subsidiary</td><td>SB Group US, Inc.</td><td>Indirect 100%</td><td>Payment of business consignment expenses</td><td>8</td><td>6,654</td><td>Accounts payable - other</td><td>6,300</td></tr>
</table>

The terms of transactions and the policies

(Notes) 1. For Godo Kaisha, this column represents the ratio of investment amount to total capital and capital surplus.

2. The commitment ratio of Softbank Group Corp. is 100% of total committed capital contribution.
3. SoftBank Group Corp. sold shares of Alibaba Group Holding Limited to Shiodome Project 17 GK and fund procurement subsidiaries The sale price of the securities was determined based on the market price immediately prior to the sale. A total of ¥5,528,455 million in gain on sales of investment securities of such shares and a total of ¥231,199 million in gain on sales of investments in subsidiaries and affiliated companies were recorded.
4. The interest rates for borrowings from related parties are determined in reference to market interest rates.
5. On March 1, 2023, SoftBank Group Corp. merged with Skybridge Corporation, a wholly owned subsidiary of SoftBank Group Corp. As a result of the merger, SoftBank Group Corp. assumed the rights and obligations from Skybridge Corporation to Skybridge LLC, a wholly owned subsidiary of Skybridge Corporation.
   The transaction amount shows the amount assumed.
6. The payment of refinancing-related expenses is determined by negotiation, with reference to market conditions.
7. The interest rates for loans to related parties are determined in reference to market interest rates.
8. The terms of transactions are determined similarly to ordinary transactions through negotiation.
9. ¥178,788 million was recorded as allowance for doubtful accounts for accounts receivable-other. The same amount of provision of allowance for doubtful accounts was recorded as an extraordinary loss in the current fiscal year.
10. A total of ¥649,833 million was recorded as allowance for doubtful accounts for long-term loans receivable from Delaware subsidiaries totaling ¥1,146,345 million. In addition, a total of ¥117,107 million of provision of allowance for doubtful accounts was recorded as an extraordinary loss in the current fiscal year.
11. ¥122,771 million was recorded as allowance for doubtful accounts for long-term loans receivable. The same amount of provision of allowance for doubtful accounts was recorded as an extraordinary loss in the current fiscal year.
12. The foreign currency-denominated balance is translated at the exchange rate (USD 1=JPY 133.53) as of March 31, 2023.

2. Directors and major individual shareholders

On August 31, 2022, Rajeev Misra resigned from his positions as the Corporate Officer, Executive Vice President of SoftBank Group Corp. Although he is no longer a related party of SoftBank Group Corp. after the date of resignation, the tables show the transactions amount from the time of resignation to the time when the outstanding balance at the time of resignation were settled, in addition to the period during which he was a related party, and the year-end balance of such transactions in the current fiscal year.

| Category | Name | Voting rights (%) | Nature of transaction | Note | Amount of transaction | Account | Balance at March 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Director and shareholder (Individual) | Masayoshi Son (Son Assets Management, LLC and one other company) | Owned directly 29.2% | Liabilities guarantee agreement | 1,2 | - | | |

The terms of transactions and policies

(Notes) 1. For obligations to SoftBank Group Corp. (including monetary liabilities, stocks and securities borrowings, as well as other guarantee obligations and compensation) of Delaware subsidiaries, SB Northstar and their subsidiaries (hereafter, “guaranteed subsidiaries”) up until November 10, 2020, Masayoshi Son, Son Assets Management, LLC and Son Wealth Management Inc 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, Son Assets Management, LLC and Son Wealth Management Inc 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.

2. 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, Son Assets Management, LLC and Son Wealth Management Inc in Delaware subsidiaries at fair value. If SoftBank Group Corp. exercises the call option, SoftBank Group Corp. will negotiate with Masayoshi Son, Son Assets Management, LLC and Son Wealth Management Inc 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

Regarding the incentive program approved in April and July 2018, the transaction amounts and balance at period end between SoftBank Group Corp. and the related parties for the year ended March 31, 2023 are as follows.

| Category | Name | Voting rights (%) | Nature of transaction | Note | Amount of transaction | Account | Balance at March 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Director | Yoshimitsu Goto | Owned directly 0.0% | Receipts of long-term loans receivable | 3 | ¥5,554 | Short-term loans receivable | - |
| | | | Interest receipt | 3 | 50 | Current assets - Other | - |
| | | | Repayment of long-term loans payable | 3 | 900 | Current portion of long-term loans payable | - |
| | | | Interest payment | 3 | 8 | Accrued expenses | - |
| Director | Ken Miyauchi | Owned directly 0.1% | Lending of long-term loans receivable | 3,5,6 | - | Short-term loans receivable | 5,555 |
| | | | Interest receipt | 3,5,6 | 80 | Current assets - Other | 67 |
| Former Corporate Officer | Rajeev Misra | Owned - | Receipts of long-term loans receivable | 4 | 10,992 | Long-term loans receivable | - |
| | | | Interest receipt | 4 | 187 | Current assets - Other | - |

The terms of transactions and policies

(Notes) 3. 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.

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.

5. The following assets of the borrower were pledged as collateral in the transactions.
Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares.
Also, when default occurs, SoftBank Group Corp. is entitled to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

6. Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and the rights to receive future cash compensation for the borrowers, as repayment of the loan, from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Representative Director of SoftBank Group Corp.

(2) Incentive plan in February 2020

Regarding the incentive program approved in February 2020, the transaction amounts and balance at period end between SoftBank Group Corp. and the related parties for the year ended March 31, 2023 are as follows.

| Category | Name | Voting rights (%) | Nature of transaction | Note | Amount of transaction | Account | Balance at March 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Former Corporate Officer | Rajeev Misra (Giantstep Holdings Limited) | Owned - | Receipt of long-term loans receivable | 7 | ¥1,066 | Long-term loans receivable | - |
| | | | Interest receipt | 7 | 0 | Investments and other assets - Other assets | - |

The terms of transactions and policies

(Notes) 7. 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.

(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, 2023 are as follows.

| Category | Name | Voting rights (%) | Nature of transaction | Note | Amount of transaction (Note 9) | Account | Balance at March 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | | | | Millions of yen | | Millions of yen |
| Former Corporate Officer | Rejeev Misra (Brightstart Consultants Limited) | Owned - | Receipt of long-term loans receivable | 8 | ¥59,012 | Long-term loans receivable | - |
| | | | Interest receipt | 8 | 325 | Investments and other assets - Other assets | - |

The terms of transactions and policies

(Notes) 8. 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. On April 4, 2022, SoftBank Group Corp. and Brightstart Consultants Limited, entered into an amended agreement regarding the loan interest rate. The amended loan interest rate will be the higher of 1.93% or HMRC Official Rate for each year. Furthermore, on April 5, 2022, SoftBank Group Corp. loaned $11 million to Brightstart Consultants Limited at the same loan interest rate mentioned above. These loans were fully repaid by the end of the current fiscal year.

9. The amount is translated by the exchange rate at the time of the transaction.

**(Notes relating to per share data)**

| | |
|---|---|
| Shareholders’ equity per share | ¥3,913.20 |
| Net income per share | ¥1,834.06 |

**(Other notes)**

1. Business Combinations and Related Matters

Absorption-type Merger of Subsidiary (Skybridge Corporation)

SoftBank Group Corp. merged its wholly owned subsidiary Skybridge Corporation in an absorption-type of merger (hereafter the “Merger”) as of March 1, 2023.

(1) Outline of Transaction

a. Name of the combined entity and its business

| | Surviving Company | Dissolving Company |
|---|---|---|
| ①Trade name | SoftBank Group Corp. | Skybridge Corporation |
| ②Nature of business | Pure holding company | Holding company |

b. Date of the Merger

March 1, 2023

c. Merger method

Absorption-type merger with SoftBank Group Corp. being the surviving company.

d. Name of company after combination

SoftBank Group Corp.

e. Other Matters Related to Outline of Transactions

SoftBank Group Corp. decided on the Merger to achieve greater efficiency in its group operations.

(2) Summary of Accounting Procedures Performed

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction under common control. In connection with the Merger, loss on extinguishment of tie-in shares of ¥118,808 million was recorded as an extraordinary loss.

2. Investment commitment to funds

Main undrawn commitment as of March 31, 2023

| | |
|---|---|
| SoftBank Vision Fund L.P. and its alternative investment vehicles | $2.7 billion |
| SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles | $5.2 billion |
| SBLA Latin America Fund LLC | $0.3 billion |

On May 10, SoftBank Group Corp. entered into an additional commitment agreement of $4 billion for SoftBank Vision Fund II-2 L.P.