OFFERING MEMORANDUM

STRICTLY CONFIDENTIAL
NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA OR TO U.S. PERSONS

SoftBank Group Corp.

\$550,000,000 3 1⁄8% Senior Notes due 2025	**€750,000,000 2 1⁄8% Senior Notes due 2024**
\$800,000,000 4% Senior Notes due 2026	**€800,000,000 2 7⁄8% Senior Notes due 2027**
\$1,000,000,000 4 5⁄8% Senior Notes due 2028	**€800,000,000 3 3⁄8% Senior Notes due 2029**
\$1,500,000,000 5 1⁄4% Senior Notes due 2031	**€600,000,000 3 7⁄8% Senior Notes due 2032**

SoftBank Group Corp. (the "Company") is offering \$550,000,000 aggregate principal amount of its 3 1⁄8% Senior Notes due 2025 denominated in U.S. dollars (the "2025 Dollar Notes"), \$800,000,000 aggregate principal amount of its 4% Senior Notes due 2026 denominated in U.S. dollars (the "2026 Dollar Notes"), \$1,000,000,000 aggregate principal amount of its 4 5⁄8% Senior Notes due 2028 denominated in U.S. dollars (the "2028 Dollar Notes") and \$1,500,000,000 aggregate principal amount of its 5 1⁄4% Senior Notes due 2031 denominated in U.S. dollars (the "2031 Dollar Notes," and together with the 2025 Dollar Notes, the 2026 Dollar Notes and the 2028 Dollar Notes, the "Dollar Notes"), and €750,000,000 aggregate principal amount of its 2 1⁄8% Senior Notes due 2024 denominated in euro (the "2024 Euro Notes"), €800,000,000 aggregate principal amount of its 2 7⁄8% Senior Notes due 2027 denominated in euro (the "2027 Euro Notes"), €800,000,000 aggregate principal amount of its 3 3⁄8% Senior Notes due 2029 denominated in euro (the "2029 Euro Notes") and €600,000,000 aggregate principal amount of its 3 7⁄8% Senior Notes due 2032 denominated in euro (the "2032 Euro Notes," and together with the 2024 Euro Notes, the 2027 Euro Notes and the 2029 Euro Notes, the "Euro Notes," and, together with the Dollar Notes, the "Notes"). The maturity date of the 2025 Dollar Notes is January 6, 2025, the maturity date of the 2026 Dollar Notes is July 6, 2026, the maturity date of the 2028 Dollar Notes is July 6, 2028 and the maturity date of the 2031 Dollar Notes is July 6, 2031. The maturity date of the 2024 Euro Notes is July 6, 2024, the maturity date of the 2027 Euro Notes is January 6, 2027, the maturity date of the 2029 Euro Notes is July 6, 2029 and the maturity date of the 2032 Euro Notes is July 6, 2032. We will pay interest on the Notes semi-annually in arrears on January 6 and July 6 of each year, commencing January 6, 2022.

The Notes will be general unsecured obligations of the Company. They will rank equally in right of payment with all existing and future debt of the Company that is not contractually subordinated to the Notes or preferred by operation of law and will be senior in right of payment to any future debt of the Company that is contractually subordinated to the Notes. The Notes will effectively be subordinated to any existing and future secured debt of the Company and its subsidiaries, to the extent of the value of the property and assets securing such debt, and will be structurally subordinated to any existing or future indebtedness, preferred stock and other liabilities of its subsidiaries.

At any time prior to the date that is 90 days prior to their respective maturities, we may on any one or more occasions, at our option, redeem all or part of any series of Notes by paying a "make-whole" premium. At any time on or after the date that is 90 days prior to their respective maturities, we may on any one or more occasions redeem all or a part of any series of Notes at par. We may also redeem the Notes, in whole but not in part, at any time upon certain changes in tax laws. In the case of a change of control triggering event, we may be required to make an offer to purchase the Notes at a redemption price equal to 100% of the principal amount thereof. See "Description of the Notes."

The Company plans to use the proceeds of the offering for repayment of indebtedness and general corporate purposes, including the maintenance of a cash position for redemption of outstanding notes due over the next two years and new investments.

Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or information contained in this offering memorandum. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, us, our subsidiaries or associated companies (if any) or the Notes. Currently, there is no public market for the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Notes are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S") to non-U.S. persons who are not retail investors in the European Economic Area or the United Kingdom. The Notes will not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 13.

Issue Price (expressed as percentage of aggregate principal amount) *plus* accrued interest from the issue date:

2025 Dollar Notes: 100%	**2024 Euro Notes: 100%**
2026 Dollar Notes: 100%	**2027 Euro Notes: 100%**
2028 Dollar Notes: 100%	**2029 Euro Notes: 100%**
2031 Dollar Notes: 100%	**2032 Euro Notes: 100%**

The Notes will be represented on issuance by one or more global notes, which we expect will be delivered in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") on or about July 6, 2021 (the "Issue Date").

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank **Barclays** **HSBC**

Joint Bookrunners

BofA Securities **J.P. Morgan** **Nomura**

Mizuho Securities **Crédit Agricole CIB** **Citigroup** **Goldman Sachs International** **ING**

Co-Managers

BNP PARIBAS **Daiwa Capital Markets Europe** **Natixis**

SMBC NIKKO **UBS Investment Bank**

ICBC **Société Générale Corporate & Investment Banking**

The date of this offering memorandum is June 30, 2021.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

You should rely only on the information contained in this offering memorandum. Neither we nor any of the initial purchasers of the Notes (the "Initial Purchasers") have authorized any other person to provide you with information different or inconsistent from what is included in this offering memorandum. If anyone provides you with different or inconsistent information, you should not rely on it.

The information in this offering memorandum is current only as of the date on the cover, and our business or financial condition and other information in this offering memorandum may change after that date. You should not consider any information in this offering memorandum to be legal, business, accounting or tax advice. You should consult your own attorney, business advisor, accountant and tax advisor for legal, business, accounting and tax advice regarding an investment in the Notes. In making an investment decision, you must rely on your own examination of our business and the terms of this offering and the Notes, including the merits and risks involved.

If you purchase the Notes, you will be deemed to have made certain acknowledgements, representations and warranties as detailed under "Notice to Investors." You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. We do not make any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

Each prospective investor who places an order for the Notes consents to the disclosure by the Initial Purchasers to us of the prospective investor's identity, the details of such order and the actual amount of Notes subscribed, if any.

This offering memorandum is confidential and we have prepared this offering memorandum solely for use in connection with the offer of the Notes to persons other than U.S. persons in accordance with Regulation S under the U.S. Securities Act and for application for the listing and quotation of the Notes on the SGX-ST. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You agree that you will hold the information contained in this offering memorandum and the transactions contemplated hereby in confidence. You may not distribute this offering memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing, and further agrees not to make any photocopies of this offering memorandum or any documents referred to in this offering memorandum.

None of the Initial Purchasers or the Trustee represents or warrants that the information herein is accurate or complete. By receiving this offering memorandum you acknowledge that (i) you have not relied on the Initial Purchasers, the Trustee, any selling agent or any of their affiliates in connection with your investigation of the accuracy of the information in this offering memorandum or your investment decision and (ii) no person has been authorized to give any information or make any representation concerning us or the Notes offered hereby other than as contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us, any Initial Purchaser, the Trustee or any U.S. selling agent or any of their affiliates.

We reserve the right to withdraw this offering of the Notes at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The offering of the Notes is not being made to any U.S. person (as defined in Regulation S) or within the United States, other than pursuant to offshore transactions with non-U.S. persons conducted in accordance with Regulation S. Accordingly, the Notes are only being offered and sold to non-U.S. persons outside the United States or certain dealers or other professional fiduciaries in the United States acting only on a discretionary basis for the benefit or account of non-U.S. persons located outside the United States in each case, in offshore transactions conducted in reliance on Regulation S under the Securities Act.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"), and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act"). The Notes may not be offered or sold in Japan, to any person resident in Japan, or to others for reoffering or resale directly or indirectly in Japan, or to a person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan.

In addition, the Notes are not, as part of the initial distribution by the Initial Purchasers at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than a gross recipient, except as specifically permitted under the Special Taxation Measures Act. A "gross recipient" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the issuer of the Notes as described in Article 6, Paragraph 4 of the Special Taxation Measures Act, (ii) a Japanese financial institution or financial instruments business operator as designated in Article 3-2-2, Paragraph 29 of the Cabinet Order (Cabinet Order No. 43 of 1957, as amended) relating to the Special Taxation Measures Act that will hold Notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment-handling agent in Japan as defined in Article 2-2, Paragraph 2 of the Cabinet Order. **By subscribing for the Notes, an investor will be deemed to have represented that it is a gross recipient.**

Interest payments on the Notes will be subject to Japanese withholding tax unless the holder establishes that the Note is held by or for the account of a holder that is (1) for Japanese tax purposes, neither (a) an individual resident of Japan or a Japanese corporation, nor (b) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of ours, and in compliance with certain requirements for tax exemption under the Special Taxation Measures Act, or (2) a Japanese designated financial institution or financial instruments business operator as described in Article 6, Paragraph 11 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that Paragraph.

The Company may be considered a "connected issuer" and/or "related issuer" of the Initial Purchasers in Canada, as such terms are defined in National Instrument 33-105 Underwriting Conflicts. These relationships and other related matters are set forth in greater detail within this offering memorandum, including the relationship between the Company and certain of its affiliates. Canadian investors should refer to the section entitled "Plan of Distribution – Other Relationships" contained within this offering memorandum for additional information.

NOTICE TO CERTAIN INVESTORS

PROHIBITION OF SALES TO EEA OR UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or the United Kingdom (the "UK"). For these purposes, an EEA retail investor means a person who is one (or more) of: (i) a retail client (as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). For these purposes, a UK retail investor is defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "FSMA") and any rules and regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. Similarly, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. The offering memorandum has been prepared on the basis that any offer or sale of the debt securities described in the offering memorandum in any Member State of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA from the requirement to publish a prospectus for offers or sales of such debt securities. The offering memorandum is not a prospectus for the purposes of the Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

EU MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the product approval process of each manufacturer, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("ECPs") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO INVESTORS IN THE KINGDOM OF BAHRAIN

This offering memorandum does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This offering memorandum and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain ("CBB"). Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this offering memorandum or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to 'accredited investors', as such term is defined by the CBB.

The CBB has not reviewed, approved or registered this offering memorandum or any related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this offering memorandum and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this offering memorandum. No offer of securities will be made to the public in the Kingdom of Bahrain and this offering memorandum must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO INVESTORS IN HONG KONG

This offering memorandum has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this offering memorandum may not be issued, circulated or distributed in Hong Kong. A copy of this offering memorandum may, however, be issued to a limited number of prospective applicants for the Notes in Hong Kong in a manner which does not constitute an offer of the Notes to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder.

NOTICE TO INVESTORS IN ITALY

This offering memorandum has not been registered with the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the "CONSOB") pursuant to Italian securities legislation and, accordingly, does not constitute an offer of securities and cannot be distributed to the public nor may copies of this document or of any other document relating to the offering of the Notes be distributed in the Republic of Italy ("Italy"), except where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended from time to time, (the "Financial Services Act") and Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999.

Moreover, and subject to the foregoing, any offer or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to this offering in Italy under (i) or (ii) above must be and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "Banking Act");

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy request information on the issue or the offer of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

Any investor receiving the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it received in this offering occurs in compliance with applicable Italian laws and regulations.

NOTICE TO INVESTORS IN FRANCE

This offering memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France (*offre au public de titres financiers*) within the meaning of Article L. 411 1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement général of the Autorité des marchés financiers* (the French financial markets authority) (the "AMF"). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this offering memorandum nor any offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de* *tiers*), all as defined in and in accordance with Articles L. 411 1, L. 411 2, D. 411 1, D. 744 1, D. 754 1 and D. 764 1 of the French Code *monétaire et financier* and applicable regulations thereunder.

Prospective investors are informed that:

(a) this offering memorandum has not been and will not be submitted for clearance to the AMF;

(b) in compliance with Articles L. 411 2, D. 411 1, D. 744 1, D. 754 1 and D. 764 1 of the French Code *monétaire et financier*, any qualified investors subscribing for the Notes should be acting for their own account; and

(c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L. 411 1, L. 411 2, L. 412 1 and L. 621 8 through L. 621 8 3 of the French Code *monétaire et financier*.

NOTICE TO INVESTORS IN BELGIUM

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. This offering of the Notes has not been and will not be notified to, and this offering memorandum has not been, and will not be, approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of investment instruments. Accordingly, this offering of the Notes, as well as any other materials relating to the offering may not be advertised, the Notes may not be offered or sold, and this offering memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, (i) to any person located and/or resident in Belgium other than a "qualified investor" within the meaning of Article 10 of the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the "Prospectus Act") or (ii) to any person qualifying as a consumer (*consument/ consommateur*) within the meaning of Book VI of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit economique*) of February 28, 2013, as amended from time to time. This offering memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offer. Therefore it may not be used for any other purpose, nor passed on to any other person in Belgium. Any resale of the Notes in Belgium may only be made in accordance with the Prospectus Act and other applicable laws.

NOTICE TO INVESTORS IN NORWAY

This offering memorandum has not been and will not be filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or any regulatory authority in Norway. The Notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in Norway, unless in compliance with Chapter 7 of the Norwegian Securities Trading Act 2007 and secondary regulations issued pursuant thereto, as amended from time to time (the "Securities Trading Act"). Accordingly, this offering memorandum may not be made available nor may the Notes otherwise be marketed and offered for sale in Norway other than in circumstances that are deemed not to be a marketing of an offer to the public in Norway in accordance with the Securities Trading Act.

NOTICE TO INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This offering memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority"). The Capital Market Authority does not make any representations as to the accuracy or completeness of this offering memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this offering memorandum. Prospective purchasers of the Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this offering memorandum, he or she should consult an authorized financial advisor.

NOTICE TO INVESTORS IN JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and are subject to the Special Taxation Measures Act. The Notes (i) will not, directly or indirectly, be offered or sold, in Japan or to any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) will not, as part of its initial distribution, directly or indirectly be offered or sold to, or for the benefit of, any person other than a gross recipient or to others for re-offering or re-sale, directly or indirectly, to, or for the benefit of, any person other than a gross recipient. A "gross recipient" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Company as described in Article 6, paragraph 4 of the Special Taxation Measures Act, (ii) a Japanese financial institution or financial instruments business operator as, designated in Article 3-2-2 paragraph 29 of the Cabinet Order relating to the Special Taxation Measures Act (Cabinet Order No. 43 of 1957, as amended) that will hold Notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment-handling agent in Japan as defined in Article 2-2 paragraph 2 of the Cabinet Order.

NOTICE TO INVESTORS IN SINGAPORE

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time, and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B(1) Notification - The Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded

Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO INVESTORS IN SWITZERLAND

The Notes are being offered in Switzerland on the basis of a private placement only. This offering memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom (the "UK") will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (as defined below) (the "UK Prospectus Regulation") from a requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO INVESTORS IN QATAR

This offering memorandum does not and is not intended to constitute an offer, sale or delivery of bonds or other debt-financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority or the Qatar Central Bank. The Notes are not and will not be traded on the Qatar Exchange.

NOTICE TO INVESTORS IN CANADA

Each Canadian investor who purchases Notes will be deemed to have represented to the Company that the investor is entitled under applicable Canadian securities laws to purchase the Notes without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing, is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* and section 73.3(1) of the *Securities Act* (Ontario) and a "permitted client", as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

The Company may be considered a "connected issuer" and/or "related issuer" of the Initial Purchasers, as such terms are defined in National Instrument 33-105 Underwriting Conflicts. These relationships and other related matters are set forth in greater detail within this offering memorandum, including the relationship between the Company and certain of its affiliates. Canadian investors should refer to the section entitled "Plan of Distribution – Other Relationship" contained within the offering memorandum for additional information.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

NOTICE TO INVESTORS IN AUSTRALIA

Neither this offering memorandum nor any disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia (the "Australian Corporations Act")) in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or ASX Limited (ABN 98 008 624 691) (the "ASX") and the Notes may not be offered for sale, nor may applications for the issue, sale, purchase or subscription of any Notes be invited, in, to or from Australia (including an offer or invitation which is received by a person in Australia) and neither this offering memorandum nor any advertisement or other offering material relating to the Notes may be distributed or published in Australia unless:

i. (A) the aggregate consideration payable by each offeree or invitee for the Notes is at least AU$500,000 (or its equivalent in other currencies) (disregarding moneys lent by the offeror or its associates); or (B) the offer otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Australian Corporations Act;

ii. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act;

iii. such action complies with all applicable laws, regulations or directives in Australia; and

iv. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

This offering memorandum was prepared for "wholesale clients" only within the meaning of section 761G of the Australian Corporations Act. This offering memorandum is not directed at persons who are "retail clients" as defined in the Australian Corporations Act.

NOTICE TO INVESTORS IN OTHER JURISDICTIONS

The distribution of this offering memorandum may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum (or any part hereof) comes are required by us and the Initial Purchasers to inform themselves about, and to observe, any such restrictions.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. In some cases these forward-looking statements can be identified by the use of terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "may," "plan," "potential," "predict," "projected," "should," or "will" or, in each case, the negative of such terms, or other variations or comparable terminology. Forward-looking statements appear in a number of places throughout this offering memorandum and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industries in which we operate are consistent with the forward-looking statements contained in this offering memorandum, such results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- Our business model entails risks.
- Our financial results may be significantly affected by our ability to procure funds.

- The loss of key senior management personnel, including Mr. Masayoshi Son in particular, could negatively affect our business.
- We face various risks in connection with our investment activities.
- Our holdings in Alibaba represent a significant portion of our investment portfolio.
- We may raise additional debt against our holdings in our listed and unlisted subsidiaries, strategic associates or other investment assets or otherwise be adversely affected by declines in their respective valuations.
- We face risks associated with operation and investment in multiple markets.
- Our financial results may be significantly affected by risks relating to SVF.
- Our investment in SVF may not be profitable or generate cash flows.
- SVF faces risks in connection with its use of leverage.
- SVF may not be able to exit from investments.
- SVF makes non-controlling investments and may have limited rights as shareholder with respect to its portfolio companies.
- SVF may have difficulty securing and retaining necessary human resources.
- SVF1's limited partners may fail to comply with capital calls, or could impede our ability to execute our investment strategy by exercising veto rights.
- Portfolio companies may not be able to adapt to regulation of new technologies or business models.
- SVF's investments are concentrated in specific business fields.
- SVF's investment portfolio includes securities and debt issued by listed companies.
- We face risks in connection with SPACs.
- We rely on distributions from SoftBank Corp. for a substantial proportion of our regular free cash flow.
- SoftBank Corp. faces intense competition, including from other large and established competitors and well-funded entrants, and such competition may intensify.
- SoftBank Corp. depends on the satisfactory performance of its network systems and sufficient spectrum to operate its telecommunications services.
- SoftBank Corp. depends on the telecommunications lines and facilities of other companies in certain circumstances and could be materially and adversely affected if its access were restricted or terminated or if related utilization or connection fees were increased.
- SoftBank Corp. purchases and leases various equipment, products and services from suppliers.
- SoftBank Corp. relies on subcontractors and other third parties for certain of its operations.
- We may not complete the sale of Arm to NVIDIA on agreed terms or at all.
- We face various risks relating to Arm's operations.
- There is uncertainty as to our existing long-term corporate credit ratings and the instruments ratings of the Notes.
- Other factors discussed in this offering memorandum.

We urge you to read the sections of this offering memorandum entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" for a more complete discussion of the factors that could affect our future performance and the industries in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur.

We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements above and contained elsewhere in this offering memorandum.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company *(kabushiki kaisha)* established under the laws of Japan. The majority of our directors and most of our management reside in Japan, and a substantial portion of our assets and the assets of such persons are located in Japan and other jurisdictions outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in U.S. courts in actions such as those predicated upon the civil liability provisions of U.S. federal or state securities laws. We have been advised by our Japanese counsel, Mori Hamada & Matsumoto, that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, of liabilities predicated solely upon U.S. federal or state securities laws.

CERTAIN DEFINITIONS

For purposes of this offering memorandum, unless the context otherwise requires, the following terms shall have the meanings set forth below:

- References to "Company," "we," "our," "us," and "SoftBank" are to SoftBank Group Corp. and its subsidiaries, as the context requires;
- References to "SBIA" are to SB Investment Advisers (UK) Limited and its subsidiaries, as the context requires;
- References to "SVF" are to SVF1, SVF2 and other SBIA-managed funds, as the context requires;
- References to "SVF1" are to SoftBank Vision Fund L.P. and its alternative investment vehicles, as the context requires;
- References to "SVF2" are to "SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles, as the context requires;
- References to "Arm" are to Arm Limited and its subsidiaries, as the context requires; and
- References to "Alibaba" are to Alibaba Group Holding Limited and its subsidiaries, as the context requires.

CURRENCY PRESENTATION

In this offering memorandum:

- "¥" or "yen" means the lawful currency of Japan;
- "$," "U.S. dollars" or "dollars" means the lawful currency of the United States;
- "€" or "euros" means the single currency of the participating member states in the third stage of European economic and monetary union of the Treaty Establishing the European Community, as amended from time to time;
- "£" or "pounds" means the lawful currency of the United Kingdom;
- "RMB" or "renminbi" means the lawful currency of the People's Republic of China; and
- "KRW" or "won" means the lawful currency of South Korea.

Solely for your convenience, this offering memorandum contains translations of certain yen amounts into U.S. dollar amounts.

Unless otherwise indicated, yen amounts have been translated into U.S. dollars at the rate of ¥110.71 = $1.00 and from euros at the rate of ¥129.80 = €1.00, the approximate rates of exchange based on the average of buying and selling rates of telegraphic transfers from MUFG Bank, Ltd. as of 10:00 a.m. (Tokyo time), prevailing as of March 31, 2021. However, these translations should not be construed as representations that the yen amounts have been, could have been or could be converted into U.S. dollars at those or any other rates.

PRESENTATION OF FINANCIAL INFORMATION

General

The consolidated financial statements and selected historical financial information for the fiscal years ended March 31, 2020 and 2021 included in this offering memorandum are presented in accordance with International Financial Reporting Standards (“IFRS”). Our annual consolidated financial statements as of and for the fiscal year ended March 31, 2021 with the corresponding figures presented as comparative information as of and for the fiscal year ended March 31, 2020 included elsewhere in this offering memorandum are audited by our independent auditor, Deloitte Touche Tohmatsu LLC.

Except as otherwise indicated, all financial information with respect to us presented in this offering memorandum is presented on a consolidated basis.

Where information is presented in trillions, billions, millions or other stated amounts, amounts of less than the stated amount have been rounded. As a result, certain numerical figures shown in tables in this offering memorandum may not be exact arithmetic aggregations of the figures that precede them. All percentages have been rounded to the nearest one tenth of one percent or one hundredth of one percent, as the case may be.

With respect to the presentation of historical financial information, in our consolidated financial statements for the fiscal year ended March 31, 2021, we have presented prior period financial information for the fiscal year ended March 31, 2020 on the same basis of presentation adopted for fiscal year ended March 31, 2021, and have therefore reclassified certain accounting items as originally reported in the previously issued consolidated financial statements for the fiscal year ended March 31, 2021. For more information, see Note 2 to our audited consolidated financial statements for the fiscal year ended March 31, 2021, which are included elsewhere in this offering memorandum.

Segment Information

Our reportable segments are the components of our business activities for which discrete financial information is available and regularly reviewed by our Board of Directors in order to make decisions about the allocation of resources and assess performance.

For the fiscal year ended March 31, 2020, we had four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment and the Brightstar segment. However, from the three-month period ended June 30, 2020, in light of the greater importance of investment activities to our overall consolidated financial results, we established the Investment Business of Holding Companies segment and revised our segment classifications to the following five reportable segments: the Investment Business of Holding Companies segment, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment and the Brightstar segment.

On September 17, 2020, we reached an agreement to sell all of our shares in Brightstar Global Group Inc. (“Brightstar”) and completed the transaction on October 22, 2020. The Brightstar segment was removed from the reportable segments from the three-month period ended September 30, 2020. Additionally, from the three-month period ended September 30, 2020, we changed the presentation of “SoftBank Vision Fund” to “SoftBank Vision Fund 1” or “SVF1” to clearly distinguish it from “SoftBank Vision Fund 2” and renamed the “SoftBank Vision Fund and Other SBIA-Managed Funds” segment to the “SVF1 and Other SBIA-Managed Funds” segment.

As of March 31, 2021, the Company had four reportable segments: the Investment Business of Holding Companies segment, the SVF1 and Other SBIA-Managed Funds segment, the SoftBank segment and the Arm segment, as well as an “Other” categorization for sources of revenue and costs not otherwise allocated. The segment information for the fiscal year ended March 31, 2020 appearing in this offering memorandum has been revised to reflect the changes made to our reportable segments during the fiscal year ended March 31, 2021.

Non-IFRS Financial Measures

In this offering memorandum we present certain financial measures that are not required by or presented in accordance with IFRS, including “Equity Value of Holdings,” “Gross Interest-bearing Debt,” “Cash Position,” “Standalone Cash Position,” “Standalone Net Interest-bearing Debt,” “Net Asset Value” and “Loan-to-Value” (each as defined below), because we believe they provide investors with useful additional information to measure our performance, liquidity or capital expenditures. The information presented by the non-IFRS financial measures included in this offering memorandum is unaudited and is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission or generally accepted accounting standards. These non-IFRS financial measures should not be unduly relied on or considered as alternatives to historical results of operations prepared in accordance with IFRS. No regulatory body in Japan or elsewhere has passed judgment on the acceptability of the adjustments and hypothetical assumptions that we use to prepare these non-IFRS financial measures. In addition, these non-IFRS measures do no have any standardized meaning and may not be comparable with similar measures used by other companies. Furthermore, these non-IFRS financial measures are not guarantees that we will achieve certain level of financial status.

Equity Value of Holdings

"Equity Value of Holdings" means the sum of the following, without duplication:

- *Holdings of listed shares.* Calculated by multiplying the number of listed shares held by the Company (excluding shares in T-Mobile) by the share price of each listed share as of the end of the quarter,

  plus

- *Holdings of unlisted shares.* Calculated based on the fair value of unlisted shares held by the Company as of the end of the quarter,

  plus

- *Holdings in T-Mobile.* The sum of the following, without duplication:
  - the aggregate market value of all listed shares of T-Mobile, calculated by multiplying the number of T-Mobile shares held by the Company, including the 101,491,623 shares that are subject to call options granted to Deutsche Telekom AG, by the share price of T-Mobile as of the end of the quarter,

    plus

  - the fair value of the right of the Company to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met,

    plus

  - the fair value of the right of a subsidiary of the Company to receive T-Mobile shares under certain conditions, in connection with a private placement through a trust issuing cash mandatory exchangeable trust securities,

    minus

  - the amount of derivative financial liabilities relating to the call options received by Deutsche Telekom AG,

    minus

  - the loan amount that is considered as asset-backed financing non-recourse to the Company, which is a portion of the total borrowing amount from a margin loan backed by T-Mobile shares (Because the Company has, as an exception, guaranteed a portion of the $4.38 billion margin loan, the loan amount after deducting the maximum guaranteed amount of $2.02 billion, $2.36 billion, is considered as asset-backed financing non-recourse to the Company. As a precondition for the Company to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral for the margin loan.),

  plus

- *Holdings in Arm.* Calculated based on the acquisition cost of Arm shares held by the Company (excluding Arm shares held by SVF1) as of the end of the quarter,

  plus

- *Holdings in SVF1.* The book value of the Company's holdings in SVF1 *plus* accrued performance fees as of the end of the quarter,

  plus

- *Holdings in SVF2.* The book value of the Company's holdings in SVF2 *plus* performance fees accrued as of the end of the quarter,

  plus

- *Holdings in SB Northstar.* The net asset value of the Company's portion of SB Northstar, our asset management subsidiary, which acquires and sells listed stocks and other instruments and engages in derivative and credit transactions related to listed stocks, as of the end of the quarter *plus* the total amount of margin loans borrowed by SB Northstar backed by Alibaba shares as of the end of the quarter,

minus

- *Asset-backed financing adjustment.* The total amount of margin loans borrowed by the Company backed by Alibaba shares or SoftBank Corp. shares (including margin loans borrowed by SB Northstar backed by Alibaba shares) as of the end of the quarter *plus* the total amount to be settled at maturity of prepaid forward contracts using Alibaba shares, such as collar contracts and call spread, calculated by using the share price of Alibaba as of the end of the quarter.

Gross Interest-bearing Debt

"Gross Interest-bearing Debt" means the sum of consolidated interest-bearing debt (excluding the amount of deposits for banking business of The Japan Net Bank, Limited (currently PayPay Bank Corporation)) *plus* consolidated lease liabilities *minus* the sum of interest-bearing debt and lease liabilities of self-financing subsidiaries, such as SoftBank Corp., SVF1, SVF2, Arm and SB Northstar, with adjustments as follows:

- to deduct 50% of the amount of hybrid bonds and loans which are recorded as interest-bearing debt to treat it as equity;
- to add 50% of the amount of hybrid bonds which are recorded as equity to treat it as a liability;
- to deduct the financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares, such as collar contracts and call spread; and
- to deduct the portion of the outstanding margin loans backed by Alibaba, SoftBank Corp. or T-Mobile shares which is non-recourse to the Company.

Cash Position

"Cash Position" means cash and cash equivalents *plus* short-term investments, excluding cash and cash equivalents held by The Japan Net Bank, Limited (currently PayPay Bank Corporation). Cash and cash equivalents consist of cash, demand deposits and investments with maturities of three-month or less that are readily convertible to cash and subject to insignificant risk of change in value. Short-term investments consist of marketable securities and time deposits (maturities of over three months) and others recorded as current assets.

Standalone Cash Position

"Standalone Cash Position" means the consolidated Cash Position *minus* the sum of the Cash Position of each of self-financing subsidiaries, such as SoftBank Corp., SVF1, SVF2, Arm and SB Northstar.

Standalone Net Interest-bearing Debt

"Standalone Net Interest-bearing Debt" means Gross Interest-bearing Debt *minus* Standalone Cash Position.

Net Asset Value (NAV)

"Net Asset Value" (or "NAV") means Equity Value of Holdings *minus* Standalone Net Interest-bearing Debt.

Loan-to-Value (LTV) ratio

"Loan-to-Value" (or "LTV") ratio means Standalone Net Interest-bearing Debt *divided by* Equity Value of Holdings.

TRADEMARKS

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. One of the more important trademarks that we own that appears in this offering memorandum is "SoftBank," which is registered in Japan and registered and/or pending registration in other jurisdictions, as appropriate to the needs of the relevant business. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective owner.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained elsewhere in this offering memorandum. Certain capitalized terms used but not defined in this summary are used herein as defined elsewhere in this offering memorandum. Prospective investors should carefully consider the information set forth under the caption "Presentation of Financial Information," "Risk Factors" and all other information in this offering memorandum, prior to making an investment in the Notes.

The Company

Overview

We are guided by our corporate philosophy of "Information Revolution—Happiness for everyone." As a strategic investment holding company, we aim to maximize our enterprise value by building a global investment portfolio of companies providing essential technologies and services to people around the world. We see the Information Revolution, which will transform societies and lifestyles and contribute to well-being over the long term, as a major growth opportunity.

As a strategic investment holding company, we oversee and manage an investment portfolio consisting of our subsidiaries and associates as well as our investees. We seek to capture the major investment opportunities presented by advances in the Information Revolution, which we perceive as a major growth opportunity. To this end, it is imperative for us to identify changes in societal needs quickly and to continuously transform our business while optimizing our investment portfolio and group structure to maximize the benefits from the technologies and business models that will be the driving forces in the future.

Our leadership team is led by a technology and business innovator, Masayoshi Son, our founder, Representative Director, Corporate Officer, Chairman and CEO.

We are listed on the Tokyo Stock Exchange with a market capitalization of ¥13.6 trillion ($122.7 billion) as of June 25, 2021.

Strengths

One of largest investment holding companies in the world, with a portfolio of approximately ¥29.8 trillion

We have grown from a new-born distributor of packaged software in 1981 to one of the largest and most successful strategic investment holding companies in the world, with an investment portfolio of ¥29.8 trillion ($269.3 billion) as of March 31, 2021. Our founder, Chairman and CEO Masayoshi Son's entrepreneurial vision for SoftBank Group has placed us at the forefront of the information revolution. Anticipating the future of the Internet, we started to accelerate our strategic investments in Internet-related businesses around the world since the mid-1990s. We were an early investor in internet firms, initially investing in Yahoo! Inc. in 1995 and in Alibaba in 2000. In 2001, we launched the broadband service Yahoo! BB and strengthened investments in enterprise business centered on the fixed-line telecom business through the acquisition of JAPAN TELECOM in 2004. Anticipating the future of mobile internet, we acquired Vodafone Japan (currently SoftBank Corp.) in 2006 and shifted our investment focus to mobile communications, and became one of the leading mobile communications providers in Japan and entered the U.S. telecommunications market through the acquisition of Sprint in 2013. See "Business—History."

We have evolved to become one of the largest investment holding companies in the world when benchmarked against other large investment holding companies across both listed and unlisted assets. We changed our name from SoftBank Corp. to SoftBank Group Corp in July 2015 in order to clarify our position as a strategic investment holding company. We launched SVF1 in 2017 and SVF2 in 2019 in order to make large-scale investments in high-growth potential companies that are leveraging data and artificial intelligence. Since their respective inceptions, as of the end of March 2021, SVF1 has invested $85.7 billion in 92 companies (including exits) and SVF2 has invested $6.7 billion in 44 companies. The value of our portfolio has significantly increased over time, demonstrating the successful execution of our investment strategy. Since the launch of SVF1 in 2017, we have evolved our business from a telecom company to an investment holding company, scaling up our strategic investment activities and diversifying our investment portfolio. The visionary founders we have backed are changing the way billions of people live and work and are addressing some of the world's most critical challenges, which we believe will disrupt various sectors of the economy and further increase the value of our investments.

Highly liquid and well diversified investment portfolio by business, geography and growth stage, providing stability through the cycle

Over the last decade, we have built a very liquid, diversified and balanced investment portfolio. Our investment portfolio is truly global and we have stakes in a number of sectors and companies at different stages of their lifecycle, spanning from seed investments into emerging companies to larger participations in mature, established market-leading organizations such as Alibaba, T-Mobile and Arm. One of the cornerstones of our portfolio is SoftBank Corp., the third-largest integrated mobile telecommunications operator in Japan in terms of subscribers, which holds a well-established position in one of the largest markets in the world and benefits from a stable subscription base and operating income as well as expanding non-telecommunications revenues through the growth of Z Holdings Corporation and the creation of new businesses.

The sectors we have historically invested in include telecom, e-commerce, semiconductors, digital marketing, IT services and cloud infrastructure, transportation and logistics, proptech, fintech, and healthtech, and our main portfolio companies are based in China, Japan, the U.S., Korea, India, Southeast Asia, Europe and Central and South America. The significant diversification of our portfolio by sector and geography has allowed us to continue growing on a consistent basis across different economic cycles and despite idiosyncratic events. Our investment portfolio remained stable in 2019, despite write-downs of our investment in WeWork. Despite the impact of the COVID-19 pandemic, we have seen our investment portfolio grow significantly from ¥26.3 trillion at the end of March 2020 to ¥29.8 trillion at the end of March 2021. Over the same period, largely driven by the appreciation in value of our investment portfolio, we have seen our net income reach its highest point ever, at approximately ¥5.0 trillion.

We actively manage our portfolio to pursue attractive investment opportunities and maintain a diversified asset base with significant potential for uplift in value. We have over time completed the disposal of GungHo and Supercell and reduced our stakes in SoftBank Corp., Alibaba and T-Mobile through strategically timed monetization. The proceeds from these asset monetizations, together with the steady stream of dividends we have historically received from SoftBank Corp., have enabled us to broaden the range of our investments in companies colloquially known as "unicorns," private companies valued at more than $1 billion at the time of investment. SVF1 and SVF2 are now invested in numerous unicorns that have promising growth prospects as market leaders. Over the twelve months ended March 31, 2021, our stake in Alibaba (excluding asset-backed financing) declined from 49% to 43% as a percentage of our investment portfolio, while SVF1 and SVF2's value increased over the same period.

The stability of our investment portfolio is supported by the high credit quality of some of our largest investments—such as Alibaba (A+/A+ with S&P and Fitch, respectively), SoftBank Corp. (AA-/A+ with JCR and R&I, respectively) and T-Mobile (BB/BB+ with S&P and Fitch, respectively)—and its high liquidity. Our investment portfolio has one of the highest proportion of listed investments among investment holding companies globally. As of March 31, 2021, approximately 77% of our portfolio was comprised of listed assets (excluding asset-backed finance). Sufficient liquidity of our portfolio assets provide us with significant flexibility, including the ability to quickly capitalize on monetization opportunities, swiftly bolster our cash position in case of need and seize attractive investment opportunities as they arise.

Track record of selecting and creating value in attractive investment opportunities through a robust governance structure, exemplified by SVF1

We have a proven track record of increasing the asset value of our portfolio by selecting and strategically managing attractive opportunities and by leveraging our network and experience to promote business collaborations among our portfolio companies. In 2013, we bought a controlling stake in Sprint and, in 2020, we merged it with T-Mobile U.S. to create a performing asset with enhanced scale, a stable BB credit rating and the ability to deliver a transformative 5G network in the U.S. market. We have subsequently successfully monetized a portion of our investment in T-Mobile.

Our assessment of new investment opportunities is underpinned by a clear investment thesis. The three pillars of our investment thesis are concentrated on evaluating (i) the market, where we assess whether there is a global market with opportunity for the emergence of a new leader, (ii) the business, where we assess whether the prospective company is capable of disrupting an inefficient industry or creating a new industry, the growth stage of the company, whether the company contains a rapidly scalable business model, and whether the company falls into the category of a next generation technology platform that can effectively leverage data and artificial intelligence, and (iii) the founder, where we seek out ambitious founders with a deep understanding of their customers. Once we have selected our investments, we leverage our network and experience to promote business collaborations among our portfolio companies, use our bargaining power and a shared vision to provide founders and companies the freedom to grow their business, and engage in extensive information sharing in order to facilitate the rapid growth of our portfolio companies.

Effective corporate governance supports our investment thesis. We have established of a set of corporate governance standards that are required to be referred to when making determinations about potential investments. The standards cover a wide range of corporate governance aspects, such as the composition of the board of directors, founder and management rights, rights of shareholders and mitigation of potential conflicts of interest. By doing so, we ensure a consistent and formalized approach to the evaluation of corporate governance across SoftBank Group Corp. and its unlisted investing subsidiaries, including with respect to the management of SVF1 and SVF2, as we pursue sustainable growth as a global strategic holding company. The standards have been selected to reflect an expectation for robust corporate governance and are used as a benchmark for ongoing monitoring of investments within our existing portfolio.

Our clear investment thesis and corporate governance model are exemplified by SVF1 subsequently followed by SVF2, which aims to maximize returns from a medium- to long-term perspective, with investments in high-growth potential companies that are leveraging data and AI, particularly in "unicorns." As of March 31, 2021, in the nearly four years following the initial major close, SVF1 has invested in 92 companies, including exits, at a cumulative acquisition cost of $85.7 billion and has realized gains of $7.2 billion from several exits (including partial) and had 14 portfolio companies going public. SVF1's portfolio fair value reached $120.7 billion as of March 31, 2021. Governance is critical to the long-term success of SVF1. SVF1's investment manager, our wholly owned subsidiary SBIA, has a desire to go beyond what is required in each location and align with the best practice in market standards, as it strives for the best industry practices around the world. SBIA has become a sophisticated global investment manager with robust teams and processes focused on governance, accountability, and transparency. We launched SVF2 in 2019, which is also managed by SBIA. SVF2 had $20.0 billion of committed capital and had invested $6.7 billion in 44 companies as of March 31, 2021. As of the date of this offering memorandum, we have provided an additional $20.0 billion of commitments bringing the total commited capital of SVF2 to $40.0 billion.

Flexible and prudent financial management

We have a prudent and conservative approach to financial management, as shown by the large liquidity position we maintain at all times and our commitment to keeping our LTV below 25% in normal times, with an upper threshold of 35% even in times of emergency. We have adhered to this LTV financial policy for more than two years since our transformation from a telecom company to a strategic investment holding company in late 2019 and have maintained our LTV well below 25% throughout the COVID-19 pandemic. As of March 31, 2021, we held a Cash Position and available borrowing capacity under our commitment lines of ¥2,908 billion ($26,267 million), more than sufficient to redeem bonds for the upcoming two years, and had an LTV of 12.4%, which is well below our conservative LTV target.

Our proactive management of our financial health is also exemplified by the completion of our ¥4.5 trillion ($40.6 billion) asset monetization program, which we initially announced on March 23, 2020 and completed by the end of the second quarter in 2021, exceeding our publicly-announced goals both in terms of size of asset monetization and speed of completion. During the course of our asset monetization program, we sold or monetized ¥5.6 trillion ($52.2 billion) of our assets to fund share repurchases and improve our financial status through initiatives such as debt repayment and repurchase as well as improvement of our cash position. We used the funds from our asset monetization program to authorize the repurchase up to ¥2 trillion of our shares, which we had completed as of May 12, 2021. We also repaid a total of ¥1 trillion of senior indebtedness by March 31, 2021 through the repurchase of domestic corporate bonds and foreign currency-denominated corporate bonds, as well as by repaying senior loans and borrowings.

We continue to have ample access to multiple sources of funding and stakes in listed companies such as Alibaba, including through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds and raising funds through asset-backed financing and through the regular issuance of debt securities in the Japanese domestic market. For example, we issued ¥177.0 billion of domestic hybrid bonds targeting Japanese institutional investors in February 2021 and ¥405.0 billion of domestic hybrid bonds targeting Japanese retail investors in June 2021. We have a proven track record of managing financial policy in order to maintain our current credit ratings and have experienced no changes in our long-term corporate credit rating of BB+ from S&P and A- from JCR for almost eight years since the acquisition of Sprint in 2013. We are aiming to further build upon this track record by consistently monitoring and implementing applicable investment holding company rating criteria.

World-class management team led by Japan's most successful entrepreneur, with a track record of growing businesses and risk control through disciplined portfolio management

With our strong senior management team and a group of transformational Internet entrepreneurs, we believe our leadership team has the experience and vision to continue our success.

Our founder, Chairman and CEO Masayoshi Son is Japan's foremost information technology and business innovator. Under his leadership, we have grown from a new-born distributor of packaged software in 1981 to one of the largest strategic investment holding companies in the world. See "Business—History." Our top management team also includes Yoshimitsu Goto, Senior Vice President and CFO, with over three decades of experience in finance, Marcelo Claure, Executive Vice President and COO, with over two decades of experience as a business leader and entrepreneur, and Rajeev Misra, Executive Vice President and CEO of SBIA, who leads the investment strategy of SVF1 and SVF2 and has more than 25 years of experience in executive positions across a range of established investment banking and asset management institutions.

Our management team has proven our ability to, leveraging their respective networks, identify and execute investment opportunities, connect them with investors and facilitate the growth of successful businesses. For example, we acquired Vodafone's Japanese operations (currently SoftBank Corp.) in 2006. Through prudent investment, we transformed it from a below-average network into a leading mobile telecom operator, cementing its status with Japanese consumers by making it the launch provider of the first iPhone in Japan. Also, we acquired a controlling interest in Sprint in 2013. Under our leadership, Sprint saw a sharp recovery in its business prior to completing its merger with T-Mobile on April 1, 2020. Furthermore, using his own network, Mr. Misra helped establish SVF1, which had total committed capital of $98.6 billion (including $33.1 billion from us) as of March 31, 2021, funded by many investors including sovereign wealth funds.

Our management team also has a proven ability to execute successful investment partnerships with transformational, high growth potential businesses. We first invested in Alibaba in 2000. Alibaba went public in 2014 and as of March 31, 2021, the market value of our stake in Alibaba was ¥12.7 trillion ($115.2 billion) (excluding asset-backed financing).

Strategies

Implement our "Cluster of No. 1 Strategy" to make synergistic long-term investments

To optimize our investment portfolio, we have implemented the "Cluster of No. 1 Strategy," an investment and management strategy. The goal of the Cluster of No. 1 Strategy is to form a diverse group of companies with outstanding technologies and business models in specific fields. Under this strategy, our portfolio companies are encouraged to form synergies to evolve and grow together based on capital ties and a shared vision, while making decisions independently. Although we exercise decision-making with respect to the formation of the group under the strategy, we do not seek to acquire majority equity interests in or integrate the brands of our portfolio companies, as we value the independence of each company. We believe that our strategy of generally not holding majority stakes enables us to more easily exit from equity interests in our companies that have matured or not grown as we expected, thereby enabling us to more flexibly optimize our portfolio.

At present, we believe that artificial intelligence ("AI") technology is a key driving force of the Information Revolution. In recent years, incorporation of AI technology into a variety of business models has accelerated, and we believe that this trend is starting to reshape current models of value creation and will fundamentally redefine most industries. With the intention of capturing major investment opportunities arising from the creation of new industries and market expansion driven by AI technology and its adoption across various industries, based on the Cluster of No. 1 Strategy, we have been investing to build a cluster of leading AI companies that are building innovative services and business models based around the emerging capabilities of AI technology.

A key strategy we employ is to make investments in high-growth potential companies that are leveraging data and AI, particularly in unicorns who have already established their market position in their respective sector, an approach that we believe generally leads to a higher success rate as compared to ordinary venture capital funds.

After we make investments, we strive to increase the corporate value of our portfolio companies by enabling the companies to develop their business models as they interact synergistically with the other investees within our ecosystem. We also aim to increase the reproducibility of our investment successes by leveraging: (1) our analytical capabilities in areas including technology and business models; (2) specialization systems and organizations such as expert teams for each field or sector; and (3) funds recovered from our investment exits, while benefiting from economies of scale derived from developing our investment businesses globally. Through these efforts, we strive to carry out investment activities that generate sustained returns at an aggregated level.

Rather than pursuing sporadic success, we pride ourselves on implementing a systematic approach in order to achieve a pattern of successful investment through a cycle of investment and divestment. We seek to continue to leverage our investment expertise and technical capability at each stage of the investment cycle to discover and analyze the opportunities presented by new unicorn companies, strengthen such companies, and provide financing solutions to such companies in order to further bolster our corporate philosophy and enterprise value.

Maintain our prudent and conservative financial policy

We seek to adhere to our time-tested and prudent approach to financial management by firmly keeping the following policies.

Manage LTV below 25% in normal times

We seek to adhere to our time-tested and prudent approach to financial management by continuing to maintain a strong balance sheet and an LTV below 25% during normal times, with an upper threshold of 35% in times of emergency. We believe that keeping LTV below 25% in normal times is a highly safe financial standard. Our LTV was 12.4% as of March 31, 2021, which is well below the our policy ceiling of 25%. Our LTV is currently trending at an exceptionally safe level in our view and we intend to make efforts so that our LTV remains below our prescribed thresholds going forward.

Maintain funds covering bond redemptions for at least the next 2 years

In addition to our LTV policy, we proactively manage our investment portfolio to maintain an abundant liquidity position that is sufficient to redeem maturing bonds for at least the next two years.

Secure recurring distribution and dividend income

Our cash management policy also encompasses distribution and dividend income from SVF1 and SVF2 as well as other subsidiaries, such as SoftBank Corp. We received ¥217.6 billion ($1,966 million) of cash dividends from SoftBank Corp. in the twelve months ended March 31, 2021.

It is our general policy that portfolio companies be self-financing and we seek to avoid rescuing portfolio companies that run into serious financial difficulties, in order to avoid diverting resources.

Although we seek to remain firmly committed to the above financial policies in the future, we do so with the aim of simultaneously remaining agile and flexible in order to swiftly address changes in circumstances that arise based on opportunities presented to us in the investment cycle against a backdrop of changing economic conditions.

Maintain high standards of corporate governance

We recognize that in order to achieve our corporate mission, it is vital to maintain effective corporate governance. To that end, we seek to continue to strengthen our corporate governance by taking measures such as formulating the SoftBank Group Charter, which establishes our fundamental concept of governance as "free, fair, innovative," devising our "Group Company Management Regulations," which sets out our management policy and management framework for portfolio companies, ensuring compliance with our Code of Conduct, which prescribes the policies to be followed by the company, its Board of Directors, and employees and forming a Nominating & Compensation Committee.

Following the election of additional External Board Directors at our Annual General Meeting of Shareholders held on June 23, 2021, our Board of Directors is comprised of a majority of External Board Directors, enabling us to further strengthen our corporate governance. Our Board of Directors currently consists of nine Board Directors, including five External Board Directors. The Chairman and CEO serves as the chairman of the Board. Agenda items for discussion at the Board meetings are set forth in the Board of Directors Regulations. The Board discusses statutory matters, as well as critical matters related to business management, such as investments, loans, and borrowings that exceed a certain amount. From November 2019 to April 2020, we had an independent organization conduct a questionnaire and interviews with its Board Directors (CEO, Executive Vice Presidents, and External Board Directors) and all of its Audit & Supervisory Board members about the composition, operation, and support systems of the Board of Directors, and conducted an evaluation of the effectiveness of the Board based on their results. The evaluation results confirmed the overall efficacy of the Board.

We elect Independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board elects External Board Director candidates who can contribute to increasing corporate value through their qualifications, ability, and deep knowledge in their fields of expertise. We also elect candidates for their ability to actively participate in constructive discussions and frankly express their opinions. Our goal is to ensure adequate independence of our four External Board Directors, who bring a wealth of knowledge and experience to the Board related to business management and other matters. Each of the External Board Directors actively participates in discussions at the Board meetings and we make management judgments and decisions based on these discussions.

We seek to maintain our established set of corporate governance standards that are required to be referred to when making determinations about potential investments. See "Business—Approach Concerning Investment Decisions." When making potential investments and when ultimately managing those investments, we seek to confirm or make reasonable efforts to ensure that each portfolio company in which we invest is operating under the standards of corporate governance that are substantially equivalent to our own standards set forth in the "Portfolio Company Governance and Investment Guidelines Policy." We ensure alignment across our own corporate governance policies and that of our portfolio companies by enforcing our corporate governance standards, which apply to determinations about potential investments and cover a wide range of corporate governance matters, such as the composition of the board of directors, founder and management rights, rights of shareholders and mitigation of potential conflicts of interest. This ensures a consistent and formalized approach to the evaluation of corporate governance across SoftBank Group Corp. and its investing subsidiaries.

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

Pursue investments and initiatives that reflect our commitment toward sustainability and ESG

In light of our firm commitment to our corporate philosophy, we aim to proactively think about what we can do for the world as a company that sees the big picture in terms of how people and the world will be like in the future, using those principles to guide our current and future business practices. We seek to fulfil our responsibility as a global leader in the Information Revolution in order to realize a sustainable society where people can live in harmony with the earth.

We seek to realize the sustainable development of society and our group's own growth over the medium to long term. We therefore recognize the importance of considering sustainability in our corporate activities and are addressing risks related to the environment, society and governance. At the same time, we view responding to ESG-related issues as an opportunity to create new corporate value.

We are cognizant that the development and globalization of information technology over the past few decades has enriched the lives of many people, but we also face serious problems such as climate change and other environmental issues, poverty, the digital divide, human rights violations and other social challenges, in addition to the challenges posed by the COVID-19 pandemic. Reinforcing our commitment to helping alleviate some of the environmental and social challenges that we face, we have established a Sustainability Committee as a forum to encourage discussions on sustainability among management, respond to requests from stakeholders, and promote initiatives to achieve sustainable management and a sustainable society. The Sustainability Committee holds regular discussions regarding important issues and promotion policies associated with ESG. The details of these discussions are reported to the Board of Directors. We also have policies and measures in place to evaluate strategic material issues that should be prioritized within our company in order to adapt to changes in society and the environment, and we regularly implement and continuously evaluate our initiatives with respect to climate change and our engagement with the communities that we serve. Specifically, we have established "the SoftBank Group Sustainability Principles" as a guideline to appropriately advance sustainability activities. For autonomous promotion of our sustainability initiatives, we have established six activity themes, which (i) drive sustainable growth and innovation in society by uniting wisdom and knowledge, (ii) take responsibility by responding to emerging issues that come with technological advancement, (iii) ensure the growth of the future generations and our business by creating higher quality employment for all, (iv) leverage breakthrough technologies to resolve environmental issues, including energy problems, (v) demonstrate highly transparent governance and integrity to win further trust of our stakeholders and (vi) maximize our potential as a group by joining forces with people around the world to make a positive impact on society.

Our group structure provides us with opportunities to address ESG and other issues from multiple angles. Working together, our portfolio companies aim to amplify one another's strengths and accomplish more than they could on their own. For example, in 2020, many portfolio companies mobilized and cooperated in response to the COVID-19 pandemic, to create an even greater impact than they could have on an individual basis.

With respect to the environment, some of our major subsidiaries have set targets to reduce greenhouse gas emissions in each of our business areas. Specifically, Arm has committed to achieve Net-Zero Carbon by 2030, Yahoo Japan Corporation has committed to shift to 100% renewable energy for the electricity use by the end of FY2023, and SoftBank Corp. has committed to achieve Carbon-Neutral by 2030. Going forward, we aim to become carbon neutral on a standalone basis, and we are considering setting a greenhouse gas reduction target for our entire group. In 2011, we entered the renewable energy business for a safe, secure, and sustainable supply of energy. As of March 31, 2021, SB Energy Corp., our subsidiary, has 46 solar power generation plants, including under construction, and two wind power generation plants in operation nationwide in Japan, with a total generation capacity of 671MW. Outside Japan, SB Energy has secured 326,000 hectares of land in Mongolia and obtains approximately 50 MW of generation capacity.

With respect to social issues, we believe the key to growth at our group as a whole is each employee being able to express the full range of his or her individuality and abilities. By advancing the hiring and promotion to management positions of individuals without regard to their gender, nationality, disability status or sexuality, we strive to create a workplace rich in diversity where employees of all backgrounds can play an active role. More broadly, we also aim to address systemic racism and create a more diverse and inclusive society. As one example of our efforts to achieve this aim, we established the $100 million SB Opportunity Fund to invest in businesses led by underrepresented founders (Black, Latinx, and Native American founders) in the United States. Through this fund, we have invested in 28 companies as of April 30, 2021. The fund intends to reinvest a major portion of profits into new investments in such companies.

Recent Developments

Since March 31, 2021, we have continued to pursue our business and investment strategies. The following are some recent developments and investments:

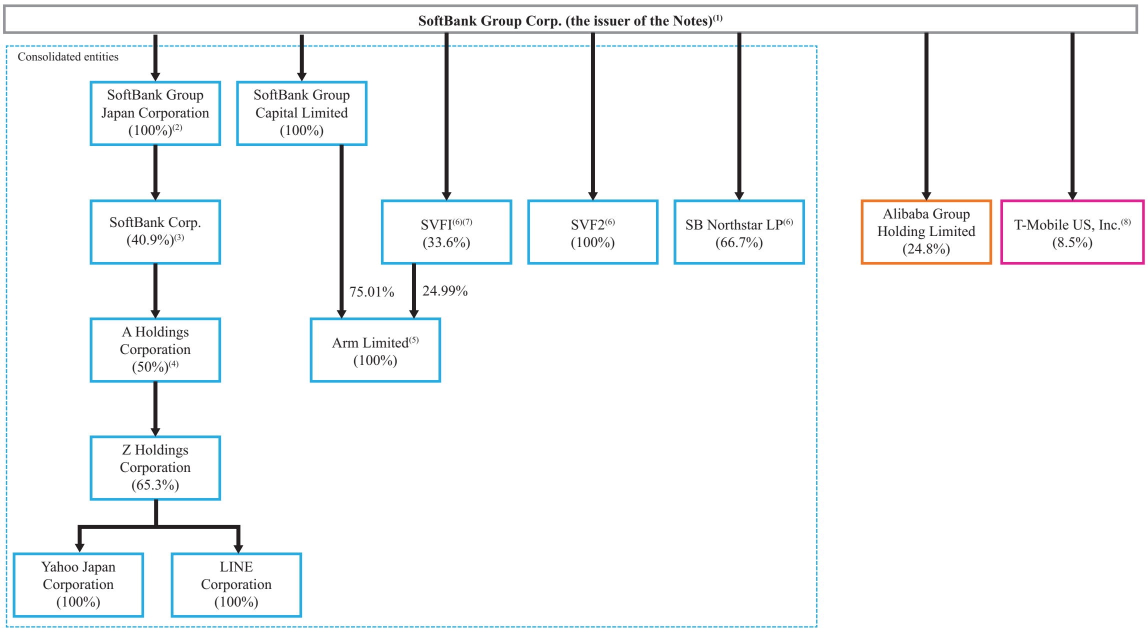
- *Retirement of Treasury Stock*. On April 28, 2021 and May 12, 2021, our board of directors resolved to retire portions of our treasury stock pursuant to Article 178 of the Companies Act of Japan. On May 11, 2021 and May 20, 2021, we retired 340,880,200 shares (representing 16.3% of the total issued shares of the Company) and 25,980,400 shares (representing 1.5% of the total issued shares of the Company), respectively.

- *Increase in Committed Capital to SVF2*. On May 11, 2021, we increased our committed capital to SVF2 to $30.0 billion from $20.0 billion. In June 2021, we further increased our committed capital to SVF2 to $40.0 billion.

- *Issuance of Yen-denominated Hybrid Bonds.* On June 21, 2021, we issued a series of unsecured subordinated Yen-denominated bonds with interest deferral and early redemption clauses. The aggregate principal amount of the Yen-denominated hybrid bonds issued is ¥405 billion ($3,658 million). The Yen-denominated hybrid bonds issued will be due in 2056 and become callable starting in June 2026.

Organizational Structure

The following is a simplified chart of the corporate and financing structure of the Company as of March 31, 2021. The chart does not include all of our subsidiaries or all of our financings and certain groups of subsidiaries are represented collectively, such as the entities comprising SVF1 and SVF2. Unless otherwise indicated, the subsidiaries included are directly or indirectly owned by the Company.



Notes to the organizational structure chart:

(1) The shares of the Company are traded on the Tokyo Stock Exchange. As of March 31, 2021, the principal shareholder of the Company is the founder, Chairman and CEO of the Company, Masayoshi Son (26.47%).

(2) SoftBank Group Japan Corporation ("SBGJ"), a wholly owned subsidiary of the Company, was established as a holding company for certain assets of the Company.

(3) SoftBank Corp. does not guarantee the notes issued by the Company.

(4) On December 23, 2019, Z Holdings Corporation and LINE Corporation entered into a definitive agreement between four companies, including their respective parent companies, SoftBank Corp. and NAVER Corporation, regarding a business integration, which was completed and became effective on March 1, 2021.

(5) On September 13, 2020 (U.S. time), SoftBank Group Capital Limited ("SBGC"), the Company's wholly owned subsidiary, SVF1 and NVIDIA Corporation entered into a definitive agreement to sell all shares of Arm held by SBGC and SVF1. This transaction is subject to regulatory approvals (including those of the United States, the United Kingdom, the European Union and China) and other closing conditions and it is expected to take approximately 18 months to close following the execution of the agreement.

(6) Percentage of voting interest owned represents the investment ratio.

(7) The capital accepted by SVF1 includes the capital accepted by alternative investment vehicles. Investment ratio of SVF1 includes incentive scheme related to SVF1.

(8) On April 1, 2020 (U.S. time), the merger of Sprint and T-Mobile US, Inc. was completed in an all-stock transaction. Upon completion of such transaction, the new combined company T-Mobile became an equity method associate of the Company, and Sprint is no longer a subsidiary of the Company. From June to August 2020, the Company sold some of the shares in T-Mobile held through its subsidiaries. As a result of the decrease in voting rights following the sale of shares on June 26, 2020 (U.S. time), the Company lost its significant influence over T-Mobile and, on the same date, T-Mobile was removed as an equity method associate of the Company.

The Offering

The summary below describes the principal terms of the Notes. The terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary, see "Risk Factors."

Issuer	SoftBank Group Corp.
Notes Offered	$550,000,000 aggregate principal amount of its 3⅛% Senior Notes due 2025 denominated in U.S. dollars (the "2025 Dollar Notes"); $800,000,000 aggregate principal amount of its 4% Senior Notes due 2026 denominated in U.S. dollars (the "2026 Dollar Notes"); $1,000,000,000 aggregate principal amount of its 4⅝% Senior Notes due 2028 denominated in U.S. dollars (the "2028 Dollar Notes"); $1,500,000,000 aggregate principal amount of its 5¼% Senior Notes due 2031 denominated in U.S. dollars (the "2031 Dollar Notes," and together with the 2025 Dollar Notes, the 2026 Dollar Notes and the 2028 Dollar Notes, the "Dollar Notes"); €750,000,000 aggregate principal amount of its 2⅛% Senior Notes due 2024 denominated in euro (the "2024 Euro Notes"); €800,000,000 aggregate principal amount of its 2⅞% Senior Notes due 2027 denominated in euro (the "2027 Euro Notes"); €800,000,000 aggregate principal amount of its 3⅜% Senior Notes due 2029 denominated in euro (the "2029 Euro Notes"); and €600,000,000 aggregate principal amount of its 3⅞% Senior Notes due 2032 denominated in euro (the "2032 Euro Notes," and together with the 2024 Euro Notes, the 2027 Euro Notes and the 2029 Euro Notes, the "Euro Notes," and, together with the Dollar Notes, the "Notes")
Issue Date	On or about July 6, 2021.
Offering Price	100% of the principal amount of the Notes *plus* accrued interest, if any, from the Issue Date.
Maturity Date	2025 Dollar Notes: January 6, 2025. 2026 Dollar Notes: July 6, 2026. 2028 Dollar Notes: July 6, 2028. 2031 Dollar Notes: July 6, 2031. 2024 Euro Notes: July 6, 2024. 2027 Euro Notes: January 6, 2027. 2029 Euro Notes: July 6, 2029. 2032 Euro Notes: July 6, 2032.
Interest Payment Dates	We will pay interest on the Notes on each January 6 and July 6, commencing January 6, 2022.
Form and Denominations	The Company will issue the Notes on the Issue Date in global registered form. Dollar Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof and Euro Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Ranking of the Notes	The Notes will: • be general unsecured obligations of the Company; • in insolvency proceedings of the Company, rank *pari passu* in right of payment with all existing and future Indebtedness of the Company

(including the Senior Term Loan, the Existing Senior Notes, any drawings under the Commitment Line and the Company's unsubordinated Yen-denominated bonds), except that the Notes will:

- rank senior in right of payment to all existing and future Indebtedness of the Company that is contractually subordinated in right of payment to the Notes and all existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes by operation of law (including the Yen-denominated hybrid loan, the Company's subordinated Yen-denominated bonds, the Yen-denominated hybrid bonds and the USD-denominated perpetual subordinated hybrid notes); and
- be subordinated in right of payment to all existing and future Indebtedness of the Company that is preferred by operation of law;

- be effectively subordinated to any existing and future Indebtedness of the Company that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness, through either enforcement of such Indebtedness outside insolvency proceedings or preferred treatment of such Indebtedness in insolvency proceedings; and
- be effectively subordinated to all existing and future Indebtedness, lease obligations or other obligations and any trade payables of any Subsidiary of the Company that does not Guarantee the Notes (including the substantial financial liabilities outstanding under the corporate bonds issued, and loan facilities utilized, by SoftBank Corp. and Asset Finance Indebtedness and Asset-backed Derivative Obligations incurred by Subsidiaries of the Company).

See "Risk Factors—Risks Relating to the Notes—The Notes are unsecured obligations and will be effectively subordinated to the existing and future secured indebtedness of the Company and its subsidiaries. We and our subsidiaries may in the future incur substantial amounts of secured debt"; "Risk Factors—Risks Relating to the Notes—The Notes will be structurally subordinated to any existing or future indebtedness, preferred stock and other liabilities of our subsidiaries"; "Risk Factors—Risks Relating to the Notes—Enforcement of claims on the Notes will be subject to certain limitations arising under Japanese insolvency and corporate laws. Japanese laws may be different from, and not as favorable to you as, the laws in other jurisdictions; and "Description of Other Indebtedness."

Optional Redemption . . . . With respect to each series of the Notes, at any time prior to the date that is 90 days prior to the final maturity date of such series we may on any one or more occasions, at our option, redeem all or part of such series by paying a "make-whole" premium, and at any time on or after the date that is 90 days prior to the final maturity date of such series we may on any one or more occasions, at our option, redeem all or part of such series at par. See "Description of the Notes—Optional Redemption."

Tax Redemption . . . . In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes at 100% of the principal amount thereof, *plus* accrued and unpaid interest to the date of redemption. See "Description of the Notes—Redemption for Changes in Taxes."

Repurchase of Notes upon a Change of Control Triggering Event . . . . Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 100% of their principal amount *plus* accrued and unpaid interest, if any, to the repurchase date. See "Description of the Notes—Repurchase at the Option of Holders upon a Change of Control Triggering Event."

Covenants . . . . We will issue the Notes under an indenture (the "Indenture") that will limit, among other things, the Company's ability to:

- layer debt;
- create or incur certain liens;
- pay dividends or make distributions, in excess of a specified LTV ratio, in respect of net proceeds from asset sales; and
- consolidate or merge with other entities.

In addition, the Indenture will limit, among other things, the ability of the Company to guarantee or provide collateral in support of indebtedness of Subsidiaries with recourse to the Company.

Each of the covenants is subject to a number of important exceptions and qualifications. Certain of the covenants will be suspended if the relevant Notes obtain and maintain an investment-grade rating. See "Description of the Notes—Certain Covenants."

No Prior Market . . . . The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing . . . . Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or information contained in this offering memorandum. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, us, our subsidiaries or associated companies (if any) or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of (in the case of the Dollar Notes) $200,000 or (in the case of the Euro Notes) €200,000. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore where the Definitive Registered Notes may be presented or surrendered for payment or redemption in the event that a Global Note is exchanged for Definitive Registered Notes. In addition, in the event that a Global Note is exchanged for Definitive Registered Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Registered Notes, including details of the paying agent in Singapore.

Governing Law . . . . The Indenture and the Notes will be governed by the laws of the State of New York.

Transfer Restrictions . . . . The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are being offered and sold only to non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are not intended to be offered, sold, distributed or otherwise made available to

	and should not be offered, sold, distributed or otherwise made available to any retail investor in the European Economic Area. See "Notice to Investors" for additional information about eligible offerees and transfer restrictions. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Use of Proceeds	We expect to receive a total of approximately $7,228 million (equivalent) in net proceeds from this offering, after deducting underwriting discounts and commissions. The Company plans to use the proceeds of the offering for repayment of indebtedness including the repayment short-term and long-term indebtedness and general corporate purposes, including the maintenance of a cash position for redemption of outstanding notes due over the next two years and new investments.
Additional Amounts	All payments made by the Company will be made without withholding or deduction for, or on account of, any present or future taxes in any taxing jurisdiction unless required by applicable law. If withholding or deduction for such taxes is required to be made in a relevant taxing jurisdiction with respect to a payment on the Notes, subject to certain exceptions, the Company will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "Description of the Notes—Additional Amounts."
Trustee and Paying Agent	The Bank of New York Mellon, London Branch
Transfer Agent and Registrar	The Bank of New York Mellon SA/NV, Dublin Branch
Security Codes	2025 Dollar Notes ISIN: XS2362416294 Common Code: 236241629 2026 Dollar Notes ISIN: XS2361252971 Common Code: 236125297 2028 Dollar Notes ISIN: XS2361253433 Common Code: 236125343 2031 Dollar Notes ISIN: XS2361253607 Common Code: 236125360 2024 Euro Notes ISIN: XS2361253862 Common Code: 236125386 2027 Euro Notes ISIN: XS2361254597 Common Code: 236125459 2029 Euro Notes ISIN: XS2361255057 Common Code: 236125505 2032 Euro Notes ISIN: XS2362416617 Common Code: 236241661
Risk Factors	Investing in the Notes involves substantial risks. You should refer to the section entitled "Risk Factors" for an explanation of certain risks involved in investing in the Notes.

RISK FACTORS

An investment in the Notes involves significant risk and uncertainty. You should consider carefully the risk factors described below as well as other information contained in this offering memorandum, including our financial statements and the related notes included elsewhere in this offering memorandum, before making any investment decision. The risks and uncertainties discussed below, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially affect our business, financial condition and results of operations, affect our ability to make payments on the Notes or cause the market price of the Notes to decline. This could result in you losing all or part of your investment.

Risks Relating to Our Status as a Strategic Investment Holding Company

Our business model entails risks.

We have built an investment portfolio consisting of companies engaged in diverse businesses in the information and technology sectors, through direct investments (including investments made through subsidiaries), investments in group companies such as Alibaba, Arm and SoftBank Corp. and investments made through investment funds such as SVF. Our aim is to increase the asset value of our portfolio companies by promoting business collaborations among them and leveraging our network and experience. We seek to exit from such equity investments, as we deem appropriate, and allocate the proceeds to new investments based on our growth strategies. We may also allocate the proceeds to shareholder returns and debt repayments, as we deem appropriate.

Due to this business model, if the stock markets deteriorate or our portfolio companies' business development and results of operations fall substantially below our expectations at the time when we made an investment decision, the equity value of our holdings could decrease, leading to a decline in our financial condition and results of operations. For example, although Coupang's market value as of March 31, 2021 represented an increase of approximately 40% since its initial public offering on March 11, 2021, as of June 21, 2021 Coupang's market value had decreased by approximately 20% as compared to its level as of March 31, 2021. In parallel, if we record valuation losses on assets, including equity holdings, it could cause our consolidated results of operations and financial position to deteriorate, thereby adversely affecting our ability to make new investments and the success of our financial policies. Due to the breadth and scope of our investment portfolio, we are vulnerable to adverse changes in global economic conditions, which involves factors beyond our control.

In particular, our future success depends, in part, on our ability to anticipate and adapt in a timely manner to the fast-paced changes in technology and business models that characterize the information and technology industries in which we invest, and in which our investments are focused. We expect that new services, technologies and business models will emerge on a continuous basis and that existing services, technologies and business models will also further develop. Our failure to adapt to such changes could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the business fields in which these types of new technologies and business models are offered may be subject to specific and strict regulations and licensing regimes, which could have an adverse effect by creating financial burdens or restrictions on portfolio companies' business development and their results of operations. In addition, due to the focus of our investments in the information and technology industries, the value of our investment portfolio is particularly susceptible to shifts in capital market sentiment with respect to information and technology companies. Also, because of our focus on investing in unlisted companies that are seeking to go public in such industries, both directly and through investment funds such as SVF, the value of our portfolio and our ability to exit from investments or realize gains may also be heavily impacted by the health of the IPO market and appetite for public offerings generally.

Our financial results may be significantly affected by our ability to procure funds.

In connection with our business model, we aim to meet our funding requirements for new investments on an ongoing basis, through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds and raising funds through asset-backed financing. If we are unable to dispose of equity assets or procure funds as needed for new investments, we could be forced to forego investment opportunities and our ability to increase the value of our portfolio may be compromised. For certain of our asset-backed financing, we may be required to post additional share or cash collateral or incur prepayment obligations in the event that the value of our eligible holdings declines due to a deterioration in the stock market or other factors. In addition, we may have difficulty raising new funds.

To meet our funding needs for our investment activities, we also raise funds through loans from financial institutions and the issuance of bonds. Disruptions in the economy that result in a deterioration of economic conditions in Japan, the United States, China or globally could adversely affect our business model or diminish our ability to procure funds. If interest rates rise due to changes in monetary policies or in financial markets, or our creditworthiness declines, due to a decrease in the value of our owned assets or a deterioration in our results of operations, which could lead to a downgrade in our credit ratings, our financing costs could increase, thereby adversely affecting our results of operations. Furthermore, our inability to raise funds at our desired timing, scale or conditions could adversely affect our investment activities, including investments through investment funds, and financial position.

We may, both directly and indirectly through subsidiaries, raise new funds, refinance, sell some of our assets or take other measures to secure resources to repay our debt. If faced with prolonged unfavorable funding conditions, we may be forced to dispose of equity assets on unfavorable terms or to execute unplanned equity asset disposals in order to secure resources for repayment, which could adversely affect the equity value of our holdings, portfolio value, consolidated and non-consolidated results of operations and investment performance.

The loss of key senior management personnel, including Mr. Masayoshi Son in particular, could negatively affect our business.

Our performance is substantially dependent on our senior management and other key personnel. These individuals have acquired specialized knowledge and skills with respect to our various businesses. This institutional knowledge, in addition to the managerial and financial experience of these individuals as well as their decision-making abilities, makes them especially critical to our success. If one or more members of our key personnel are unable or unwilling to continue to remain in their current positions, our business and operations could be disrupted and our growth potential could be impaired.

In particular, we depend in large part on the knowledge, expertise and services of Mr. Masayoshi Son, our founder, Representative Director, Corporate Officer, Chairman & CEO, particularly for identifying new business and investment opportunities and creating new business models. Mr. Son’s reputation and personal contacts in the industries in which we operate have provided us access to many opportunities which would not otherwise be available to us. There can be no assurance that the departure of Mr. Son would not have a material adverse effect on our business, financial condition or results of operations.

Furthermore, the major portfolio companies and investment funds in which we invest are run autonomously by management teams led by their respective CEOs and other leaders. For example, Rajeev Misra, a Corporate Officer and Executive Vice President of the Company, serves as CEO of SoftBank Investment Advisers, which is the manager of SVF, Junichi Miyakawa, who is not a member of our management, serves as President & CEO of SoftBank Corp. and Simon Segars, who is not a member of our management, serves as CEO of Arm.

We face various risks in connection with our investment activities.

We engage in investment activities such as corporate acquisitions, establishment of subsidiaries and joint ventures and investments in operating companies (including listed and unlisted companies), holding companies (including companies that effectively control other companies through various contracts) and investment funds. Our investment portfolio is made up of companies that we believe have a competitive edge over peers in each sector, centered on telecommunications and e-commerce, and includes operating companies such as Alibaba, SoftBank Corp., T-Mobile and Arm. We also make investments through SVF1, SVF2 and other SBIA-managed funds in diverse geographies and sectors.

In addition, in order to diversify our assets and manage surplus funds, we have been investing in highly liquid listed stocks from the first quarter of fiscal year 2020. We made these investments directly in the first quarter of fiscal year 2020. From the second quarter of fiscal year 2020, through our asset management subsidiary, SB Northstar, we have been acquiring and selling listed stocks and other instruments and engaging in derivative and credit transactions related to listed stocks. We indirectly hold 67% of SB Northstar and our Representative Director, Corporate Officer, Chairman & CEO, Mr. Masayoshi Son holds the remaining 33%.

Factors such as equity market volatility, asset or market correlations, interest rates, availability of credit, inflation rates, economic uncertainty, trade barriers and tariffs, disease, commodity prices, currency exchange rates and controls, and national and international political circumstances (including governmental instability or dysfunction, wars, terrorist acts or security operations) can have a material impact on the value of SB Northstar’s investments. In the fiscal year ended March 31, 2021, SB Northstar recognized a derivative loss on investments of ¥610.7 billion ($5,516 million), causing our Investment Business of Holding Companies Segment to recognize a ¥232.9 billion ($2,103 million) loss on investments in the aggregate, taking into account both our direct investments and SB Northstar’s investments for the period.

Our investment activities are subject to various risks, including those summarized below. In parallel, our recording of valuation losses on assets such as our equity holdings could adversely affect our consolidated results of operations and financial position.

See “Risks Related to SVF” and “Risks Related to SoftBank Corp.” for a description of risks that are especially related to SVF and SoftBank Corp., respectively, which have a particularly large impact on consolidated operating results.

Dependence on management resources of other companies. We develop our business through business alliances, joint ventures and similar arrangements with other companies. For example, PayPay Corporation, a joint venture owned by SoftBank Group Corp., SoftBank Corp. and Z Holdings Corporation, provides PayPay, a smartphone payment service using barcodes and QR codes. If an alliance partner or joint venture partner has a significant change of business strategy or experiences deterioration in its results of operations or financial position, it is possible that adequate results may not be obtained from the business alliances, joint ventures and similar arrangements or that it may become difficult to continue such business alliances or joint ventures. In addition, it is also possible that execution of a business alliance or joint venture with a particular third party could preclude the execution of business alliances, joint ventures and similar arrangements with other parties. Such events could impact our business development and results of operations.

Political situations, monetary and fiscal policies and trends in international conditions. We invest in entities that operate not only in Japan, but also in countries and regions overseas, such as the United States, China, Korea, India, Europe and Central and South America. Therefore, if economic situations or financial markets in such countries and regions deteriorate due to changes in political situations, monetary and fiscal policies, international conditions such as trade disputes or conflicts, natural disasters caused by, among other things, climate change, or public health crises such as the spread of infectious diseases, our investment activities and the business activities of our portfolio companies may not develop as we expect. In particular, any unexpected shift in the monetary policies of the central banks of major economies, specifically a shift away from supportive policy, may negatively affect our investment activities over the short term. For example, our execution and realization of investments could be delayed, the terms and conditions of investment realizations could deteriorate, or the businesses and results of operations of each portfolio company could be adversely affected by a decrease in demand for or a shortfall in the supply of their services and products. Furthermore, with respect to investments in unlisted companies with low liquidity, if market conditions deteriorate sharply or other similar issues arise, we may not be able to sell our interests in such companies at our desired timing, scale or conditions. As a result, our financial condition, results of operations and investment performance may be adversely affected.

Fluctuations in foreign currency exchange rates. We invest in overseas companies in foreign currencies. Accordingly, our business is sensitive to fluctuations in foreign currency exchange rates, especially the yen-U.S. dollar exchange rate. In addition, the presentation of our results of operations may be adversely affected by the translation of foreign currencies into yen for the purpose of our consolidated financial statements, such as with respect to SVF. A weak yen could have the effect of exacerbating losses incurred by our foreign subsidiaries as reflected in our consolidated results of operations. We may not be successful in managing our exposure to currency exchange risks and this may have a material adverse effect on our business, financial condition and results of operations.

Outbreak of COVID-19. The global economic situation has been greatly affected by the outbreak of the novel coronavirus (COVID-19) that began in early 2020. In particular, the technology sector, where we focus our investment strategies, has been positively impacted by the accelerated adoption of digital services to address the pandemic. However, there is no guarantee that the current positive impact will be sustained in light of uncertainties associated with the pandemic, and the direction and degree of impact may vary from investment to investment. Although some of our portfolio companies have seen increased customer usage of services during the pandemic, companies in sectors such as travel and hospitality are recovering at a slower pace. Further, although there has been a strong rebound in equity markets following the uncertainty of the early pandemic, there is no guarantee that this enthusiasm in the equity markets will be sustained, and our ability to liquidate or otherwise monetize our investments may be impacted as a result. If it takes longer than anticipated for the pandemic to subside, the outlook for investment activities and the business activities of portfolio companies may remain uncertain. If the impact of COVID-19 continues for a prolonged period, the equity value of our holdings may decline, which could adversely affect portfolio value, LTV, consolidated and non-consolidated results of operations and investment performance.

Investment regulations. Our investment activities may require approvals and permissions from regulatory authorities of relevant countries or may be subject to restrictions on involvement in portfolio companies. In addition, new or stricter regulations on investment activities may be enacted in relevant countries. If we cannot obtain the necessary approvals and permissions or other restrictions cannot be avoided, we may be unable to successfully implement our investment plans. For example, with respect to certain U.S. investments, we have entered into national security agreements with the companies that are considered covered investments and the relevant regulatory authorities and agencies of U.S. government. Pursuant to these national security agreements, we and such companies have agreed to implement measures to safeguard U.S. national security. Implementing these measures could result in increased costs or constraints on selection of facilities, contracts, personnel, suppliers, and business operations within the U.S.

Investment decisions. We make direct investments (including investments through subsidiaries) without going through investment funds (for example, SVF). In our investment decision-making process, we seek to appropriately estimate the investment target's equity value and to assess risks related to the target's businesses, finances, corporate governance, compliance and internal controls, by conducting due diligence on matters including the target's business, technology, business model, market size, business plan, competitive environment, financial condition and legal compliance. However, we may overestimate the corporate value, technology, business model or market size of an investment target, or underestimate the risk. We may also make investment decisions based on misjudgments as to the integrity of founders and managers who have a crucial influence on investment targets. Consequently, after making an investment, the asset value of the investment (i.e., the equity value of our holdings) could decrease, thereby leading to a decrease in portfolio value and deterioration of LTV. In parallel, the recording of valuation losses on assets such as our equity holdings could adversely affect our consolidated results of operations and financial position. Further, the entities in which we have invested may face challenges to their operating model. This may result in reputational damage to us in addition to any asset value decreases. For example, we made investments via SVF1 in Greensill Capital (UK) Limited, which later faced investigations into their business practices and ultimate insolvency.

Decrease in the asset value of portfolio companies. Our portfolio companies may be unable to develop businesses as we envisioned at the time when we made an investment decision, due to factors including the obsolescence of our portfolio companies' technologies and business models and intensified competitive environments, in addition to the macro external factors. This may lead to a significant deterioration in business performance or a drastic revision of our portfolio companies' business plans. There is also a possibility that our portfolio companies may increase their capital, which could result in a significant dilution of the per-share value of our portfolio companies' shares. In such cases, the asset value of portfolio companies may decrease, and we may record valuation losses on financial assets such as shares, or impairment losses on goodwill, property, plant and equipment and intangible assets incurred in connection with the investment, and may not receive the expected returns, such as profit sharing, from portfolio companies or be able to recover our investment. Furthermore, we have significant unrealized gains in the equity of certain affiliates, which we may be unable to recognize upon exit.

Investments in or other support for portfolio companies with serious financial difficulties. It is our general policy that portfolio companies be self-financing and we seek to avoid rescuing portfolio companies that run into serious financial difficulties. However, we may occasionally provide our portfolio companies with additional investments or other support, through loans, guarantees, equity investments and other means, when we deem such measures to be appropriate to enhance our shareholder value. Such investments have the potential to impact our ability to pursue other strategic opportunities, could adversely impact our available liquidity and ability to make payments on the Notes, or could otherwise adversely impact our financial position and results of operations.

Our holdings in Alibaba represent a significant portion of our investment portfolio.

As of March 31, 2021, our holdings in Alibaba represented 43% of our investment portfolio. However, despite this significant concentration, Alibaba is a public company and operates independently from us. We do not have direct representation on the board of directors of Alibaba and we are not able to otherwise directly influence the management of Alibaba. As Alibaba has not paid any dividends or distribution on its common stock to date and has not announced any intention to do so in the future, Alibaba's corporate value is largely dependent upon its business results, which are subject to substantial risks. According to Alibaba's public disclosure, we understand that Alibaba faces various risks, including:

- the success of its growth strategies and business plans;
- its future business development, results of operations and financial condition;
- trends in commerce, the overall technology and the other industries in which Alibaba operates, both in China and globally;
- competition in the industries in which Alibaba operates;

- fluctuations in general economic and business conditions in China and globally;
- the completion of Alibaba's investment transactions and regulatory approvals as well as other conditions that must be met in order to complete investment transactions;
- international trade policies, protectionist policies and other policies (including those relating to export control and economic or trade sanctions) that could place restrictions on economic and commercial activity;
- the regulatory environment in which Alibaba and companies integral to the digital economy operate in China and globally; and
- the impacts of the COVID-19 pandemic.

Any sustained, precipitous decline in the value of Alibaba could substantially reduce the overall value of our investment portfolio.

Furthermore, we have significant unrealized gains in the equity of Alibaba, among other affiliates, which we may be unable to recognize upon exit. In the event we attempt to exit our investment in Alibaba in whole or in part, there is no assurance that we would be able to do so successfully, or at all. Failure to monetize our position in Alibaba in a timely fashion could adversely affect our financial position and results of operations.

We may raise additional debt against our holdings in our listed and unlisted subsidiaries, strategic associates or other investment assets or otherwise be adversely affected by declines in their respective valuations.

As part of our long-term strategy as a strategic investment holding company, we expect to rely increasingly on the value of our investments in listed and unlisted subsidiaries and strategic associates to meet our financing requirements and support our growth. We concentrate a high percentage of our investments in a relatively small number of listed and unlisted subsidiaries and strategic associates, including Alibaba, Arm and SoftBank Corp., primarily in the technology and telecommunications industries. The equity value of these investments may be affected by fluctuations in general market conditions, the industries in which they operate, their specific operating performance, and extrinsic events such as significant resales by other major shareholders. Similarly, we have a large number of portfolio investments in unlisted companies, which can be illiquid and subject to substantial uncertainty and instability regarding valuation.

We have on several occasions monetized portions of our strategic investments, particularly in Alibaba, by raising significant amounts of indebtedness directly or indirectly secured over these assets and we may continue to do so in future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets."

Furthermore, for certain of our asset-backed financing, we may be required to post additional share or cash collateral or incur prepayment obligations in the event that the value of our eligible holdings declines due to a deterioration in the stock market or other factors. For example, our margin loans backed by Alibaba shares include a clause requiring the borrower to provide additional cash collateral if the fair value of the collateral falls below a prescribed threshold relative to the outstanding liabilities under the loan.

Although substantially all of our asset-backed financing has been conducted on a non-recourse basis to us, a default under certain of these obligations could result in substantial blocks of equity collateral being liquidated in the market in an abrupt and uncoordinated manner. Such liquidation could adversely impact the valuation of related assets in our portfolio, as well as our control over our portfolio companies whose shares we provide as collateral. In order to avoid such effects from a default on our asset-backed obligations, we may be compelled to support the borrowers of such obligations in repaying such obligations even where they are without legal recourse to us.

Any sustained, precipitous decline in the value of our key listed subsidiaries or other portfolio assets, or in the valuations of global equity markets generally, could also substantially reduce the overall value of our investment portfolio, which could in turn impair our ability to monetize those investments to repay or refinance our outstanding indebtedness or meet our financing requirements for future growth.

We face risks associated with operation and investment in multiple markets.

We conduct business and invest in multiple regions and countries including the United States, China, Korea, India, Europe and Central and South America, as well as certain other regions and countries, and we may continue expanding our operations outside of Japan. We do not have a history of successfully operating in these regions, which in some cases have a different level of economic development or different economic structure from that of our traditional region of operations.

Operating and investing in multiple geographic markets exposes us to a number of risks, including:

- difficulties and costs relating to compliance with the different commercial and legal requirements of the markets in which we operate and the potential that such requirements could change to our disadvantage;
- difficulties in staffing and managing international operations;
- government regulations or restrictions on foreign investment, particularly any preventing us from repatriating internationally derived revenue, or foreign tax structures that make repatriation prohibitively expensive, which could affect our ability to effectively reinvest or utilize such revenues in our business; and
- other country risks, including the occurrence of political, social, or economic turbulence in such countries and regions, due to the outbreak of wars, conflicts, and terror attacks, the enactment of economic sanctions and the outbreak of communicable diseases.

Our failure to successfully manage or address any of the above-listed risks could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to SVF

Our financial results may be significantly affected by risks relating to SVF.

SVF seeks to acquire minority interests in various companies, ranging from emerging technology businesses to established companies requiring substantial growth funding across a wide range of technology sectors, as long as the investments fall within SVF's investment strategy. Investment opportunities of the Company of $100 million or more that fall within SVF's investment strategy are generally required to be carried out through SVF or its associated vehicles. Subject to certain circumstances, the Company can make certain other investments, including (but not limited to) investments not meeting the $100 million threshold, strategic investments at the operating company level, and/or other investments that do not fall within SVF's investment strategy and criteria. SBIA, which is regulated by the UK's Financial Conduct Authority, manages SVF. We invest in SVF as a limited partner. Investment decisions for the various entities comprising SVF are each separately made by investment committees established as committees of SBIA, a wholly owned subsidiary of the Company. As of March 31, 2021, the total committed capital to SVF1 was $98.6 billion (including $33.1 billion from us), cumulative contributions from limited partners were $85.4 billion (including $29.3 billion from us), and remaining committed capital was $13.2 billion (including $3.8 billion from us). As of the date of this offering memorandum, we are the sole limited partner investing in SVF2, with a total committed capital of $40.0 billion. See "Business—Our Assets—SVF1 and SVF2—Organization and Capital Deployment."

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

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

Our investment in SVF may not be profitable or generate cash flows.

Net proceeds from the investment performance of SVF1, SVF2 and other SBIA-managed funds are distributed to limited partners, which includes us and third-party investors, in the case of SVF1. To the extent that SVF1, SVF2 and other SBIA-managed funds are not able to realize investment gains on their portfolios, they will not generate cash in order to make such distributions to us as a limited partner. Specifically with regard to SVF1, contributions by the limited partners are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution. Fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. Accordingly, we do not receive any limited partnership distributions until and unless the determined distributions to Preferred Equity are paid in full. Accordingly, unless the gains on the investment portfolio are sufficient, our LP interest in SVF1 will not generate cash flow for payments on the Notes, although the cash flow has not materially contributed to our Cash Position as of March 31, 2021.

Proceeds from the investment performance of SVF are also distributed to SBIA as performance fees. If SVF experiences a deterioration in investment profitability and is unable to generate investment performance as planned, we could be unable to receive performance-based distributions as a limited partner in accordance with our expectations or we could be unable to recover our capital contributions. SBIA may also be unable to receive performance fees in accordance with expectations.

Further, SBIA receives performance fees on the realization of gains, including after the disposition of investments, receipt of dividends from investments, and monetization of shares. Performance fees received are subject to a clawback provision (a provision requiring the return of performance fees received in the past), which is triggered under certain conditions based on future investment performance. Therefore, if the investment performance of SVF does not exceed a certain level, SBIA may be unable to receive performance fees in accordance with expectations. Also, if the investment performance at the time of liquidation of SVF does not exceed a certain level, the amount of performance fees that have been received by SBIA up until then could be reduced, or SBIA may not be able to receive performance fees.

Failure by SVF to generate portfolio gains to enable either LP distributions to us or performance fees to SBIA could adversely affect our financial condition and results of operations.

SVF faces risks in connection with its use of leverage.

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

SVF may not be able to exit from investments.

Due to the illiquid nature of many of the investments that SVF may acquire, we are unable to predict with complete certainty what the exit strategy will ultimately be for any given position. Because of SVF's focus on investing in unlisted companies that are seeking to go public, our ability to exit from investments or realize gains may also be heavily impacted by the health of the IPO and special purpose acquisition company ("SPAC") markets, as well as the appetite for public offerings generally. Accordingly, there can be no assurance that SVF will be able to realize any gains from such investments in a timely manner. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. SVF may be prohibited by contract or other limitations from selling certain securities for a period of time which may mean that SVF is unable to take advantage of favorable market prices. Such inability to exit investments in an optimal or timely manner could adversely affect our financial condition and result of operations.

SVF makes non-controlling investments and may have limited rights as shareholder with respect to its portfolio companies.

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

SVF may have difficulty securing and retaining necessary human resources.

SBIA seeks to maximize the equity value of the investment funds that it manages by carefully selecting investments and promoting growth after investment through the provision of a wide range of support. For the success of these investment activities, it is essential to secure and retain capable personnel who possess broad knowledge of technology and financial markets as well as specialized skills in managing investment businesses. The inability of SBIA to secure or retain an adequate number of such capable personnel—including in light of increasing competition among alternative asset firms; financial institutions; private equity, growth equity and venture capital firms; investment managers and other industry participants for hiring and retaining qualified investment professionals and other factors—could have an adverse effect on the maintenance or expansion of the investment scale and future investment performance of the investment funds it manages, which could adversely affect our financial condition and results of operations.

SVF1's limited partners may fail to comply with capital calls, or could impede our ability to execute our investment strategy by exercising veto rights.

For each of SVF1's investments, SBIA issues capital calls to its limited partners. The inability of limited partners to contribute capital for any reason could restrict the investment amounts of SVF1 and could result in it being unable to invest as planned. Although other limited partners are required to meet shortfall amounts, subject to certain limitations, as the interests in SVF1 are concentrated amongst a few significant investors, including us, the adverse impact of such limited partner's failure to comply with a capital call may be greater than it would be if the interests were held across a more diverse group of investors.

In addition, certain third-party limited partners of SVF1 that provide large committed capital amounts have the right to veto investments above a certain threshold amount, and the exercise of such veto could result in SBIA being unable to conduct investments as planned, which could adversely affect our financial condition and results of operations.

Portfolio companies may not be able to adapt to regulation of new technologies or business models.

Our portfolio includes companies that are advancing the use of or are conducting research and development in relation to new technologies such as AI and big data and companies that are rolling out new business models that are different from existing business models. The business fields in which these types of new technologies and business models are offered (for example, autonomous vehicles and ride-sharing services) may be subject to specific and strict regulations and licensing regimes in many countries and regions. With the development of related laws, the introduction of, or changes in, regulations could have an adverse effect by creating financial burdens or restrictions on portfolio companies' business development and their results of operations by, for example, requiring portfolio companies to change, suspend, or discontinue the deployment of technologies, business models, or related research and development plans. Licenses and permits required to provide certain technology related services are subject to various conditions and there is no assurance that our portfolio companies will be able to satisfy such conditions. Such failure to adapt to regulation of new technologies or business models could adversely affect the value of our portfolio, which in turn could adversely affect our financial condition and results of operations.

SVF's investments are concentrated in specific business fields.

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

SVF's investment portfolio includes securities and debt issued by listed companies.

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

We face risks in connection with SPACs.

From time to time, we may form a SPAC for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses, with the intent of completing such business combination within two years from the initial sale of SPAC units to the public. However, investing in and sponsoring a SPAC entails various risks. For example, we face litigation risk if we fail to effectively identify and address existing risks of a target company prior to a business combination or face allegations of conflicts of interest. In addition, we may fail to find a suitable business combination target, meaning that no business combination will occur and the funds raised by a SPAC need to be returned to investors. The realization of any such risks may harm our reputation and our ability to act as a SPAC sponsor in the future.

Risks Related to SoftBank Corp.

We rely on distributions from SoftBank Corp. for a substantial proportion of our regular free cash flow.

We received aggregate dividend distributions from SoftBank Corp. of ¥217.6 billion ($1,966 million) for the fiscal year ended March 31, 2021. Such distributions have historically accounted for a substantial proportion of the regular free cash flow generated by our investments. SoftBank Corp.'s ability to continue to pay dividends to its shareholders is dependent upon the profitability of its business. Furthermore, in September 2020 we sold approximately ¥1.2 trillion of shares in SoftBank Corp., reducing our ownership interest from approximately 62% to 40%. We expect the reduction of our position in SoftBank Corp. to result in a corresponding reduction in our free cash flows from dividend income going forward. As a result, we will in the future be increasingly dependent on our ability to generate cash flows from the monetization of our investment portfolio.

SoftBank Corp. faces intense competition, including from other large and established competitors and well-funded entrants, and such competition may intensify.

Although now a listed company, SoftBank Corp. remains our consolidated subsidiary and accounts for a substantial proportion of our regular free cash flow. Accordingly, the various risks that SoftBank Corp. faces in connection with its business could have a material adverse effect on our own business, financial condition and results of operations.

SoftBank Corp. faces intense competition in the Japanese mobile communications industry, namely with other domestic communications companies such as NTT DOCOMO, Inc. and KDDI Corporation. SoftBank Corp.'s competitors may have larger operations or other competitive advantages in terms of, for example, capital, services and products, price competitiveness, customer base, sales capability, brand awareness or public recognition. Furthermore, in the Japanese telecommunications market, the business environment continues to undergo changes, including the strengthening of government policies to promote competition, the penetration of low-priced smartphone services by Mobile Virtual Network Operators (MVNOs) and the entry of new players from other industries. Going forward, the competition among existing operators and new entrants may further intensify, as a result of which SoftBank Corp. may revise its billing plans, offer discounts or take other steps to capture new subscriptions and maintain existing subscriptions, which could adversely affect its profitability.

SoftBank Corp. depends on the satisfactory performance of its network systems and sufficient spectrum to operate its telecommunications services.

The quality of SoftBank Corp.'s telecommunications services depends on, among other things, its network systems and the spectrum allocated by the government. In order to remain competitive and retain and grow its customer bases, SoftBank Corp. will need to undertake continuous maintenance and upgrades to mobile and fixed-line networks to ensure adequate capacity.

Constraints on network capacity may cause unanticipated system disruptions and slower response times, adversely affecting data transmission. SoftBank Corp. must accurately predict its future capacity needs based on present and historical amounts of network traffic. If SoftBank Corp. underestimates the amount of capacity its business requires, or is unable to upgrade its network systems quickly enough to accommodate future traffic levels, avoid obsolescence or successfully integrate newly developed or acquired technology with our existing systems, it could experience service problems, adverse consequences to its reputation, a reduction in subscriber base, difficulties in acquiring new subscribers or the need to make additional unanticipated capital expenditures.

Like all major telecommunications services providers, SoftBank Corp. is also vulnerable to the occurrence of major service disruptions or declines in service quality due to human error, equipment problems or other causes.

SoftBank Corp. is also heavily dependent on the availability of spectrum in order to provide mobile communications services. SoftBank Corp. uses frequency bands that are allocated to it by MIC and, while MIC rarely exercises such authority, it does have the power to reallocate spectrum as it deems necessary to secure an appropriate and reasonable utilization of frequency spectrum, taking into consideration the effect that such actions may have on other spectrum users. If SoftBank Corp. is unable to secure the required spectrum in the future, service quality may decline, which could make it difficult to acquire or retain subscribers. Additionally, the Japanese government has considered the implementation of a spectrum auction system in the past. If an auction system were officially implemented in Japan or if bidding prices increase in U.S. spectrum auctions, securing spectrum could require considerable expenses and could enable new competitors to enter the market.

SoftBank Corp. depends on the telecommunications lines and facilities of other companies in certain circumstances and could be materially and adversely affected if its access were restricted or terminated or if related utilization or connection fees were increased.

SoftBank Corp. utilizes certain telecommunications lines and facilities owned by other operators when providing telecommunications services. The potential failure of such third-party operators to comply with relevant interconnection agreements or to properly maintain networks or interconnection facilities may create interruptions or quality problems for SoftBank Corp.'s telecommunications services. In addition, if relevant agreements with such operators are not extended or are extended on less favorable conditions, for example if utilization or connection rates were to be increased, SoftBank Corp. could experience a material adverse effect on its business, financial condition and results of operations.

SoftBank Corp. purchases and leases various equipment, products and services from suppliers.

SoftBank Corp. procures telecommunications equipment, network devices, mobile devices and various other hardware, software, support and services from various vendors. SoftBank Corp. may be unable to switch suppliers or equipment in a timely manner should problems occur. SoftBank Corp. does not have direct operational or financial control over these vendors, and there can be no assurance that such vendors will continue to provide equipment and services at attractive prices or that SoftBank Corp. will be able to obtain such equipment and services in the future from those or other providers, on the scale and within the time frames that we require, if at all.

Supply interruptions, delivery delays, order volume shortfalls, defects and the cessation of maintenance and inspection services, as well as any other similar problem could impede SoftBank Corp.'s provision of services, making it difficult to acquire and retain customers, or causing SoftBank Corp. to incur additional costs. Suppliers may also cease providing the maintenance and inspection services required for telecommunications equipment to maintain performance.

SoftBank Corp. relies on subcontractors and other third parties for certain of its operations.

SoftBank Corp. consigns sales activities, acquisition and retention of customers mainly for telecommunications services, and the execution of other related operations in whole or part to subcontractors. SoftBank Corp. also uses subcontractors for network construction and maintenance service. SoftBank Corp.'s business development could therefore be impacted if for some reason these subcontractors are unable to execute their duties.

SoftBank Corp. also has a network of subcontractors responsible for the sale of services and products. Damage to the credibility or image of these subcontractors could also have a negative impact on SoftBank Corp.'s credibility or corporate image. Furthermore, if these subcontractors should fail to comply with laws and regulations, SoftBank Corp. could receive a warning or administrative guidance from the regulatory authorities, or be investigated or sanctioned for non-fulfillment of its supervisory responsibility, and its credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers.

Risks Related to Arm

We may not complete the sale of Arm to NVIDIA on agreed terms or at all.

In September 2020, we announced that we had entered into an agreement to sell all of the shares in Arm held by SoftBank Group Capital Limited ("SBGC") and SVF1 to NVIDIA in a transaction valued at up to $40 billion (approximately ¥4.2 trillion). However, the transaction has not yet closed and remains subject to regulatory approvals (including those in the United Kingdom, China, the European Union and the United States) as well as other customary closing conditions.

The sale of Arm to NVIDIA is currently undergoing ongoing regulatory review by antitrust regulators, including in the United States, the United Kingdom, the European Union, China and other jurisdictions, and national security regulators, including in the United Kingdom and other jurisdictions. If any of these regulators were to refuse approval for the transaction, or to impose unacceptable conditions upon NVIDIA and/or us in connection with approval, it could result in us being unable to close the sale.

If the sale of Arm to NVIDIA is terminated, there can be no assurance that we will be able to obtain a comparable valuation for Arm pursuant to any other sale or monetization.

We face various risks relating to Arm's operations.

For so long as Arm continues to be our subsidiary, the operations of Arm could substantially affect our business, financial condition and results of operations. Arm's business is subject to risks, including:

- *Competition in and changes to the semiconductor industry.* Arm operates in the semiconductor market, which is highly competitive and has been characterized by rapid technological changes, short product lifecycles, high capital expenditures and intense pricing pressure. Arm currently competes with both large semiconductor companies and smaller semiconductor intellectual property companies.
- *Risks associated with international sales.* Arm's customers are located in many locations around the world. The semiconductor industry has been the subject of repeated disputes over government assistance to domestic manufacturers and fair trading policies, the outcomes of which could materially and adversely affect Arm's access to particular markets or Arm's competitive position generally.
- *Changes in customer needs.* The semiconductor market is characterized by rapidly changing technology that affects industry standards and the types of products that Arm's customers demand. The changing needs of Arm's customers may result in Arm's products no longer meeting customer specifications or being otherwise incompatible with customer-intended end uses.
- *Customer concentration risk.* Due to changes in technological trends and economic conditions, merger activities in the semiconductor industry may increase, resulting in a smaller number of customers to which Arm sells its products and increasing Arm's reliance on orders from a smaller number of larger customers, increasing the impact on sales of a reduction of orders by individual customers. In addition, a smaller number of key customers could increase product development costs, as key customers could require Arm to develop or modify its products more frequently than expected.
- *Inability to retain and motivate qualified personnel.* The number of Arm's employees has increased rapidly in the last few years, as it has accelerated the hiring of engineers to develop the next-generation of processors that will meet customer demands. Arm's organizational structure, corporate culture and infrastructure may not successfully accommodate this increase in employees.
- *Reputational risk.* Arm's technologies are incorporated into products that are used around the globe by numerous individuals and companies. These products, in turn, are used to accumulate, manage and transmit massive amounts of private, personal and proprietary information. As a result, if issues arise with these products, as a result of problems or defects with Arm's technologies, Arm could suffer significant reputational harm and the value of Arm's brand and intellectual property could be negatively affected.
- *Risk of infringing on the intellectual property rights of others.* Although Arm pays considerable attention to establishing and maintaining its products' integrity, if Arm is involved in a dispute with another company for infringement of intellectual property, it may become necessary for Arm to defend its intellectual property and its technologies. Occasionally, third parties may assert patent rights, copyrights or other intellectual property rights against Arm's technologies. By way of example, chip sellers, but not Arm itself, are often a party to disputes involving Arm's intellectual property and/or its technologies whereby Arm may participate as an indemnitor.

- *Dependence on intellectual property licensees.* Arm is dependent on its licensees to manufacture and market microprocessors and other intellectual property based on Arm's architecture in order to receive royalties in the future. Arm is also dependent on licensees to add value to its license architecture by providing complete Arm-based microprocessor solutions to meet specific application needs of systems companies.
- *Arm and its customers fail to invest in the ecosystem of developers who build Arm-based products and services.* Arm processors often run software created by independent software vendors ("ISVs") or through consortiums of companies working together. Each end market has its own ecosystem of consortia and ISVs, supported by engineers from Arm and its customers and through direct monetary investment. Insufficient investment may result in the ecosystems providing better support for products based on non-Arm-based technology, leading to equipment manufacturers not choosing Arm-based chips, leading to a reduction in Arm's revenues.

General Business Risks

There is uncertainty as to our existing long-term corporate credit ratings and the instruments ratings of the Notes.

Our long-term corporate credit rating is BB+ (stable outlook) from Standard & Poor's Financial Services LLC ("S&P") and A- (stable outlook) from Japan Credit Rating Agency, Ltd. ("JCR"), and we expect the Notes will receive a rating of BB+ from S&P. The ratings assigned to the Notes as well as the instrument ratings assigned to the Notes may be lowered or withdrawn entirely in the future, including if our LTV increases significantly or otherwise if we pursue an aggressive investment strategy at the expense of key financial metrics, if we experience a significant decline in the value of our investments or if we suffer negative impacts from the acquisition of other companies, businesses or technologies.

Furthermore, ratings agencies other than S&P and JCR may decide to publish unsponsored ratings in respect of us or the Notes. There can be no assurance that such ratings will be comparable to the ratings provided by S&P or JCR.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform the Holders of any such revision, downgrade or withdrawal. A suspension, reduction, notching down from our long-term issuer credit rating or withdrawal at any time of the ratings assigned to the Notes may adversely affect the market price of the Notes and may cause us to lose our ability to access bank lending or the capital markets, renew bank credit facilities and access other sources of financing. Downgrades could also increase our costs of borrowing and affect our ability to make payments on outstanding debt instruments and to comply with other existing obligations. Such events could have a material adverse effect on our business, financial condition and results of operations.

Security breaches and illegal or inappropriate use of our services could adversely affect our reputation and expose us to claims from customers and penalties from authorities.

We and many of our portfolio businesses collect, handle and maintain customer information, including personal information and other confidential information, in the course of our business operations. In some cases we also rely upon third-party subcontractors to handle customer information. Information handled by ourselves or our subcontractors may include a customer's name and email address, as well as date of birth, address, contact information, bank account information, credit card information and other information. We are subject to various regulations regarding the storage and protection of customer information, and we are required to exercise care in protecting the confidentiality of personal information, as well as to take steps to ensure the security of our services.

Any material leak of personal information, due to hacking or other unauthorized access of one of our databases, or due to the willful misconduct or inadvertent mistake of one of our own employees or subcontractors or otherwise, could result in claims or lawsuits against us, and we could be held legally responsible for any damages sustained by the affected persons. Such events could also result in reputational damage even if we are not held legally responsible. Further, we could incur additional expenses associated with changing our security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives from the government, or in connection with public relations campaigns designed to prevent or mitigate damage to our corporate image or reputation. Any related reputational damage could lead to a decline in new subscribers or users or an increase in subscriber or user cancellations for any of our or our portfolio company's services. Any of the above consequences could have a material adverse effect on the value of our investment portfolio, which could adversely affect our financial condition and results of operations.

Our operations may be significantly affected by natural disasters or other unexpected disruptions such as earthquakes or volcanic eruptions.

Some regions in which we or our various portfolio businesses conduct business operations are susceptible to natural disasters, such as earthquakes, volcanic eruptions, typhoons, tsunamis and floods. Such natural disasters or other unexpected disruptions, such as fires, power outages or shortages, terrorist attacks, human error, computer viruses, cyber-attacks, unauthorized access to our system or servers or system malfunctions could affect the normal operation of our businesses and hinder our provision of services to consumers. Any resulting decline in the quality of service on a widespread basis or for an extended period of time could result in loss of our reputation or creditworthiness and make it difficult to retain or attract customers. Further, remedying such disruptions could require significant unanticipated capital expenditures. For example, Japan is an earthquake-prone country and has historically experienced numerous large earthquakes that have resulted in extensive infrastructural damage and destruction. Most recently, in the aftermath of the Great East Japan Earthquake, which struck Japan on March 11, 2011, SoftBank Corp., as well as other major mobile communications companies, experienced a temporary but widespread decline in the quality of its mobile services due to the sudden influx of text messages and phone calls, as well as store closings, widespread damage to our facilities and other effects due to the structural damage caused by the earthquake.

Additionally, the head offices and business offices of various companies within our group are concentrated within the Tokyo metropolitan area. Therefore, the possibility exists that a major earthquake or other catastrophic natural disaster or attack in the Tokyo metropolitan area could significantly affect our operations or impede the continuity of our business. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws, government regulations and licensing regimes that restrict and may impose new restrictions on our business.

We are subject to various laws and regulations pertaining to general corporate business activities, as well as laws, regulations and licensing regimes governing our business operations, including laws regulating telecommunications, internet advertising, e-commerce, energy, robots, semiconductors, IoT, financial or payment business or other corporate activities. For example, the Telecommunications Business Act and Radio Act, which govern SoftBank Corp.'s telecommunications business in Japan, and the regimes that govern the spectrum allocated to it by the MIC, allow SoftBank Corp. to conduct its mobile communications operations. Our businesses are also subject to laws and regulations relating to the environment, product liability, unfair competition, consumer protection, privacy protection, prohibition of bribery, labor, intellectual property rights, prevention of money laundering, taxes, currency exchange, business and investment permits and the import and export of goods. See "Business—Regulation." Additionally, we have been subject to administrative guidance in the past, such as the Japanese government's recent efforts to reduce telecommunications charges. Any future breaches of relevant regulations or administrative guidance could further subject us to administrative sanctions or guidance by government agencies that may hinder our business development or create financial burdens that could negatively affect our business, financial condition and results of operations.

In providing services in different countries, we are subject to various laws and regulations that govern such jurisdictions as well as various licensing regimes under such laws. The enforcement of existing regulations may greatly restrict our ability to conduct and expand our business. Additionally, revisions to or changes in the interpretation or enforcement of applicable laws and regulations and the introduction of new laws and regulations could prevent us from conducting our current businesses or developing new businesses as anticipated. For example, in recent years, we have made several investments in companies such as Uber Technologies, Inc., DiDi and Grab, which provide ride sharing services in a large number of jurisdictions globally. The taxi and ride-sharing industries are increasingly subject to significant regulation, and these businesses have each experienced challenges in complying with the laws and regulations applicable to them, sometimes simultaneously across several of the jurisdictions in which they operate. In some cases, these businesses have chosen to withdraw from jurisdictions where they determined it was impracticable or impossible to comply with such regulations.

If new laws and regulations are introduced in a form we do not expect, or if existing laws and regulations are amended or subject to changes in interpretation or application, the products and services that we are able to offer to our customers could be limited. We may not be able to accurately predict, prevent or effectively react to new laws and regulations, or new amendments to or interpretations and applications of existing laws and regulations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, decisions by regulators and competent authorities regarding the granting, amendment or renewal of licenses to us or to third parties, could materially adversely affect our businesses, financial condition and results of operations.

We are subject to changes in accounting and taxation systems.

The introduction of new accounting or taxation systems, or changes to existing systems, and the occurrence of an additional tax burden due to differences of views with the tax authorities could adversely affect our financial position and results of operations.

Our determination of our provisions for taxes requires judgment and estimation. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We cannot predict the form or timing of potential changes in accounting and taxation systems, but any newly enacted tax law could have a material adverse impact on our tax expense and cash flow.

We are from time to time subject to review and audit by tax authorities as well as subject to the prospective and retrospective effects of changing tax regulations and legislation. Although we believe our tax estimates are reasonable, the ultimate tax outcome may materially differ from the tax amounts recorded in our consolidated financial statements and may materially affect our income tax provision, net income, or cash flows in the period or periods for which such determination and settlement is made.

Furthermore, in countries and regions in which we or our portfolio companies conduct business activities, the introduction of or changes to tax laws or regulations or changes to their interpretations or enforcement or the incurrence of additional tax burdens due to differences of views with tax authorities could adversely affect our results of operations or financial position.

We may suffer from unauthorized use of our intellectual property by third parties and incur costs associated with protecting our intellectual property.

We regard our proprietary products, brands, domain names, trade names, copyrights, trademarks, trade secrets and similar intellectual property as critical to our business. However, policing the unauthorized use of our intellectual property is difficult and expensive. Although we have taken steps to prevent the misappropriation of our intellectual property, such protective measures may not be adequate to prevent the unauthorized use of our intellectual property. Any misappropriation of intellectual property that is used in our business, whether licensed to us or owned by us, could have a material adverse effect on our business, financial condition and results of operations. Further, the laws and enforcement procedures in some countries do not protect intellectual property rights to the same extent as the laws and enforcement procedures of Japan or the United States. Legal protection of our rights may be ineffective in such countries, and we may be unable to protect our intellectual property rights in such countries. In the future, we may need to resort to court proceedings to enforce our intellectual property rights, which might result in substantial costs and diversion of management attention and resources away from the operation and growth of our business.

We may be subject to intellectual property claims.

We generally operate our business in a way that we believe is reasonably designed to avoid infringing the intellectual property rights of third parties. However, particularly as there are many companies that develop and provide online technologies and broadband products, the features and content of which continue to overlap, there is an increasing possibility that we may be subject to litigation involving claims of patent, copyright or trademark infringement, or other violations of intellectual property rights of third parties. In particular, the patent field covering online and related technology is rapidly evolving and surrounded by a great deal of uncertainty, and our technologies, processes or business models and methods may infringe the intellectual property rights of third parties either now existing or to be issued in the future. Existing or future infringement claims against us, whether valid or not, may be time consuming, distracting to management and expensive to defend.

Intellectual property litigation or claims could force us to:

- cease operating or using products or services that incorporate the intellectual property subject to such claims;
- modify the products or services to avoid infringing upon the intellectual property rights of third parties;
- obtain a license from the holder of the infringed intellectual property, which may not be available on commercially favorable terms, or at all; or
- change our business practices, any of which could result in additional costs.

Additionally, in the event that there is a determination that we have infringed the proprietary rights of any third party, we could incur substantial liabilities. Any of the above may have a material adverse effect on our business, financial condition and results of operations.

From time to time, we may become involved in legal proceedings, which could adversely affect our business.

From time to time, we may become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy or disruptive to normal business operations or affect our corporate image. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, financial condition and results of operations.

We face risks in connection with our sustainability efforts.

Our success in addressing environmental, social and governance ("ESG") issues is important for our business. Our failure, or the failure of our portfolio companies, to meet the expectations of investors and other key stakeholders with respect to ESG matters could negatively affect our or our portfolio companies' businesses, which could have an adverse effect on our financial condition and results of operations. Although we are taking efforts to address ESG issues in connection with our business, such measures may be inadequate to address issues or improve the perception of our or our portfolio companies' businesses.

Risks Relating to the Notes

There is no prior market for the Notes and any market that does develop may not be liquid.

Although approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST, there can be no assurance that we will be able to obtain or maintain such listing or that any liquid markets for the Notes will ever develop or be maintained. The Initial Purchasers have advised us that they currently intend to make a market in the Notes following the offering. However, the Initial Purchasers have no obligation to make a market in the Notes and they may stop at any time. Furthermore, there can be no assurance as to the liquidity of any market that may develop for the Notes or the prices at which you will be able to sell your Notes, if at all. Future trading prices of the Notes will depend on many factors, including:

- prevailing interest rates;
- our financial condition and results of operations;
- the then-current ratings assigned to the Notes;
- the market for similar securities; and
- general economic conditions.

Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including the time remaining to the maturity of the Notes and until we are able to redeem the Notes at our option without paying a make-whole premium; the outstanding amount of the Notes; and the level, direction and volatility of market interest rates generally.

In addition, in the event that our obligations in connection with maintaining the listing and quotation of the Notes on the SGX-ST become unduly burdensome, we may be entitled to, and may decide to, delist the Notes from the SGX-ST and seek an alternate listing for the Notes on another securities exchange.

The Notes are unsecured obligations and will be effectively subordinated to the existing and future secured indebtedness of the Company and its subsidiaries. We and our subsidiaries may in the future incur substantial amounts of secured debt.

The Notes are unsecured obligations ranking effectively junior in right of payment to all existing and future secured indebtedness of the Company, to the extent of the value of the collateral securing such indebtedness. As of March 31, 2021, we did not have any secured indebtedness except for ¥1,874 billion ($16,927 million) of Asset Finance Indebtedness (as defined in "Description of the Notes"). See "Description of Other Indebtedness."

Additionally, the Indenture will not prohibit (other than in certain limited cases) the Company or the Company's subsidiaries from incurring indebtedness that is secured by liens over certain property and assets that do not also secure the Notes. Among other things, the Indenture will permit the Company to pledge any shares that it owns in the Capital Stock (as defined in "Description of the Notes") or Equity Interests (as defined in "Description of the Notes") of any person other than any future Note Guarantors (as defined in "Description of the Notes") to secure indebtedness that does not provide for recourse to the assets of the Company beyond the pledged collateral. In addition, the Indenture will permit our subsidiaries other than any future Note Guarantors to incur unlimited amounts of secured indebtedness that is otherwise non-recourse to the Company. See "Description of the Notes." The Indenture will not regulate our use of the proceeds of such secured indebtedness and will permit us to use such proceeds for, among other things, capital expenditures, acquisitions, other investments, repurchases of ordinary or preferred stock, distributions, dividends or any general corporate purpose. We cannot assure you that the proceeds of such secured indebtedness will be available for repayment of the Notes.

In the event of any bankruptcy, liquidation, reorganization, rehabilitation, dissolution, winding-up or other insolvency proceedings of the Company, the rights of the holders of the Notes to participate in the assets of the Company will rank behind the claims of secured creditors, if any.

Repayment of the Notes may be compromised if:

- we enter into bankruptcy, liquidation, reorganization, rehabilitation, dissolution or other winding-up proceedings or other insolvency proceedings;
- we default in payment of our secured indebtedness or other unsecured indebtedness; or
- any of our indebtedness is accelerated.

If any of these events occurs, our assets may be used first to satisfy the claims of secured creditors and the remaining assets may be insufficient to pay amounts due on the Notes.

The Notes will be structurally subordinated to any existing or future indebtedness, preferred stock and other liabilities of our subsidiaries.

The holders of the Notes will not have any direct right to claim against any of our subsidiaries, and may only participate in the assets of such subsidiaries through the distribution of the remaining assets to us as a common equity interest holder of such subsidiaries or the limited repayment to us as a creditor of such subsidiaries (if we have a claim against such subsidiaries) under bankruptcy or other insolvency procedures. As a result, the Notes are structurally subordinated to the preferred securities, outstanding debt and other obligations of our subsidiaries and the amount of such preferred securities, debt and obligations may be significant.

Our obligations under the Notes will rank pari passu in right of payment with other debt that will have equal right to all assets of the Company in the event of an insolvency or liquidation.

In insolvency or liquidation proceedings of the Company, subject to any claims that are preferred by law, secured claims or cases of preference as provided for under Japanese laws of general application, the Notes will rank *pari passu* in right of payment to all of our unsecured and unsubordinated indebtedness, including the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Exchange Notes, the 2018 Senior Notes, the Company's unsubordinated Yen-denominated bonds, the Senior Term Loan (as defined in "Description of Other Indebtedness") and outstanding amounts under the commitment line facility, as well as other senior borrowings. See "Description of Other Indebtedness." Upon any distribution to our creditors in a liquidation, administration, bankruptcy, moratorium of payments, dissolution or other winding-up, the creditors under our unsubordinated corporate bonds (including the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Exchange Notes, the 2018 Senior Notes and the Company's unsubordinated Yen-denominated bonds), the Senior Term Loan, outstanding amounts under the commitment line facility and other senior borrowings will be entitled to be paid equally and ratably with respect to our property and assets. See "—Enforcement of claims on the Notes will be subject to certain limitations arising under Japanese insolvency and corporate laws. Japanese laws may be different from, and not as favorable to you as, the laws in other jurisdictions."

As of March 31, 2021, after giving effect to the offering of the Notes and the expected use of proceeds thereof, we would have had further adjusted total interest-bearing debt of ¥19,412 billion ($175,341 million). The Indenture will not restrict us from issuing preferred stock or incurring further unsecured indebtedness, which might dilute recoveries of holders of the Notes in any insolvency or liquidation.

The Indenture will contain limited restrictive covenants and will not restrict our ability to make investments, incur indebtedness, pay dividends (except in certain limited circumstances) or enter into affiliate transactions.

The Indenture will contain limited restrictive covenants and the Indenture will not restrict our ability to:

- make capital expenditures;

- other than pursuant to the limitation on Third Party Guarantees (as defined in "Description of the Notes"), invest in affiliates, associates or subsidiaries (including by servicing indebtedness at such affiliates, associates or subsidiaries), invest cash and assets into SVF1 and SVF2, repurchase ordinary or preferred stock, make distributions or issue dividends (except in certain limited circumstances);
- issue preferred securities or incur unsecured indebtedness;
- pledge the Capital Stock of, or other Equity Interests or securities issued by, any person other than a future Note Guarantor to secure indebtedness that does not provide for recourse to the assets of the Company beyond the pledged collateral; or
- enter into transactions with affiliates.

Our taking such actions under the Indenture could adversely affect our ability to pay amounts due on the Notes.

To the extent the Indenture will contain restrictive covenants, those covenants will be limited in effect and subject to certain exceptions.

- The Indenture will only contain limited restrictions on our ability to guarantee or provide security in respect of indebtedness at Subsidiaries, Affiliates and Associates. See "Description of the Notes—Certain Covenants—Negative Pledge" and "Description of the Notes—Certain Covenants—Permitted Third Party Guarantees."
- The negative pledge to be provided by us under the Indenture does not apply to certain types of indebtedness, including secured indebtedness that does not provide for recourse to our assets beyond the pledged collateral, and is otherwise subject to certain material exceptions. See "Description of the Notes—Certain Covenants—Negative Pledge."
- The Indenture will prohibit our using the proceeds from an asset sale to repurchase ordinary or preferred stock from or make a distribution or issue dividends to our equity holders only if such repurchases, distributions or dividends exceed \$20 billion in the aggregate since the Issue Date (as defined in the Indenture) and if our Company LTV Ratio (calculated as set forth in the Indenture) exceeds 1.0 to 4.0 at the time of the proposed repurchase, distribution or dividend (after giving pro forma effect thereof). The scope of this covenant is subject to certain material exceptions, including with respect to prepaid forward contracts or other Asset-Backed Derivative Obligations (as defined in "Description of the Notes") that are ultimately settled in cash. See "Description of the Notes—Certain Covenants—Distributions of Proceeds of Asset Sales."

The ratings of the Notes may change after the issuance of the Notes and those changes may have an adverse effect on the market prices and liquidity of the Notes.

Credit ratings that the Notes may receive will not address all material risks relating to an investment in the Notes, but reflect only the view of each rating agency at the time the rating is issued. There is no assurance that any such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered or suspended. Credit ratings by one or more rating agencies may also be withdrawn, either by the relevant rating agencies or at our request. For example, on March 25, 2020, we requested Moody's Japan K.K. to withdraw its corporate and foreign currency bond ratings of SoftBank Group Corp. A downgrade or potential downgrade of our ratings, the assignment of new ratings that are lower than existing ratings or withdrawals of our ratings could reduce the number of potential investors of the Notes and adversely affect the prices and liquidity of the Notes. A security rating is not a recommendation to buy, sell or hold the Notes.

We may not have sufficient funds to repurchase the Notes upon a Change of Control Triggering Event and certain strategic transactions may not constitute a Change of Control Triggering Event.

The occurrence of a Change of Control Triggering Event (as defined in "Description of the Notes") will require us to offer to repurchase the Notes at a purchase price equal to 100% of the aggregate principal amount of Notes repurchased, *plus* accrued and unpaid interest on the Notes up to but excluding the date of repurchase. It is possible that we will not have sufficient funds upon a Change of Control Triggering Event to purchase the Notes tendered pursuant to such an offer and any failure to do so would be a default under the Indenture and could result in cross defaults under our other financing agreements. See "Description of the Notes—Repurchase at the Option of Holders upon a Change of Control Triggering Event." In addition, some of our financing agreements or other similar agreements to which we may become a party may contain restrictions on our ability to purchase the Notes, regardless of the occurrence of a Change of Control Triggering Event.

We frequently evaluate and may in the future enter into strategic transactions. The change of control provisions contained in the Indenture may not protect you in the event of highly leveraged transactions and other important corporate events, including reorganizations, recapitalizations, delistings, sale of important investments (including our holdings in Alibaba or SVF1, SVF2 and other SBIA-managed funds (or the portfolio companies thereof)), restructurings or mergers that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control. The change of control would only be triggered due to a change in beneficial ownership of our shares if, among other things, a person other than Mr. Masayoshi Son, our Chairman and CEO, beneficially owned more than 50% of our voting shares. The change of control would not be triggered if a person other than Mr. Masayoshi Son became our controlling shareholder, unless such other person obtains more than 50% of our voting shares. Strategic transactions such as the foregoing could happen at any time and could be material to our business. Such transactions could significantly increase the amount of our indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

One of the ways a change of control can occur is upon a sale of all or substantially all of our assets. With respect to the sale of assets referred to in the definition of change of control in the Indenture, the meaning of the phrase “all or substantially all” as used in that definition varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under the relevant law and is subject to judicial interpretation. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of “all or substantially all” of the assets of a person and therefore it may be unclear whether a Change of Control Triggering Event has occurred and whether we are required to make a change of control offer to repurchase the Notes.

Our operations may be restricted by the terms of the Indenture and our other financing agreements, which could limit our ability to plan for or to react to market conditions or meet our capital needs.

The Indenture will include certain restrictive incurrence-based covenants, including restrictions on our ability to incur secured indebtedness or guarantee the indebtedness of subsidiaries, as well as restrictions on our ability to layer additional debt between other indebtedness and the Notes. See “Description of the Notes—Certain Covenants.”

We are subject to certain restrictive financial maintenance covenants in our other financing agreements, including an affirmative obligation for the Company to maintain net assets on a stand-alone basis of at least 75% of the net assets at the end of the previous fiscal year, as measured at the end of each fiscal year. Other covenants set certain caps on the total amount of senior debt the Company can incur subject to maintenance of a certain level of loan-to-value ratio. See “Description of Other Indebtedness” and Note 25 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum. See “—Our corporate structure may affect your ability to receive payment on the Notes.”

These covenants and any covenants included in future agreements could limit our ability to plan for or react to market conditions or to meet our capital needs, limit how we conduct our business and execute our business strategy, prevent us from raising additional debt or equity financing to operate during general economic or business downturns, impair our ability to compete effectively or to take advantage of new business opportunities or generally affect our ability to grow in accordance with our plans. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, including the Indenture, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our financing agreements contain cross-acceleration or cross-payment-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other financing agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our substantial leverage and debt service obligations could limit our flexibility, adversely affect our business and prevent us from fulfilling our obligations under the Notes.

The degree to which we are leveraged could have important negative consequences for us and you as holder of the Notes. Our ability to make scheduled payments on the Notes and to meet our other debt service obligations depends on our future operating and financial performance and ability to generate cash, which are affected by our ability to implement our business strategy as well as general economic, financial, competitive and other factors beyond our control. For example, our substantial debt could require us to dedicate a substantial portion of our cash flow from operations to making payments on our debt, thereby limiting the availability of funds for working capital, business opportunities and other general corporate purposes, increase our vulnerability to adverse general economic or industry conditions, make it more difficult for us to satisfy our obligations with respect to the Notes, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, increase our cost of borrowing, place us at a competitive disadvantage compared to our competitors that may have less indebtedness and limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing or sell assets.

Additionally, despite our high level of indebtedness and leverage, we may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness. The restrictive covenants in the Indenture governing the Notes, the indentures governing our other senior notes and our other financing agreements impose only limited restrictions on our ability to incur further indebtedness. The debt we incur in compliance with these restrictions could be substantial.

In addition, certain of our outstanding financing agreements will mature or need to be refinanced prior to the maturity of the Notes. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or seek to restructure or refinance our indebtedness, including the Notes. We may fail to generate sufficient cash through any of the foregoing. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Our corporate structure may affect your ability to receive payment on the Notes.

The Company is a pure holding company and substantially all of its operating income and cash flow are derived from its subsidiaries or proceeds from asset monetization. Although much of our business is conducted through our subsidiaries, none of our subsidiaries is obligated to make funds available to us for payment on the Notes and the terms of the financing agreements of our subsidiaries may restrict them from paying dividends and otherwise transferring assets to us. We cannot assure you that the agreements governing the current and future indebtedness of our subsidiaries will permit our subsidiaries to provide us with sufficient dividends, distributions or loans to fund payments on the Notes when due.

Our principal shareholder, Mr. Masayoshi Son, maintains significant influence over us, and his interests may conflict with your interests.

Mr. Masayoshi Son, our Chairman and CEO, is our single largest shareholder and owned 26.47% of our issued share capital excluding treasury stock as of March 31, 2021. As a result, Mr. Son has significant influence as to the composition of our board of directors and, in general, may determine the outcome of corporate decisions and other matters submitted to our shareholders for approval. Mr. Son also is a 33% owner of SB Northstar, our asset management subsidiary. The interests of Mr. Son, in certain circumstances, may conflict with your interests. For example, Mr. Son could vote to declare dividends or cause us to incur indebtedness or provide funding or support to other entities in the group, in each case as permitted under the Notes, causing capital outflows or increasing debt service obligations, which could hinder our ability to meet our obligations under the Notes.

Enforcement of claims on the Notes will be subject to certain limitations arising under Japanese insolvency and corporate laws. Japanese laws may be different from, and not as favorable to you as, the laws in other jurisdictions.

We are incorporated in Japan and, consequently, will be subject to Japanese laws and procedures affecting debtors and creditors, such as bankruptcy, corporate reorganization, civil rehabilitation or special liquidation proceedings. Under the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended), a petition for the commencement of bankruptcy proceedings may be filed with a court by us or any of our directors or creditors if we are generally and continuously unable to pay our debts as they become due because of a lack of ability to pay or if our liabilities exceed our assets. Under the Corporate Reorganization Act of Japan (Act No. 154 of 2002, as amended), a petition for the commencement of corporate reorganization proceedings may be filed with a court by us or certain qualified shareholders or creditors if it is likely that any of the grounds for bankruptcy as described above will arise. In addition, we may file a petition for the commencement of corporate reorganization proceedings if it is likely that the payment of a debt which becomes due would cause serious impediments to our continued business operations. Under the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended), a petition for the commencement of civil rehabilitation proceedings may be filed with a court by us or any of our creditors if it is likely that we face any of the grounds for bankruptcy as described above. A petition for civil rehabilitation may be also filed by us if we are unable to make any payments as they become due without causing any material obstruction to the continuation of our business. Under the Companies Act of Japan (Act No. 86 of 2005, as amended), a petition for the commencement of special liquidation proceedings may be filed with a court by any of our creditors, liquidators, audit and supervisory board members or shareholders if, after liquidation proceedings have commenced, circumstances exist which would seriously impede the carrying out of our liquidation or if there exists any possibility or doubt that our liabilities exceed our assets. The court will be required to order the commencement of bankruptcy proceedings at its initiative if, after a special liquidation has been commenced, the court determines that there exists a fact which constitutes a cause of commencement of the bankruptcy proceedings while: (i) there is no prospect of entering into a settlement agreement; (ii) there is no prospect of performing a settlement agreement; or (iii) the special liquidation conflicts with the general interest of the creditors.

In any of the insolvency proceedings mentioned above, our liabilities under the Notes would, in general, be paid to holders of the Notes and creditors ranking equally with such holders in right of payment on a pro rata basis, only after all of our debts that are entitled to a preferred status under the insolvency laws (such as employment remuneration claims, expenses of insolvency proceedings and taxes) have been paid. Also, the rights of the holders of the Notes will be effectively subordinated to those of secured creditors (*tanpo-kensha*). In insolvency proceedings other than corporate reorganization proceedings, secured creditors will be entitled to foreclose our collateralized assets outside of the insolvency proceedings, although the foreclosure of collateralized assets by the secured creditors may be suspended upon a special order of the court. In corporate reorganization proceedings, secured creditors will be required to participate in such proceedings, and their rights could be impaired or modified in accordance with a reorganization plan. However, claims of general creditors, including holders of the Notes, would be subordinated under the plan to secured claims to the extent of the net value of the security interest at the commencement of the proceedings unless agreed by a majority of secured creditors. In insolvency proceedings other than special liquidation proceedings, the Notes will rank senior in right of payment to our debts that are subordinated by law, as well as our debts that are contractually subordinated to the extent that we and creditors have agreed prior to the commencement of insolvency proceedings that, if insolvency proceedings are commenced against us, the debts shall be subordinated to any subordinated bankruptcy claims (*retsugo-teki hasan saiken*) defined in the Bankruptcy Act of Japan (such as claims for interest and default interest accrued after the commencement of insolvency proceedings and creditors' expenses to participate in insolvency proceedings) in the order of priority for receiving a distribution in the insolvency proceedings.

Under Japanese insolvency laws, no party (including, without limitation, any director of a company) is expressly obligated to file for the commencement of insolvency proceedings in any particular circumstance (except that liquidators are required to file for the commencement of special liquidation proceedings in certain circumstances). However, our directors are subject to general fiduciary duties under the Companies Act of Japan, which may in certain circumstances require them to take appropriate steps, including filing for the commencement of insolvency proceedings when a cause for insolvency arises. If our directors do not take appropriate action in such circumstances, they could be subject to civil and criminal liabilities.

If, based on a petition for the commencement of bankruptcy proceedings, a court orders the commencement of such bankruptcy proceedings, a trustee in bankruptcy (*hasan kanzainin*) will be appointed to administer our operations, realize all assets belonging to the bankruptcy estate and make distributions to creditors. If, based on a petition for the commencement of corporate reorganization proceedings, a court orders the commencement of such reorganization proceedings, a reorganization administrator (*kousei kanzainin*) will be appointed to take over our operations, assess all assets and liabilities, propose a reorganization plan and, if the plan is approved by our creditors and confirmed by the court, transfer management responsibilities to the new management under the plan. If, based on a petition for the commencement of civil rehabilitation proceedings, a court orders the commencement of such rehabilitation proceedings, our directors will remain in position (subject to supervision by a court appointed rehabilitation supervisor (*kantoku i-in*)) to propose a rehabilitation plan and, if approved by our creditors and confirmed by the court, execute the plan. If, based on a petition for the commencement of special liquidation proceedings, a court orders the commencement of such special liquidation proceedings, a liquidator (*seisan-nin*) will, under court supervision, liquidate all remaining assets and liabilities and make distributions to creditors under a settlement agreement approved by our creditors and confirmed by the court.

The offering of the Notes and payments made to the holders of the Notes may be avoided in insolvency proceedings (except for special liquidation proceedings) by the bankruptcy trustee, reorganization administrator or rehabilitation supervisor pursuant to their "right of avoidance" (*hi-nin ken*) as a fraudulent conveyance or voidable preference.

The acts that are subject to this right of avoidance include:

- any act by the debtor taken with the knowledge that such act will prejudice creditors and the beneficiary of such act was aware, at the time of the act, of the fact that such act will prejudice creditors (except the creation of a security interest or the extinguishment of obligations as to the already existing obligations);
- any act that (except the creation of a security interest or the extinguishment of obligations as to the already existing obligations):
    - prejudices creditors;
    - occurs after the debtor has suspended payments or after the filing of a petition; and
    - the beneficiary of such act was aware, at the time of the act, that the debtor has suspended payments or the filing of a petition has been made, and of the fact that such act will prejudice creditors;
- any voluntary act that:
    - relates to the creation of a security interest or the extinguishment of obligations as to the already existing obligations;
    - occurs after the debtor has become unable to pay debts in general and the creditor was aware, at the time of the act, of such debtor's inability or suspension of payments by the debtor;
    - occurs after the filing of a petition and the creditor was aware, at the time of the act, of such filing; or
    - occurs within 30 days prior to the debtor becoming unable to pay debts in general and the creditor was aware, at the time of the act, of the fact that such act will prejudice other creditors; and
- any gratuitous act (or act deemed to be gratuitous) by the debtor after, or within six months prior to, either the suspension of payments by the debtor or the filing of a petition.

For example, the offering of or payment on the Notes may be avoided if: (i) we are deemed to have been aware at the time of the offering that it would be to the detriment of our creditors and you are deemed to have had notice of such fact at that time; or (ii) the payment takes place after we have become unable to pay our debts in general, or a petition for insolvency proceedings has been filed, and you are deemed to have been aware of such fact at that time.

Many of the covenants contained in the Indenture will be suspended if the Notes are rated investment grade by S&P, Moody's or Fitch.

Many of the covenants in the Indenture will be suspended if the Notes are rated BBB- or better by S&P Global Ratings, Baa3 or better by Moody's Investors Service, Inc. or BBB- or better by Fitch Ratings, Inc., or, if none of these three rating agencies maintains a rating of the Notes, the Notes are assigned an equivalent rating by another rating agency registered as a Nationally Recognized Statistical Rating Organization with the SEC, provided at such time no default under the Indenture has occurred and is continuing. These covenants relate to, among other things, our ability to layer certain additional debt between other indebtedness and the Notes, guarantee or provide security in respect of the indebtedness at Subsidiaries, Affiliates and Associates and pay dividends with the proceeds of asset sales. There can be no assurance that the Notes will ever be rated investment grade, or, if they are rated investment grade, that the Notes will maintain such a rating. Suspension of these covenants, however, would allow us to engage in certain transactions that would not be permitted while these covenants were in force, including incurring additional indebtedness structurally or effectively senior to the Notes, providing direct credit support for substantial amounts of our subsidiaries' financial indebtedness and paying dividends with the proceeds of asset sales, which may conflict with, or otherwise be adverse to, your interests. See "Description of the Notes—Certain Covenants—Suspension of Certain Covenants."

The transferability of the Notes may be limited under applicable securities laws.

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are being offered and sold in offshore transactions outside the United States in reliance on Regulation S only to non-U.S. persons. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes comply with applicable securities laws and the applicable transfer restrictions. See "Notice to Investors."

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of the Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of any Notes. After payment to the common depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "Book-Entry, Delivery and Form."

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "Book-Entry, Delivery and Form."

Holders of the Notes may have difficulty in serving process or enforcing a judgment against us or our directors, executive officers or audit and supervisory board members.

We are a limited liability joint stock corporation incorporated under the laws of Japan. Most of our directors, executive officers and audit and supervisory board members reside in Japan. All or substantially all of our assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for holders of the Notes to effect service of process within the United States upon us or these persons or to enforce against us or these persons judgments obtained in U.S. courts predicated solely upon the laws of jurisdictions other than Japan. There is also doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgment of U.S. courts, of liabilities predicated solely upon the federal securities laws of the United States.

USE OF PROCEEDS

We expect to receive a total of approximately $7,228 million (equivalent) in net proceeds from this offering, after deducting underwriting discounts and commissions and other offering expenses payable by us. The Company plans to use the proceeds of the offering for repayment of indebtedness, including the repayment of short-term and long-term indebtedness, and general corporate purposes, including the maintenance of a cash position for redemption of outstanding notes due over the next two years and new investments.

The dollar-equivalent of the net proceeds from the Euro Notes was calculated by translating the euro-denominated net proceeds amount into Japanese yen at the rate of ¥129.80 = €1.00 and translating such yen amount into dollars at the rate of ¥110.71 = $1.00. Due to differences in currency exchange rates, such amount may differ from the amount of dollars that we would be able to receive by exchanging the net proceeds of the Euro Notes for dollars on or around the Issue Date. As of June 25, 2021, the relevant exchange rates were ¥132.19 = €1.00 and ¥110.75 = $1.00.

CAPITALIZATION

The following table sets forth: (i) our available Cash Position and capitalization on an actual historical basis as of March 31, 2021 under IFRS; (ii) available Cash Position and capitalization adjusted to give effect to the issuance of Yen-denominated hybrid bonds issued in June 2021; and (iii) available Cash Position and capitalization as further adjusted to give effect to the offering of the Notes as if each had occurred on March 31, 2021. Under IFRS, the Yen-denominated hybrid bonds that we issued in September 2016, February 2021 and June 2021, and the Yen-denominated hybrid loan that we borrowed in November 2017 are considered debt and the USD-denominated perpetual subordinated hybrid notes that we issued in July 2017 are considered equity. With respect to the adjusted and further adjusted capitalization information below and adjusted financial information presented elsewhere in this offering memorandum, we have treated 50% of the carrying amount of our Yen-denominated hybrid bonds issued in September 2016, February 2021 and June 2021, and the Yen-denominated hybrid loan that we borrowed in November 2017 as equity, and 50% of the carrying amount of the USD-denominated perpetual subordinated hybrid notes that we issued in July 2017 as debt for the purposes of consistency and to align with the treatment presently applied for such securities for ratings purposes by S&P and JCR.

The information below is illustrative only, and our capitalization following the completion of this offering will be adjusted based on the actual proceeds from the offering and other terms of this offering determined at pricing. You should read this table in conjunction with the information provided under “Selected Historical Financial Information,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Description of Other Indebtedness,” “Description of the Notes” and with our consolidated financial statements and the notes related thereto included elsewhere in this offering memorandum.

	As of March 31, 2021		
	Actual	**Adjusted**	**Further Adjusted**
	(billions of yen)[1]		
Cash Position[2]			
Cash and cash equivalents[3]	¥ 4,356	¥ 4,761	¥ 5,561
Short-term investment[4]	1,175	1,175	1,175
Total Cash Position	¥ 5,531	¥ 5,936	¥ 6,736
Current interest-bearing debt			
Short-term borrowings[5]	¥ 2,637	¥ 2,637	¥ 2,637
Commercial paper	409	409	409
Current portion of long-term borrowings	2,085	2,085	2,085
Current portion of corporate bonds	804	804	804
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts	1,799	1,799	1,799
Current portion of installment payables	0	0	0
Total current interest-bearing debt	¥ 7,735	¥ 7,735	¥ 7,735
Non-current interest-bearing debt			
Notes offered hereby[6]	—	—	¥ 809
Long-term borrowings	4,745	4,703	4,703
Yen-denominated hybrid loan[7]	83	42	42
Other long-term borrowings	4,662	4,662	4,662
Corporate bonds	4,745	4,628	4,628
Yen-denominated hybrid bonds[8][9]	640	522	522
Other corporate bonds	4,106	4,106	4,106
Financial Liabilities relating to sale of shares by prepaid forward contracts	1,287	1,287	1,287
Installment payables	0	0	0
50% of USD-denominated perpetual subordinated hybrid notes (treated as debt)[10]	—	248	248
Total non-current interest-bearing debt	¥10,778	¥ 10,867	¥11,676
Total interest-bearing debt	¥18,513	¥ 18,602	¥19,412

	As of March 31, 2021		
	Actual	Adjusted	Further Adjusted
	(billions of yen)(1)		
Equity			
USD-denominated perpetual subordinated hybrid notes	497	248	248
Other equity	9,716	9,716	9,716
50% of Yen-denominated hybrid bonds and loan (treated as equity)(11)	—	564	564
Total equity attributable to owners of the parent	¥10,213	¥10,529	¥10,529
Total capitalization	¥28,726	¥29,131	¥29,940

(1) Applicable U.S. dollar amounts have been translated into Japanese yen at the rate of ¥110.71 = $1.00 and applicable Euro amounts have been translated into Japanese yen at the rate of ¥129.80 = €1.00. Such translated amounts may differ from the amounts recorded on our future consolidated financial statements, which amounts will be translated using exchange rates prevailing at the end of the relevant period (unless the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, in which case the exchange rates at the transaction dates will be used). As of June 25, 2021, the relevant exchange rates were ¥110.75 = $1.00 and ¥132.19 = €1.00.

(2) The presented Cash Position is the sum of cash and cash equivalents and short-term investments as of March 31, 2021.

(3) For the avoidance of doubt, cash and cash equivalents of ¥307 billion held by The Japan Net Bank, Limited (currently PayPay Bank Corporation) is excluded. Cash and cash equivalents in the "Adjusted" column gives effect to receipt of the proceeds from the Yen-denominated hybrid bonds issued in June 2021 in aggregate principal amount of ¥405 billion as if it had occurred as of March 31, 2021, but does not reflect adjustment for borrowing under a €2.4 billion bridge facility. Cash and cash equivalents in the "Further Adjusted" column gives effect to receipt of the net proceeds of the sale of the Notes translated into Japanese yen as described in note (1) above, but does not reflect adjustment for repayment of the €2.4 billion bridge facility with the proceeds of the sale of the Notes.

(4) Short-term investments consist of marketable securities and time deposits (maturities of over three months) and others recorded as current assets.

(5) Does not reflect adjustment for borrowing under a €2.4 billion bridge facility, or repayment thereof with the proceeds of the sale of the Notes.

(6) Represents the net proceeds of the sale of the Notes translated into Japanese yen as described in note (1) above.

(7) Yen-denominated hybrid loan in the "Adjusted" and "Further Adjusted" columns represents 50% of the carrying amount as of March 31, 2021 of ¥83 billion of the Yen-denominated hybrid loan that we borrowed in November 2017.

(8) Yen-denominated hybrid bonds in the "Adjusted" and "Further Adjusted" columns gives effect to the issuance of the Yen-denominated hybrid bond in June 2021 in aggregate principal amount of ¥405 billion as if it had occurred as of March 31, 2021 and represents the sum of (1) 50% of the carrying amount of ¥640 billion of the Yen-denominated hybrid bonds issued in September 2016 and February 2021, and (2) 50% of the carrying amount of ¥405 billion of the Yen-denominated hybrid bonds issued in June 2021.

(9) Does not reflect planned redemptions of the Yen-denominated hybrid bonds issued in September 2016 in aggregate principal amount of ¥456 billion in September 2021 and certain corporate bonds maturing in December 2021 and February 2022 in aggregate principal amount of ¥766 billion in December 2021 and February 2022, using the proceeds from the Yen-denominated hybrid bonds issued in June 2021 and cash on hand.

(10) 50% of USD-denominated perpetual subordinated hybrid notes (treated as debt) in the "Adjusted" and "Further Adjusted" columns is 50% of the carring amount of ¥497 billion of the USD-denominated perpetual subordinated hybrid notes issued in July 2017, adjusted and treated as debt.

(11) 50% of Yen-denominated hybrid bonds and loan (treated as equity) in the "Adjusted" and "Further Adjusted" columns represents the sum of (1) 50% of the carrying amount of ¥640 billion of the Yen-denominated hybrid bonds issued in September 2016 and February 2021, (2) 50% of the carrying amount of ¥83 billion of the Yen-denominated hybrid loan that we borrowed in November 2017, and (3) 50% of the carrying amount of ¥405 billion of the Yen-denominated hybrid bonds issued in June 2021, adjusted and treated as equity.

SELECTED HISTORICAL FINANCIAL INFORMATION

Historical Financial Information of the Company

The following tables show selected information of the Company as of and for the fiscal years ended March 31, 2020 and 2021. The selected consolidated financial information as of and for the fiscal years ended March 31, 2020 and 2021 is derived from our audited consolidated financial statements included elsewhere in this offering memorandum that were prepared in accordance with IFRS.

	As of and for the fiscal year ended March 31,	
	2020[1]	**2021[1]**
	(millions of yen)	
Statement of Income Data:		
Continuing Operations[2][3]		
Net sales	¥ 5,238,938	¥ 5,628,167
Cost of sales	(2,584,273)	(2,753,238)
Gross profit	2,654,665	2,874,929
Gain on investments at Investment Business of Holding Companies[5]	484,308	945,944
Gain (loss) on investments at SVF1, SVF2, and others[6]	(1,844,867)	6,292,024
Gain (loss) on other investments	(49,594)	291,038
Total gain on investments	(1,410,153)	7,529,006
Selling, general and administrative expenses	(2,060,080)	(2,271,497)
Finance cost	(293,897)	(307,250)
Income on equity method investments	624,015	616,432
Derivative gain (loss) (excluding gain (loss) on investments)[7]	15	(480,251)
Change in third-party interests in SVF1	540,930	(2,246,417)
Other loss	(5,457)	(44,496)
Income before income tax[4]	50,038	5,670,456
Income taxes[8]	(792,655)	(1,303,168)
Net income from continuing operations	(742,617)	4,367,288
Discontinued operations[2][3]		
Net income from discontinued operations[2]	(58,143)	710,948
Net income	¥ (800,760)	¥ 5,078,236
Net income attributable to		
Owners of the parent	¥ (961,576)	¥ 4,987,962
Net income from continuing operations	(912,149)	4,276,729
Net income from discontinued operations	(49,427)	711,233
Non-controlling interests	160,816	90,274
Net income from continuing operations	169,532	90,559
Net income from discontinued operations	(8,716)	(285)
Statement of Financial Position Data:		
Total assets	¥37,257,292	¥45,750,453
Cash and cash equivalents	3,369,015	4,662,725
Total liabilities	29,884,375	33,794,860
Total interest-bearing debt[9]	13,131,882	18,512,975
Total equity	7,372,917	11,955,593
Statement of Cash Flows Data:		
Net cash provided by operating activities	¥ 1,117,879	¥ 557,250
Net cash used in investing activities	(4,286,921)	(1,468,599)
Net cash provided by financing activities	2,920,863	2,194,077

(1) We have revised the presentation method for our consolidated statement of income from the three-month period ended June 30, 2020. Specifically, "operating income" was no longer presented in the consolidated state of income as we determined it was not useful in appropriately presenting the consolidated financial results of a strategic investment holding company. Instead, "gain (loss) on investments" was used to show investment performance in our consolidated financial results. "Gain (loss) on investments" includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and

loss relating to financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method. The financial date extracted from the consolidated financial statements as of and for the fiscal years ended March 31, 2020 have been restated and presented in the same manner.

(2) For the fiscal year ended March 31, 2020, continuing operations and discontinued operations are presented separately because as of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile and would no longer be a subsidiary of the Company. On April 1, 2020, the merger of Sprint and T-Mobile was completed. Operating results related to Sprint for the fiscal year ended March 31, 2020 and ¥720,842 million of gain relating to loss of control over Sprint for the fiscal year ended March 31, 2021 are presented as discontinued operations, separately from continuing operations. For further information, see "Note 6. Discontinued operations" of our audited financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

(3) Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. For further information, see "Note 6. Discontinued operations" of our audited financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

(4) The following shows our segment income before income tax.

	For the fiscal year ended March 31,	
	2020[a]	2021[a]
	(millions of yen)	
Segment Income (Before Income Tax)[b]		
Investment Business of Holding Companies	¥ 913,740	¥ 760,927
SVF1 and Other SBIA-Managed Funds	(1,412,574)	4,026,823
SoftBank	815,617	847,933
Arm	(11,105)	(33,873)
Other	(299,703)	92,625
Reconciliations	44,063	(23,979)
Consolidated Segment Income (Before Income Tax)	¥ 50,038	¥5,670,456

(a) During the fiscal year ended March 31, 2021, we established the Investment Business of Holding Companies segment in the first quarter and removed Brightstar from our reportable segments from the second quarter, following its classification as discontinued operations. As of the end of the fiscal year ended March 31, 2021, we had four reportable segments which were the Investment Business of Holding Companies segment, the SVF1 and Other SBIA-Managed Funds segment, the SoftBank segment and the Arm segment. See "Presentation of Financial Information—Segment Information."

(b) From the three-month period ended June 30, 2020, "Operating income" is no longer presented in our consolidated statement of income. In accordance with such change, income of reportable segments to be reported to the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from "Operating income" to "Income before income tax." For more information, see "(4). Changes in presentation" in "Note 2 Basis of preparation of consolidated financial statements" in our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

(5) In relation to the merger of Sprint and T-Mobile and subsequent partial sale of T-Mobile shares, the Company recorded gains relating to sales of T-Mobile shares of ¥421,755 million, unrealized gains on valuation of ¥219,608 million related to T-Mobile shares continued to be held by the Company, and derivative gains of ¥264,395 million associated with an increase in the fair value of the 48,751,557 T-Mobile shares the Company has the right to acquire for no additional consideration if certain conditions are met. Meanwhile, investment loss of ¥232,856 million from investment in listed stocks and other investments was also recorded. In the previous fiscal year, a gain of ¥1,218,527 million relating to settlement of prepaid forward contract using Alibaba shares was recorded.

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

(7) Derivative loss of ¥504,048 million was recorded in connection with prepaid forward contracts entered into using Alibaba shares in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020.)

(8) In addition to current income taxes recorded at SoftBank Corp. and Yahoo Japan Corporation, current income taxes associated with the sale of T-Mobile shares were recorded. Meanwhile, deferred tax expenses were recorded due to revisions of the prepaid forward contracts using Alibaba shares. On the other hand, a credit of income taxes of ¥256,060 million (profit) was recorded mainly due to use of loss carryforwards, to which deferred tax assets had not been recognized, against taxable income generated from the partial sale of SoftBank Corp. shares held through SoftBank Group Japan Corporation.

(9) Total interest-bearing debt consists of short-term borrowings, commercial paper, long-term borrowings (current and non-current), corporate bonds (current and non-current), financial liabilities relating to sale of shares by prepaid forward contract (current and non-current) and installment payables (current and non-current).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial data presented for the fiscal years ended March 31, 2020 and 2021 is derived from our audited consolidated financial statements which, together with their notes, are included elsewhere in this offering memorandum. Prospective investors should read the following discussion of our financial condition and results of operations together with such financial statements and notes to such statements included elsewhere in this offering memorandum. The presentation in this section contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors, including, but not limited to, those set forth under "Risk Factors," "Presentation of Financial Information" and elsewhere in this offering memorandum. Unless the context otherwise requires, references to the "Company" refer to SoftBank Group Corp., and references to "we," "our," "us," "SoftBank" and the "SoftBank Group" refer to the Company, its consolidated subsidiaries and equity method non-consolidated subsidiaries and associates, as the context requires.

Overview

As a strategic investment holding company, we invest in a diverse range of businesses in the information and technology sectors. Each of our portfolio companies seeks self-sustained growth while we, in turn, support each of our portfolio companies by promoting collaboration among our portfolio companies and leveraging our group's network.

Our reportable segments are:

- Investment Business of Holding Companies segment, which main businesses are investment activities by us and our subsidiaries;
- SVF1 and Other SBIA-Managed Funds segment, which main businesses are investment activities by SVF1 and SVF2;
- SoftBank segment, which main businesses are the provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan and the internet advertising and e-commerce business;
- Arm segment, which main businesses are the design of microprocessor intellectual property and related technology, and the sale of software tools and provision of software services; and
- Other, including, among other things, the business results from PayPay Corporation, Fortress Investment Group LLC, SoftBank Latin America Fund and Fukuoka SoftBank HAWKS Corp.

For details regarding our business, see "Business."

The following table shows the percentage of our net sales and segment income for the fiscal year ended March 31, 2021 attributable to each of our segments:

	For the fiscal year ended March 31, 2021						
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm	Other(1)	Reconciliations(2)	Consolidated
Net sales	—	—	92.5%	3.7%	4.2%	(0.4)%	100.0%
Segment income (income before income tax)	13.4%	71.0%	15.0%	(0.6)%	1.6%	(0.4)%	100.0%

(1) Other includes, among other things, the business results from PayPay Corporation, Fortress Investment Group LLC, SoftBank Latin America Fund and Fukuoka SoftBank HAWKS Corp.

(2) Reconciliations includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm which are included in segment income of the SVF1 and other SBIA-Managed Funds and an elimination of income on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the SoftBank segment. Such income on equity method investments is eliminated because the Company consolidates PayPay Corporation as its subsidiary and related amounts are included in Other.

Changes in Presentation of Financial Information and Reportable Segments

Starting in the fiscal year ended March 31, 2021, the presentation of our financial information and reportable segments has been changed as follows. Information for the fiscal year ended March 31, 2020 included here and elsewhere in this offering memorandum has been restated and presented in the same manner.

Presentation of Gain (Loss) on Investments

We are a strategic investment holding company and manage a portfolio of investments in a wide range of companies. Given that investment activities have taken on greater importance in our overall consolidated financial results, we have revised the presentation of our consolidated statements of income starting from the first quarter of the fiscal year ended March 31, 2021.

Specifically, "operating income"—which excluded gain and loss on investments, other than gain and loss on investments included in the SVF1 and Other SBIA-Managed Funds segment's results—is no longer presented in our consolidated statements of income. Instead, "gain (loss) on investments" is used to show investment performance in our consolidated and business segment financial results. It includes: (i) realized gain and loss on sales of investment securities (financial assets at FVTPL) and investments accounted for using the equity method; (ii) unrealized gain and loss on valuation of financial assets at FVTPL; (iii) dividend income from investments; and (iv) derivative gain and loss related to financial assets at FVTPL and other investments. Derivative gain and loss not included in "gain (loss) on investments" is shown as "derivative gain (loss) (excluding gain (loss) on investments)." Income on equity method investments, which recognizes our equity interest in the net income and loss of applicable portfolio companies, continues to be presented as "income on equity method investments." In line with these changes, we have revised "segment income" in each business segment to "segment income (income before income tax)."

Changes in Reportable Segments

In light of the greater importance of investment activities to our overall consolidated financial results, we established the Investment Business of Holding Companies segment starting in the first quarter of the fiscal year ended March 31, 2021. This segment mainly includes the results of our investment activities and subsidiaries engaged in investment and financing activities. Gain and loss on investments in the segment comprises gain and loss on investments held by us either directly or through our subsidiaries, but does not include gain and loss on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment loss relating to subsidiaries' shares.

As of March 31, 2021, the Investment Business of Holding Companies segment includes approximately 110 portfolio companies, including Alibaba, T-Mobile and WeWork Inc., as well as investees of our asset management subsidiary, SB Northstar. Portfolio companies included in the Investment Business of Holding Companies segment are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. With regard to the financial results of portfolio companies classified as equity method associates, income and loss are recorded as "income (loss) on equity method investments" in proportion to our equity interest. Investments classified as financial assets at FVTPL are measured at fair value every quarter, and any change in fair value is recorded in the consolidated and business segment statement of income as "gain (loss) on investments."

In addition, as a result of the merger of Sprint and T-Mobile effective April 1, 2020 and the sale of Brightstar completed on October 22, 2020, both Sprint and Brightstar have been removed from our reportable segments. We have reclassified Sprint and Brightstar as "discontinued operations" in our consolidated financial results for the fiscal years ended March 31, 2020 and March 31, 2021. See "—Significant Accounting Policies—Discontinued Operations." For the avoidance of doubt, we will continue to classify Arm under continuing operations in our consolidated financial statements until the closing of the sale of Arm is deemed highly probable.

As of March 31, 2021, we have four reportable business segments: Investment Business of Holding Companies, SVF1 and Other SBIA-Managed Funds, SoftBank and Arm.

Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets

On March 23, 2020, we announced a program to sell or monetize up to ¥4.5 trillion of our assets to finance share repurchases and improve our financial position through debt repayment and repurchases and other measures. The program included allocation of up to ¥2 trillion of the proceeds from the sale and monetization for repurchases of our common stock, with the remaining balance allocated for debt reduction, bond buybacks and cash reserves. As of September 30, 2020, we had completed the sale or monetization of ¥5.6 trillion of our assets under the program, exceeding the target amount of ¥4.5 trillion. As of May 12, 2021, the share repurchases under the program had also been completed, with a cumulative total of ¥2 trillion of our common stock repurchased. With regard to the debt reduction and bond buybacks under the program, we repaid or repurchased a total of ¥1 trillion of outstanding indebtedness, as of March 31, 2021, through the repurchase of domestic corporate bonds and foreign currency-denominated senior notes, as well as by repaying senior loans and borrowings made under our commitment lines. Through our asset management subsidiary, SB Northstar, we have invested the remainder of the proceeds of the program in highly liquid listed stocks to prepare for future investment opportunities.

The following tables shows the breakdown of the sale or monetization of our assets under the monetization program.

	Amount of sale or monetization		
	April to June 2020	**July to September 2020**	**Total**
	(trillions of yen)[1]		
Partial sales of T-Mobile shares and borrowings using T-Mobile shares	¥ 1.9	¥ 0.5	¥ 2.4
Partial monetization of Alibaba shares through prepaid forward contracts	1.5	0.2	1.7
Partial sale of SoftBank Corp. shares	0.3	1.2	1.5
Total	¥ 3.7	¥ 1.9	¥ 5.6

(1) U.S. dollar amounts for transactions completed by June 30, 2020 have been translated into Japanese yen at the exchange rate of ¥107.74 = $1.00. U.S. dollar amounts for transactions completed by September 30, 2020 have been translated into Japanese yen at the exchange rate of ¥105.80 = $1.00.

Partial Sale of T-Mobile Shares and Borrowings Using T-Mobile Shares

On April 1, 2020, the merger of Sprint, which had been our subsidiary, and T-Mobile in an all-stock transaction was completed. As consideration for the merger, we received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met (the "Contingent Consideration"). As of the same date, Sprint ceased to be our subsidiary, and the combined new company, T-Mobile, became our equity method associate with a shareholding of 24.7%.

Subsequently on June 26, 2020, July 16, 2020 and August 3, 2020, we sold 173,564,426 shares, 5,000,000 shares and 19,750,000 shares, respectively, of common stock of T-Mobile. As a result of the decrease in voting rights following the sale of shares on June 26, 2020, we lost our significant influence over T-Mobile and, on the same date, we removed T-Mobile as our equity method associate. In addition, in June of 2020, Deutsche Telekom AG received call options over 101,491,623 shares of our 304,606,049 shares of common stock of T-Mobile. The call options will expire on June 22, 2024 subject to certain conditions for an earlier expiration date. As a result of the foregoing, we procured an aggregate amount of $20,093 million.

On July 30, 2020, through our wholly owned subsidiary, Delaware Project 6 L.L.C., we borrowed $4,380 million under a margin loan backed by T-Mobile shares. Because we have, as an exception, guaranteed a portion of the margin loan, $2,300 million is considered as the amount of assets monetized under the program after deducting the maximum amount of the guaranteed obligations of $2,080 million at the time of the monetization. See "—Liquidity and Capital Resources—Margin Loans Backed by Alibaba, SoftBank Corp. and T-Mobile Shares."

Partial Monetization of Alibaba Shares

From April to August 2020, through our wholly owned subsidiaries, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited and Tigress 2020 Holdings Limited, we entered into several prepaid forward contracts using Alibaba shares with financial institutions. As a result of the foregoing, we procured an aggregate amount of $15,446 million. See "—Cash and Capital Requirements—Debt Repayments and Certain Other Contractual Commitments—Variable Prepaid Forward Contracts."

Partial Sale of SoftBank Corp. Shares

In May and September 2020, we sold a total of 1,268,061,400 shares of common stock of SoftBank Corp. and received a total of ¥1,527 billion ($13,792 million), with 240,000,000 shares (representing 5.0% of the total outstanding shares of SoftBank Corp.) sold in May 2020 for ¥310 billion ($2,802 million) and 1,028,061,400 shares (representing 21.7% of the total outstanding shares of SoftBank Corp.) sold in September 2020 for ¥1,217 billion ($10,990 million). Following completion of the transactions and as of March 31, 2021, we held 40.9% of the total outstanding shares of SoftBank Corp., which continues to be our subsidiary following these sales while its strategic importance to us remains unchanged. We have no current intention to sell additional SoftBank Corp. shares.

Debt Repayment and Bond Buybacks

During the fiscal year ended March 31, 2021, we repaid or redeemed outstanding senior indebtedness in an amount of ¥1,002 billion ($9,055 million) as follows, completing the debt repayment and bond buyback under the monetization program:

- repurchase of domestic unsecured corporate bonds with a total face value of ¥168 billion ($1,514 million) in July 2020;
- early repayment of senior loans with an aggregate face value of ¥300 billion ($2,710 million) in September 2020;
- repurchase of foreign currency-denominated senior notes with a total face value of yen-equivalent of ¥225 billion ($978 million of USD-denominated senior notes and €898 million of euro-denominated senior notes) in March 2021; and
- repayment of borrowings of ¥310 billion ($2,800 million) made under our commitment lines in March 2021.

Entry into an Agreement for Sale of All Shares in Arm

In September 2020, we announced that we had entered into an agreement to sell all of the shares in Arm held by SBGC, our wholly owned subsidiary, and SVF1 to NVIDIA, a U.S.-based semiconductor manufacturer, in a transaction valued at up to $40 billion. The transaction is subject to regulatory approvals (including those in the United States, the United Kingdom, the European Union and China) as well as other customary closing conditions. Upon the closing of the transaction, Arm will cease to be our subsidiary and will no longer be consolidated into our financial results. However, we will continue to classify Arm under continuing operations in our consolidated financial statements until the closing of the transaction is deemed highly probable. Upon closing of the transaction, we expect SBGC and SVF1 to receive in the aggregate approximately 6.7-8.1% of outstanding NVIDIA shares (excluding treasury shares), depending on the final amount of the earn-out, if any (as discussed below). We do not expect NVIDIA to become our subsidiary or associate following the completion of the transaction.

The following table shows a breakdown of the transaction value.

	Transaction value (billions of dollars)
Consideration received	
For the Company(1)	
Cash(2)	2.0
Consideration to be received upon closing	
For the Company(1)	
Cash	10.0
NVIDIA shares(3)	21.5
Earn-out(4)	Up to 5.0
For Arm employees	
NVIDIA shares(5)	1.5
Total	Up to 40.0

(1) The consideration for the Company has been and will be allocated to SBGC and SVF1 in accordance with their respective shareholding ratios of 75.01% and 24.99% in Arm. The consideration received by SVF1 has been and will be further allocated to SVF1's limited partners, including the Company, based on a designated waterfall.

(2) Received upon the execution of the share purchase agreement on September 13, 2020. Of $2,000 million received, $1,250 million was received as a deposit for part of the consideration in the transaction, refundable to NVIDIA subject to certain conditions until the closing of the transaction, and $750 million was received as consideration for a license agreement that Arm and NVIDIA entered into concurrently with the execution of the share purchase agreement.

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

(4) An earn-out of up to $5,000 million in cash or up to 10,317,772 shares of NVIDIA common stock is payable to SBGC and SVF1 (subject to proration in accordance with their respective shareholding ratios of 75.01% and 24.99% in Arm) subject to the satisfaction of certain financial performance targets for each of revenue and EBITDA of Arm (in each case subject to certain adjustments and excluding any amounts attributable to the ISG businesses) during the fiscal year ending March 31, 2022 as set out in the share purchase agreement. If Arm's financial performance exceeds the agreed floors but does not meet such targets, the earn-out will be prorated. If Arm's financial performance does not meet such floors, the earn-out will not be payable.

(5) Upon the closing the transaction, Arm employees will receive $1,500 million in NVIDIA shares as stock awards.

During the fiscal quarter ended March 31, 2021, we decided that the Internet-of-Things Services Group business within Arm, which is outside the scope of the sale to NVIDIA, would be managed separately from Arm's other business. Accordingly, the operating results of the ISG business is excluded from the Arm segment and is included in Other.

We classified Arm as continuing operations for the fiscal year ended March 31, 2021 and the results of operations of Arm is included in our consolidated financial statements. The assets and liabilities of Arm (including goodwill and intangible assets) are also included in our consolidated financial statements. Arm will remain as our subsidiary and continue to be consolidated in our consolidated financial statements until we deem that the closing of the sale to NVIDIA is highly probable. Once we deem that the closing of the sale is highly probable, we will classify Arm as discontinued operations, and treat Arm's results of operations will be treated as discontinued operations in our consolidated statement of income and Arm's assets and liabilities as disposal group held for sale. Once determined as disposal group held for sale, we will record Arm at the fair value *less* costs to sell or the carrying amount *less* costs to sell, whichever is lower and impairment loss will be recorded as appropriate. Once the sale is completed, Arm will no longer be our subsidiary and we will record the difference between the consideration for the sale *less* costs to sell and the carrying amount of Arm as gain or loss relating to loss of control under discontinued operations in our consolidated financial statements. After the deconsolidation, we will record the portion of the consideration received by us as NVIDIA shares as financial assets at fair value through profit and loss, and recognize changes in the fair value of such NVIDIA shares as net income or loss.

As of March 31, 2021, SVF1 held 24.99% of the total outstanding shares of Arm. We recorded changes in valuation of Arm shares held by SVF1 as unrealized gain (loss) on valuation of investments under the SVF1 and Other SBIA-Managed Funds segment, but eliminated this gain (loss) in our consolidated statement of income as Arm is our subsidiary. We will continue to record changes in valuation of Arm shares held by SVF1 in the same way until the sale is completed and Arm is no longer our subsidiary. After the deconsolidation, we will record the portion of the consideration received by SVF1 as NVIDIA shares as financial assets at fair value through profit and loss, and recognize changes in the fair value of such NVIDIA shares as net income or loss, in each case in proportion to our shareholding in SVF1.

Business Integration of Z Holdings Corporation and LINE Corporation

On March 1, 2021, we completed the business integration of Z Holdings Corporation, SoftBank Corp's subsidiary, and LINE Corporation, the developer of mobile communication application, LINE, and other mobile applications and provider of mobile-based Internet services. Through a series of transactions during the fiscal years ended March 31, 2020 and March 31, 2021, we, through our subsidiary SoftBank Corp., acquired 50% shareholding in an intermediary holding company, A Holdings Corporation which in turn owns 65.3% shareholding in Z Holdings Corporation, and the rights to appoint a majority of the board of the directors of A Holdings Corporation. LINE Corporation is a wholly owned subsidiary of Z Holdings Corporation. As a result, we, through our subsidiary SoftBank Corp., substantially control A Holdings Corporation, which in turn substantially controls Z Holdings Corporation and LINE Corporation, resulting in consolidation of A Holdings Corporation, Z Holdings Corporation and LINE Corporation for the fiscal year ended March 31, 2021.

We incurred the costs for the business integration of ¥2 billion ($18 million), of which ¥1 billion ($8 million) and ¥1 billion ($9 million) are included in selling, general and administrative expenses in the consolidated statement of income for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2021, respectively. In connection with the business integration, we paid a consideration of ¥862 billion ($7,787 million), and acquired total assets of ¥1,213 billion ($10,956 million), of which ¥264 billion ($2,387 million) belonged to non-controlling interests, and total liabilities of ¥704 billion ($6,356 million), resulting in a goodwill of ¥617 billion ($5,574 million) for the fiscal year ended March 31, 2021. Total assets acquired includes intangible assets of ¥407 billion ($3,676 million), of which ¥170 billion ($1,536 million) is for the trademarks and ¥237 billion ($2,140 million) is for the customer relationships.

Recent Developments

Since March 31, 2021, we have continued to pursue our business and investment strategies. The following are some recent developments and investments:

- *Retirement of Treasury Stock.* On April 28, 2021 and May 12, 2021, our board of directors resolved to retire portions of our treasury stock pursuant to Article 178 of the Companies Act of Japan. On May 11, 2021 and May 20, 2021, we retired 340,880,200 shares (representing 16.3% of the total issued shares of the Company) and 25,980,400 shares (representing 1.5% of the total issued shares of the Company), respectively.

- *Increase in Committed Capital to SVF2.* On May 11, 2021, we increased our committed capital to SVF2 to $30.0 billion from $20.0 billion. As of the date of this offering memorandum, we further increased our committed capital to SVF2 to $40.0 billion.
- *Issuance of Yen-denominated Hybrid Bonds.* On June 21, 2021, we issued a series of unsecured subordinated Yen-denominated bonds with interest deferral and early redemption clauses. The aggregate principal amount of the Yen-denominated hybrid bonds issued is ¥405 billion ($3,658 million). The Yen-denominated hybrid bonds issued will be due in 2056 and become callable starting in June 2026.

Key Performance Indicators

Our investment portfolio is made up of companies that we believe have a competitive edge over peers in each sector, centered on telecommunications and e-commerce, and includes operating companies such as Alibaba, SoftBank Corp. and Arm. We also make investments through SVF1, SVF2 and other SBIA-managed funds in diverse geographies, sectors and business models, from foundational technological infrastructure that we believe the next generation of IT companies will rely on, to AI-enabled consumer services. For effective monitoring of the composition of our investment portfolio and its performance, we use various financial measures, including non-IFRS financial measures and metrics such as Equity Value of Holdings, Gross Interest-bearing Debt, Cash Position, Standalone Cash Position, Standalone Net Interest-bearing Debt, NAV and LTV ratio. We consider these measures and metrics to be useful measures of our investment performance because they facilitate analysis of our investment portfolio based on key factors such as liquidity and fair value, as well as our financial condition. These non-IFRS financial measures should not be unduly relied on or considered as alternatives to historical results of operations prepared in accordance with IFRS. No regulatory body in Japan or elsewhere has passed judgment on the acceptability of the adjustments and hypothetical assumptions that we use to prepare these non-IFRS financial measures. In addition, these non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. Furthermore, these non-IFRS financial measures are not guarantees that we will achieve certain level of financial status. For more details on non-IFRS financial measures, please see "Presentation of Financial Information—Non-IFRS Financial Measures."

We calculate Equity Value of Holdings presented below based on our proportionate ownership in the investments and corresponding fair value as of given fiscal period-end date below, except that, in some cases, acquisition cost is used. Because the equity value of our investments and holdings reported on an absolute basis could be affected by cross-segment investments, intersegment transactions and financing activities and derivative transactions using the securities invested, we have made certain adjustments as listed below. The following table sets forth the calculation of Equity Value of Holdings as of the end of each of the three-month periods indicated.

	As of				
	March 31, 2020	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**	**March 31, 2021**
	(billions of yen)[1]				
Equity Value of Holdings					
Alibaba[2]					
Fair value of Alibaba shares held by the Company	¥14,233	¥15,632	¥20,956	¥16,229	¥16,912
Unsettled portion of prepaid forward contracts using Alibaba shares	(201)	(1,985)	(2,405)	(2,484)	(2,606)
Outstanding margin loan borrowed by wholly owned subsidiaries conducting fund procurement backed by Alibaba shares	(1,025)	(1,015)	(—)	(—)	(894)
Outstanding margin loan borrowed by SB Northstar backed by Alibaba shares	(—)	(—)	(—)	(619)	(663)
Alibaba total	13,007	12,632	18,551	13,126	12,750
SoftBank Corp.[3]					
Fair value of SoftBank Corp. shares held by the Company	4,375	4,047	2,255	2,476	2,755
Outstanding margin loan backed by SoftBank Corp. shares	(497)	(498)	(498)	(498)	(499)
SoftBank Corp. total	3,878	3,549	1,757	1,978	2,256

	As of				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	(billions of yen)[1]				
SVF1[4]					
Company's portion of value of holdings in SVF1	2,653	2,739	2,848	3,593	6,204
SVF1 total	2,653	2,739	2,848	3,593	6,204
SVF2[5]					
Value of holdings in SVF2	210	221	818	965	1,306
SVF2 total	210	221	818	965	1,306
T-Mobile (Sprint)[6]					
Fair value of T-Mobile (Sprint) shares held by the Company	3,226	1,191	1,286	1,484	1,474
Net other derivatives	—	170	223	324	291
Non-recourse portion of outstanding margin loan backed by T-Mobile shares	(—)	(—)	(239)	(234)	(257)
T-Mobile (Sprint) total	3,226	1,361	1,270	1,573	1,508
Arm[7]					
Acquisition cost for Arm	3,562	3,527	3,469	3,394	3,630
SVF1's portion of acquisition cost of Arm	(890)	(881)	(867)	(848)	(907)
Arm total	2,672	2,646	2,602	2,546	2,723
SB Northstar[8]					
Company's portion of value of holdings in SB Northstar	—	351	2,254	1,493	1,001
Outstanding margin loan borrowed by SB Northstar backed by Alibaba shares	—	—	—	619	663
SB Northstar total	—	351	2,254	2,112	1,663
Others[9]					
Other stocks held by the Company	677	757	844	1,014	1,404
Others total	677	757	844	1,014	1,404
Total	¥26,322	¥24,256	¥30,944	¥26,907	¥29,813

(1) U.S. dollar amounts have been translated into Japanese yen using the exchanges rates prevailing at the end of each fiscal period indicated. The exchange rates used for the equity value of holdings as of the end of each fiscal period are ¥108.62 = $1.00, ¥107.56 = $1.00, ¥105.80 = $1.00, ¥103.50 = $1.00 and ¥110.71 = $1.00, in order from left to right.

(2) Calculated by multiplying the number of Alibaba shares held as of the end of the relevant fiscal period by the per-share price of Alibaba shares as of the end of the relevant fiscal period; *less* (i) the sum of the amount to be settled at the maturity of the unsettled portion of prepaid forward contracts using Alibaba shares as of the end of the relevant fiscal period (calculated by using the per-share price of Alibaba as of the end of the relevant fiscal period) and (ii) the amount equivalent to the outstanding margin loans backed by Alibaba shares as of the end of the relevant fiscal period, including the margin loan borrowed by SB Northstar backed by Alibaba shares.

(3) Calculated by multiplying the number of SoftBank Corp. shares held as of the end of the relevant fiscal period by the per-share price of SoftBank Corp. shares as of the end of the relevant fiscal period, *less* the amount equivalent to the outstanding margin loan backed by SoftBank Corp. shares as of the end of the relevant fiscal period.

(4) Equivalent to the sum of our portion of the equity value of SVF1 and the performance fees accrued, each as of the end of the relevant fiscal period. The equity value of SVF1 is equivalent to the value of the investments made by SVF1 as of the end of the relevant fiscal period, calculated as financial assets at fair value through profit and loss.

(5) Equivalent to the sum of the equity value of SVF2, as there are no third-party investors in SVF2, and the performance fees accrued. The equity value of SVF2 is equivalent to the value of the investments made by SVF2 as of the end of the relevant fiscal period, calculated as financial assets at fair value through profit and loss.

(6) As of March 31, 2020: reflects the equity value of Sprint, which merged with T-Mobile after on April 1, 2020, calculated by multiplying the number of Sprint shares held as of March 31, 2020 by the per-share price of Sprint shares as of March 31, 2020. As of the end of the other fiscal periods presented: Calculated by multiplying the number of T-Mobile shares held (including the number of T-Mobile shares subject to call options by Deutsche Telekom AG) as of the end of the relevant fiscal period by the per-share price of T-Mobile shares as of the end of the relevant fiscal period; *plus* net total of the fair value of the right of our wholly owned subsidiary to acquire T-Mobile shares (48,751,557 shares) for no additional consideration under certain conditions, in connection with the transaction in which T-Mobile sold T-Mobile shares to a trust that conducted an offering of its cash mandatory exchangeable trust securities, and the amount of derivative financial liabilities relating to the call options held by Deutsche Telekom AG as of the end of the relevant fiscal period; *less* the portion of the outstanding margin loan amount backed by T-Mobile shares not guaranteed by us as of the end of the relevant fiscal period. We, as an exception, have guaranteed a portion of the margin loan backed by T-Mobiles shares. The portion not guaranteed by us is considered as non-recourse to us. For more details, see "—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets—Partial Sale of T-Mobile Shares and Borrowings Using T-Mobile Shares."

(7) Equivalent to the acquisition cost of Arm, excluding SVF1's portion of the acquisition cost in proportion to SVF1's shareholding in Arm, as of the end of the relevant fiscal period.

(8) Equivalent to the sum of our portion of the equity value of SB Northstar and the total amount of margin loan borrowed by SB Northstar backed by Alibaba shares as of the end of the relevant fiscal period. During the fiscal periods indicated above, our shareholding in SB Northstar was 67%. The equity value of SB Northstar is equivalent to the value of the investments by SB Northstar (for the avoidance of doubt, excluding the Alibaba shares used for margin loan) as of the end of the relevant fiscal period, calculated as financial assets at fair value through profit and loss.

(9) Equivalent to the sum of the market value of the listed stocks and the fair value of the unlisted stocks, each as of the end of the relevant fiscal period, held by the Company other than (2) through (8) above.

In addition to Equity Value of Holdings, we believe Gross Interest-bearing Debt, Standalone Cash Position, Standalone Net Interest-bearing Debt, NAV and LTV ratio to be useful measures in monitoring our financial condition and assessing our financial cushion for future investment capacity and financial maneuvers such as sale or monetization of our assets, debt reduction and share repurchase. We calculate Gross Interest-bearing Debt by deducting non-recourse interest-bearing debt and lease liabilities of our subsidiaries and interest-bearing debt of our asset management subsidiaries such as SB Northstar from the consolidated interest-bearing debt and lease liabilities and making adjustments for hybrid finance and asset-backed financings. We define Cash Position as the sum of cash and cash equivalents, and short-term investments recorded as current assets (excluding cash and cash equivalents held by The Japan Net Bank, Limited (currently PayPay Bank Corporation) and calculate Standalone Cash Position by deducting Cash Position of our subsidiaries and our asset management subsidiaries from the consolidated Cash Position. We deduct Standalone Cash Position from Gross Interest-bearing Debt to arrive at Standalone Net Interest-bearing Debt. Based on the foregoing, we calculate NAV by deducting Standalone Net Interest-bearing Debt from Equity Value of Holdings, and define LTV ratio as the ratio of Standalone Net Interest-bearing Debt to Equity Value of Holdings.

The following table show our consolidated interest-bearing debt and lease liabilities, Gross Interest-bearing Debt, Standalone Cash Position, Standalone Net Interest-bearing Debt, NAV and LTV ratio as of the end of each of the fiscal periods indicated.

	As of				
	March 31, 2020	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**	**March 31, 2021**
	(billions of yen except LTV ratio)				
Current interest-bearing debt	¥ 3,845	¥ 3,525	¥ 2,901	¥ 5,352	¥ 7,735
Current lease liabilities	378	357	338	317	307
Non-current interest-bearing debt	9,287	11,281	11,507	11,242	10,778
Non-current lease liabilities	762	706	752	711	728
Consolidated interest-bearing debt and lease liabilities	¥14,272	¥15,869	¥15,498	¥17,623	¥19,548
Non-recourse interest-bearing debt and lease liabilities of subsidiaries(1)	(5,991)	(6,065)	(6,178)	(6,404)	(6,525)
Interest-bearing debt of asset management subsidiaries(2)	—	—	(364)	(1,529)	(1,867)
Adjustment for hybrid finance(3)	(25)	(25)	(25)	(25)	(113)
Adjustment for asset-backed financings(4)	(1,718)	(3,446)	(2,862)	(3,599)	(4,736)
Gross Interest-bearing Debt	¥ 6,538	¥ 6,332	¥ 6,068	¥ 6,066	¥ 6,308
Consolidated cash and cash equivalents	3,072	5,817	4,866	4,188	4,872
Consolidated short-term investments recorded as current assets	172	101	1,560	1,049	659
Consolidated Cash Position	¥ 3,245	¥ 5,919	¥ 6,427	¥ 5,237	¥ 5,531
Cash Position held at subsidiaries(1)	1,426	1,761	1,825	1,799	1,942
Cash Position held at asset management subsidiaries(2)	—	—	2,175	1,389	992
Standalone Cash Position	¥ 1,818	¥ 4,158	¥ 2,427	¥ 2,048	¥ 2,598
Gross Interest-bearing Debt	6,538	6,332	6,068	6,066	6,308
Standalone Cash Position	(1,818)	(4,158)	(2,427)	(2,048)	(2,598)
Standalone Net Interest-bearing Debt(5)	¥ 4,720	¥ 2,174	¥ 3,642	¥ 4,018	¥ 3,710
Equity Value of Holdings	26,322	24,256	30,944	26,907	29,813
NAV	21,602	22,081	27,302	22,890	26,103
LTV ratio	17.9%	9.0%	11.8%	14.9%	12.4%

(1) Non-recourse interest-bearing debt of subsidiaries includes interest-bearing debt and lease liabilities at self-financing subsidiaries such as SoftBank Corp., SVF1, SVF2 and Arm, which are non-recourse to the Company. The interest-bearing debt includes interest-bearing debts to third parties only, and excludes the amount calculated as deposits for banking business *less* cash and cash equivalents held at The Japan Net Bank, Limited (currently PayPay Bank Corporation). Cash Position held at subsidiaries includes cash and cash equivalents and short-term investment recorded as current assets held at self-financing subsidiaries such as SoftBank Corp., SVF1, SVF2 and Arm, which are non-recourse to the Company.

(2) Interest-bearing debt of asset management subsidiaries includes interest-bearing debt at SB Northstar and wholly owned subsidiaries conducting fund procurement (excluding financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares). Cash Position held at asset management subsidiaries includes cash and cash equivalents and short-term investment recorded as current assets at SB Northstar and wholly owned subsidiaries conducting fund procurement.

(3) Adjustment for hybrid finance is: (i) deduction of 50% of the outstanding principal amount of the Yen-denominated hybrid bonds issued in September 2016 and in February 2021, which are recorded as liabilities in the consolidated financial statements; (ii) addition of 50% of the outstanding principal amount of the USD-denominated hybrid notes issued in July 2017, which are recorded as equity in the consolidated financial statements; and (iii) deduction of 50% of the outstanding principal amount of the Yen-denominated hybrid loan borrowed in November 2017, which is recorded as liabilities in in the consolidated financial statements.

(4) Adjustment for asset-backed finance is the deduction of the sum of: (i) the financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares; (ii) the amount equivalent to the outstanding margin loan backed by Alibaba shares; (iii) the amount equivalent to the outstanding margin loan backed by SoftBank Corp. shares; and (iv) the difference between the amount of the outstanding margin loan backed by T-Mobile shares and the maximum amount of the Company's guarantee obligations therefor, each as of the end of the date indicated. For more details on prepaid forward contracts using Alibaba shares, see "—Cash and Capital Requirements—Debt Repayments and Certain Other Contractual Commitments—Prepaid Forward Contracts." For more details on the margin loan backed by T-Mobile shares, see "—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets—Partial Sale of T-Mobile Shares and Borrowings Using T-Mobile Shares."

(5) Net Interest-bearing Debt held at our subsidiaries as of March 31, 2021 were ¥4,406 billion at the SoftBank segment, ¥377 billion at SVF1, net cash of ¥63 billion at SVF2, net cash of ¥114 billion at Arm, and net cash of ¥23 billion at Other. Net Interest-bearing Debt held at asset management subsidiaries as of March 31, 2021 was ¥875 billion.

It should be noted that LTV ratio as defined above is defined differently from Company LTV Ratio, as such term is defined for the purposes of the Indenture. The following table sets for the calculation of Company LTV Ratio as of March 31, 2021, with each capitalized term as defined for the purposes of the Indenture:

		As of March 31, 2021 (billions of yen except Company LTV Ratio)[(1)(2)]
All outstanding Indebtedness of the Company, SBIA and each of its wholly owned Subsidiaries conducting fund procurement owed to third parties		**(A)**
Outstanding Indebtedness by the Company	¥	6,158
Outstanding Indebtedness by SBIA		0
Outstanding Indebtedness by wholly owned Subsidiaries conducting fund procurement		1,874
Total	¥	8,033
Asset Finance Indebtedness		**(B)**
Asset Finance Indebtedness secured by Alibaba shares		894
Asset Finance Indebtedness secured by SoftBank Corp. shares		499
Asset Finance Indebtedness secured by T-Mobile shares		481
Total	¥	1,874
Cash and Cash Equivalents held by the Company, SBIA and each of its wholly owned Subsidiaries conducting fund procurement		**(C)**
Cash and Cash Equivalents held by the Company		1,948
Cash and Cash Equivalents held by SBIA		26
Cash and Cash Equivalents held by wholly owned Subsidiaries conducting fund procurement		395
Total	¥	2,369

	As of March 31, 2021 (billions of yen except Company LTV Ratio)[1][2]
Investment Holdings Value of the Company	**(D)**
Listed Capital Stock owned by the Company excluding Listed Capital Stocks owned by any Investing Subsidiary[3], Fund or listed Subsidiary	
Alibaba shares owned by the Company[4]	16,912
SoftBank Corp. shares owned by the Company[4]	2,755
T-Mobile shares owned by the Company[4]	1,474
Subtotal	21,141
Investing Subsidiary[3]	
Listed Capital Stock owned by Investing Subsidiary[4]	755
Cash and cash equivalents of Investing Subsidiary	221
Derivative financial assets in asset management subsidiaries relating to Investing Subsidiary	188
Other financial assets relating to Investing Subsidiary	1,554
Non-current liabilities in respect of minority or non-controlling interests	153
Outstanding Indebtedness owed to third parties	(1,867)
Derivative financial liabilities in asset management subsidiaries relating to Investing Subsidiary	(15)
Liabilities for borrowed stock accounted for as other financial liabilities relating to Investment Subsidiary	(9)
Subtotal	981
Equity Interests in Funds	
Investments from SVF1 and SVF2 accounted for using FVTPL (excluding Arm)	13,647
Third-party interests in SVF1	(6,602)
Indebtedness of Funds excluding Indebtedness owed to third parties	(444)
Cash and cash equivalents held by Funds	131
Subtotal	6,732
Other Capital Stock or Equity Interests (excluding Funds and Arm)[5]	
Other Capital Stock or Equity Interests	1,400
Subtotal	1,400
Capital Stock and Equity Interests in Arm held by the Company (including through SVF1)[6]	
Capital Stock and Equity Interests in Arm	4,428
Subtotal	4,428
Total	¥ 34,683
Asset-backed Derivative Obligations	**(E)**
Total Asset-backed Derivative Obligations	3,086
Total	¥ 3,086
Company LTV Ratio	Ratio of ((A) – (B) – (C)) to ((D) – (B) – (E))
((A) – (B) – (C))	3,790
((D) – (B) – (E))	29,723
Company LTV Ratio	12.8%

(1) U.S. dollar amounts have been translated into Japanese yen at the rate of ¥110.71 = $1.00, using the exchanges rate prevailing as of March 31, 2021.

(2) Capitalized terms herein have the same meaning assigned to them under the Indenture. See "Description of the Notes—Certain Definitions."

(3) For the avoidance of doubt, "Investing Subsidiary" means any direct or indirect Subsidiary of the Company primarily engaged in investment activities, including SB Northstar, but excluding SBIA, Arm, any Fund and any wholly owned Subsidiary conducting fund procurement on behalf of the Company for the purposes of the Indenture.

(4) Measured at the closing per-share price on March 31, 2021.

(5) Other Capital Stock or Equity Interests (excluding Funds and Arm) represents the sum of Capital Stock or Equity Interests of any Person (excluding Funds and Arm) that are not admitted to trading on any stock exchanged and are treated as (1) investments accounted for using the equity method, (2) investments measured at fair value through profit or loss, or (3) as consolidated

subsidiaries as of March 31, 2021 (of which Investment Holdings Value is calculated by netting the aggregate acquisition cost with any impairment charges with respect to goodwill arising from acquisition of such Capital Stock or Equity Interests).

(6) Investment Holdings Value of Arm as of March 31, 2021 is $40.0 billion for the purposes of the Indenture and the amount presented is translated using the rate described in note (1) above.

Results of Operations

Comparison of the Fiscal Year Ended March 31, 2021 with the Fiscal Year Ended March 31, 2020

The following table shows selected statement of income data for the fiscal years ended March 31, 2020 and 2021. The comparisons below are with respect to the financial information derived from our audited financial statements for the fiscal year ended March 31, 2021 and the financial information for the fiscal year ended March 31, 2020 is presented as comparative information therein.

	As of and for the fiscal year ended March 31,	
	2020	2021
	(millions of yen)	
Continuing operations[1][2]		
Net sales	¥ 5,238,938	¥ 5,628,167
Cost of sales	(2,584,273)	(2,753,238)
Gross profit	2,654,665	2,874,929
Gain on investments		
Gain on investments at Investment Business of Holding Companies	484,308	945,944
Gain (loss) on investments at SVF1, SVF2, and others	(1,844,867)	6,292,024
Gain (loss) on other investments	(49,594)	291,038
Total gain on investments	(1,410,153)	7,529,006
Selling, general and administrative expenses	(2,060,080)	(2,271,497)
Finance cost	(293,897)	(307,250)
Income on equity method investments	624,015	616,432
Derivative gain (loss) (excluding gain (loss) on investments)	15	(480,251)
Change in third-party interests in SVF1	540,930	(2,246,417)
Other loss	(5,457)	(44,496)
Income before income tax	50,038	5,670,456
Income taxes	(792,655)	(1,303,168)
Net income from continuing operations	(742,617)	4,367,288
Discontinued operations[1]		
Net income from discontinued operations	(58,143)	710,948
Net income	(800,760)	5,078,236
Net income attributable to		
Owners of the parent	(961,576)	4,987,962
Net income from continuing operations	(912,149)	4,276,729
Net income from discontinued operations	(49,427)	711,233
Non-controlling interests	160,816	90,274
Net income from continuing operations	169,532	90,559
Net income from discontinued operations	(8,716)	(285)
	¥ (800,760)	¥ 5,078,236

(1) Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. Operating results related to Sprint are presented as discontinued operations, separately from continuing operations for the fiscal years ended March 31, 2020 and March 31, 2021 including gain relating to loss of control over Sprint for the fiscal year ended March 31, 2021 presented as discontinued operations. See "—Significant Accounting Policies—Discontinued Operations."

(2) Presentation method for the consolidated statement of income has been changed starting in the first quarter of the fiscal year ended March 31, 2021. The financial information for the fiscal year ended March 31, 2020 has been restated and presented in the same manner. See "—Overview—Changes in Presentation of Financial Information and Reportable Segments."

Consolidated Results of Operations

Net sales. Net sales increased by ¥389 billion ($3,516 million), or 7.4%, from ¥5,239 billion ($47,321 million) for the fiscal year ended March 31, 2020 to ¥5,628 billion ($50,837 million) for the fiscal year ended March 31, 2021 mainly due to increases in the net sales of the SoftBank and Arm segments.

Cost of sales. Cost of sales increased by ¥169 billion ($1,526 million), or 6.5%, from ¥2,584 billion ($23,343 million) for the fiscal year ended March 31, 2020 to ¥2,753 billion ($24,869 million) for the fiscal year ended March 31, 2021 mainly due to an increase in the cost of sales of the SoftBank segment.

Gross profit. Gross profit increased by ¥220 billion ($1,989 million), or 8.3%, from ¥2,655 billion ($23,979 million) for the fiscal year ended March 31, 2020 to ¥2,875 billion ($25,968 million) for the fiscal year ended March 31, 2021.

Gain on investments at Investment Business of Holding Companies. Gain on investments at Investment Business of Holding Companies increased by ¥462 billion ($4,169 million), or 95.3%, from ¥484 billion ($4,375 million) for the fiscal year ended March 31, 2020 to ¥ 946 billion ($8,544 million) for the fiscal year ended March 31, 2021 mainly due to gains relating to sales, valuation and derivative gain of T-Mobile shares associated with the merger of Sprint, and T-Mobile and subsequent partial sale of T-Mobile shares during the fiscal year ended March 31, 2021. See "—Investment Business of Holding Companies Segment."

Gain (loss) on investments at SVF1, SVF2, and others. Loss on investments at SVF1, SVF2, and others was ¥1,845 billion ($16,664 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥6,292 billion ($56,833 million) for the fiscal year ended March 31, 2021. This change was primarily due to unrealized gain (net) on the valuation of investments held by SVF1, primarily due to the listing of portfolio companies of SVF1 during the fiscal year ended March 31, 2021. See "—SVF1 and Other SBIA-Managed Funds Segment."

Gain (loss) on other investments. Loss on other investments was ¥50 billion ($448 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥291 billion ($2,629 million) for the fiscal year ended March 31, 2021. This change was primarily due to gain on investments as SoftBank Latin America Fund (net) of ¥197 billion ($1,775 million) for the fiscal year ended March 31, 2021.

Total gain on investments. Total gain on investments was a loss of ¥1,410 billion ($12,737 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥7,529 billion ($68,007 million) for the fiscal year ended March 31, 2021.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by ¥211 billion ($1,910 million), or 10.3%, from ¥2,060 billion ($18,608 million) for the fiscal year ended March 31, 2020 to ¥2,271 billion ($20,518 million) for the fiscal year ended March 31, 2021 mainly due to increases in the selling, general and administrative expenses of the SoftBank and Arm segments for the fiscal year ended March 31, 2021.

Finance cost. Finance cost increased by ¥13 billion ($120 million), or 4.5%, from ¥294 billion ($2,655 million) for the fiscal year ended March 31, 2020 to ¥307 billion ($2,775 million) for the fiscal year ended March 31, 2021 mainly due to an increase in interest expenses of ¥20 billion ($181 million) in the Investment Business of Holding Companies segment and ¥4 billion ($38 million) in the SoftBank segment for the fiscal year ended March 31, 2021, despite a decrease in interest expenses of ¥13 billion ($119 million) in the SVF1 and Other SBIA-Managed Funds segment for the same period.

Income on equity method investment. Income on equity method investment decreased by ¥8 billion ($68 million), or 1.2%, from ¥624 billion ($5,636 million) for the fiscal year ended March 31, 2020 to ¥616 billion ($5,568 million) for the fiscal year ended March 31, 2021 mainly due to a decrease in income on equity method investments related to Alibaba of ¥88 billion ($791 million), or 13.3%, from the previous fiscal year. This decrease in income on equity method investments related to Alibaba was primarily due to an increase in such income of ¥286 billion ($2,588 million) for the previous fiscal year as a result of Alibaba acquiring newly issued shares representing a 33% equity stake of Ant Small and Micro Financial Services Group Co., Ltd. (currently Ant Group Co., Ltd., "Ant Financial") using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries, despite the continuing strong performance in Alibaba's core operations during the fiscal year ended March 31, 2021. In addition, income on equity method investments related to Alibaba decreased by ¥74 billion ($671 million) in the quarter ended March 31, 2021 as Alibaba recorded an expense in the quarter for a fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law, which the Company recorded for the fiscal year ended March 31, 2021 as a significant event in the staggered three-month period.

Derivative gain (loss) (excluding gain (loss) on investments). Derivative gain (excluding gain (loss) on investments) was ¥15 million ($0.1 million) for the fiscal year ended March 31, 2020, compared to a loss of

¥480 billion ($4,338 million) for the fiscal year ended March 31, 2021. This change was primarily due to a recorded derivative loss of ¥504 billion ($4,553 million) in connection with prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

Change in third-party interests in SVF1. Change in third-party interests in SVF1, which refers to the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, calculated based on the gain and loss on investments at SVF1, net of management and performance fees payable to SBIA and operating and other expenses of SVF1, was a decrease of ¥541 billion ($4,886 million) recorded as income for the fiscal year ended March 31, 2020, compared to an increase of ¥2,246 billion ($20,291 million) recorded as expense for the fiscal year ended March 31, 2021.

Other loss. Other loss increased by ¥39 billion ($353 million), or 715.4%, from ¥5 billion ($49 million) for the fiscal year ended March 31, 2020 to ¥44 billion ($402 million) for the fiscal year ended March 31, 2021.

Income before income tax. As a result of the foregoing, income before income tax increased significantly by ¥5,620 billion ($50,767 million), from ¥50 billion ($452 million) for the fiscal year ended March 31, 2020 to ¥5,670 billion ($51,219 million) for the fiscal year ended March 31, 2021.

Income taxes. Income taxes increased by ¥510 billion ($4,611 million), or 64.4%, from ¥793 billion ($7,160 million) for the fiscal year ended March 31, 2020 to ¥1,303 billion ($11,771 million) for the fiscal year ended March 31, 2021 mainly due to the recording of current income taxes at SoftBank Corp. and Yahoo Japan Corporation, current income taxes associated with the sale of T-Mobile shares and deferred tax expenses due to revisions of the prepaid forward contracts using Alibaba shares during the fiscal year ended March 31, 2021, despite a ¥256 billion ($2,313 million) income tax credit that was recorded mainly due to the use of loss carryforwards against taxable income generated from the partial sale of SoftBank Corp. shares held through SoftBank Group Japan Corporation ("SBGJ") during the fiscal year ended March 31, 2021.

Net income from continuing operations. As a result of the foregoing, net income from continuing operations was a loss of ¥743 billion ($6,708 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥4,367 billion ($39,448 million) for the fiscal year ended March 31, 2021.

Net income from discontinued operations. Net income from discontinued operations was a loss of ¥58 billion ($525 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥711 billion ($6,422 million) for the fiscal year ended March 31, 2021. This change was primarily due to a gain of ¥721 billion ($6,511 million) recorded in the fiscal year ended March 31, 2021 relating to loss of control of Sprint in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint and T-Mobile US, Inc.

Net income. As a result of the forgoing, net income was a loss of ¥801 billion ($7,233 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥5,078 billion ($45,870 million) for the fiscal year ended March 31, 2021.

Net income attributable to owners of the parent. As a result of the forgoing, net income attributable to owners of the parent was a loss of ¥962 billion ($8,686 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥4,988 billion ($45,054 million) for the fiscal year ended March 31, 2021.

Investment Business of Holding Companies Segment

The following table shows selected statement of income data for the Investment Business of Holding Companies segment for the fiscal years ended March 31, 2020 and 2021. The comparisons below are with respect to the financial information derived from our audited financial statements for the fiscal year ended March 31, 2021 and the financial information for the fiscal year ended March 31, 2020 is presented as comparative information therein.

	For the fiscal year ended March 31,	
	2020	**2021**
	(millions of yen)	
Gain on investments(1)	¥ 484,308	¥ 946,107
Gain relating to sales of T-Mobile shares	—	421,755
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	—
Realized loss on sales of investments at asset management subsidiaries	—	(20,537)
Unrealized gain on valuation of investments at asset management subsidiaries	—	134,237
Derivative loss on investments at asset management subsidiaries	—	(610,690)
Realized gain on sales of investments	17,777	222,161
Unrealized gain (loss) on valuation of investments	(690,669)	608,448
Derivative gain (loss) on investments	(66,343)	185,769
Other	5,016	4,964
Selling, general and administrative expenses	(75,099)	(102,276)
Finance cost	(198,535)	(218,604)
Income on equity method investments	657,232	601,364
Derivative loss (excluding gain (loss) on investments)	(1,886)	(477,536)
Other gain	47,720	11,872
Segment income (income before income tax)	¥ 913,740	¥ 760,927

(1) Excludes elimination due to consolidation. "Gain on investments at Investment Business of Holding Companies" in the consolidated statements of income for the fiscal year ended March 31, 2020 and March 31, 2021 were a gain of ¥484,308 million and a gain of ¥945,944 million, respectively.

Gain on investments. Gain on investments for the Investment Business of Holding Companies segment increased by ¥462 billion ($4,171 million), or 95.4%, from ¥484 billion ($4,375 million) for the fiscal year ended March 31, 2020, to ¥946 billion ($8,546 million) for the fiscal year ended March 31, 2021 mainly due to (i) unrealized gain on valuation of investments of ¥608 billion ($5,496 million) for the fiscal year ended March 31, 2021, compared to a loss of ¥691 billion ($6,239 million) for the fiscal year ended March 31, 2020, driven primarily by, among others, valuation gains of ¥220 billion ($1,984 million) on investment in T-Mobile shares, ¥124 billion ($1,124 million) on investment in Social Finance, Inc., ¥73 billion ($659 million) on investment in Lemonade, Inc. and ¥49 billion ($447 million) on investment in Berkshire Grey, Inc. (which has been transferred to SVF2 in March 2021) for the fiscal year ended March 31, 2021; (ii) gain relating to sales of T-Mobile shares of ¥422 billion ($3,810 million) for the fiscal year ended March 31, 2021; (iii) realized gain on sales of investments of ¥222 billion ($2,007 million) for the fiscal year ended March 31, 2021, primarily driven by realized gain of ¥222 billion ($2,005 million) on investments made in listed stocks; and (iv) derivative gain on investments of ¥186 billion ($1,678 million) for the fiscal year ended March 31, 2021, driven primarily by a rise in fair value of the right to purchase T-Mobiles shares received in connection with the merger between Sprint and T-Mobile. These were partially offset by derivative losses on investments at asset management subsidiaries of ¥611 billion ($5,516 million) for the fiscal year ended March 31, 2021, primarily driven by recording losses related to call options on listed stocks and short stock index futures contracts at our asset management subsidiary, SB Northstar.

Finance cost. Finance cost for the Investment Business of Holding Companies segment increased by ¥20 billion ($181 million), or 10.1%, from ¥199 billion ($1,793 million) for the fiscal year ended March 31, 2020 to ¥219 billion ($1,975 million) for the fiscal year ended March 31, 2021 mainly due to an increase in interest expenses at the Company by ¥12 billion ($112 million) to ¥211 billion ($1,903 million) for the fiscal year ended March 31, 2021, reflecting an increase in interest-bearing debt as a result of wholly owned subsidiaries conducting fund procurement entering into several prepaid forward contracts using Alibaba shares from April to August 2020 with financial institutions.

Derivative gain (loss) (excluding gain (loss) on investments). Derivative gain (excluding gain (loss) on investments) for the Investment Business of Holding Companies segment was a loss of ¥2 billion ($17 million) for the fiscal year ended March 31, 2020, compared to a loss of ¥478 billion ($4,313 million) for the fiscal year ended March 31, 2021, a deterioration of ¥476 billion ($4,296 million). This change was primarily due to a recorded derivative loss of ¥504 billion ($4,553 million) in connection with prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

Segment income (income before income tax). As a result of the foregoing, segment income (income before income tax) for the Investment Business of Holding Companies segment decreased by ¥153 billion ($1,380 million), or 16.7%, from ¥914 billion ($8,253 million) for the fiscal year ended March 31, 2020 to ¥761 billion ($6,873 million) for the fiscal year ended March 31, 2021.

SVF1 and Other SBIA-Managed Funds Segment

The SVF1 and Other SBIA-Managed Funds segment mainly includes the results of the investment and operation activities of SVF1 and SVF2, managed by SBIA, our wholly owned subsidiary.

We launched SVF2 in October 2019. As of March 31, 2021, we were the sole limited partner investing in SVF2, with a total committed capital of $20.0 billion (which has been increased to $40.0 billion as of the date of this offering memorandum). As of March 31, 2021, we had contributed $6,800 million of the committed capital to SVF2.

Starting in the fourth quarter of the fiscal year ended March 31, 2021, SB Investment Advisers (US) Inc., which is a wholly owned subsidiary of the Company and provides investment advice to SBIA, initiated investments through SPACs to pursue a wider range of investment opportunities beyond the investment mandate for the private funds. As of March 31, 2021, three SPACs have been listed, raising a total of $1,154 million.

The following table shows selected statement of income data for the SVF1 and Other SBIA-Managed Funds segment for the fiscal years ended March 31, 2020 and 2021. The comparisons below are with respect to the financial information derived from our audited financial statements for the fiscal year ended March 31, 2021 and the financial information for the fiscal year ended March 31, 2020 is presented as comparative information therein.

	For the fiscal year ended March 31,	
	2020	**2021**
	(millions of yen)	
Gain (loss) on investments at SVF1, SVF2, and others[(1)]	¥(1,844,867)	¥ 6,357,462
Realized gain on sales of investments	58,340	419,640
Unrealized gain (loss) on valuation of investments	(1,917,694)	5,897,059
Change in valuation for the fiscal year	(1,877,682)	6,013,404
Reclassified to realized gain recorded in the past fiscal year[(2)]	(40,012)	(116,345)
Dividend income from investments	12,848	29,849
Derivative gain on investments	145	1,091
Effect on foreign exchange translation	1,494	9,823
Selling, general and administrative expenses	(86,484)	(74,194)
Finance cost	(23,547)	(10,419)
Change in third-party interests in SVF1	540,930	(2,246,417)
Other gain	1,394	391
Segment income (income before income tax)	¥(1,412,574)	¥ 4,026,823

(1) Excludes elimination due to consolidation. "Gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statements of income for the fiscal year ended March 31, 2020 and March 31, 2021 were a loss of ¥1,844,867 million and a gain of ¥6,292,024 million, respectively.

(2) Unrealized gain on valuation of investments recorded in previous fiscal years related to the investments exited in the fiscal year is reclassified to realized gain on sales of investments.

Gain (loss) on investments at SVF1, SVF2, and others. Loss on investments at SVF1, SVF2, and others was ¥1,845 billion ($16,664 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥6,357 billion ($57,424 million) for the fiscal year ended March 31, 2021. This change was primarily due to (i) unrealized gain on valuation of investments held by SVF1 as of March 31, 2021 of ¥5,523 billion ($49,888 billion), mainly due to strong stock price performance of listed portfolio companies, particularly of Coupang, DoorDash and Uber, totaling $40,507 million; (ii) realized gain on sales of investments of ¥424 billion

($3,832 million) during the fiscal year ended March 31, 2021 from the sale by SVF1 of all of its shares in eight portfolio companies and a portion of its shares in five portfolio companies; and (iii) unrealized gain on valuation investments held by SVF2 as of March 31, 2021 of ¥490 billion ($4,428 million), mainly due to the recording of unrealized valuation gain totaling $4,671 million for listed portfolio companies, reflecting the share price increases of KE Holdings and other listed portfolio companies following their listings during the fiscal year.

Dividend income from investments. Dividend income from investments increased by ¥17 billion ($154 million), or 132.3%, from ¥13 billion ($116 million) for the fiscal year ended March 31, 2020 to ¥30 billion ($270 million) for the fiscal year ended March 31, 2021 mainly due to SVF1's receipt of a dividend income of ¥20 billion of ($180 million) from Arm based on its shareholding in Arm. For the avoidance of doubt, the dividend income is eliminated in consolidation and is not included in "gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statement of income.

Finance cost. Finance cost decreased by ¥13 billion ($119 million), or 55.8%, from ¥24 billion ($213 million) for the fiscal year ended March 31, 2020 to ¥10 billion ($94 million) for the fiscal year ended March 31, 2021 mainly due to decreases in interest expenses resulting from repayments of borrowings made by SVF1.

Change in third-party interests in SVF1. Change in third-party interests in SVF1, which refers to the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, calculated based on the gain and loss on investments at SVF1, net of management and performance fees payable to SBIA and operating and other expenses of SVF1, was a decrease of ¥541 billion ($4,886 million) recorded as income for the fiscal year ended March 31, 2020, compared to an increase of ¥2,246 billion ($20,291 million) recorded as expense for the fiscal year ended March 31, 2021.

Segment income (income before income tax). As a result of the foregoing, segment income (income before income tax) for the SVF1 and Other SBIA-Managed Funds segment was a loss of ¥1,413 billion ($12,759 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥4,027 billion ($36,373 million) for the fiscal year ended March 31, 2021.

SoftBank Segment

The SoftBank segment mainly includes the results of the operation activities of SoftBank Corp. and Z Holdings Corporation.

In November 2019, Z Holdings Corporation acquired 50.1% of voting rights of ZOZO, Inc., an online apparel retailer, and ZOZO, Inc. became a subsidiary of the Company, as well as of SoftBank Corp. and Z Holdings Corporation.

On March 1, 2021, SoftBank Corp. completed a business integration of Z Holdings Corporation and LINE Corporation and LINE Corporation became a subsidiary of Company, as well as of SoftBank Corp. and Z Holdings Corporation.

Net sales. Net sales increased by ¥342 billion ($3,088 million), or 7.0%, from ¥4,862 billion ($43,921 million) for the fiscal year ended March 31, 2020 to ¥5,204 billion ($47,009 million) for the fiscal year ended March 31, 2021 mainly due to (i) consolidation of ZOZO, Inc. leading to an increase in revenue of Z Holdings Corporation; (ii) an increase in revenue of the existing e-commerce business of Z Holdings Corporation; and (iii) strong performance in the enterprise business in terms of mobile revenue, net sales of cloud services and security services solutions following growth in demand for remote work-related products and services to address the COVID-19 pandemic.

Segment income (income before income tax). As a result of the foregoing, segment income (income before income tax) for the SoftBank segment increased by ¥32 billion ($292 million), or 4.0%, from ¥816 billion ($7,367 million) for the fiscal year ended March 31, 2020 to ¥848 billion ($7,659 million) for the fiscal year ended March 31, 2021.

Arm Segment

The Arm segment mainly includes the results of the operation activities of Arm, primarily consisting of licensing of semiconductor intellectual property, including the design of energy-efficient microprocessors and associated technologies. During the fiscal quarter ended March 31, 2021, we decided that the Internet-of-Things Services Group ("ISG") business within Arm, which is outside the scope of the sale to NVIDIA, would be managed separately from Arm's other business. Accordingly, the results of the operations of the ISG business is excluded from the Arm segment and is included in Other.

Net sales. Net sales for the Arm segment increased by ¥13 billion ($115 million), or 6.5%, from ¥197 billion ($1,780 million) for the fiscal year ended March 31, 2020 to ¥210 billion ($1,895 million) for the fiscal year ended March 31, 2021 mainly due to an increase in technology royalty revenue of $183 million, or 16.7%, year on year, driven by the strong ramp in shipments of Arm-based 5G smartphones and the deployment of networking equipment into 5G base stations as well as increasing shipments into servers.

Segment income (income before income tax). Segment income (income before income tax) for the Arm segment was a loss of ¥11 billion ($100 million) for the fiscal year ended March 31, 2020, compared to a loss of ¥34 billion ($306 million) for the fiscal year ended March 31, 2021, a deterioration of ¥23 billion ($206 million). This was primarily due to the recording of charges relating to the increases in the fair value of share-based remuneration already granted to Arm employees relating to share-based remuneration following the agreement for sale of all shares in Arm to NVIDIA and the expected acceleration of the vesting date that were triggered by the proposed acquisition of Arm by NVIDIA (including one-off charges). In addition, the number of Arm employees, mainly technology-related personnel, as of March 31, 2021 increased 7.9% from March 31, 2020, leading to an increase in employee-related costs.

Other

Other includes businesses not included in reportable segments, mainly PayPay Corporation, Fortress Investment Group LLC, the SoftBank Latin America Fund and the Fukuoka SoftBank HAWKS Corp.-related operations, as well as the ISG business of Arm.

Net sales. Net sales classified as Other increased by ¥33 billion ($296 million), or 15.9%, from ¥206 billion ($1,859 million) for the fiscal year ended March 31, 2020 to ¥239 billion ($2,155 million) for the fiscal year ended March 31, 2021 mainly due to an increase in the net sales of PayPay Corporation.

Segment income (income before income tax). Segment income (income before income tax) classified as Other was a loss of ¥ 300 billion ($2,707 million) for the fiscal year ended March 31, 2020, compared to a gain of ¥93 billion ($837 million) for the fiscal year ended March 31, 2021. This change was mainly due to gains on investments at SoftBank Latin America Fund and Fortress of ¥197 billion ($1,775 million) and ¥88 billion ($799 million), respectively, following rises in the fair value of their respective investments, resulting in income before income tax of ¥189 billion ($1,706 million) and ¥57 billion ($516 million), respectively, for the fiscal year ended March 31, 2021, offset by a loss before income tax of ¥73 billion ($656 million) at PayPay Corporation mainly reflecting its continued marketing promotions aimed at gaining users and driving service usage, along with proactive measures to increase the number of stores where its services can be used.

Cash and Capital Requirements

Cash Requirements

Our cash and capital requirements are related to funding our debt repayment and certain other contractual commitments, capital expenditures, investments, shareholder returns, including dividend payments, share repurchase programs which we may implement from time to time and operating cash requirements. On standalone basis, our cash and capital requirements are related to funding our debt repayment and certain other contractual commitments, investments and dividend payments.

Debt Repayments and Certain Other Contractual Commitments

Interest-Bearing Debt

As of March 31, 2021, the interest-bearing debt of the Company primarily consisted of:

- Corporate bonds (including USD-denominated perpetual subordinated hybrid notes issued in July 2017) totaling ¥5,243 billion ($47,353 million).
- Borrowings (including the Senior Term Loan totaling ¥387 billion ($3,491 million)) totaling ¥1,153 billion ($10,414 million), of which ¥748 billion ($6,756 million) is short-term borrowings and current portion of long-term borrowings.
- Commercial paper totaling ¥247 billion ($2,227 million).

The following table shows the scheduled redemptions for the total remaining bonds, including USD-denominated Perpetual Subordinated Hybrid Notes, issued by the Company for the periods indicated, as of the date of this offering memorandum:

Fiscal year ending March 31,	Total Principal Amount Due(1)(2)
	(billions of yen)
2022	¥1,222
2023(3)	426
2024(3)	841
2025(3)	542
2026(3)	1,021
2027(3)(4)	935
2028(3)	419
2029(3)	207
2030(3)	91
2031	—
2032	—
2033	—
2034	—

(1) Amounts correspond to the face amounts.
(2) In case of early redemption on the first call date of the Yen-denominated Hybrid Bonds and USD-denominated Hybrid Notes.
(3) Foreign Currency-denominated Bonds converted to Japanese yen by each swap rate. USD-denominated Hybrid Notes converted to Japanese yen at the rate of ¥110.71 = $1.00.
(4) Includes ¥405 billion of the Yen-denominated Hybrid Bonds issued in June 2021.

The following table shows the total remaining scheduled repayments for the Senior Term Loan for the periods indicated as of March 31, 2021.

Fiscal year ending March 31,	Total Principal Amount Due(1)
	(billions of yen)
2022	¥ 65
2023	65
2024	76
2025	¥184

(1) Amounts correspond to the face amounts.

As of March 31, 2021, our consolidated interest-bearing debt primarily consisted of:

- Borrowings (excluding financial liabilities relating to sale of shares by variable prepaid forward contracts using Alibaba shares) totaling ¥9,468 billion ($85,519 million).
- Corporate bonds totaling ¥5,550 billion ($50,127 million).
- Financial liabilities totaling ¥3,086 billion ($27,872 million) relating to sale of shares by variable prepaid forward contracts using Alibaba shares. See "—Variable Prepaid Forward Contracts."
- Lease liabilities totaling ¥1,035 billion ($9,349 million).

The following table summarizes our consolidated interest-bearing debt as of March 31, 2021 by maturities. The following table does not include interest payments.

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
				(millions of yen)				
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 2,637,401	¥ 2,637,560	¥2,637,560	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	409,201	409,201	409,201	—	—	—	—	—
Long-term borrowings (including current portion)	6,830,406	6,863,649	2,090,606	2,181,410	809,343	1,442,276	189,794	150,220
Corporate bonds (including current portion)	5,549,540	5,583,044	805,969	513,066	640,008	627,409	1,051,485	1,945,107
Financial liabilities relating to sale of shares by prepaid forward contract	3,085,739	3,104,068	1,801,124	910,373	279,923	112,648	—	—
Installment payables	688	688	232	149	142	112	45	8
Lease liabilities	1,035,001	1,035,001	307,447	209,749	122,099	69,721	58,133	267,852
Total	¥19,547,976	¥19,633,211	¥8,052,139	¥3,814,747	¥1,851,515	¥2,252,166	¥1,299,457	¥2,363,187

See "Description of Other Indebtedness."

Interest Expense

We incur interest expenses mainly due to payments on our loan and bond obligations, and interest-bearing debt incurred at our wholly owned subsidiaries conducting fund procurement. We also incur interest expenses in connection with the lease liabilities of SoftBank Corp.

Variable Prepaid Forward Contracts

During the fiscal years ended March 31, 2020 and March 31, 2021, through our wholly owned subsidiaries, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited and Tigress 2020 Holdings Limited, we entered into several prepaid forward contracts using Alibaba shares with financial institutions, procuring an aggregate amount of $1,646 million and $15,446 million, respectively.

The following is a summary of the prepaid forward contracts using Alibaba shares entered during the fiscal years ended March 31, 2020 and March 31, 2021. The U.S. dollar amount for the procurement amount and cash payment for the prepaid forward contracts below represents the original contract amount recorded in U.S. dollars, and are not the translations of Japanese yen amounts into U.S. dollars.

- *Collar contract in the fiscal year ended March 31, 2020.* We procured ¥179 billion ($1,646 million). The settlement is expected in October 2021 and November 2021. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. During the third quarter of the fiscal year ended March 31, 2021, we have amended the contract to revise the cap and the floor for the price of shares settled.
- *Forward contract in the fiscal year ended March 31, 2021.* We procured ¥162 billion ($1,500 million). The settlement was originally expected in in April 2024. Under the original terms of forward contract, the share price and the number of Alibaba shares settled by the prepaid forward contracts are fixed regardless of changes in market share price in the future. During the third quarter of the fiscal year ended March 31, 2021, we have amended the contract to change to collar contract with a cap and a floor for the price of shares settled. The settlement is now expected in October 2022 and November 2022.
- *Floor contract in the fiscal year ended March 31, 2021.* We procured ¥162 billion ($1,502 million). The settlement is expected in December 2023 and January 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.

- *Collar contract in the fiscal year ended March 31, 2021.* We procured ¥919 billion ($8,525 million). The settlement was originally expected from January 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. During the third quarter of the fiscal year ended March 31, 2021, we have amended the contract to revise the cap and the floor for the price of shares settled. The settlement is now expected from October 2021 to June 2022.

- *Collar contract and call spread in the fiscal year ended March 31, 2021.* We procured ¥240 billion ($2,225 million). The settlement was originally expected from May 2024 to June 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium. On April 13, 2021, we exercised the option to settle the prepaid forward contracts and the call spread contract by cash and paid ¥313 billion ($2,860 million) from restricted cash, completing the settlement of the transaction.

- *Collar contract in the fiscal year ended March 31, 2021.* We procured ¥98 billion ($925 million). The settlement is expected in July 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

- *Collar contract and call spread in the fiscal year ended March 31, 2021.* We procured ¥81 billion ($768 million). The settlement is expected from July 2024 to August 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread contract is entered into in preparation for Alibaba shares price rise.

In connection with these prepaid forward contracts using Alibaba shares, we recorded derivative financial assets of ¥5 billion ($45 million) and no derivative financial liabilities for the fiscal year ended March 31, 2020. For the fiscal year ended March 31, 2020, we recorded financial liabilities relating to sale of shares by prepaid forward contacts of ¥196 billion ($1,771 million) under interest-bearing debt in our consolidated statement of financial position.

In connection with these prepaid forward contracts using Alibaba shares, we recorded derivative financial assets of ¥704 billion ($6,356 million) and derivative financial liabilities of ¥28 billion ($254 million) for the fiscal year ended March 31, 2021. For the fiscal year ended March 31, 2021, we recorded financial liabilities relating to sale of shares by prepaid forward contacts of ¥3,086 billion ($27,872 million) under interest-bearing debt in our consolidated statement of financial position, including the impact of the amendments made to certain of the prepaid forward contracts during the third quarter of the fiscal year ended March 31, 2021. The amendments made to certain of the prepaid forward contracts during the third quarter of the fiscal year ended March 31, 2021 resulted in the derecognition of ¥1,383 billion ($12,490 million) of financial liabilities for the original prepaid forward contracts and ¥476 billion ($4,302 million) of derivative financial liabilities (non-current), and the recognition of ¥2,179 billion ($19,683 million) of financial liabilities for the amended prepaid forward contracts, ¥333 billion ($3,010 million) of derivative financial assets and ¥16 billion ($146 million) of cash paid as a difference in exchange value between the original and amended prepaid forward contracts. See Note 25 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

We have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or, in certain cases, a combination of cash and Alibaba shares.

Alibaba shares held by West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and we granted the right of use to financial institutions, however the collateral can be released by cash settlement at our discretion. We apply the equity method of accounting to these shares and they are included in "Investments accounted for using the equity method" in our consolidated statements of financial position as of March 31, 2021. The carrying amount of Alibaba shares pledged as collateral as of March 31, 2020 and March 31, 2021 is ¥54 billion ($492 million) and ¥584 billion ($5,274 million), respectively.

Capital Expenditures

We mainly incur capital expenditures to expand and maintain our telecommunications network in the SoftBank segment, and to maintain and repair equipment and buildings for our overseas solar power generation business. In the SoftBank segment, we made significant investments early on for the development and deployment of a 5G network in Japan during the fiscal years ended March 31, 2020 and March 31, 2021.

Dividend Payments

Our basic policy is to maintain a sound financial position, while at the same time both investing prudently to ensure sustained growth and returning profits to shareholders. Returns to shareholders include cash dividends paid twice per year, in principle, as an interim dividend and a year-end dividend. In June 2021, it was resolved at the General Meeting of Shareholders that the year-end dividend will be ¥22.00 per share for the fiscal year ended March 31, 2021. Together with the interim dividend of ¥22.00 per share paid in December 2020, our annual dividend for the fiscal year ended March 31, 2021 was ¥44.00 per share, the same per-share amount as the previous fiscal year. Our total dividend payments during the fiscal year ended March 31, 2021 were ¥80 billion ($719 million).

Share Repurchases

On March 23, 2020, we announced a program to repurchase up to ¥2,000 billion ($18,065 million) of our common stock over the next four quarters. The share repurchase program is in addition to the ¥500 billion ($4,516 million) share repurchase program announced on March 13, 2020. As of the date of this offering memorandum, we have repurchased ¥2,500 billion ($22,582 million), 366,860,600 shares of our common stock under these share repurchase programs and retired all of these shares.

Liquidity and Capital Resources

Liquidity

The below table reflects the Cash Position of certain of our key subsidiaries and our consolidated Cash Position as of March 31, 2020 and March 31, 2021. See “Capitalization” for our Cash Position on an as adjusted basis.

	As of and for the fiscal year ended March 31,	
	2020	**2021**
	(billions of yen)	
Cash Position[1]		
SBG Standalone Cash Position[2]	¥1,818	¥2,598
Cash Position held at subsidiaries[3]**:**		
SoftBank Segment[4]	821	1,286
SVF1	197	68
SVF2	1	63
Arm	119	148
Other	288	376
Total	1,426	1,942
Cash Position held at asset management subsidiaries	—	992
Consolidated Cash Position[4]	¥3,245	¥5,531

(1) Cash Position is cash and cash equivalents *plus* short-term investments. Short-term investments consist of marketable securities, time deposits (maturities of over three months) and others recorded as current assets.

(2) For the avoidance of doubt, SBG Standalone Cash Position excludes cash and cash equivalents held by The Japan Net Bank, Limited (currently PayPay Bank Corporation) and Cash Position of SB Northstar.

(3) Cash Position held at subsidiaries includes cash and cash equivalents and short-term investment recorded as current assets held at self-financing subsidiaries such as SoftBank Corp., SVF1, SVF2 and Arm, which are non-recourse to the Company.

(4) Cash Position held at the SoftBank Segment is calculated as the sum of Cash Position of each company in the SoftBank Segment.

As a strategic investment holding company, we invest in a number of companies through direct investments (including investments made through subsidiaries), as well as through investment funds such as SVF1, SVF2 and other SBIA-managed funds. In turn, we receive dividends from portfolio companies or distributions from investment funds and, when deemed appropriate, exist our investments by selling or monetizing. For recent examples of such selling or monetization of our investments, see “—Overview—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets.” As of March 31, 2021, our consolidated Cash Position (cash and cash equivalents *plus* short term investments) equaled ¥5,531 billion ($49,961 million).

We also use diversified financing methods for raising funds including both indirect financing, such as bank loans, and direct financing, such as the issuance of bonds (in the local and international capital markets) and commercial paper, taking market conditions and its current/non-current debt ratios into consideration. Some of our other financing methods include sales or monetization of investment securities and investments in associated companies via wholly owned subsidiaries conducting fund procurement as required, including monetization of shares via variable prepaid forward contracts. See "—Cash and Capital Requirements—Debt Repayments and Certain Other Contractual Commitments—Variable Prepaid Forward Contracts."

As of March 31, 2021, our standalone liquidity, including cash, cash equivalents, short-term investments and available borrowing capacity under our commitment lines was ¥2,908 billion ($26,267 million). We expect our liquidity position, together with cash flows from operations, to be sufficient to cover our expected liquidity needs through the end of March 31, 2023.

Margin Loans Backed by Alibaba, SoftBank Corp. and T-Mobile Shares

Alibaba Shares

On March 13, 2018, through one of our wholly owned subsidiaries, Skywalk Finance GK, we borrowed $8,000 million from lenders under a margin loan using its Alibaba shares pledged as collateral. On September 4, 2018, the margin loan was expanded to $9,444 million. On July 8, 2020, through Skywalk Finance GK, we repaid $9,444 million of the borrowings made under existing margin loans using its Alibaba shares pledged as collateral. On October 29, 2020, through SB Northstar, we borrowed $6,000 million from lenders under a margin loan using its Alibaba shares pledged as collateral. On March 29, 2021, through Skywalk Finance GK, we borrowed $8,125 million from lenders under a margin loan using its Alibaba shares pledged as collateral and the loan was subsequently expanded to $10,000 million.

SoftBank Corp. Shares

On February 25, 2020, through one of our wholly owned subsidiaries, Moonlight Finance GK (formerly known as Hinode 1 GK), we borrowed ¥500 billion from lenders under a margin loan using its SoftBank Corp. shares pledged as collateral.

T-Mobile Shares

On July 30, 2020, through one of our wholly owned subsidiaries, Delaware Project 6 L.L.C., we borrowed $4,380 million from lenders under a margin loan using its T-Mobile shares pledged as collateral. We have, as an exception, guaranteed a portion of the margin loan with the maximum amount of the guaranteed obligations totaling $2,022 million as of March 31, 2021. As a precondition for us to fulfill our guaranteed obligations, the lenders are obligated to first recover the loan amount to the maximum extent possible from Alibaba shares that have been pledged as collateral for the margin loan.

We believe that the utilization of margin loans using our investment shares pledged as collateral has further supported our liquidity position.

Commitment Line

In order to reduce liquidity risk, we enter into commitment lines of credit and other credit facilities from time to time with various financial institutions. On July 16, 2020, we renewed one such commitment line of credit for borrowings up to ¥310 billion ($2,800 million), which was fully drawn as of the date of this offering memorandum. See "Description of Other Indebtedness."

Cash Flow

The following table shows our consolidated cash flow data for the fiscal years ended March 31, 2020 and 2021.

	As of and for the fiscal year ended March 31,	
	2020	2021
	(millions of yen)	
Cash and cash equivalents at the beginning of the year	¥ 3,858,518	¥ 3,369,015
Net cash provided by operating activities	1,117,879	557,250
Net cash used in investing activities	(4,286,921)	(1,468,599)
Net cash provided by financing activities	2,920,863	2,194,077
Effect of exchange rate changes on cash and cash equivalents	(342)	12,230
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale	(240,982)	(1,248)
(Decrease) increase in cash and cash equivalents	(489,503)	1,293,710
Cash and cash equivalents at the end of the year	¥ 3,369,015	¥ 4,662,725

Our net cash provided by operating activities decreased by ¥561 billion ($5,064 million), or 50.2%, from ¥1,118 billion ($10,097 million) for the fiscal year ended March 31, 2020 to ¥557 billion ($5,033 million) for the fiscal year ended March 31, 2021 mainly due to the exclusion of Sprint from the scope of consolidation at the beginning of the fiscal year ended March 31, 2021, which had generated cash inflow of ¥641 billion ($5,790 million) in the previous fiscal year, and SB Northstar recording cash outflow of ¥509 billion ($4,600 million) (before elimination of intercompany transactions) mainly associated with realized loss on investments in derivatives. These were partially offset by a year-on-year decrease in income tax payments of ¥613 billion ($5,540 million), mainly due to (i) one-time increase in income taxes of ¥321 billion ($2,902 million) being paid by a group company in the previous fiscal year on a gain on the sale of SoftBank Corp. shares and others that arose in the fiscal year ended March 31, 2019; and (ii) receipt of a refund of ¥423 billion ($3,818 million) for withholding income taxes related to dividends within the group companies during the fiscal year ended March 31, 2020.

Our net cash used in investing activities was ¥4,287 billion ($38,722 million) for the fiscal year ended March 31, 2020, compared to ¥1,469 billion ($13,265 million) for the fiscal year ended March 31, 2021, representing a decrease in cash outflow of ¥2,818 billion ($25,457 million). This was mainly due to ¥3,846 billion ($34,737 million) of cash inflow from our sales of our T-Mobile shares and listed stocks, and ¥856 billion ($7,736 million) of cash inflow from sales of investments by SVF1 such as the entire stake in OSIsoft, and partial stake in Uber and Guardant Health, offset by ¥4,187 billion ($37,816 million) of cash outflow for acquisition of investments such as listed stocks, LINE Corporation shares and SoftBank Latin America Fund investments, and ¥857 billion ($7,737 million) of cash outflow for acquisition of investments by SVF1 and SVF2.

Our net cash provided by financing activities decreased by ¥727 billion ($6,565 million), or 24.9%, from ¥2,921 billion ($26,383 million) for the fiscal year ended March 31, 2020 to ¥2,194 billion ($19,818 million) for the fiscal year ended March 31, 2021 mainly due to ¥2,226 billion ($20,109 million) of cash outflow for repurchases of treasury stock and ¥1,362 billion ($12,303 million) of cash outflow for distributions and repayments of investments to third-party investors at SVF1 during the fiscal year ended March 31, 2021, partially offset by ¥1,661 billion ($15,003 million) of cash inflow from proceeds from procurement by prepaid forward contracts using Alibaba shares and ¥1,553 billion ($14,027 million) of cash inflow from proceeds from sale of portions of SoftBank Corp. shares owned through our wholly owned subsidiary in May and September 2020.

Credit Ratings

We have a long-term corporate credit rating of BB+ (stable outlook) from Standard & Poor's Financial Services LLC ("S&P"), and A- (stable outlook) from Japan Credit Rating Agency, Ltd. ("JCR").

Market Risk

Our consolidated statements of financial position and income include substantial amounts of assets, liabilities and gain (loss) on investments whose fair values are subject to market risks. Our significant market risks are primarily associated with equity prices, interest rates, foreign currency exchange rates, credit risk and liquidity risk. The fair values of our investment portfolios, shares pledged as collateral and prepaid forward contracts remain subject to considerable volatility. The following sections address the significant market risks associated with our business activities.

Derivative transactions entered into by us are conducted and controlled based on our internal rules and procedures for derivative transactions and are limited to the extent of actual demands. For more information, see Note 31 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Equity Price Risk

Our predominant exposure to equity price risk is related to our Investment Business of Holding Companies and SVF1 and Other SBIA-Managed Funds segments and the sensitivities to movements in the fair value of our investments. Risk is regularly evaluated and is managed on a position basis as well as on a portfolio basis in both segments. Senior members of our investment teams in both segments meet on a regular basis to assess and review certain risks, including concentration risk, correlation risk and credit risk for significant positions. Certain risk metrics and other analytical tools are used in the normal course of business by both segments.

We hold investments that are reported at fair value as of the reporting date, which include, among others, securities owned, securities sold, securities pledged as collateral and derivatives as reported in our consolidated financial statements. The value of listed assets (excluding asset-backed finance) is ¥23.1 trillion ($208.5 billion). Historically, the investments included in this segment have been concentrated on relatively few issuers. As of March 31, 2021, approximately 43% of the total fair value of our investments was concentrated in Alibaba, representing a decrease of 6% from 49% as of March 31, 2020, in each case including Alibaba shares used for the settlement of asset-backed financing. See "Risk Factors—Our holdings in Alibaba represent a significant portion of our investment portfolio." As of March 31, 2021, approximately 77% of our portfolio was comprised of listed assets (excluding asset-backed finance). Starting in the first quarter of the fiscal year ended March 31, 2021, we have been investing in highly liquid listed stocks and engaging in derivative transactions related to listed stocks, to diversify our assets and investments and to manage surplus funds. This has been done while being firmly committed to our stated financial policies on LTV ratio and Cash Position.

The fair value of our financial assets and liabilities primarily fluctuates in response to changes in the value of securities. The net effect of these fair value changes impacts our gain (loss) on investments and net income in the consolidated statements of income. See "Risk Factors—Risks Relating to Our Status as a Strategic Investment Holding Company—We face various risks in connection with our investment activities." We are also subject to equity price risk with respect to our prepaid forward contracts and margin loans. Our ultimate liability with respect to these prepaid forward contracts is determined from the movement of the underlying stock price between the contract inception date and expiration date. The fair values of our liabilities arising from these contracts are also affected by changes in other factors such as interest rates and the remaining duration of the contracts and loans. For more information on sensitivity analysis of our securities and derivatives, see Note 31 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Interest Rate Risk

We raise funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates, and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, we maintain an appropriate mixture of fixed and floating interest rate debt. For certain borrowings and bonds with floating interest rates, we also utilize derivative transactions, such as interest rate swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debt, we continuously monitor interest rate fluctuations.

Foreign Exchange Risk

We engage in international businesses through investments, financial contributions and the establishment of joint ventures. We undertake transactions denominated in foreign currencies with foreign parties and through lending to and borrowings from foreign subsidiaries. Consequently, we are subject to foreign exchange risk that arises from changes in currency rates mainly in the U.S. dollar, Hong Kong dollar, Euro, British Pound and Indian Rupee.

To manage this risk, we continuously monitor exchange rates and manages exchange rate exposures. We also use foreign currency forward contracts, foreign currency swap contracts, and interest rate currency swap contracts to hedge the risk.

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 executed and maintained by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions, and those transactions engaged in are limited to those with financial institutions with high credit ratings in order to reduce the risk.

SB Northstar

Our asset management subsidiary, SB Northstar, is subject to the credit risk of the counterparties regarding deposits, receivables, securities, derivatives, etc.; such counterparty risk is concentrated in several brokers. In addition, of the securities pledged as collateral for collateralized borrowings, securities that can be sold or re-pledged by the collateral recipient are exposed to the credit risk of the broker who is the collateral recipient.

In order to prevent and reduce these credit risks, SB Northstar does business with brokers with high credit ratings. The credit risk of counterparties is monitored continuously by the Chief Risk Officer and Chief Operating Officer of our wholly owned subsidiary responsible for investment decision-making and risk management of SB Northstar, SB MANAGEMENT LIMITED.

Liquidity Risk

In order to prevent and reduce liquidity risk, we maintain access to diversified fundraising sources including both indirect financing, such as bank loans, and direct financing, such as the issuance of bonds and commercial paper, taking market conditions and its current/non-current debt ratios into consideration. We also continuously monitor forecasted and actual cash flows and liquid funds.

SB Northstar

Our asset management subsidiary, SB Northstar, is subject to the liquidity risk due to the need to secure sufficient cash for investments. In order to prevent and reduce these liquidity risks, the investments of SB Northstar are primarily targeted at listed stocks that are actively traded and liquid.

Significant Accounting Policies

The preparation of financial statements often requires the use of judgments to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. We based our estimates and judgments on historical experience and various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates and judgments under different assumptions or conditions.

The following is a review of the significant accounting policies and methods used in the preparation of the financial statements, as well as the changes in accounting policies and estimates made for the fiscal years ended March 31, 2020 and March 31, 2021.

The SVF1 and Other SBIA-Managed Funds Segment—SVF1 and SVF2

Consolidation of SVF1 and SVF2

SVF1 and SVF2 are limited partnerships established by their respective general partners, which are wholly owned subsidiaries of the Company. The various entities comprising SVF1 and SVF2 make investment decisions through their respective investment committee, established as a committee of SBIA. SBIA is an advisory company and a wholly owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 "Consolidated Financial Statements" over SVF1 and SVF2. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over SVF1 and SVF2.

Intercompany transactions, such as management fees and performance fees to SBIA paid or to be paid from SVF1 and SVF2, are eliminated in consolidation. The results of operations, assets, and liabilities of SVF1 and SVF2 after eliminations are recorded in the Company's consolidated financial statements.

Portfolio company investments made by SVF1 and SVF2

The portfolio companies of SVF1 and SVF2 that the Company is deemed to control under IFRS are treated as subsidiaries of the Company and their results of operations, assets and liabilities are included in the Company's consolidated financial statements. Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1 are eliminated in consolidation.

Investments made in portfolio companies other than our subsidiaries, including investments in associates and joint ventures and other investments, are in principle treated as financial assets at FVTPL, are measured at fair value at the end of each quarter. They are presented as "Investments from SVF1 and SVF2 accounted for using FVTPL" in the consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SVF1 and SVF2" and the proceeds from sales of these investments are presented as "Proceeds from sales of investments by SVF1" under cash flows from investing activities in the consolidated statement of cash flows.

The recognition of changes in the value of investments held at FVTPL through SVF1 and SVF2 could impact the volatility of certain line items in our consolidated financial statements, including total non-current assets, gain (loss) on investments and net income. Moreover, both realized gain and loss on sales and unrealized valuation gain and loss in connection with these investments are recognized in our financial statements over the relevant quarter or fiscal year.

Contribution from limited partners to SVF1 and SVF2

SVF1 and SVF2 periodically draw down a portion of their committed capital from their respective limited partners (a "Capital Call"). Uncalled committed capital from third-party investors in SVF1 and SVF2 is deemed to be a loan commitment and not subject to IFRS 9, "Financial Instruments," and therefore such amount is not recorded in our consolidated statements of financial position. No contributions from limited partners other than the Company had been made into SVF2 from its inception to March 31, 2021. Contributions to SVF1 and SVF2 from the Company as limited partners are eliminated in consolidation.

The interests attributable to third-party investors in SVF1 are classified as financial liabilities, "third-party interests in SVF1" in the consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the limited partnership agreement. The liabilities are classified as "financial liabilities measured at amortized cost" upon initial recognition. The carrying amounts attributable to such third-party investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

"Third-party interests in SVF1" fluctuates due to (i) the results of SVF1, (ii) contributions from third-party investors in satisfaction of Capital Calls, (iii) distributions and repayments of investments to third-party investors, and (iv) exchange differences on translating third-party interests. The fluctuations due to the results of SVF1 are presented as "change in third-party interests in SVF1" in the consolidated statement of income. The contributions from third-party investors are included in "contributions into SVF1 from third-party investors" under cash flows from financing activities in the consolidated statement of cash flows. The distributions and repayments of investments to third-party investors are included in "distribution/repayment from SVF1 to third-party investors" under cash flows from financing activities in the consolidated statement of cash flows. The exchange differences on translating third-party interests are included in "exchange differences on translating foreign operations" in the consolidated statement of income.

Investment of Business of Holding Companies Segment—the Company/SBGC/SBGJ/SB Northstar (Asset Management Subsidiary)

SB Northstar, a subsidiary of the Company, is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds. "The asset management subsidiary" described in the consolidated financial statements and the notes indicates SB Northstar. For SB Northstar, we apply the following accounting policies.

Investments made by the asset management subsidiary

The investments in securities made by SB Northstar (except for investments in associates) are accounted for as financial assets at FVTPL as the investments meet the definition of financial assets held for sale in accordance with IFRS 9 and presented as "investments from assets management subsidiaries" under current assets in the consolidated statement of financial position. At initial recognition, the investments are measured at fair value and transaction costs directly arising from the acquisition of financial assets are recognized as net of profit and loss. Subsequent to initial recognition, they are measured at fair value and valuation gain and loss arising from changes in fair value and dividend income are included in "gain (loss) on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, the changes in investment amounts due to acquisition and sale of investments from SB Northstar are presented as net of "(increase) decrease in investments from asset management subsidiaries" under cash flows from operating activities in the consolidated statement of cash flows. The investments in associates of the Company made by SB Northstar are accounted for using the equity method and included in "investments accounted for using the equity method" in the consolidated statement of financial position.

The investments in convertible bonds made by SB Northstar are accounted for as financial assets at FVTPL and are included in "other financial assets" under non-current assets in the consolidated statement of financial position. Valuation gain and loss arising from changes in fair value and dividend income are included in "gain (loss) on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, payments for acquisition of convertible bonds made by SB Northstar are presented as "payments for acquisition of investments by asset management subsidiaries" under cash flows from investing activities in the consolidated statement of cash flows.

Securities pledged as collateral in the asset management subsidiary

Of securities pledged as collateral, securities which the recipient can sell or pledge them as re-collateral are separated from "investments from asset management subsidiaries" and presented as "securities pledged as collateral in asset management subsidiaries" in the consolidated statement of financial position. In addition, changes in the securities pledged as collateral in SB Northstar are presented as net of "(increase) decrease in securities pledged as collateral in asset management subsidiaries" under cash flows from operating activities in the consolidated statement of cash flows.

Restricted cash

Restricted cash at SB Northstar is the deposit pledged as collateral to the brokers for acquisition transactions of investments using borrowings, derivative transactions, and credit transactions and its usage is restricted. The restricted cash is included in "other financial assets" under current assets in the consolidated financial position and changes in restricted cash in SB Northstar are presented as net of "(increase) decrease in restricted cash in asset management subsidiaries" under cash flows from operating activities in the consolidated statement of cash flows.

Margin deposits

Margin deposits at SB Northstar are the deposits pledged as collateral for unsettled balance for acquisition and sale of investments and unsettled derivatives to the brokers and are included in "other financial assets" under current assets in the consolidated statement of financial position. At initial recognition, they are measured at fair value and subsequent to initial recognition, they are measured at amortized cost. In addition, changes in margin deposits in SB Northstar are included in "other" under cash flows from operating activities in the consolidated statement of cash flows.

Borrowed securities

The securities borrowed for short credit transactions have obligations for delivery of future financial assets and meet the definition of financial liabilities held for sale in accordance with IFRS 9. Therefore, they are accounted for as financial instruments at FVTPL and included in "other financial liabilities" under current liabilities in the consolidated statement of financial position. At initial recognition and subsequent to initial recognition, they are measured at fair value and valuation gain and loss arising from changes in fair value are included in "gain (loss) on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, changes in borrowed securities at SB Northstar are included in "other" under cash flows from operating activities in the consolidated statement of cash flows.

Discontinued Operations

Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale as of the fiscal year ended March 31, 2020. The disposal group classified as held for sale was measured at the carrying amount as the fair value of T-Mobile shares the Company acquired from the merger transaction was higher than the carrying amount of Sprint shares. Operating results related to Sprint for the fiscal year ended March 2020 are presented as discontinued operations, separately from continuing operations, in the consolidated statement of income for the fiscal year ended March 31, 2020.

On April 1, 2020, the merger of Sprint and T-Mobile in an all-stock transaction was completed. As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value *less* costs to sell as of April 1, 2020 for the T-Mobile shares acquired as consideration of the merger transaction (including the T-Mobile shares to be acquired as contingent consideration), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as gain relating to loss of control under discontinued operations in the consolidated statement of income for the fiscal year ended March 31, 2021. The carrying amount of non-controlling interests in Sprint at the time of loss of control over Sprint was ¥424,746 million ($3,837 million). The Company recognizes the fair value of the contingent consideration as "derivative financial assets" under non-current assets in the consolidated statement of financial position and ¥196,313 million ($1,773 million) is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date is recognized as "gain on investments at Investment Business of Holding Companies" in the consolidated statement of income.

In addition, on June 26, 2020, the Company transferred 173,564,426 shares of 304,606,049 shares of T-Mobile common stock held by the Company. See "—Overview—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets—Partial sale of T-Mobile shares and borrowings using T-Mobile shares." As a result, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company from that date.

Brightstar

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. Upon the execution of this agreement, it was highly probable that Brightstar would no longer be a subsidiary of the Company at the completion of the transaction. Accordingly, assets, liabilities, and accumulated other comprehensive income of Brightstar were reclassified as a disposal group classified as held for sale as of the fiscal year ended March 31, 2021. Brightstar was measured at the fair value *less* costs to sell (expected sale price) as the expected sale price is lower than the carrying amount of Brightstar. As a result, the Company recorded an impairment loss on goodwill for ¥12,423 million ($112 million) as discontinued operations in the consolidated statement of income for the fiscal year ended March 31, 2021.

On October 22, 2020, the sale of all of the Company's shares in Brightstar was completed. As a result, Brightstar was excluded from the scope of consolidation of the Company. The difference between the consideration *less* costs to sell and the carrying amount of Brightstar (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Brightstar) was recorded as gain relating to loss of control under discontinued operations in the consolidated statement of income for the fiscal year ended March 31, 2021.

Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2021

Two specified subsidiaries newly included in the scope of consolidation

On December 23, 2019, Z Holdings Corporation and A Holdings Corporation (formerly known as LINE Corporation), along with SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration. Through a series of transactions under this business integration, LINE Corporation (formerly known as LINE Split Preparation Corporation) and LINE Financial Asia Corporation Limited became specified subsidiaries of the Company on February 28, 2021. See Note 10 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Three specified subsidiaries excluded from the scope of consolidation.

On April 1, 2020, the merger of Sprint and T-Mobile in an all-stock transaction was completed. Upon completion of the transaction, Starburst I, Inc. and Sprint which were specified subsidiaries of the Company, and Sprint Communications, Inc., which was a subsidiary of Sprint, became no longer subsidiaries of the Company. See Note 6 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Changes in Accounting Estimates

Impairment of assets

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. An impairment loss on goodwill was recorded as the fair value *less* costs to sell (expected sale price) of Brightstar is lower than the carrying amount. See Note 6 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Use of loss carryforwards

In May 2020 and September 2020, through SBGJ, a wholly owned subsidiary of the Company, the Company transferred a portion of SoftBank Corp. shares held, representing 5.0% and 21.7%, respectively, of the total outstanding shares of SoftBank Corp. As a result of the transactions, SBGJ utilized a loss carry forward whose deferred tax asset was not recognized in SBGJ for a taxable income generated from the sales of SoftBank Corp. shares and a credit of income taxes (profit) was recorded. See Note 24 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Allowance for loan commitment and financial guarantee contract losses

As of March 31, 2021, expected credit losses for a loan commitment and a financial guarantee contract for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded. See Note 45 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

Impairment loss on equity method investments

For the fiscal year ended March 31, 2021, Impairment loss on equity method investments and reversal of impairment losses on equity method investments were recorded for the equity method investment in WeWork, an equity method associate of the Company. The details are described in Notes 5 and 45 to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum

BUSINESS

The following is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained elsewhere in this offering memorandum. Certain capitalized terms used but not defined in this section are used herein as defined elsewhere in this offering memorandum. Prospective investors should carefully consider the information set forth under the caption "Presentation of Financial Information," "Risk Factors" and all other information in this offering memorandum prior to making an investment in the Notes.

Overview

Strategic Investment Holding Company

We are guided by our corporate philosophy of "Information Revolution—Happiness for everyone." As a strategic investment holding company, we aim to maximize our enterprise value by building a global investment portfolio of companies providing essential technologies and services to people around the world. We see the Information Revolution, which will transform societies and lifestyles and contribute to well-being over the long term, as a major growth opportunity.

As a strategic investment holding company, we oversee and manage an investment portfolio consisting of our subsidiaries and associates as well as our investees. We seek to capture the major investment opportunities presented by advances in the Information Revolution, which we perceive as a major growth opportunity. To this end, it is imperative for us to identify changes in societal needs quickly and to continuously transform our business while optimizing our investment portfolio and group structure to maximize the benefits from the technologies and business models that will be the driving forces in the future.

Our leadership team is led by a technology and business innovator, Masayoshi Son, our founder, Representative Director, Corporate Officer, Chairman and CEO.

We are listed on the Tokyo Stock Exchange with a market capitalization of ¥13.6 trillion ($122.7 billion) as of June 25, 2021.

Net Asset Value (NAV) and Loan-to-Value (LTV) Ratio

We consider our Net Asset Value (NAV) to be a key performance indicator. We calculate our NAV by deducting Standalone Net Interest-bearing Debt from Equity Value of Holdings. We believe NAV is a useful performance indicator for evaluating our business managing our investment portfolio, which is comprised of our subsidiaries, associates and other investees. We have consistently focused our investments on growth opportunities presented by the Information Revolution, and we have sought to grow our NAV by supporting the growth of portfolio companies, while increasing Equity Value of Holdings by fully leveraging our expertise in information technology and related technology fields. Looking ahead, we plan to continue to pursue investment opportunities that capture the market expansion enabled by the creation of revolutionary new industries using AI, with the aim of achieving further growth in our NAV.

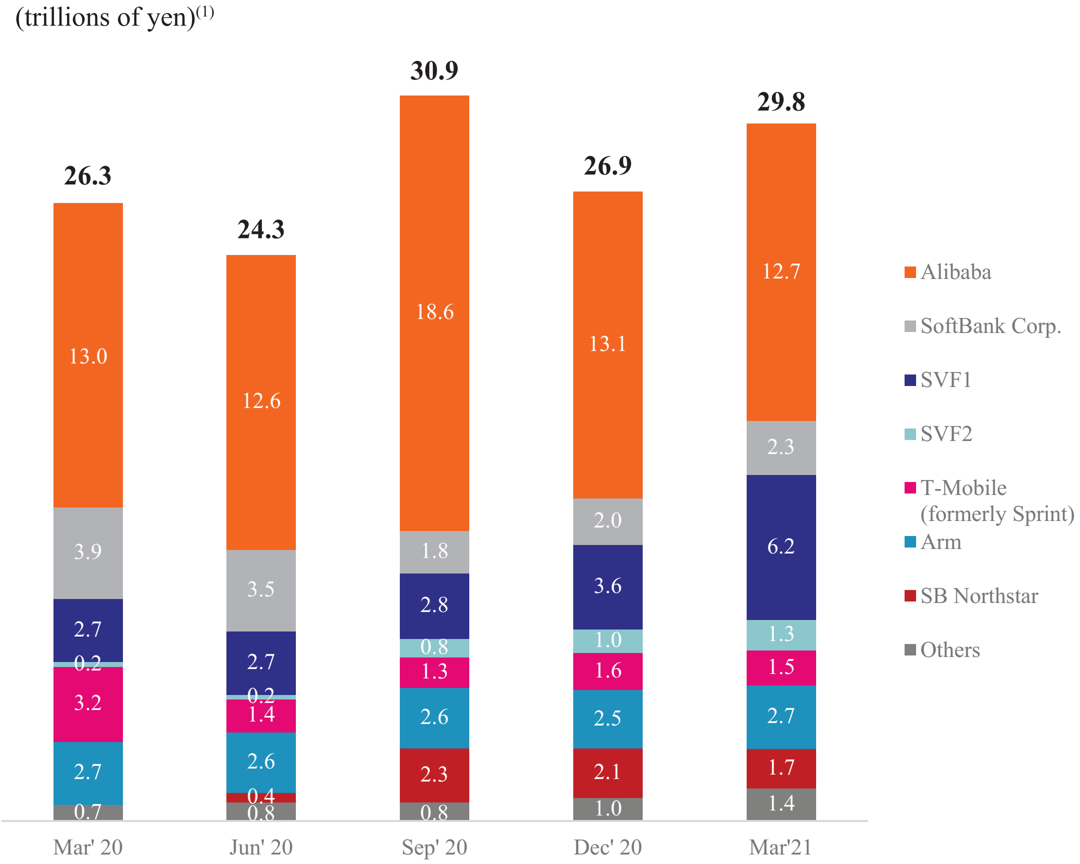
As of March 31, 2021, our NAV was ¥26.1 trillion ($235.8 billion), calculated by deducting Standalone Net Interest-bearing Debt of ¥3.7 trillion ($33.5 billion) from Equity Value of Holdings of ¥29.8 trillion ($269.3 billion).

To support our investment goals and to ensure our financial stability, we consider our Loan-to-Value (LTV) ratio to be an important measure. We calculate our LTV ratio as the ratio of Standalone Net Interest-bearing Debt to Equity Value of Holdings. We generally strive to maintain our LTV ratio below 25% under normal circumstances, with an upper threshold of 35% in exigent circumstances. In addition, we endeavor to ensure our liquidity and financial stability by securing funds sufficient to redeem our corporate bonds for at least the next two years.

As of March 31, 2021, our LTV ratio was 12.4%, calculated based on Standalone Net Interest-bearing Debt of ¥3.7 trillion ($33.5 billion) and Equity Value of Holdings of ¥29.8 trillion ($269.3 billion).

The following graph summarizes Equity Value of Holdings as of the end of each of the three-month periods indicated. For further details of each of our main assets, please see "—Our Assets." For more details on Equity Value of Holdings, Standalone Net Interest-bearing Debt, NAV and LTV, please see "Presentation of Financial Information—Non-IFRS Financial Measures" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators."

Equity Value of Holdings



(1) U.S. dollar amounts have been translated into Japanese yen using the exchanges rates prevailing at the end of each three-month period. The exchange rates used for Equity Value of Holdings as of the end of each three-month period are ¥108.62 = $1.00, ¥107.56 = $1.00, ¥105.80 = $1.00, ¥103.50 = $1.00 and ¥110.71 = $1.00, in order from left to right. Certain amounts have been adjusted to reflect the deduction of the value of asset-backed financing obligations as well as other factors. For further details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators."

Strengths

One of largest investment holding companies in the world, with a portfolio of approximately ¥29.8 trillion

We have grown from a new-born distributor of packaged software in 1981 to one of the largest and most successful strategic investment holding companies in the world, with an investment portfolio of ¥29.8 trillion ($269.3 billion) as of March 31, 2021. Our founder, Chairman and CEO Masayoshi Son's entrepreneurial vision for SoftBank Group has placed us at the forefront of the information revolution. Anticipating the future of the Internet, we started to accelerate our strategic investments in Internet-related businesses around the world since the mid-1990s. We were an early investor in internet firms, initially investing in Yahoo! Inc. in 1995 and in Alibaba in 2000. In 2001, we launched the broadband service Yahoo! BB and strengthened investments in enterprise business centered on the fixed-line telecom business through the acquisition of JAPAN TELECOM in 2004. Anticipating the future of mobile internet, we acquired Vodafone Japan (currently SoftBank Corp.) in 2006 and shifted our investment focus to mobile communications, and became one of the leading mobile communications providers in Japan and entered the U.S. telecommunications market through the acquisition of Sprint in 2013. See "—History."

We have evolved to become one of the largest investment holding companies in the world when benchmarked against other large investment holding companies across both listed and unlisted assets. We changed our name from SoftBank Corp. to SoftBank Group Corp in July 2015 in order to clarify our position as a strategic investment holding company. We launched SVF1 in 2017 and SVF2 in 2019 in order to make large-scale investments in high-growth potential companies that are leveraging data and artificial intelligence. Since their respective inceptions, as of the end of March 2021, SVF1 has invested $85.7 billion in 92 companies (including exits) and SVF2 has invested $6.7 billion in 44 companies. The value of our portfolio has significantly increased over time, demonstrating the successful execution of our investment strategy. Since the launch of SVF1 in 2017, we have evolved our business from a telecom company to an investment holding company, scaling up our strategic investment activities and diversifying our investment portfolio. The visionary founders we have backed are changing the way billions of people live and work and are addressing some of the world's most critical challenges, which we believe will disrupt various sectors of the economy and further increase the value of our investments.

Highly liquid and well diversified investment portfolio by business, geography and growth stage, providing stability through the cycle

Over the last decade, we have built a very liquid, diversified and balanced investment portfolio. Our investment portfolio is truly global and we have stakes in a number of sectors and companies at different stages of their lifecycle, spanning from seed investments into emerging companies to larger participations in mature, established market-leading organizations such as Alibaba, T-Mobile and Arm. One of the cornerstones of our portfolio is SoftBank Corp., the third-largest integrated mobile telecommunications operator in Japan, in terms of subscribers, which holds a well-established position in one of the largest markets in the world and benefits from a stable subscription base and operating income as well as expanding non-telecommunications revenues through the growth of Z Holdings Corporation and the creation of new businesses.

The sectors we have historically invested in include telecom, e-commerce, semiconductors, digital marketing, IT services and cloud infrastructure, transportation and logistics, proptech, fintech, and healthtech, and our main portfolio companies are based in China, Japan, the U.S., Korea, India, Southeast Asia, Europe and Central and South America. The significant diversification of our portfolio by sector and geography has allowed us to continue growing on a consistent basis across different economic cycles and despite idiosyncratic events. Our investment portfolio remained stable in 2019, despite write-downs of our investment in WeWork. Despite the impact of the COVID-19 pandemic, we have seen our investment portfolio grow significantly from ¥26.3 trillion at the end of March 2020 to ¥29.8 trillion at the end of March 2021. Over the same period, largely driven by the appreciation in value of our investment portfolio, we have seen our net income reach its highest point ever, at approximately ¥5.0 trillion.

We actively manage our portfolio to pursue attractive investment opportunities and maintain a diversified asset base with significant potential for uplift in value. We have over time completed the disposal of GungHo and Supercell and reduced our stakes in SoftBank Corp., Alibaba and T-Mobile through strategically timed monetization. The proceeds from these asset monetizations, together with the steady stream of dividends we have historically received from SoftBank Corp., have enabled us to broaden the range of our investments in companies colloquially known as "unicorns," private companies valued at more than $1 billion at the time of investment. SVF1 and SVF2 are now invested in numerous unicorns that have promising growth prospects as market leaders. Over the twelve months ended March 31, 2021, our stake in Alibaba (excluding asset-backed financing) declined from 49% to 43% as a percentage of our investment portfolio, while SVF1 and SVF2's value increased over the same period.

The stability of our investment portfolio is supported by the high credit quality of some of our largest investments—such as Alibaba (A+/A+ with S&P and Fitch, respectively), SoftBank Corp. (AA-/A+ with JCR and R&I, respectively) and T-Mobile (BB/BB+ with S&P and Fitch, respectively)—and its high liquidity. Our investment portfolio has one of the highest proportion of listed investments among investment holding companies globally. As of March 31, 2021, approximately 77% of our portfolio was comprised of listed assets (excluding asset-backed finance). Sufficient liquidity of our portfolio assets provide us with significant flexibility, including the ability to quickly capitalize on monetization opportunities, swiftly bolster our cash position in case of need and seize attractive investment opportunities as they arise.

Track record of selecting and creating value in attractive investment opportunities through a robust governance structure, exemplified by SVF1

We have a proven track record of increasing the asset value of our portfolio by selecting and strategically managing attractive opportunities and by leveraging our network and experience to promote business collaborations among our portfolio companies. In 2013, we bought a controlling stake in Sprint and, in 2020, we merged it with T-Mobile U.S. to create a performing asset with enhanced scale, a stable BB credit rating and the ability to deliver a transformative 5G network in the U.S. market. We have subsequently successfully monetized a portion of our investment in T-Mobile.

Our assessment of new investment opportunities is underpinned by a clear investment thesis. The three pillars of our investment thesis are concentrated on evaluating (i) the market, where we assess whether there is a global market with opportunity for the emergence of a new leader, (ii) the business, where we assess whether the prospective company is capable of disrupting an inefficient industry or creating a new industry, the growth stage of the company, whether the company contains a rapidly scalable business model, and whether the company falls into the category of a next generation technology platform that can effectively leverage data and artificial intelligence, and (iii) the founder, where we seek out ambitious founders with a deep understanding of their customers. Once we have selected our investments, we leverage our network and experience to promote business collaborations among our portfolio companies, use our bargaining power and a shared vision to provide founders and companies the freedom to grow their business, and engage in extensive information sharing in order to facilitate the rapid growth of our portfolio companies.

Effective corporate governance supports our investment thesis. We have established of a set of corporate governance standards that are required to be referred to when making determinations about potential investments. The standards cover a wide range of corporate governance aspects, such as the composition of the board of directors, founder and management rights, rights of shareholders and mitigation of potential conflicts of interest. By doing so, we ensure a consistent and formalized approach to the evaluation of corporate governance across SoftBank Group Corp. and its unlisted investing subsidiaries, including with respect to the management of SVF1 and SVF2, as we pursue sustainable growth as a global strategic holding company. The standards have been selected to reflect an expectation for robust corporate governance and are used as a benchmark for ongoing monitoring of investments within our existing portfolio.

Our clear investment thesis and corporate governance model are exemplified by SVF1 subsequently followed by SVF2, which aims to maximize returns from a medium- to long-term perspective, with investments in high-growth potential companies that are leveraging data and AI, particularly in "unicorns." As of March 31, 2021, in the nearly four years following the initial major close, SVF1 has invested in 92 companies, including exits, at a cumulative acquisition cost of $85.7 billion and has realized gains of $7.2 billion from several exits (including partial) and had 14 portfolio companies going public. SVF1's portfolio fair value reached $120.7 billion as of March 31, 2021. Governance is critical to the long-term success of SVF1. SVF1's investment manager, our wholly owned subsidiary SBIA, has a desire to go beyond what is required in each location and align with the best practice in market standards, as it strives for the best industry practices around the world. SBIA has become a sophisticated global investment manager with robust teams and processes focused on governance, accountability, and transparency. We launched SVF2 in 2019, which is also managed by SBIA. SVF2 had $20.0 billion of committed capital and had invested $6.7 billion in 44 companies as of March 31, 2021. As of the date of this offering memorandum, we have provided an additional $20.0 billion of commitments bringing the total commited capital of SVF2 to $40.0 billion.

Flexible and prudent financial management

We have a prudent and conservative approach to financial management, as shown by the large liquidity position we maintain at all times and our commitment to keeping our LTV below 25% in normal times, with an upper threshold of 35% even in times of emergency. We have adhered to this LTV financial policy for more than two years since our transformation from a telecom company to a strategic investment holding company in late 2019 and have maintained our LTV well below 25% throughout the COVID-19 pandemic. As of March 31, 2021, we held a Cash Position and available borrowing capacity under our commitment lines of ¥2,908 billion ($26,267 million), more than sufficient to redeem bonds for the upcoming two years, and had an LTV of 12.4%, which is well below our conservative LTV target.

Our proactive management of our financial health is also exemplified by the completion of our ¥4.5 trillion ($40.6 billion) asset monetization program, which we initially announced on March 23, 2020 and completed by the end of the second quarter in 2021, exceeding our publicly-announced goals both in terms of size of asset monetization and speed of completion. During the course of our asset monetization program, we sold or monetized ¥5.6 trillion ($52.2 billion) of our assets to fund share repurchases and improve our financial status through initiatives such as debt repayment and repurchase as well as improvement of our cash position. We used the funds from our asset monetization program to authorize the repurchase up to ¥2 trillion of our shares, which we had completed as of May 12, 2021. We also repaid a total of ¥1 trillion of senior indebtedness by March 31, 2021 through the repurchase of domestic corporate bonds and foreign currency-denominated corporate bonds, as well as by repaying senior loans and borrowings.

We continue to have ample access to multiple sources of funding and stakes in listed companies such as Alibaba, including through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds and raising funds through asset-backed financing and through the regular issuance of debt securities in the Japanese domestic market. For example, we issued ¥177.0 billion of domestic hybrid bonds targeting Japanese institutional investors in February 2021 and ¥405.0 billion of domestic hybrid bonds targeting Japanese retail investors in June 2021. We have a proven track record of managing financial policy in order to maintain our current credit ratings and have experienced no changes in our long-term corporate credit rating of BB+ from S&P and A- from JCR for almost eight years since the acquisition of Sprint in 2013. We are aiming to further build upon this track record by consistently monitoring and implementing applicable investment holding company rating criteria.

World-class management team led by Japan's most successful entrepreneur, with a track record of growing businesses and risk control through disciplined portfolio management

With our strong senior management team and a group of transformational Internet entrepreneurs, we believe our leadership team has the experience and vision to continue our success.

Our founder, Chairman and CEO Masayoshi Son is Japan's foremost information technology and business innovator. Under his leadership, we have grown from a new-born distributor of packaged software in 1981 to one of the largest strategic investment holding companies in the world. See "—History." Our top management team also includes Yoshimitsu Goto, Senior Vice President and CFO, with over three decades of experience in finance, Marcelo Claure, Executive Vice President and COO, with over two decades of experience as a business leader and entrepreneur, and Rajeev Misra, Executive Vice President and CEO of SBIA, who leads the investment strategy of SVF1 and SVF2 and has more than 25 years of experience in executive positions across a range of established investment banking and asset management institutions.

Our management team has proven our ability to, leveraging their respective networks, identify and execute investment opportunities, connect them with investors and facilitate the growth of successful businesses. For example, we acquired Vodafone's Japanese operations (currently SoftBank Corp.) in 2006. Through prudent investment, we transformed it from a below-average network into a leading mobile telecom operator, cementing its status with Japanese consumers by making it the launch provider of the first iPhone in Japan. Also, we acquired a controlling interest in Sprint in 2013. Under our leadership, Sprint saw a sharp recovery in its business prior to completing its merger with T-Mobile on April 1, 2020. Furthermore, using his own network, Mr. Misra helped establish SVF1, which had total committed capital of $98.6 billion (including $33.1 billion from us) as of March 31, 2021, funded by many investors including sovereign wealth funds.

Our management team also has a proven ability to execute successful investment partnerships with transformational, high growth potential businesses. We first invested in Alibaba in 2000. Alibaba went public in 2014 and as of March 31, 2021, the market value of our stake in Alibaba was ¥12.7 trillion ($115.2 billion) (excluding asset-backed financing).

Strategies

Implement our "Cluster of No. 1 Strategy" to make synergistic long-term investments

To optimize our investment portfolio, we have implemented the "Cluster of No. 1 Strategy," an investment and management strategy. The goal of the Cluster of No. 1 Strategy is to form a diverse group of companies with outstanding technologies and business models in specific fields. Under this strategy, our portfolio companies are encouraged to form synergies to evolve and grow together based on capital ties and a shared vision, while making decisions independently. Although we exercise decision-making with respect to the formation of the group under the strategy, we do not seek to acquire majority equity interests in or integrate the brands of our portfolio companies, as we value the independence of each company. We believe that our strategy of generally not holding majority stakes enables us to more easily exit from equity interests in our companies that have matured or not grown as we expected, thereby enabling us to more flexibly optimize our portfolio.

At present, we believe that artificial intelligence ("AI") technology is a key driving force of the Information Revolution. In recent years, incorporation of AI technology into a variety of business models has accelerated, and we believe that this trend is starting to reshape current models of value creation and will fundamentally redefine most industries. With the intention of capturing major investment opportunities arising from the creation of new industries and market expansion driven by AI technology and its adoption across various industries, based on the Cluster of No. 1 Strategy, we have been investing to build a cluster of leading AI companies that are building innovative services and business models based around the emerging capabilities of AI technology.

A key strategy we employ is to make investments in high-growth potential companies that are leveraging data and AI, particularly in unicorns who have already established their market position in their respective sector, an approach that we believe generally leads to a higher success rate as compared to ordinary venture capital funds.

After we make investments, we strive to increase the corporate value of our portfolio companies by enabling the companies to develop their business models as they interact synergistically with the other investees within our ecosystem. We also aim to increase the reproducibility of our investment successes by leveraging: (1) our analytical capabilities in areas including technology and business models; (2) specialization systems and organizations such as expert teams for each field or sector; and (3) funds recovered from our investment exits, while benefiting from economies of scale derived from developing our investment businesses globally. Through these efforts, we strive to carry out investment activities that generate sustained returns at an aggregated level.

Rather than pursuing sporadic success, we pride ourselves on implementing a systematic approach in order to achieve a pattern of successful investment through a cycle of investment and divestment. We seek to continue to leverage our investment expertise and technical capability at each stage of the investment cycle to discover and analyze the opportunities presented by new unicorn companies, strengthen such companies, and provide financing solutions to such companies in order to further bolster our corporate philosophy and enterprise value.

Maintain our prudent and conservative financial policy

We seek to adhere to our time-tested and prudent approach to financial management by firmly keeping the following policies.

Manage LTV below 25% in normal times

We seek to adhere to our time-tested and prudent approach to financial management by continuing to maintain a strong balance sheet and an LTV below 25% during normal times, with an upper threshold of 35% in times of emergency. We believe that keeping LTV below 25% in normal times is a highly safe financial standard. Our LTV was 12.4% as of March 31, 2021, which is well below our policy ceiling of 25%. Our LTV is currently trending at an exceptionally safe level in our view and we intend to make efforts so that our LTV remains below our prescribed thresholds going forward.

Maintain funds covering bond redemptions for at least the next 2 years

In addition to our LTV policy, we proactively manage our investment portfolio to maintain an abundant liquidity position that is sufficient to redeem maturing bonds for at least the next two years.

Secure recurring distribution and dividend income

Our cash management policy also encompasses distribution and dividend income from SVF1 and SVF2 as well as other subsidiaries, such as SoftBank Corp. We received ¥217.6 billion ($1,966 million) of cash dividends from SoftBank Corp. in the twelve months ended March 31, 2021.

It is our general policy that portfolio companies be self-financing and we seek to avoid rescuing portfolio companies that run into serious financial difficulties, in order to avoid diverting resources.

Although we seek to remain firmly committed to the above financial policies in the future, we do so with the aim of simultaneously remaining agile and flexible in order to swiftly address changes in circumstances that arise based on opportunities presented to us in the investment cycle against a backdrop of changing economic conditions.

Maintain high standards of corporate governance

We recognize that in order to achieve our corporate mission, it is vital to maintain effective corporate governance. To that end, we seek to continue to strengthen our corporate governance by taking measures such as formulating the SoftBank Group Charter, which establishes our fundamental concept of governance as “free, fair, innovative,” devising our “Group Company Management Regulations,” which sets out our management policy and management framework for portfolio companies, ensuring compliance with our Code of Conduct, which prescribes the policies to be followed by the company, its Board of Directors, and employees and forming a Nominating & Compensation Committee.

Following the election of additional External Board Directors at our Annual General Meeting of Shareholders held on June 23, 2021, our Board of Directors is comprised of a majority of External Board Directors, enabling us to further strengthen our corporate governance. Our Board of Directors currently consists of nine Board Directors, including five External Board Directors. The Chairman and CEO serves as the chairman of the Board. Agenda items for discussion at the Board meetings are set forth in the Board of Directors Regulations. The Board discusses statutory matters, as well as critical matters related to business management, such as investments, loans, and borrowings that exceed a certain amount. From November 2019 to April 2020, we had an independent organization conduct a questionnaire and interviews with its Board Directors (CEO, Executive Vice Presidents, and External Board Directors) and all of its Audit & Supervisory Board members about the composition, operation, and support systems of the Board of Directors, and conducted an evaluation of the effectiveness of the Board based on their results. The evaluation results confirmed the overall efficacy of the Board.

We elect Independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board elects External Board Director candidates who can contribute to increasing corporate value through their qualifications, ability, and deep knowledge in their fields of expertise. We also elect candidates for their ability to actively participate in constructive discussions and frankly express their opinions. Our goal is to ensure adequate independence of our four External Board Directors, who bring a wealth of knowledge and experience to the Board related to business management and other matters. Each of the External Board Directors actively participates in discussions at the Board meetings and we make management judgments and decisions based on these discussions.

We seek to maintain our established set of corporate governance standards that are required to be referred to when making determinations about potential investments. See "—Approach Concerning Investment Decisions." When making potential investments and when ultimately managing those investments, we seek to confirm or make reasonable efforts to ensure that each portfolio company in which we invest is operating under the standards of corporate governance that are substantially equivalent to our own standards set forth in the "Portfolio Company Governance and Investment Guidelines Policy." We ensure alignment across our own corporate governance policies and that of our portfolio companies by enforcing our corporate governance standards, which apply to determinations about potential investments and cover a wide range of corporate governance matters, such as the composition of the board of directors, founder and management rights, rights of shareholders and mitigation of potential conflicts of interest. This ensures a consistent and formalized approach to the evaluation of corporate governance across SoftBank Group Corp. and its investing subsidiaries.

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

Pursue investments and initiatives that reflect our commitment toward sustainability and ESG

In light of our firm commitment to our corporate philosophy, we aim to proactively think about what we can do for the world as a company that sees the big picture in terms of how people and the world will be like in the future, using those principles to guide our current and future business practices. We seek to fulfil our responsibility as a global leader in the Information Revolution in order to realize a sustainable society where people can live in harmony with the earth.

We seek to realize the sustainable development of society and our group's own growth over the medium to long term. We therefore recognize the importance of considering sustainability in our corporate activities and are addressing risks related to the environment, society and governance. At the same time, we view responding to ESG-related issues as an opportunity to create new corporate value.

We are cognizant that the development and globalization of information technology over the past few decades has enriched the lives of many people, but we also face serious problems such as climate change and other environmental issues, poverty, the digital divide, human rights violations and other social challenges, in addition to the challenges posed by the COVID-19 pandemic. Reinforcing our commitment to helping alleviate some of the environmental and social challenges that we face, we have established a Sustainability Committee as a forum to encourage discussions on sustainability among management, respond to requests from stakeholders, and promote initiatives to achieve sustainable management and a sustainable society. The Sustainability Committee holds regular discussions regarding important issues and promotion policies associated with ESG. The details of these discussions are reported to the Board of Directors. We also have policies and measures in place to evaluate strategic material issues that should be prioritized within our company in order to adapt to changes in society and the environment, and we regularly implement and continuously evaluate our initiatives with respect to climate change and our engagement with the communities that we serve. Specifically, we have established "the SoftBank Group Sustainability Principles" as a guideline to appropriately advance sustainability activities. For autonomous promotion of our sustainability initiatives, we have established six activity themes, which (i) drive sustainable growth and innovation in society by uniting wisdom and knowledge, (ii) take responsibility by responding to emerging issues that come with technological advancement, (iii) ensure the growth of the future generations and our business by creating higher quality employment for all, (iv) leverage breakthrough technologies to resolve environmental issues, including energy problems, (v) demonstrate highly transparent governance and integrity to win further trust of our stakeholders and (vi) maximize our potential as a group by joining forces with people around the world to make a positive impact on society.

Our group structure provides us with opportunities to address ESG and other issues from multiple angles. Working together, our portfolio companies aim to amplify one another's strengths and accomplish more than they could on their own. For example, in 2020, many portfolio companies mobilized and cooperated in response to the COVID-19 pandemic, to create an even greater impact than they could have on an individual basis.

With respect to the environment, some of our major subsidiaries have set targets to reduce greenhouse gas emissions in each of our business areas. Specifically, Arm has committed to achieve Net-Zero Carbon by 2030, Yahoo Japan Corporation has committed to shift to 100% renewable energy for the electricity use by the end of FY2023, and SoftBank Corp. has committed to achieve Carbon-Neutral by 2030. Going forward, we aim to become carbon neutral on a standalone basis, and we are considering setting a greenhouse gas reduction target for our entire group. In 2011, we entered the renewable energy business for a safe, secure, and sustainable supply of energy. As of March 31, 2021, SB Energy Corp., our subsidiary, has 46 solar power generation plants, including under construction, and two wind power generation plants in operation nationwide in Japan, with a total generation capacity of 671MW. Outside Japan, SB Energy has secured 326,000 hectares of land in Mongolia and obtains approximately 50 MW of generation capacity.

With respect to social issues, we believe the key to growth at our group as a whole is each employee being able to express the full range of his or her individuality and abilities. By advancing the hiring and promotion to management positions of individuals without regard to their gender, nationality, disability status or sexuality, we strive to create a workplace rich in diversity where employees of all backgrounds can play an active role. More broadly, we also aim to address systemic racism and create a more diverse and inclusive society. As one example of our efforts to achieve this aim, we established the $100 million SB Opportunity Fund to invest in businesses led by underrepresented founders (Black, Latinx, and Native American founders) in the United States. Through this fund, we have invested in 28 companies as of April 30, 2021. The fund intends to reinvest a major portion of profits into new investments in such companies.

Approach Concerning Investment Decisions

As a general matter, we have established of a set of corporate governance standards that are required to be referred to when making determinations about potential investments. The standards cover a wide range of corporate governance aspects, such as the composition of the board of directors, founder and management rights, rights of shareholders and mitigation of potential conflicts of interest.

The core purpose of the standards is to ensure a consistent and formalized approach to the evaluation of corporate governance across SoftBank Group Corp. and its unlisted investing subsidiaries, including with respect to the management of SVF1, as we pursue sustainable growth as a global strategic holding company. The standards have been selected to reflect an expectation for robust corporate governance and are used as a benchmark for ongoing monitoring of investments within our existing portfolio.

SoftBank Group Corp.

We make direct investments (including investments through subsidiaries) outside of our investment funds (for example, SVF1, SVF2 and other SBIA-managed funds). When making investment decisions for such direct investments, we seek to appropriately estimate the investment target's equity value and to assess risks related to the target's businesses, finances, corporate governance, compliance and internal controls, including by conducting due diligence on matters such as the target's business, technology, business model, market size, business plan, competitive environment, financial condition and legal compliance. As part of this process, we obtain the advice of, for example, outside financial, legal, and tax advisors, in addition to the relevant internal departments. In addition, a dedicated review department performs an objective review of the adequacy of the due diligence findings. Based on the results of such reviews, our board of directors or the investment committee to which our board of directors delegate the authority make investment decisions.

The Investment Committee makes decisions on matters including investments, loans and borrowings under a certain amount. Namely, the committee resolves the following matters:

- Investments, loans and borrowings under a certain amount;
- Certain matters related to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as (a) investments and loans and borrowings under a certain amount, (b) issuance and gratis issuance of new stock or stock acquisition rights (except matters such as the issuance of new stocks that will not alter the shareholding ratio), (c) issuance of corporate bonds, (d) overseas business expansion and (e) entry into new business fields; and
- Other matters such as disposal and acceptance of important assets under a certain amount.

For further details, please see "Management—Investment Committee."

SVF1 and SVF2

The various entities comprising SVF1 and SVF2 make investment decisions through investment committees of SBIA, an advisory company and our wholly owned subsidiary. Once a potential investment target is identified, a preliminary screening is conducted, focusing on the market opportunity, business model and management team of the potential investment. Each investment case then moves into a rigorous due diligence process, in which each fund's team and its external advisors perform commercial, legal, financial, compliance and technical due diligence. Managing partners who oversee multiple regions and sectors then review and select investments to be recommended to the respective SBIA investment committee. A short list of investments is presented to the SBIA investment committees, which include Mr. Masayoshi Son, our founder, Representative Director, Corporate Officer, Chairman and CEO, and Mr. Rajeev Misra, Executive Vice President and CEO of SBIA.

A clear exit strategy is a key part of the SBIA investment committee's considerations. Exit strategies are regularly reviewed and updated by SBIA's investment teams. Exit strategies are also stress tested under various market conditions by an investment risk team to allow for forward planning.

History

SOFTBANK Japan was established in September 1981 with the aim of becoming a "software bank" that would play a role in the infrastructure of the information society in the coming age of personal computers. At the time of establishment, we engaged mainly in the distribution of packaged software.

We established SoftBank Holdings in the U.S. in 1994 to gather information on Internet-related companies and undertake strategic investments, in order to bring U.S.-developed businesses and technologies to the Japanese market. Yahoo! Inc., at the time a startup company, was brought to our attention through one of SoftBank Holdings' investments, and in 1996, we established Yahoo Japan (currently Z Holdings) through joint investment with Yahoo!. Positioning 1996 as the "First Year of the Internet," we took our first full-fledged step as an Internet company with moves that launched a number of Internet-related businesses and subsidiaries.

Following the release of the broadband service Yahoo! BB in 2001, which was committed to widespread broadband use in Japan by providing faster and cheaper access to the Internet, we acquired JAPAN TELECOM in 2004 and entered the fixed-line telecom business. In anticipation of entering the mobile business, we enhanced our corporate reputation and brand recognition by acquiring a professional baseball team (currently the Fukuoka SoftBank HAWKS) in 2005. Meanwhile, since around 2000, we have made strategic investments in Internet-related companies globally. Alibaba, which still continues to demonstrate remarkable growth as a leader in China's vibrant e-commerce market, has been one of our investments since that time.

Presaging the shift in the Internet's core user environment from PC to mobile, we acquired Vodafone's Japan unit in 2006. We then launched mobile communication services under the SoftBank brand, and rapidly expanded our customer base by introducing innovative price plans, enhancing our network, and expanding the lineup of handsets, and various other measures. In 2008, we launched iPhone 3G as the first provider in Japan, contributing to a further boost in smartphone penetration in the domestic market. Meanwhile, following the Great East Japan Earthquake, we established SB Energy in October 2011 and started a solar, wind, and other natural energy power generation business. Then in 2013, fully leveraging the experience and know-how cultivated in Japan, we acquired Sprint and entered the U.S. telecommunications market.

Starting with the name change to the current SoftBank Group Corp. in July 2015, we have gradually clarified our position as a strategic investment holding company. Anticipating the age in which AI will be used to an even greater extent, in September 2016 we acquired Arm, a major semiconductor design company based in the United Kingdom. In May 2017, SVF1 was established, proceeding to make large-scale investments in high-growth potential companies that leverage AI and other emerging technologies.

In December 2018, SoftBank Corp., a core subsidiary in the telecom business field, listed its shares, further clarifying our role as a holding company that engages in global investment activities.

SVF2 started its investment in October 2019, accelerating the development of our investment activities with further geographical and strategic diversification.

Recently, we started to see a flow of the "harvest" of successful investments we made over the past few years. In April 2020, we completed the long-pending merger between Sprint and T-Mobile, and in June 2020, we sold about two-thirds of T-Mobile shares acquired through the merger. In September 2020, we agreed to sell all its shares in Arm to NVIDIA. While the world has seen the explosive spread of COVID-19, which has had a major impact on the global economy, the pandemic also accelerated adoption of digital services across all industries. As a result, a number of our portfolio companies that have benefited from this digitalization, particularly those of SVF1, have gone public since the second half of 2020.

Our Assets

Alibaba (New York Stock Exchange: BABA; Hong Kong Stock Exchange: 9988)

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in Alibaba represented 43% of our investment portfolio, with an equity value of ¥12.7 trillion ($115.2 billion), after deducting (i) the amount to be settled at maturity (calculated by using the share price of Alibaba as of March 31, 2021, of the prepaid forward contracts using Alibaba shares executed by December 31, 2020, such as collar contracts and call spreads (¥2,606 billion ($23,535 million)), (ii) the amount equivalent to the outstanding margin loan backed by Alibaba shares executed by Skywalk Finance GK (¥894 billion ($8,076 million)) and (iii) the amount equivalent to the outstanding margin loan backed by Alibaba shares executed by SB Northstar in October 2020 (¥663 billion ($5,985 million)).

Founded in 1999, Alibaba's mission is to "make it easy to do business anywhere." Its businesses include e-commerce, cloud computing, and digital media and entertainment. Alibaba operates the C-to-C marketplace Taobao and the B-to-C marketplace Tmall. According to Alibaba's public disclosure, for the twelve months ended March 31, 2021, there were 811 million annual active consumers on Alibaba's China retail marketplaces, and annual active consumers for the Alibaba Ecosystem reached over 1 billion. For the twelve months ended March 31, 2021, gross merchandise volume (GMV) transacted in the Alibaba Ecosystem was RMB8,119 billion ($1,239 billion), which mainly included China retail marketplaces GMV of RMB7,494 billion ($1,144 billion). In September 2019, founder Jack Ma resigned as chairman, and the company is advancing its growth strategy under the direction of his successor, CEO Daniel Zhang. We initially invested in Alibaba in 2000. As of March 31, 2021, we held 5,390 million shares of Alibaba's common stock (representing 24.8% of the voting power of Alibaba, subject to a voting agreement with Jack Ma and certain other Alibaba founders and related entities).

From April to August 2020, we entered into several prepaid forward contracts using Alibaba shares with financial institutions. We procured an aggregate amount of $15.4 billion. In October and November 2020, we amended certain terms under some of the prepaid forward contracts using Alibaba shares. Alibaba remains our equity method associate following these transactions. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash and Capital Requirements—Debt Repayments and Certain Other Contractual Commitments—Variable Prepaid Forward Contracts."

SVF1 and SVF2

Overview

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in SVF1 and SVF2 was ¥6.2 trillion ($56.0 billion), and ¥1.3 trillion ($11.8 billion) respectively, representing 21% and 4% of our investment portfolio respectively.

SVF1 and SVF2 are managed by SBIA, our wholly owned subsidiary, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom. SVF1 aims to maximize returns from a medium- to long-term perspective, through large-scale investments in high-growth potential and IT companies leveraging AI, particularly in private companies valued at over $1 billion at the time of investment, colloquially known as "unicorns." SVF1's investment period ended on September 12, 2019. The remaining undrawn capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and operating expenses. In principle, the life of SVF1 is until November 20, 2029 (unless extended for two additional one-year periods by SBIA).

SVF2 launched in October 2019 with committed capital from us, aiming to facilitate the continued acceleration of the AI revolution through investment in market leading, tech-enabled growth companies across their vintage years. As of the date of this offering memorandum, we are the sole limited partner investing in SVF2, with a total committed capital of $40.0 billion.

Organization and Capital Deployment

SVF1 and SVF2 are organized as follows:

	SVF1	SVF2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Limited partners	SoftBank Group Corp. Public Investment Fund Mubadala Investment Company Apple Foxconn Technology Group Qualcomm Incorporated Sharp Corporation	SoftBank Group Corp.
General Partners	SVF GP (Jersey) Limited (our wholly owned overseas subsidiary)	SVF II GP (Jersey) Limited (our wholly owned overseas subsidiary)
Advisory company	Our wholly owned subsidiaries (in Japan and the U.S.)	
Management company	SB Investment Advisers (UK) Limited ("SBIA") (our wholly owned subsidiary in the United Kingdom)	
Investment period	Ended on September 12, 2019[1]	(Investment period and minimum fund life are not presented as they are subject to change following the participation of third-party investors, if any.)
Minimum fund life	Until November 20, 2029 (in principle)	

(1) SVF1's investment period was stipulated to run either until November 20, 2022, or until the decision to end the investment period was made by SBIA, as the manager, after the accumulated investment account (amounts drawn down and invested and/or reserved to make investments) exceeded 85% of the total committed capital, whichever was earlier. On September 12, 2019, SBIA determined to end SVF1's investment period after the accumulated investment amount exceeded 85% of the total committed capital. The remaining 15% of the total committed capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and finance related expenses.

Investment decisions for the various entities comprising SVF1 and SVF2 are made by the SBIA investment committee. See "—Approach Concerning Investment Decisions—SVF1 and SVF2."

The following table summarizes the capital deployment of SVF1 and SVF2 as of March 31, 2021:

	Total	The Company	Other limited partner(s)
	(billions of dollars)		
Committed capital			
SVF1	98.6	33.1[1]	65.5
SVF2	20.0[2]	20.0[2]	—
Contributions as of March 31, 2021[3]			
SVF1	85.4	29.3	56.1
SVF2	6.8	6.8	—
Remaining committed capital			
SVF1	13.2	3.8	9.4
SVF2[2]	13.2[2]	13.2[2]	—

(1) Our committed capital to SVF1 includes approximately $8.2 billion of an obligation satisfied by using Arm shares (all said shares have been contributed) and $2.5 billion earmarked for purposes of an incentive scheme related to SVF1.

(2) As of the date of this offering memorandum, we increased committed capital to SVF2 to $40.0 billion.

(3) Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.

Investment Portfolio

The following tables summarize the respective investment portfolios of SVF1 and SVF2 as of March 31, 2021.

SVF1

Sector		Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss)[1]
		(billions of dollars other than number of investments)			
a	Consumer	12	$ 10.6	$ 42.6	$ 32.0
b	Edtech	1	0.7	1.1	0.4
c	Enterprise	7	1.6	1.9	0.3
d	Fintech	11	4.4	2.7	(1.7)
e	Frontier Tech	9	11.0	11.7	0.7
f	Health Tech	8	2.0	4.8	2.8
g	Logistics	14	8.5	18.0	9.5
h	Proptech	9	10.1	6.2	(3.9)
i	Transportation	10	26.0	31.7	5.7
Total		81	$ 74.9	$ 120.7	$ 45.8
(Reference)					
Listed companies:[2]					
a	Coupang		$ 2.7	$ 28.0	$ 25.3
d	OneConnect		0.1	0.1	(0.0)
d	ZhongAn Insurance		0.2	0.2	(0.0)
f	Guardant Health		0.1	0.9	0.8
f	Relay Therapeutics		0.3	1.0	0.7
f	Vir Biotechnology		0.2	1.2	1.0
g	DoorDash		0.7	8.3	7.6
h	Opendoor		0.4	1.5	1.1
h	View		1.2	0.5	(0.7)
i	AUTO1		0.7	2.3	1.6
i	Uber		6.4	10.0	3.6
	Total	11	13.0	54.0	41.0
Unlisted companies		70	61.9	66.7	4.8
Total		81	$ 74.9	$ 120.7	$ 45.8

(1) For a certain investment that was once decided to be transferred from us to SVF1 but later canceled, its unrealized gain and loss incurred for the period leading up to the decision to cancel the transfer is not included in the presentation.

(2) The letter attached to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

SVF2

Sector		Number of investments
a	Consumer	9
b	Edtech	3
c	Enterprise	6
d	Fintech	3
e	Frontier Tech	4
f	Health Tech	12
g	Logistics	4
h	Proptech	1
i	Transportation	2
Total		44

Company	Number of investments	Investment cost(1)	Fair value(2)	Cumulative unrealized valuation gain (loss)
	(billions of dollars other than number of investments)			
Listed companies:				
KE Holdings		$ 1.4	$ 6.0	$ 4.6
Seer		0.2	0.2	0.0
Qualtrics		0.0	0.0	0.0
Total	3	1.6	6.2	4.6
Unlisted companies	41	5.1	5.0	(0.1)
Total	44	$ 6.7	$ 11.2	$ 4.5

(1) Before deducting third-party interests, tax, and expenses.

(2) The investment amount and fair value of investments before exit in SVF2 include those related to a minor SVF2 ownership percentage in another portfolio company received as part of the consideration for SVF2's investment in a portfolio company.

Arm

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in Arm was ¥2.7 trillion ($24.4 billion) (excluding shares held by SVF1, which are equivalent to 24.99% of the issued shares), representing 9% of our investment portfolio.

Established in 1990, Arm is primarily involved in the business of licensing semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and related technologies. Shipments of Arm-based chips totaled 25.0 billion units in 2020 alone, which represents the highest number of chips shipped in any given year, for a cumulative total of 191.0 billion units. Arm's unit shipments increased 12.7% year-on-year, while shipments by the Arm-relevant part of the semiconductor industry increased 6.7% during the same period. Since our acquisition in September 2016, Arm has accelerated its investments in R&D by hiring more engineers to maintain or expand its market share in existing markets and gain market share in new markets, while considering mobile computing, infrastructure, automotive, and IoT as its primary areas for increased investment. In March 2021, Arm introduced the *Armv9* architecture, which is intended to be the underlying technology for many future product families that Arm will release. The *Armv9* architecture provides users of smartphones, consumer electronics and enterprise products with higher performance as well as enhanced security, privacy and confidentiality.

On September 13, 2020, through SBGC, our wholly owned subsidiary, and SVF1, we entered into an agreement with NVIDIA, a U.S.-based semiconductor manufacturer, whereby the Company will sell all of the shares in its wholly owned subsidiary Arm held by SBGC and SVF1 to NVIDIA in a transaction valued up to $40 billion (approximately ¥4.2 trillion) as of such date. The transaction is subject to regulatory approvals (including those in the United States, the United Kingdom, the European Union and China) and other closing conditions. The transaction is expected to take approximately 18 months to close following the execution of the agreement. It was subsequently decided that the Internet-of-Things Services Group ("ISG") businesses, which are outside the scope of the transaction, would be managed separately from Arm's remaining business. Arm expects the ISG businesses to be transferred from Arm by December 2021.

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

SoftBank Corp. (Tokyo Stock Exchange, First Section: 9434)

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in SoftBank Corp. was ¥2.3 trillion ($20.8 billion), representing 8% of our investment portfolio, after deducting the amount equivalent to the outstanding margin loan backed by SoftBank Corp. shares. SoftBank Corp., our main operating entity doing business in Japan, aims to further grow its core telecommunications business under its Beyond Carrier strategy, through which SoftBank Corp. pursues business opportunities and cutting-edge technological innovations outside of the traditional telecommunications businesses, as well as expand its non-telecommunications business through the growth of Z Holdings Corporation and the creation of new businesses. As of March 31, 2021, the cumulative number of smartphone subscribers with the three brands operated by SoftBank Corp.—SoftBank, Y!mobile and LINEMO—was 25.93 million, and the cumulative total of fiber-optic service contracts was 6.92 million. In the non-telecommunications business sector, Z Holdings Corporation completed the business integration with LINE Corporation, a provider of communication applications in March 2021, and has been expanding into new businesses through cooperation with our portfolio companies (including those held by SVF1).

In May and September 2020, we sold a total of 1,268,061,400 shares of common stock of its subsidiary SoftBank Corp. out of the 3,182,919,470 shares held through SBGJ and received a total of ¥1.5 trillion, as result of 240,000,000 shares, representing 5.0% of the total outstanding shares, sold in May 2020 for ¥310.2 billion and 1,028,061,400 shares, representing 21.7% of the total outstanding shares, sold in September 2020 for ¥1.2 trillion.

SoftBank Corp. continues to be our consolidated subsidiary following these sales and its strategic importance to us remains unchanged. Considering its importance, SBGJ and we have no intention of selling additional SoftBank Corp. shares and intend to continue to hold the remaining shares held (representing 40.9% of total outstanding shares as of March 31, 2021) for the medium-to-long term. The annual dividends our wholly owned subsidiary received from SoftBank Corp. in fiscal year 2019 and fiscal year 2020 was ¥254.6 billion and ¥217.6 billion respectively. This represents an important and stable source of cash.

On March 1, 2021, we completed the business integration of Z Holdings Corporation and LINE Corporation. SoftBank Corp. considers this integration as an important transaction for accelerating the growth of Z Holdings Corporation, which plays an important role in its Beyond Carrier strategy, and for contributing to the increase in corporate value while creating new business opportunities in the 5G era. After the integration, Z Holdings Corporation will strive to resolve social issues while capturing unmet customer needs using data and AI.

T-Mobile (NASDAQ: TMUS)

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in T-Mobile represented 5% of our investment portfolio, with an aggregate equity value of ¥1.5 trillion ($13.6 billion), including the fair value of our right to acquire T-Mobile shares for no additional consideration if certain conditions are met pursuant to the business combination agreement with T-Mobile, and deducting the amount of derivative financial liabilities relating to the call options received by Deutsche Telekom AG and the loan amount that is considered as asset-backed financing non-recourse to us, which is a portion of the total borrowing amount from margin loan backed by T-Mobile shares.

On April 1, 2020, the merger of Sprint, which had been our subsidiary, and T-Mobile in an all-stock transaction was completed. As consideration for the merger, we received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met. As of the same date, Sprint ceased to be our subsidiary, and the combined new company, T-Mobile, became our equity method associate with a shareholding of 24.7%. According to its public disclosure, since the merger, T-Mobile has grown its mobile service subscriptions to 103 million (as of March 31, 2021) with America's largest, fastest, and most reliable 5G network, surpassing AT&T Inc. to become the second largest in the industry.

The following table summarizes the transactions involving T-Mobile shares received as a result of the merger of Sprint and T-Mobile. Through our subsidiary, we sold 173,564,426 shares on June 26, 2020 ((a) and (b) in below), 5,000,000 shares on July 16, 2020 ((c) below), and 19,750,000 shares on August 3, 2020 ((d) below) of our 304,606,049 shares of common stock of T-Mobile. T-Mobile disposed of the shares purchased from our subsidiary through a public offering in the U.S., a private placement through a trust issuing cash mandatory exchangeable trust securities, a sale to T-Mobile Board Director Marcelo Claure (Corporate Officer, Executive Vice President & COO of SoftBank Group Corp.), and a rights offering, with the proceeds transferred to our subsidiary.

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

In addition, in June 2020, Deutsche Telekom AG received call options over our 101,491,623 shares of common stock of T-Mobile with the following conditions: (i) the call option over 44,905,479 shares has the strike price of $103.00 per share, and can be exercised at any time; and (ii) the call option over the remaining 56,586,144 shares has the strike price equivalent to the average price for the 20 trading days immediately prior to the date of the call option exercise using the daily volume-weighted average price of the shares of common stock of T-Mobile, and can be exercised only after the exercise of the call option described in (i) or October 2, 2020. As of the date of this offering memorandum, such call options have not been exercised. The call options will expire on June 22, 2024 subject to certain conditions for an earlier expiration date. As of March 31, 2021, we held 106,291,623 shares of T-Mobile (representing 8.5% of total outstanding shares).

SB Northstar

As of March 31, 2021, the portion of Equity Value of Holdings attributable to our holdings in our asset management subsidiary, SB Northstar, was ¥1.7 trillion ($15.0 billion), including ¥755 billion ($6,822 million) of investments from SB Northstar, ¥1,427 billion ($12,892 million) of securities pledged as collateral and ¥188 billion ($1,699 million) of derivative financial assets in SB Northstar, representing 6% of our investment portfolio in the aggregate. We have been the primary source of funds for SB Northstar's investment activities in fiscal year 2021, both through intercompany loan facilities, under which an aggregate ¥1.3 trillion was outstanding as of March 31, 2021, and loans of Alibaba shares, with part of such Alibaba shares having been pledged as collateral by SB Northstar for its $6,000 million margin loan. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources Margin Loans Backed by Alibaba, SoftBank Corp. and T-Mobile Shares—Alibaba Shares."

We have been investing in highly liquid listed stocks from the first quarter of the fiscal ended March 31, 2021, to diversify our assets and to manage surplus funds. This has been done while being firmly committed to our stated financial policies on LTV ratio and Cash Position. These investments were made by SoftBank Group Corp. in the first quarter of the fiscal year 2020, but from the second quarter, our asset management subsidiary, SB Northstar, has been acquiring and selling listed stocks and other instruments and engaging in derivative and credit transactions related to listed stocks. The scale of our investments in listed stocks and other instruments fluctuates depending upon our funding needs, cash on hand, and the composition of our assets. Portfolio assets of SB Northstar as of March 31, 2021 included investments in Amazon, Facebook, TSMC, PayPal, Microsoft, Alphabet, Salesforce, Netflix, NVIDIA (held by the Company) and others.

SB Northstar is indirectly held 67% by us and 33% by our Representative Director, Corporate Officer, Chairman & CEO, Masayoshi Son. Masayoshi Son's interest is deducted from gain and loss on investments at SB Northstar as a non-controlling interest. Furthermore, if, at the end of the SB Northstar's life (12 years from with two one-year extensions), SB Northstar has any unfunded repayment obligations to us, Masayoshi Son has agreed to pay his *pro rata* share of any such unfunded obligations based upon his relative ownership percentage of SB Northstar.

Other

As of March 31, 2021, remaining amount of Equity Value of Holdings was ¥1.4 trillion ($12.7 billion), including investments in Social Finance, Inc., WeWork (excluding investments held by SVF1), Lemonade, Inc. and SoftBank Latin America Fund's portfolio companies, among others, representing 5% of our investment portfolio in the aggregate. For the avoidance of doubt, investments by SVF1 in WeWork are included the portion of Equity Value of Holdings attributable to our holdings in SVF1.

SoftBank Latin America Fund is a technology fund which has invested throughout Latin America, including in Argentina, Brazil, Chile, Colombia and Mexico. As of March 31, 2021, the fund had invested a cumulative total of $2,605 million, with a fair value of $4,013 million, and held 37 investments such as Banco Inter S.A., a Brazilian online bank, KAVAK HOLDINGS LIMITED, which operates an online used car sales platform, and Rappi, Inc., which offers a home delivery app service.

Intellectual Property

We are the holder of the registered trademark "SoftBank" and the related corporate logo. We have granted SoftBank Corp. the sole and perpetual right to use the "SoftBank" trademark with respect to certain of its domestic businesses. SoftBank Corp. has also been granted a limited right to sublicense the use of the trademark to its subsidiaries.

Certain of our group companies have registered, and have patents pending with respect to, trademarks, registered designs, patents and utility models. In addition, certain of our group companies license the right to use certain intellectual property from third parties.

Employees

As of March 31, 2021, we had 58,786 full-time employees.

The following table shows the aggregate number of our full-time employees. During the fiscal year ended March 31, 2021, we had an average of 20,039 part-time employees.

	As of March 31, 2021
Investment Business of Holding Companies Segment	387
SVF1 and Other SBIA-Managed Funds Segment	361
SoftBank Segment	47,313
Arm Segment	6,118
Others	4,607
Total	58,786

Group-wide, we enjoy good relations with our employees. While our employees are not unionized, some of our consolidated subsidiaries have labor unions.

Regulation

The business activities of the SoftBank Group are subject to various governmental regulations in Japan and the other jurisdictions in which we operate, including regulations relating to business and investment approvals, consumer protection, intellectual property, taxation, foreign exchange controls and environmental requirements. Applicable regulations are frequently introduced, abolished or amended, and in any event are subject to interpretation by governmental and judicial authorities.

In particular, our business activities under the SoftBank segment, such as mobile communications business, broadband infrastructure business and fixed-line telecommunications business, are subject to general regulations applicable to the telecommunications industry in Japan, of which the following are the most significant:

- the Telecommunications Business Act of Japan (Act No. 86 of 1984, as amended) (the "TBA");
- the Radio Act of Japan (Act No. 131 of 1950, as amended) (the "Radio Act"); and
- the Wire Telecommunications Act of Japan (Act No. 96 of 1953, as amended) (collectively together with the TBA and the Radio Act, the "Telecommunications Regulations").

The Telecommunications Regulations are administered primarily by the Ministry of Internal Affairs and Communications of Japan (the "Ministry") through regulatory actions of the responsible government minister (the "MIC Minister" and together with the Ministry, the "MIC"). Additionally, the Japan Fair Trade Commission (the "JFTC") has jurisdiction over telecommunications carriers by virtue of its powers under the Act Concerning Prohibition of Monopoly and Maintenance of Fair Trade (Act No. 54 of 1947, as amended) to prohibit anti-competitive practices.

As is typical for regulatory authorities in Japan, the MIC has announced various guidelines in connection with the implementation of applicable laws for the primary purpose of clarifying the meaning of such laws as well as ordinances made under them. Such guidelines are informal in nature and do not have the status of legislation passed by the National Diet of Japan, the primary legislative body in Japan (the "Diet"). Accordingly they are not legally binding on telecommunications carriers. Nevertheless, such guidelines serve as a statement of the regulatory interpretation of applicable laws and, accordingly, telecommunications carriers are, in practice, required to comply with them.

We are also subject to various governmental regulations in connection with our investments, including through SVF1, SVF2 and other SBIA-managed funds. For example, SVF1 and SVF2 are each separately managed by SBIA, which is regulated by the UK Financial Conduct Authority. In addition, when we or our subsidiaries or associates make investments overseas, such investments may be subject to approval in multiple jurisdictions under various regulatory regimes, such as those relating to antitrust and national security.

Legal Proceedings

We are routinely involved in litigation and other legal proceedings in connection with our ordinary course business activities. We are not currently involved in any litigation or other legal proceedings that, if determined adversely to us, would individually or in the aggregate be expected to have a material adverse effect on our financial condition or results of operations.

MANAGEMENT

Overview

Our board of directors has the ultimate responsibility for the administration of our affairs. The Board's purpose is to make important decisions on execution of duties and oversee directors' execution of duties. Our Articles of Incorporation provide for not more than 11 directors, and at the present, we have nine directors including five external directors. External directors are responsible for supervising our business management. Our Representative Director, Corporate Officer, Chairman and CEO serves as the chairman of the Board.

All directors are elected at general meetings of shareholders. The normal term of office of directors is one year, although they may serve any number of consecutive terms. To elect directors, the board of directors selects candidates in accordance with our Articles of Incorporation and the Regulations of the board of directors and these candidates are proposed at the General Meeting of Shareholders. Shareholders can also propose candidates in compliance with the requirements of the Companies Act of Japan. Cumulative voting is not allowed in the election of our directors.

Our Articles of Incorporation provide for not more than five audit and supervisory board members, and at present, we have four audit and supervisory board members, four of whom are external audit and supervisory board members (two full-time members and two part-time members), and is chaired by a full-time, internal audit and supervisory board member. All audit and supervisory board members are elected at general meetings of shareholders. The normal term of office of audit and supervisory board members is four years, although they may serve any number of consecutive or non-consecutive terms. The audit and supervisory board members are not required to be certified public accountants and may not at the same time be our directors or employees of any of our group companies. In addition, not less than half of the audit and supervisory board members must be external corporate auditors.

The audit and supervisory board members form the audit and supervisory board, which determines matters relating to the duties of audit and supervisory board members such as audit policy and methods of investigating our affairs. The audit and supervisory board also receives quarterly briefings and reports relating to financial results from the independent auditor and briefings on individual matters from directors as necessary and exchanges information and opinions with the independent auditor as necessary.

We established the assistant to audit department to support the audit and supervisory board members. This department acts under the direction of the audit and supervisory board members to gather information, investigate matters and provide other assistance.

Under the Companies Act of Japan, the audit and supervisory board members have the statutory duty of supervising the administration of our affairs by the directors and also of examining the financial statements and business reports to be submitted by a representative director to general meetings of shareholders. The audit and supervisory board members must attend meetings of the board of directors and express opinions there, if necessary, but they are not entitled to vote. Audit and supervisory board members also have a statutory duty to provide their report to the audit and supervisory board, which must submit its audit report to a representative director. If the audit report covers financial statements, the audit and supervisory board must also submit its audit report to the independent auditor.

We must appoint independent certified public accountants or audit firms in addition to audit and supervisory board members. Such independent certified public accountants or audit firms have the statutory duty of auditing the financial statements, prepared in accordance with the Companies Act of Japan, to be submitted by a representative director to general meetings of shareholders and reporting their opinion thereon to the audit and supervisory board, and a representative director. Our audit firm for such purposes is Deloitte Touche Tohmatsu LLC.

Under the Companies Act of Japan and our Articles of Incorporation, we may, by resolution of our board of directors, limit the liability of our directors and audit and supervisory board members for losses sustained by us in connection with the failure of such directors and audit and supervisory board members to perform their duties, except in the case of willful misconduct or gross negligence. The applicable liability thresholds are calculated, in accordance with the Companies Act of Japan, with reference to the amounts of annual remuneration, retirement allowance and profits received upon exercise or transfer of stock options for the relevant individual. In addition, we have entered into agreements limiting the liability of our non-executive directors and audit and supervisory board members for losses sustained by us in connection with the failure of such directors and audit and supervisory board members to perform their duties, except in the case of willful misconduct or gross negligence, to the greater of either an amount previously agreed in the liability limitation agreement that is no less than ¥10 million ($89,000) or an amount calculated as described above.

Directors and Audit and Supervisory Board Members

The following table sets out certain information on our directors and audit and supervisory board members as of the date of this offering memorandum:

Name	Date	Position/Action
Masayoshi Son	September 1981	Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO
	January 1996	President & CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)
	October 2005	Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
	April 2006	Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
	June 2015	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
	September 2016	Chairman and Executive Director, ARM Holdings plc
	June 2017	Chairman & CEO, SoftBank Group Corp.
	March 2018	Chairman and Director, Arm Limited (to present)
	November 2020	Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)
	April 2021	Board Director, Founder, SoftBank Corp. (to present)
Yoshimitsu Goto	April 1987	Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
	June 2000	Joined SoftBank Corp. (currently SoftBank Group Corp.)
	October 2000	Head of Finance Department, SoftBank Corp. (currently SoftBank Group Corp.)
	April 2006	Director, Vodafone K.K. (currently SoftBank Corp.)
	July 2012	Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
	October 2013	President & CEO and acting owner, Fukuoka SoftBank HAWKS Corp. (to present)
	June 2014	Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
	June 2015	Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
	June 2017	Senior Vice President, SoftBank Group Corp.
	April 2018	Senior Vice President, CFO & CISO, SoftBank Group Corp.
	June 2020	Board Director, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp.
	November 2020	Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp. (to present)
Ken Miyauchi	February 1977	Joined Japan Management Association
	October 1984	Joined SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
	February 1988	Board Director, SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
	April 2006	Executive Vice President, Director & COO, Vodafone K.K. (currently SoftBank Corp.)

Name	Date	Position/Action
	June 2007	Representative Director & COO, SoftBank Mobile Corp. (currently SoftBank Corp.)
	June 2012	Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
	June 2013	Representative Director, Senior Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
	April 2015	President & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
	June 2015	Director, SoftBank Corp. (currently SoftBank Group Corp.)
	April 2018	Board Director, SoftBank Group Corp. (to present)
	June 2018	President & CEO, SoftBank Corp.
	March 2021	President, Representative Director (Chairperson of the Board), A Holdings Corporation (to present)
Kentaro Kawabe	December 1996	Director, Dennotai Corporation
	September 1999	CEO, Dennotai Corporation
	August 2000	Joined Yahoo Japan Corporation (currently Z Holdings Corporation)
	May 2009	Representative Director, GyaO Corporation (currently GYAO Corporation)
	April 2012	Corporate Officer, Chief Operating Officer (COO), President of Media Business Group, Yahoo Japan Corporation (currently Z Holdings Corporation)
	June 2018	President and Representative Director, President Corporate Officer, CEO (Chief Executive Officer), Yahoo Japan Corporation (currently Z Holdings Corporation)
	September 2018	Board Director, SoftBank Corp. (to present)
	October 2019	President and Representative Director, President Corporate Officer, CEO (Chief Executive Officer), Yahoo Japan Corporation (to present)
	January 2020	Executive Director, ZOZO, Inc. (to present)
	March 2021	President and Representative Director, Co-CEO, Z Holdings Corporation (to present)
	June 2021	Board Director, SoftBank Group Corp. (to present)
Masami Iijima	April 1974	Joined MITSUI & CO., LTD.
	April 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit, MITSUI & CO., LTD.
	April 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit, MITSUI & CO., LTD.
	April 2008	Executive Managing Officer, MITSUI & CO., LTD.
	June 2008	Representative Director, Executive Managing Officer, MITSUI & CO., LTD.
	October 2008	Representative Director, Senior Executive Managing Officer, MITSUI & CO., LTD.
	April 2009	Representative Director, President and Chief Executive Officer, MITSUI & CO., LTD.

Name	Date	Position/Action
	April 2015	Representative Director, Chairman of the Board of Directors, MITSUI & CO., LTD. (to present)
	June 2016	Director, Ricoh Company, Ltd. (to present)
	June 2018	External Board Director, SoftBank Group Corp. (to present)
	June 2019	Counsellor, Bank of Japan (to present)
	April 2021	Director, MITSUI & CO., LTD.
	June 2021	Counselor, MITSUI & CO., LTD. (to present)
Yutaka Matsuo	April 2002	Researcher, National Institute of Advanced Industrial Science and Technology
	August 2005	Visiting Scholar, Stanford University
	October 2007	Associate Professor, Graduate School of Engineering, the University of Tokyo
	April 2019	Professor, Graduate School of Engineering, the University of Tokyo (to present)
	June 2019	External Board Director, SoftBank Group Corp. (to present)
Lip-Bu Tan	December 1987	Founder and Chairman, Walden International, Inc. (to present)
	October 2008	CEO, Cadence Design Systems Inc. (to present)
	November 2015	Director of the Board, Hewlett Packard Enterprises
	April 2019	Director of the Board, Schneider Electric Corporation (to present)
	June 2020	External Board Director, SoftBank Group Corp. (to present)
Keiko Erikawa	July 1978	Senior Executive Director, KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.)
	April 1994	Director, foundation for the Fusion Of Science and Technology (to present)
	June 2001	Chairman and CEO, KOEI Corporation (currently KOEI TECMO AMERICA Corporation)
	May 2007	Head Director, Association of Media in Digital (to present)
	June 2013	Chairman (Representative Director), KOEI TECMO GAMES CO., LTD.
	June 2013	Chairman (Representative Director), KOEI TECMO HOLDINGS CO., LTD. (to present)
	June 2014	Board Director, TECMO KOEI EUROPE LIMITED (currently KOEI TECMO EUROPE LIMITED) (to present)
	April 2015	Chairman Emeritus (Director), KOEI TECMO GAMES CO., LTD. (to present)
	June 2021	Board Director, SoftBank Group Corp. (to present)
Kenneth A. Siegel	August 1986	Joined Morrison & Foerster LLP
	January 1994	Partner, Morrison & Foerster LLP
	August 1996	Managing Partner, Morrison & Foerster Tokyo Office (Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho) (to present)
	January 2009	Member of Executive Committee, Morrison & Foerster LLP
	January 2009	Board Director, Member of Executive Committee, Morrison & Foerster LLP (to present)
	June 2021	Board Director, SoftBank Group Corp. (to present)

Name	Date	Position/Action
Maurice Atsushi Toyama	September 1977	Joined San Francisco Office of Price Waterhouse (currently PricewaterhouseCoopers)
	August 1981	Certified Public Accountant, State of California, U.S.
	June 2006	Partner, PricewaterhouseCoopers Aarata
	June 2015	Full-time External Audit and supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Yuji Nakata	April 1983	Joined Nomura Securities Co., Ltd.
	April 2007	Executive Managing Director, Nomura Securities Co., Ltd.
	April 2007	COO, Nomura Asia Holding N.V.
	April 2008	Executive Managing Director, Nomura Holdings, Inc.
	November 2008	Senior Managing Director, Nomura Securities Co., Ltd.
	April 2016	Executive Managing Director, Nomura Holdings, Inc.
	April 2017	Representative Executive Officer and Deputy President, Nomura Securities Co., Ltd.
	May 2019	Executive Managing Director and Chief Risk Officer, Nomura Holdings, Inc.
	April 2020	Senior Adviser, Nomura Institute of Capital Markets Research
	June 2021	Audit & Supervisory Board Member, SoftBank Group Corp. (to present)
Soichiro Uno	April 1988	Joined Nagashima & Ohno Law Office (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan
	November 1993	Passed the bar examination of the State of New York, U.S.
	January 2000	Partner, Nagashima Ohno & Tsunematsu (to present)
	June 2004	Audit External & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.; to present)
	June 2018	Director (Audit and supervisory Committee Member), Dream Incubator Inc. (to present)
	June 2019	Director (Audit and supervisory Committee Member), TERUMO CORPORATION (to present)
Keiichi Otsuka	November 1978	Joined Price Waterhouse Accounting Office
	August 1982	Registered as a Certified Public Accountant
	July 1998	Representative Partner, Aoyama Audit Corporation
	September 2006	Representative Partner, Aarata Audit Corporation (currently Pricewaterhouse CoopersAarata LLC)
	June 2016	Audit & Supervisory Board Member, TBK Co., Ltd. (to present)
	July 2016	Representative of Otsuka CPA Office (to present)
	January 2017	Director, Shizuoka Bank (Europe) S.A. (to present)
	June 2021	Audit & Supervisory Board Member, SoftBank Group Corp. (to present)

Among our directors, Masami Iijima, Yutaka Matsuo, Lip-Bu Tan, Keiko Erikawa and Kenneth A. Siegel are external directors.

Among our external officers, Masami Iijima, Yutaka Matsuo, Lip-Bu Tan and Keiko Erikawa are independent directors; Maurice Atsushi Toyama, Yuji Nakata, Soichiro Uno and Keiichi Otsuka are external audit and supervisory board members.

Among our audit and supervisory board members, Maurice Atsushi Toyama, Yuji Nakata and Keiichi Otsuka are independent officers.

Investment Committee

The Investment Committee has the purpose of making decisions on matters for which it has been delegated authority by the board of directors, in order to carry out corporate activities flexibly. The Committee is comprised of five directors or corporate officers elected by the Board: Masayoshi Son, Yoshimitsu Goto, Marcelo Claure and Rajeev Misra.

The agenda items for discussion by the Investment Committee are set forth in the Regulations of the Investment Committee. The committee resolves the following matters:

- Investments, loans and borrowings under a certain amount;
- Certain matters related to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as (a) investments, loans and borrowings under a certain amount, (b) issuance and gratis issuance of new stock or stock acquisition rights (except matters such as the issuance of new stocks that will not alter the shareholding ratio), (c) issuance of corporate bonds, (d) overseas business expansion and (e) entry into new business fields; and
- Other matters such as disposal and acceptance of important assets under a certain amount.

The committee resolves through in-person, electronic or voice call meeting, and such decisions are only approved by majority agreement. If a proposal is rejected, it is brought to our board of directors. All resolutions of the committee are reported to our board of directors.

Executive Compensation

Total compensation paid by SoftBank Group Corp. to our directors (excluding external directors) consists of fixed compensation and performance-linked compensation. Furthermore, performance-linked compensation comprises a cash-based incentive for short-term performance as well as a share-based incentive for mid-to-long term enhancement of corporate value, such as nonmonetary compensation. The ratio of each component is determined individually based on deliberations by our Nominating & Compensation Committee.

The aggregate compensation, including bonuses, paid by SoftBank Group Corp. to our directors and audit and supervisory board members as a group during the fiscal year ended March 31, 2021 was ¥990 million ($9 million). During the fiscal year ended March 31, 2021, consolidated net compensation provided by the SoftBank consolidated group to Mr. Son, Mr. Fisher, Mr. Goto, Mr. Miyauchi and Mr. Segars was ¥100 million ($1 million), ¥917 million ($8 million), ¥480 million ($4 million), ¥635 million ($6 million) and ¥1,882 million ($17 million) (including non-cash compensation, except for Mr. Fisher and Mr. Goto), respectively. In addition, Mr. Claure, Mr. Sago and Mr. Misra received the equivalent of ¥1,795 million ($16 million), ¥250 million ($2 million) and ¥931 million ($8 million) respectively during the same period, who all resigned from their positions on the Board of Directors of the Company on November 9, 2020.

Stock Option Plan

Pursuant to resolution at the meeting of the board of directors held on July 26, 2018, we granted stock acquisition rights to purchase up to 719,700 shares, which has been increased to 1,439,400 shares after a stock split, of our common stock to certain directors, corporate officers and employees of us and our subsidiaries. As of March 31, 2021, of such stock acquisition rights, stock acquisition rights to purchase up to 1,321,400 shares remained outstanding and will be exercisable at an exercise price of ¥1 during the period from September 1, 2021 to August 31, 2025. As of March 31, 2021, we did not issue any new shares based upon the exercise of these options.

Pursuant to resolution at the meeting of the board of directors held on November 26, 2019, we granted stock acquisition rights to purchase up to 58,400 shares of our common stock to certain of our corporate officers and employees. As of March 31, 2021, of such stock acquisition rights, stock acquisition rights to purchase up to 57,100 shares remained outstanding and will be exercisable at an exercise price of ¥1 during the period from January 1, 2023 to December 31, 2026. As of March 31, 2021, we did not issue any new shares based upon the exercise of these options.

Pursuant to resolutions at the meeting of the board of directors held on July 30, 2020, we granted stock acquisition rights to purchase up to 188,900 shares of our common stock to certain of our corporate officers and employees and directors of our subsidiaries. As of March 31, 2021, of such stock acquisition rights, stock acquisition rights to purchase up to 186,600 shares remained outstanding and will be exercisable at an exercise price of ¥1 per share during the period from September 1, 2023 to August 31, 2027. As of March 31, 2021, we did not issue any new shares based upon the exercise of these options.

RELATED-PARTY TRANSACTIONS

The following discussion is a summary of the significant transactions with our associates in the fiscal years ended March 31, 2020 and 2021 and under current consideration. We believe that each of these arrangements has been entered into on arm's-length terms or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties would have been.

For the fiscal year ended March 31, 2020

We provided loans to certain executives of the Company as a part of our incentive program, which was designated for use for the purchase of our shares. The Company loaned an additional ¥11 billion ($99 million) in February 2020 as a part of the incentive program that the Board approved in April 2018. In addition, as a part of the incentive program that the Board of Directors approved in February 2020, the Company loaned an additional ¥33 billion ($298 million) in the same month.

During the fiscal year ended March 31, 2019, we provided WeWork with a loan of $1,000 million through a convertible note for preferred stock and an advance payment for investment of $1,500 million, which was converted into preferred stock of WeWork during the fiscal year ended March 31, 2020. During the fiscal year ended March 31, 2020, we provided WeWork with a credit support of $1,750 million through a letter of credit facility and received from WeWork warrants with an exercise price of $0.01 per share as a consideration for the purchase of unsecured warrants issued by WeWork and the credit support through a letter of credit facility. As of March 31, 2020, the preferred stock converted from the advance payment for investment was equivalent to $1,200 million and the remaining balance of the convertible note and advance payment for investment which had not been yet converted into preferred stock, was equivalent to $1,300 million. For further discussion, see "Note 22. Investments accounted for using the equity method," "(2) Credit guarantees" under "Note 50. Contingency," and "b. Other related party transactions" under "Note 49. Related party transactions" to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

We received ¥0.4 billion ($3 million) for advance payment for temporary expenses and ¥0.04 billion ($0.4 million) for equipment usage by our Chairman and CEO, Mr. Masayoshi Son, and related entities of which he holds more than one-half of the voting rights ("Masayoshi Son Affiliates").

We paid dividends totaling ¥17 billion ($156 million) to Masayoshi Son Affiliates. Mr. Masayoshi Son has given a payment undertaking to a subsidiary of the Company in relation to a loan (the "guaranteed loan") made by such subsidiary to another subsidiary of the Company. The guaranteed loan is associated with an incentive scheme related to SVF1 and has the principal amount of up to $2,000 million, with an interest rate of 3.674% per annum. The balance of the guaranteed loan including accrued interest thereon as of March 31, 2020 is ¥181 billion ($1,637 million). Following the winding up of the incentive scheme, if there is any outstanding balance of the guaranteed loan after other repayment obligations are met, Mr. Masayoshi Son will be liable under the terms of the payment undertaking to pay the outstanding balance to the subsidiary of the Company. There is no guarantee fee and no right of reimbursement against the subsidiary of the Company for amounts paid pursuant to the payment undertaking.

We paid dividends totaling ¥0.1 billion ($0.9 million) to our Director, Mr. Ken Miyauchi, who also exercised his stock acquisition rights totaling ¥2 billion ($14 million).

We paid dividends ¥0.2 billion ($2 million) directly and ¥0.08 billion ($0.7 million) of capital contribution to a subsidiary through Mistletoe Venture Partners, Inc., a related entity of which Mr. Taizo Son holds more than one-half of the voting rights, to Mr. Taizo Son, the brother of Mr. Masayoshi Son, and related entities of which he holds more than one-half of the voting rights ("Taizo Son Affiliates").

For the fiscal year ended March 31, 2021 and subsequent period

As part of the transaction related to transfer of T-Mobile shares, we entered into agreements with certain of our executives for transferring T-Mobile shares and for loans to be used for the purchase of T-Mobile shares in June 2020. In connection with the transactions associated with the transfer of T-Mobile shares, the amount of the transaction between the Company and the related parties for the fiscal year ended March 31, 2021 were as follows:

- We transferred an amount of ¥4 billion ($36 million) of T-Mobile shares to Mr. Ronald D. Fisher, who was our Director at the time of the transaction and related entities of which he holds more than one-half of the voting rights;
- We transferred an amount of ¥55 billion ($515 million) of T-Mobile shares to our Corporate Officer, Mr. Marcelo Claure, and related entities of which he holds more than one-half of the voting rights; and

- We transferred an amount of ¥50 billion ($464 million) of T-Mobile shares to our Corporate Officer, Mr. Rajeev Misra, and related entities of which he holds more than one-half of the voting rights.

During the fiscal year ended March 31, 2021, we acquired preferred stock of WeWork by converting advance payment of $1,300 million made for the fiscal year ended March 31, 2020. We exchanged the shares of WeWork Asia held by SVF1 for preferred stock of WeWork at a fair value of $124,862,217 at the point in time of exchange. We received from WeWork, as a consideration for the purchase of unsecured notes issued by WeWork and for the credit support for a letter of credit facility provided by financial institutions, exercise of 129,887,919 WeWork warrants with exercise price of USD 0.01 per share. We also purchased $1.8 billion unsecured notes issued by WeWork for the fiscal year ended March 31, 2021. For further discussion, see "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method," "(b) Price risk, iii. Option contracts" in "(2) Financial risk management, a. Market risk" under "Note 31. Financial instruments." and "c. Other related party transactions" under "Note 49. Related party transactions" to our audited consolidated financial statements for the fiscal year ended March 31, 2021 included elsewhere in this offering memorandum.

We indemnified T-Mobile and its subsidiaries against ¥26 billion ($238 million) losses incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstance.

We received ¥0.2 billion ($1.6 million) for advance payment for temporary expenses and ¥0.02 billion ($0.2 million) for equipment usage by Masayoshi Son Affiliates. We also made a sale of ¥0.07 billion ($0.6 million) of masks to Mr. Masayoshi Son, excluding the consumption taxes.

We paid dividends totaling ¥22 billion ($203 million) to affiliates of Mr. Masayoshi Son, who also exercised stock acquisition rights of SoftBank Corp. totaling ¥0.5 billion ($4.5 million). We refunded the guarantee deposits of ¥0.2 billion ($1.6 million) to affiliates of Mr. Masayoshi Son. We made a total amount of ¥20 billion ($180 million) of capital contribution to three subsidiaries of the Company, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C ("Delaware subsidiaries") through Son Asset Management LLC, a related entity of Mr. Masayoshi Son, in July 2020. Each Delaware subsidiary received ¥7 billion ($60 million) and the Delaware subsidiaries then invested in the asset management subsidiary, SB Northstar.

SB Northstar is indirectly held 67% by us and 33% by our Representative Director, Corporate Officer, Chairman & CEO, Mr. Masayoshi Son. We have been the primary source of funds for SB Northstar's investment activities in fiscal year 2021, both through intercompany loan facilities, under which an aggregate ¥1.3 trillion was outstanding as of March 31, 2021, and loans of Alibaba shares, with part of such Alibaba shares having been pledged as collateral by SB Northstar for its $6,000 million margin loan. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources Margin Loans Backed by Alibaba, SoftBank Corp. and T-Mobile Shares—Alibaba Shares." If, at the end of the SB Northstar's life (12 years from with two one-year extensions), SB Northstar has any unfunded repayment obligations to us, Mr. Masayoshi Son has agreed to pay his *pro rata* share of any such unfunded obligations based upon his relative ownership percentage of SB Northstar.

Our Director, Mr. Yoshimitsu Goto, exercised his stock acquisition rights totaling ¥2 billion ($17 million).

We paid dividends totaling ¥0.1 billion ($1.1 million) to our Director, Mr. Ken Miyauchi, who also exercised his stock acquisition rights for twice, totaling ¥2 billion ($22 million) and ¥0.5 billion ($4.5 million), respectively.

We paid ¥0.01 billion ($0.1 million) of capital contribution to a subsidiary through AI & Company, a related entity of which our Director, Mr. Yutaka Matsuo, holds more than one-half of the voting rights.

We paid dividends totaling ¥0.2 billion ($2.2 million) to and received ¥0.04 billion ($0.4 million) for advance payment for temporary expenses from our Corporate Officer, Mr. Marcelo Claure and related entities of which he holds more than one-half of the voting rights.

We paid dividends totaling ¥0.2 billion ($2 million) to our Corporate Officer, Mr. Rajeev Misra.

We paid dividends ¥0.2 billion ($2 million) directly and ¥0.08 billion ($0.7 million) of capital contribution to a subsidiary through Mistletoe Venture Partners, Inc., a related entity of which Mr. Taizo Son holds more than one-half of the voting rights, to Taizo Son Affiliates.

Subject to requisite regulatory approvals and agreement on terms, we may in future develop a co-investment program in respect of SVF2 open to our senior management.

SUBSIDIARIES AND ASSOCIATES

The following tables provide information on our significant consolidated subsidiaries and associates as of March 31, 2021. Because we own a number of subsidiaries through subsidiaries that we do not wholly own, our economic interests in some of our subsidiaries listed below, may not be identical to our voting interests in such subsidiaries.

Corporation

Company Name	Country	Issued Share Capital (millions of yen and KRW, thousands of dollars and CNY)		Percentage of voting interest owned (%)	Principal Business
Investment Business of Holding Companies Segment					
Subsidiaries					
SoftBank Group Capital Limited	U.K.	$	5,508	100.0	Holding company
SoftBank Group Japan Corporation[1]	Japan	¥	188,798	100.0	Holding company
SB Group US, Inc.	U.S.	$	0	100.0	Management of overseas investment
Skywalk Finance GK[2][3]	Japan	¥	0	100.0	Holding company
SB Pan Pacific Corporation	Micronesia	¥	48,249	100.0	Holding company
STARFISH I PTE. LTD.	Singapore	¥	101,444	100.0	Holding company
West Raptor Holdings, LLC[3][4]	U.S.	$	1,251,768	100.0	Holding company
Hayate Corporation	Micronesia	¥	77,843	100.0	Holding company
Associates					
Alibaba Group Holding Limited[1][2]	Cayman	CNY	1,000	24.8	Investor company of companies operating e-commerce business; cloud computing; digital media and entertainment
WeWork Inc.[13]	U.S.	$	197	49.9	Provision of co-working space service
SVF1 and Other SBIA-Managed Funds Segment					
Subsidiaries					
SB Investment Advisers (UK) Limited	U.K.	$	826	100.0	Management of SVF1 and SVF2
SoftBank Segment					
Subsidiaries					
SoftBank Corp.[5]	Japan	¥	204,309	40.9	Provision of mobile communications services; sale of mobile devices; provision of broadband and other fixed-line communications services in Japan
A Holdings Corporation[6]	Japan	¥	100	50.0	Holding company of shares of Z Holdings Corporation
Z Holdings Corporation[6]	Japan	¥	237,724	65.3	Management of group companies of Z Holdings Corporation
SB C&S Corp.[7]	Japan	¥	500	100.0	Manufacture, distribution, and sale of IT-related products and provision of IT-related services

Company Name	Country	Issued Share Capital (millions of yen and KRW, thousands of dollars and CNY)	Percentage of voting interest owned (%)	Principal Business
Wireless City Planning Inc.	Japan	¥ 18,899	32.2	Planning and provision of mobile broadband services
SB Technology Corp.	Japan	¥ 1,236	53.1	Provision of solutions and services
ITmedia Inc.	Japan	¥ 1,736	52.5	Operation of comprehensive IT information site ITmedia
Vector Inc.	Japan	¥ 1,019	42.4	PC software download sales and advertising
Associates				
Geniee, Inc.	Japan	¥ 1,550	31.2	Advertising technology business
Scigineer Inc.	Japan	¥ 801	32.1	Provision of Internet marketing support services using the personalized engine deqwas for e-commerce business operators and retailers
C Channel Corporation	Japan	¥ 5,398	29.0	E-commerce business; internet advertising and marketing
Subsidiaries of Z Holdings Corporation				
Z Intermediate Holdings Corporation	Japan	¥ 1	100.0	Holding company
Yahoo Japan Corporation	Japan	¥199,250	100.0	Internet advertising and e-commerce business
LINE Corporation(6)	Japan	¥ 34,201	100.0	Provision of services of communication, content and advertisements based on the mobile messenger application LINE
LINE Financial Asia Corporation Limited	China	¥ 41,004	100.0	Holding company
ValueCommerce Co., Ltd.	Japan	¥ 1,728	52.0	Affiliate advertising marketing service; StoreMatch online advertising distribution service
ZOZO, Inc.	Japan	¥ 1,360	50.1	Planning and operation of fashion e-commerce website; operational support of brands' own e-commerce website; operation of fashion coordination app
The Japan Net Bank, Limited(8)	Japan	¥ 37,250	46.6	Banking
ASKUL Corporation	Japan	¥ 21,190	45.0	Mail-order sale of stationery and services
eBOOK Initiative Japan Co., Ltd.	Japan	¥ 905	43.4	E-book distribution
Associates of Z Holdings Corporation				
DEMAE-CAN CO., LTD	Japan	¥ 16,008	35.9	Operation of food delivery service Demae-can
SRE Holdings Corporation	Japan	¥ 3,570	21.9	Real estate business; IT platform business; AI solution business

Company Name	Country	Issued Share Capital (millions of yen and KRW, thousands of dollars and CNY)	Percentage of voting interest owned (%)	Principal Business
Arm Segment				
Subsidiaries				
Arm Limited[9]	U.K.	$ 1,273	100.0	Design of microprocessor intellectual property and related technology; sale of software tools and provision of related services
Arm PIPD Holdings One, LLC[3][4]	U.S.	$ 620,855	100.0	Holding company
Arm PIPD Holdings Two, LLC[3][4]	U.S.	$ 426,016	100.0	Holding company
Others				
Subsidiaries				
PayPay Corporation	Japan	¥ 74,046	100.0	Smartphone payment business
Fortress Investment Group LLC[3][4][10]	U.S.	—	100.0	Alternative investment management business
Fukuoka SoftBank HAWKS Corp.	Japan	¥ 100	100.0	Ownership of professional baseball team; operation of baseball games; management and maintenance of baseball stadium and other sports facilities; distribution of video, voice, and data content via media
SBLA Advisers Corp.[11]	U.S.	$ 0	100.0	Management of SoftBank Latin America Fund L.P.
SB Energy Corp.	Japan	¥ 4,770	100.0	Electricity generation from renewable energy sources; supply and sale of electricity
Boston Dynamics, Inc.[12]	U.S.	$ 365,400	100.0	Design and development of mobile robots
SoftBank Ventures Asia Corp.	South Korea	KRW 18,000	100.0	Management of fund in Asia
SoftBank Robotics Group Corp.	Japan	¥ 49,600	84.9	Holding company

Limited Partnership

Company Name	Country	Capital accepted (millions of yen and KRW, thousands of dollars and CNY)	Investment Ratio (%)	Principal Business
Investment Business of Holding Companies Segment				
Subsidiaries				
SB Northstar LP	Cayman	$44,000,000	100.0	Investment in listed stocks and other financial instruments
SVF1 and Other SBIA-Managed Funds Segment				
Subsidiaries				
SoftBank Vision Fund L.P.[14]	Bailiwick of Jersey	$85,000,000	33.6	Investment fund in the technology sector

Company Name	Country	Capital accepted (millions of yen and KRW, thousands of dollars and CNY)	Investment Ratio (%)	Principal Business
SoftBank Vision Fund II-2 L.P.	Bailiwick of Jersey	$7,000,000	100.0	Investment fund in the technology sector
Others				
Subsidiaries				
SoftBank Latin America Fund L.P.	U.S.	$3,000,000	100.0	Investment fund in the technology sector in Latin America

(1) Effective October 1, 2020, SBGJ, the Company's wholly owned subsidiary, transferred all of its rights and obligations related to fund procurement using shares of Alibaba Group Holding Limited (the "Alibaba shares") to Skybridge Corporation, a newly established subsidiary.

(2) Skywalk Finance GK uses its holdings of Alibaba shares as collateral for its borrowings.

(3) The voting rights represent the Company's entire contributions as percentage of capital.

(4) Capital represents the amount of capital contribution.

(5) SBGJ sold a portion of its SoftBank Corp. shares in May and September 2020, which resulted in the Company holding voting rights of 40.9%.

(6) On December 23, 2019, Z Holdings Corporation and LINE Corporation entered into a definitive agreement between four companies including their respective parent companies, SoftBank Corp. and NAVER Corporation, regarding a business integration (the "Business Integration"). As the surviving corporation, LINE implemented an absorption-type merger (the "Merger") with Shiodome Z Holdings GK, a subsidiary of SoftBank Corp., as the absorbed corporation, as part of the Business Integration effective February 26, 2021. In addition, the trade name of LINE was changed to A Holdings Corporation on February 28, 2021. Based on a series of transactions for the Business Integration that included the Merger, A Holdings Corporation became a consolidated subsidiary of SBG and holds the shares of Z Holdings Corporation as a strategic holding company. Effective March 1, 2021, Z Holdings Corporation made LINE (former LINE Split Preparation Corporation, a wholly owned subsidiary of A Holdings Corporation, and currently the corporation that succeeded the entire business (excluding the Z Holdings shares, the contractual status pursuant to the agreements executed by LINE in relation to the Business Integration, and the rights and obligations set out in the absorption-type demerger agreement) of former LINE (currently A Holdings Corporation) through an absorption-type demerger), a wholly owned subsidiary by means of a share exchange and completed the Business Integration.

(7) Effective April 1, 2020, SB C&S Holdings Corp. carried out an absorption-type merger as the surviving corporation with SB C&S Corp. as the absorbed corporation, and changed its name to SB C&S Corp. on the same date.

(8) On April 5, 2021, The Japan Net Bank, Limited changed its name to PayPay Bank Corporation.

(9) On September 13, 2020 (U.S. time), SBGC, the Company's wholly owned subsidiary, SVF1 and NVIDIA Corporation entered into a definitive agreement to sell all shares of Arm held by SBGC and SVF1. This transaction is subject to regulatory approvals (including those of the United States, the United Kingdom, the European Union and China) and other closing conditions and it is expected to take approximately 18 months to close following the execution of the agreement.

(10) Fortress Investment Group LLC has not prepared stand-alone financial statements, thus a capital amount is not listed.

(11) On June 23, 2020, SLA ADVISERS CORP. changed its name to SBLA Advisers Corp.

(12) On December 11, 2020, the Company, Hyundai Motor Company and its affiliates (collectively, the "Hyundai Motor Group") and Hyundai Motor Group Chairman Euisun Chung reached an agreement pursuant to which the majority of Boston Dynamics, Inc. shares held by the Company through a wholly owned subsidiary will be sold to the Hyundai Motor Group and Euisun Chung, both of whom have agreed to underwrite newly issued shares in Boston Dynamics. This transaction was completed on June 21, 2021, as regulatory approvals and other requirements were satisfied. Upon completion of this transaction, Boston Dynamics ceased to be a consolidated subsidiary of us.

(13) On October 14, 2020, The We Company changed its name to WeWork Inc.

(14) The capital accepted of SoftBank Vision Fund L.P. includes the capital accepted by alternative investment vehicles. Investment ratio of SoftBank Vision Fund L.P. includes incentive scheme related to SVF1.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a description of our material indebtedness as of the date of this offering memorandum. The description does not purport to be complete and is qualified in its entirety by reference to the agreements which set forth the principal terms and conditions of our credit facilities and other indebtedness.

The table below shows the consolidated interest-bearing debt and lease liabilities at the Company and its subsidiaries as of March 31, 2021:

	As of March 31, 2021	
	(billions of yen and millions of dollars)[1]	
SoftBank Group Corp.		
Short-term borrowings and current position of long-term borrowings	¥ 748	$ 6,756
Commercial paper	247	2,227
Long-term borrowings	405	3,658
Corporate bonds[2]	4,746	42,865
Lease liabilities	13	121
Total	6,158	55,626
Wholly owned subsidiaries conducting fund procurement[3]		
Borrowings	1,874	16,927
Financial liabilities relating to sale of shares by prepaid forward contracts	3,086	27,872
Total	4,960	44,800
SB Northstar		
Borrowings	1,867	16,860
SVF1 and Other SBIA-Managed Funds segment		
Borrowings	444	4,013
Lease liabilities	0	3
Total	444	4,016
SoftBank Corp. segment		
SoftBank Corp.	4,166	37,633
Z Holdings Corporation[4]	1,031	9,312
Other	495	4,469
Total[5]	5,692	51,414
Others	427	3,854
Consolidated interest-bearing debt and lease liabilities at the Company and its subsidiaries	¥19,548	$176,569

(1) Japanese yen and U.S. dollar amounts have been translated, as applicable, at the rate of ¥110.71 = $1.00, the exchange rate prevailing as of March 31, 2021.

(2) Excludes the USD-denominated perpetual subordinated hybrid notes issued in July 2017, which are treated as equity pursuant to IFRS.

(3) Indicates the interest-bearing debts of Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C. All of these are entirely non-recourse to the Company, except for the interest-bearing debt of Delaware Project 6 L.L.C. The interest-bearing debt of Delaware Project 6 L.L.C. of $4.38 billion is exceptionally guaranteed by the Company to a limit of $2.02 billion. As a precondition for the Company to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral.

(4) Includes Yahoo Japan Corporation and LINE Corporation.

(5) Indicates the sum of each company in the SoftBank segment.

Consolidated Net Interest-bearing Debt as of March 31, 2021

The table below shows the consolidated net interest-bearing debt and lease liabilities at the Company and its subsidiaries as of March 31, 2021. The below information was prepared under IFRS and is net of intra-group reconciliations and eliminations.

	As of March 31, 2021		
	Total interest-bearing debt(1)	Cash position(2)	Net interest-bearing debt
	(billions of yen)		
SoftBank Group Corp.			
Senior bond	¥ 3,342	—	—
Other senior debt	1,315	—	—
Subordinated debt	764	—	—
Deeply subordinated bond	640	—	—
Deeply subordinated loan	83	—	—
Other	14	—	—
Total	6,158	1,948	4,210
Wholly owned subsidiaries conducting fund procurement(3)			
Margin loan backed by Alibaba shares	894	—	—
Margin loan backed by T-Mobile shares	481	—	—
Margin loan backed by SoftBank Corp. shares	499	—	—
Prepaid forward contracts using Alibaba shares	3,086	—	—
Total	4,960	406	4,554
SB Northstar			
Margin loan backed by Alibaba shares	663	—	—
Other	1,204	—	—
Total	1,867	992	875
SVF1 and Other SBIA-Managed Funds segment			
SVF1	444	68	377
SVF2	—	63	(63)
SBIA	0	27	(26)
SoftBank segment			
SoftBank Corp.	4,166	303	3,863
Z Holdings Corporation(4)	1,031	421	610
Other	495	562	(67)
Others(5)	427	741	(314)
Consolidated total at the Company and its subsidiaries	¥19,548	¥5,531	¥14,017

(1) Excludes the USD-denominated perpetual subordinated hybrid notes issued in July 2017, which are treated as equity pursuant to IFRS.
(2) Cash Position is cash and cash equivalents *plus* short-term investments.
(3) Cash Position at wholly owned subsidiaries conducting fund procurement includes ¥361 billion ($3.3 billion) of restricted cash which is required to maintain in a segregated custody account before the expected early termination date due to exercise of the option to settle the prepaid forward contract using Alibaba shares by cash.
(4) Includes Yahoo Japan Corporation and LINE Corporation.
(5) Includes Arm.

Borrowings

The table below summarizes outstanding loans at the Company and its subsidiaries as of March 31, 2021.

Loan	As of March 31, 2021	
	(billions of yen and millions of dollars)	
SoftBank Group Corp.	¥1,153	$10,414
Senior Term Loan	387	3,491
Other senior loans	682	6,164
Hybrid loan	83	753
Other loans	1	6
Wholly owned subsidiaries conducting fund procurement	1,874	16,927
Margin loans	1,874	16,927
SB Northstar	1,867	16,860

Loan	As of March 31, 2021	
	(billions of yen and millions of dollars)	
Margin loan	663	5,985
Other loans	1,204	10,875
SVF1 and Other SBIA-Managed Funds segment		
SVF1	444	4,013
SoftBank segment		
SoftBank Corp.	3,037	27,434
Z Holdings Corporation	442	3,996
Other	316	2,854
Others	334	3,021
Consolidated total at the Company and its subsidiaries	¥9,468	$85,519

The table below summarizes the loans the Company has drawn down since March 31, 2021.

Loan	Balance	
	(billions of yen and millions of dollars)	
Commitment Line	¥310	$2,800

In addition, on June 24, 2021, the Company entered into a senior unsecured bridge facility agreement with certain lenders (the "Bridge Facility Agreement"). Pursuant to the Bridge Facility Agreement, the lenders made available to the Company total commitments in an aggregate amount of €2.4 billion in the form of a term loan with a maturity of two months (the "Bridge Facility"). The Company plans to draw the Bridge Facility in full on June 29, 2021. The Company's obligations under the Bridge Facility Agreement are not secured or guaranteed by any other entity and the lenders under the Bridge Facility Agreement have no recourse to any other entity other than the Company. The Company expects to apply the proceeds of the Bridge Facility towards its general corporate purposes.

¥387 billion ($3,491 million) of Indebtedness Outstanding under Senior Term Loan as of March 31, 2021

In November 2017, we procured a syndicated loan from several Japanese and international financial institutions (the "Senior Term Loan") in the principal amount of ¥2,650 billion ($23,936 million), under which ¥387 billion ($3,491 million) of indebtedness remains outstanding (measured at amortized costs pursuant to IFRS) as of March 31, 2021 after the partial repayment of ¥300 billion ($2,710 million) in September 2020 pursuant to the program to sell or monetize ¥4.5 trillion of assets announced in March 2020. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets."

The Senior Term Loan is a direct, unsecured obligation of the Company and ranks *pari passu* with all other outstanding unsecured, unsubordinated obligations of the Company. The Senior Term Loan was initially guaranteed by SoftBank Corp. on a senior, unsecured basis, ranking *pari passu* with all other outstanding unsecured, unsubordinated obligations of SoftBank Corp. In November 2018, such guarantee by SoftBank Corp. was released.

The following table shows the total remaining scheduled repayments for the facilities for the periods indicated as of March 31, 2021:

Fiscal year ending March 31,	Total Principal Amount Due[1]
	(billions of yen)
2022	¥ 65
2023	65
2024	76
2025	184

(1) Amounts correspond to the face amounts.

Each facility under the Senior Term Loan accrues interest at a floating rate that is calculated based on the applicable index rate *plus* the applicable margin for the relevant facility.

The Senior Term Loan is subject to representations and warranties customary in the Japanese syndicated loan market. It is also subject to certain financial and operational covenants that require us to maintain certain financial ratios and that restrict our business activities. The covenants include an affirmative obligation for the Company to maintain net assets on a stand-alone basis of at least 75% of the net assets at the end of the previous fiscal year, as measured at the end of each fiscal year. Other covenants set certain caps on the total amount of senior debt the Company can incur subject to maintenance of a certain level of loan-to-value ratio.

The Senior Term Loan is also subject to certain events of default, including breach of the covenants described above. Any event of default could trigger acceleration of amounts outstanding under the Senior Term Loan through the majority lenders' decision, provided that a certain limited number of events shall automatically lead to acceleration of the loan. We may prepay certain facilities under the Senior Term Loan under certain conditions.

¥3,086 billion ($27,872 million) of Indebtedness Outstanding under Prepaid Forward Contracts Using Alibaba Shares as of March 31, 2021

During the fiscal years ended March 31, 2020 and March 31, 2021, we, through our wholly owned subsidiaries conducting fund procurement, have entered into several prepaid forward contracts using our Alibaba shares. As of March 31, 2021, the outstanding balance was ¥3,086 billion ($27,872 million).

We have the option to settle the prepaid forward contracts by delivering cash, Alibaba shares, or, in certain cases, a combination of cash and Alibaba shares. The Alibaba shares held by our wholly owned subsidiaries conducting fund procurement that have entered in these prepaid forward contracts are pledged as collateral in accordance with all of the prepaid forward contracts, and, except for certain prepaid forward contracts of one of our wholly owned subsidiaries conducting fund procurement, the right of use are granted to financial institutions. However, the collateral can be released by cash settlement at our discretion.

On April 13, 2021, we repaid ¥313 billion ($2,860 million) of the balance of the prepaid forward contracts at one of our wholly owned subsidiaries conducting fund procurement using its restricted cash, completing the settlement of the transactions.

For more information on these prepaid forward contracts, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash and Capital Requirements—Debt Repayments and Certain Commitments—Variable Prepaid Forward Contracts."

¥1,867 billion ($16,860 million) of Indebtedness Outstanding under SB Northstar's Borrowings as of March 31, 2021

During the fiscal year ended March 31, 2021, through our asset management subsidiary, SB Northstar, we have entered into several loans with international financial institutions and brokers. In connection with such financings, we have pledged securities, restricted cash and margin deposits as collateral primarily for ¥1,204 billion ($10,875 million) of short-term borrowings as of March 31, 2021. In addition, in accordance with the contracts by each broker, there is a possibility that investments from the asset management subsidiaries in the consolidated statement of financial position and the Alibaba shares held by SB Northstar of up to ¥125 billion ($1,127 million) on a consolidated basis will be pledged additionally as collateral in respond to the balance of liabilities in SB Northstar and position in the future. The borrowings will be settled early if the fair value of the pledged securities is less than a certain proportion of the residual balance of the borrowings.

In addition to these borrowings, we, through SB Northstar, have entered into a margin loan backed by Alibaba shares in the principal amount of up to $6 billion. As of March 31, 2021, the outstanding balance was ¥663 billion ($5,985 million). The margin loan is subject to additional cash collateral if the outstanding balance of the borrowings is higher than a certain proportion of the fair value of Alibaba shares.

¥1,874 billion ($16,927 million) of Indebtedness Outstanding under Margin Loans of Wholly Owned Subsidiaries Conducting Fund Procurement

In addition to the margin loan conducted by SB Northstar, through our wholly owned subsidiaries conducting fund procurement, we have entered into margin loans backed by Alibaba, SoftBank Corp. and T-Mobile shares. As of March 31, 2021, the outstanding balances were ¥894 billion ($8,076 million), ¥499 billion ($4,504 million) and ¥481 billion ($4,347 million) for the margin loans backed by Alibaba shares, SoftBank Corp. shares and T-Mobile shares, respectively.

The borrowings under these margin loans backed by Alibaba and SoftBank Corp. shares are non-recourse debt to the Company. The margin loans are subject to early settlement by the creditors under certain circumstances such as a significant decrease in the fair value of pledged shares. The creditors would be able to dispose the shares pledged as collateral upon such circumstances where the early settlement is demanded and, accordingly, the repayment obligations would be determined. Of the outstanding principal amount under the margin loan backed by T-Mobile shares of $4,380 million, $2,022 million is the portion guaranteed by the Company and the remaining $2,358 million is the portion not guaranteed by the Company and non- recourse debt to the Company as of March 31, 2021. As a precondition for the Company to fulfill its guarantee obligations of up to $2,022 million (¥224 billion), the creditors are obligated to first recover the loan amount to the maximum extent possible from Aliababa shares that have been pledged as collateral for the part of the margin loan.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Margin Loans Backed by Alibaba, SoftBank Corp. and T-Mobile Shares."

¥310 billion ($2,800 million) of Available Liquidity under Commitment Line as of March 31, 2021

On July 16, 2020, we renewed a commitment line agreement with several Japanese and international financial institutions for borrowings up to ¥310 billion ($2,800 million) (the "Commitment Line"). As of March 31, 2021, the Commitment Line was fully repaid. As of the date of this offering memorandum, the Commitment Line was fully drawn. The Commitment Line is a direct, unsecured obligation of the Company and ranks *pari passu* with all other outstanding unsecured, unsubordinated obligations of the Company.

The Commitment Line has a one-year term, which we have historically renewed annually, and the interest rate is equal to the sum of the announced Japanese yen TIBOR, for the applicable interest period, *plus* a margin.

The Commitment Line is subject to representations and warranties customary in the Japanese syndicated loan market. It is also subject to certain financial and operational covenants similar to those under the Senior Term Loan.

The Commitment Line is also subject to customary events of default including breach of the covenants described above. Any event of default could trigger acceleration of the amount outstanding under the Commitment Line through the majority lenders' decision, provided that a certain limited number of events shall automatically lead to acceleration of the loan. We are obliged to report the occurrence of an event of default or a potential event of default as soon as we become aware of it. We may prepay the loan by paying breakfunding costs (if any) and without penalty.

¥682 billion ($6,164 million) of Indebtedness Outstanding under Other Senior Loans as of March 31, 2021

We have also entered into other senior loan agreements with a number of major financial institutions, under which the total outstanding indebtedness as of March 31, 2021 was ¥682 billion ($6,164 million) (measured at amortized costs pursuant to IFRS). These loan agreements contain terms that we believe are customary for these types of loans provided by financial institutions.

Corporate Bonds

The table below summarizes all bonds which the Company and its subsidiaries have issued, outstanding as of March 31, 2021.

Bond	Interest Rate (% per annum)	Balance (billions of yen)(1)	Balance (millions of dollars)(1)
SoftBank Group Corp.			
Yen-denominated Senior Bonds			
Institutional Bonds			
49th series Unsecured Straight Bond	1.940%	¥ 19	$ 176
50th series Unsecured Straight Bond	2.480%	30	270
52nd series Unsecured Straight Bond	2.030%	47	426
54th series Unsecured Straight Bond	1.569%	40	360
57th series Unsecured Straight Bond	1.380%	100	900
Subtotal		236	2,133
Retail Bonds (Fukuoka SoftBank HAWKS bond)			
48th series Unsecured Straight Bond	2.130%	336	3,035
51st series Unsecured Straight Bond	2.030%	351	3,168
53rd series Unsecured Straight Bond	1.570%	407	3,679
55th series Unsecured Straight Bond	1.640%	496	4,479
56th series Unsecured Straight Bond	1.380%	396	3,578
Subtotal		1,986	17,939
Subtotal		2,222	20,072
Foreign Currency-denominated Senior Notes			
2022 USD-denominated Senior Notes (2015 Notes)	5.375%	57	511
2022 EUR-denominated Senior Notes (2015 Notes)	4.000%	24	219
2023 USD-denominated Senior Notes (2018 Notes)	5.500%	18	163
2023 EUR-denominated Senior Notes (2018 Notes)	4.000%	82	741

Bond	Interest Rate (% per annum)	Balance (billions of yen)[(1)]	Balance (millions of dollars)[(1)]
2024 USD-denominated Senior Notes (2017 Notes)	4.750%	92	829
2025 USD-denominated Senior Notes (2018 Notes)	6.125%	41	369
2025 EUR-denominated Senior Notes (2018 Notes)	4.500%	39	352
2025 USD-denominated Senior Notes (2015 Notes)	6.000%	63	571
2025 EUR-denominated Senior Notes (2015 Notes)	4.750%	82	737
2025 EUR-denominated Senior Notes (2017 Notes)	3.125%	104	944
2027 EUR-denominated Senior Notes (2015 Notes)	5.250%	27	245
2027 USD-denominated Senior Notes (2017 Notes)	5.125%	196	1,769
2028 USD-denominated Senior Notes (2018 Exchange Notes)	6.250%	55	496
2028 EUR-denominated Senior Notes (2018 Exchange Notes)	5.000%	151	1,364
2029 EUR-denominated Senior Notes (2017 Notes)	4.000%	89	801
Subtotal		1,119	10,111
Yen-denominated Subordinated Bonds			
1st series Unsecured Subordinated Corporate Bond	2.500%	361	3,260
2nd series Unsecured Subordinated Corporate Bond	2.500%	403	3,644
Subtotal		764	6,904
Yen-denominated Subordinated Bonds with interest deferrable clause and early redeemable option			
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) (Hybrid Bond)	3.000%	55	498
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) (Hybrid Bond)	3.000%	394	3,556
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) (Hybrid Bond)	3.500%	15	138
4th Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) (Hybrid Bond)	3.000%	176	1,585
Subtotal		640	5,778
SoftBank Group Corp. Total		4,746	42,865
SoftBank Corp.			
6th Unsecured Straight Bonds	0.36%	70	632
8th Unsecured Straight Bonds	0.35%	80	723
Other Unsecured Straight Bonds	0.10% - 0.58%	110	994
SoftBank Corp. Total		260	2,348
Z Holdings Corporation			
10th Straight Bond	0.04%	60	541
11th Straight Bond	0.18%	50	451
12th Straight Bond	0.37%	70	631
13th Straight Bond	0.46%	50	450
15th Straight Bond	0.35%	80	721
16th Straight Bond	0.60%	70	630
Other (JPY-denominated Straight Bonds)	0.17% - 0.90%	165	1,489
Z Holdings Total		544	4,914
Total		¥5,550	$50,127

(1) Japanese yen and U.S. dollar amounts have been translated, as applicable, at the rate of ¥110.71 = $1.00, the exchange rate prevailing as of March 31, 2021.

The table below summarizes all bonds the Company has issued as of March 31, 2021 that are treated as equity pursuant to IFRS.

Bonds	Interest Rate (% per annum)	Balance (billions of yen)(1)(2)	Balance (millions of dollars)(2)
SoftBank Group Corp. USD-denominated Perpetual Subordinated Hybrid Notes			
Undated Subordinated NC6 Resettable Notes	6.000%	¥304	$2,743
Undated Subordinated NC10 Resettable Notes	6.875%	193	1,745

(1) Japanese yen and U.S. dollar amounts have been translated, as applicable, at the rate of ¥110.71 = $1.00, the exchange rate prevailing as of March 31, 2021.

(2) Carrying amount measured at amortized costs pursuant to IFRS.

The table below summarizes all bonds we have issued since March 31, 2021.

Bond	Interest Rate (% per annum)	Principal Amount (billions of yen)	Principal Amount (millions of dollars)(1)
SoftBank Group Corp. Yen-denominated Subordinated Bond with interest deferrable clause and early redeemable option			
5th Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) (Hybrid Bond)	2.750%	¥405	$3,658
SoftBank Corp. Unsecured Straight Bonds			
11th Unsecured Straight Bonds	0.30%	35	316
12th Unsecured Straight Bonds	0.42%	30	271
13th Unsecured Straight Bonds	0.52%	35	316

(1) Japanese yen and U.S. dollar amounts have been translated, as applicable, at the rate of ¥110.71 = $1.00, the exchange rate prevailing as of March 31, 2021.

(2) The interest rate will be increased by 0.250% on a day which is 5 years after the issue date, by additional 0.050% (0.300% in total) on a day which is 20 years after the issue date and by additional 0.700% (1.000% in total) on a day which is 25 years after the issue date under a step-up interest provision.

The following table shows the scheduled redemptions for the total remaining bonds, including USD-denominated Perpetual Subordinated Hybrid Notes, issued by the Company for the periods indicated, as of the date of this offering memorandum:

Fiscal year ending March 31,	Total Principal Amount Due(1)(2)
	(billions of yen)
2022	¥1,222
2023(3)	426
2024(3)	841
2025(3)	542
2026(3)	1,021
2027(3)(4)	935
2028(3)	419
2029(3)	207
2030(3)	91
2031	—
2032	—
2033	—
2034	—

(1) Amounts correspond to the face amounts.

(2) In case of early redemption on the first call date of the Yen-denominated Hybrid Bonds and USD-denominated Hybrid Notes.

(3) Foreign Currency-denominated Bonds converted to Japanese yen by each swap rate. USD-denominated Hybrid Notes converted to Japanese yen at the rate of ¥110.71 = $1.00.

(4) Includes ¥405 billion of the Yen-denominated Hybrid Bonds issued in June 2021.

¥2,222 billion ($20,072 million) of Indebtedness Outstanding under Domestic Yen-denominated Unsecured Straight Bonds

We have issued domestic unsubordinated Yen-denominated unsecured bonds (the "Yen-denominated Senior Bonds"), which are senior, unsecured obligations of the Company and rank *pari passu* with all other outstanding unsecured, unsubordinated obligations of the Company.

These bonds contain terms that are customary for these types of securities issued by Japanese companies in Japan. However, we note the 48th, 51st, 53rd, 55th and 56th series Yen-denominated Senior Bonds contain a financial covenant requiring that the Company's net assets on a stand-alone basis must be at least ¥369.8 billion ($3,340 million) at the end of each fiscal year. These bonds contain various events of default, including those relating to the non-payment of principal or interest, cross-acceleration of other indebtedness in excess of specified thresholds and insolvency events. Upon the occurrence of an event of default, holders of the bonds are immediately entitled to redeem the bonds on all amounts due.

In July 2020, the Company accepted and settled tender offers of ¥84 billion ($755 million) in aggregate principal amount of the Yen-denominated Senior Bonds pursuant to the program to sell or monetize ¥4.5 trillion of assets announce in March 2020. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets."

As of March 31, 2021, the aggregate outstanding indebtedness under the Yen-denominated Senior Bonds was ¥2,222 billion ($20,072 million) (measured at amortized costs pursuant to IFRS).

¥1,119 billion ($10,111 million) of Indebtedness Outstanding under Foreign Currency-denominated Unsecured Senior Notes

We have issued foreign currency-denominated senior notes (the "Foreign Currency-denominated Bonds"), which are senior, unsecured obligations of the Company and rank *pari passu* with all other outstanding unsecured, unsubordinated obligations of the Company. The Foreign Currency-denominated Bonds were initially guaranteed by SoftBank Corp. on a senior, unsecured basis, ranking *pari passu* with all other outstanding unsecured, unsubordinated obligations of SoftBank Corp. In November 2018, such guarantee by SoftBank Corp. was released.

On March 10, 2021, the Company completed the settlement of its tender offers and consent solicitation with respect to the Foreign Currency-denominated Bonds. Pursuant to the tender offers, the Company accepted and settled tender offers of approximately $978 million in aggregate principal amount of USD-denominated Foreign Currency-denominated Bonds and approximately €898 million in aggregate principal amount of Euro-denominated Foreign Currency-denominated Bonds. Pursuant to the consent solicitation, the Company obtained consents from holders of a majority in aggregate principal amount of the Foreign Currency-denominated Bonds outstanding, and amended certain covenants of the indentures governing the remaining outstanding Foreign Currency-denominated Bonds, including, among others, terms restricting the making of restricted payments from the proceeds of asset sales.

The Foreign Currency-denominated Bonds contain restrictive covenants that limit our ability to, among other things: (i) incur secured indebtedness, (ii) guarantee the indebtedness of our subsidiaries and other non-subsidiary affiliates and (iii) use proceeds from asset sales to make restricted payments, unless our Company LTV ratio is equal to or less than 25% or the aggregate restricted payments do not exceed $20 billion since February 8, 2021.

Upon the occurrence of a change of control triggering event, the Company would be required to make an offer to repurchase all outstanding Foreign Currency-denominated Bonds at a purchase price equal to 100% of their principal amount *plus* any accrued and unpaid interest.

The Foreign Currency-denominated Bonds are redeemable by the Company at any time prior to maturity at a redemption price equal to 100% of the outstanding principal amount, with accrued and unpaid interest *plus* a "make-whole" premium.

As of March 31, 2021, the aggregate outstanding indebtedness under the Foreign Currency-denominated Bonds was ¥1,119 billion ($10,111 million) (measured at amortized costs pursuant to IFRS).

¥764 billion ($6,904 million) of Indebtedness Outstanding under Domestic Yen-denominated Unsecured Subordinated Bonds

We have issued domestic Yen-denominated unsecured subordinated bonds (the "Domestic Subordinated Bonds") at 2.500% coupon per annum, which are direct, unsecured obligations of the Company and contractually subordinated to all existing and future debt except for debt equal or subordinated to the Domestic Subordinated Bonds.

In July 2020, the Company accepted and settled tender offers of ¥84 billion ($759 million) in aggregate principal amount of the Domestic Subordinated Bonds pursuant to the program to sell or monetize ¥4.5 trillion of assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Completion of a Program to Sell or Monetize ¥4.5 Trillion of Assets."

As of March 31, 2021, the aggregate outstanding indebtedness under these Domestic Subordinated Bonds was ¥764 billion ($6,904 million) (measured at amortized costs pursuant to IFRS).

¥640 billion ($5,778 million) of Indebtedness Outstanding under Domestic Yen-denominated Unsecured Hybrid Bonds with Interest Deferral and Early Redemption Clauses

In September 2016, we issued three series of unsecured subordinated bonds with interest deferral and early redemption clauses (the "Yen-denominated Hybrid Bonds"), with two series due 2041 and one series due 2043. In February 2021, we issued another series of the Yen-denominated Hybrid Bonds due 2056 (callable in 2026) in order to refinance a part of the outstanding principal amount of the Yen-denominated Hybrid Bonds issued in 2016 which will become callable in September 2021. The Yen-denominated Hybrid Bonds are subordinated to all existing and future debt, including the Domestic Subordinated Bonds, except for debt equal or subordinated to the Yen-denominated Hybrid Bonds.

As of March 31, 2021, the aggregate outstanding indebtedness under these Yen-denominated Hybrid Bonds was ¥640 billion ($5,778 million) (measured at amortized costs pursuant to IFRS). The Yen-denominated Hybrid Bonds, other than the remaining outstanding amount of the Yen-denominated Hybrid Bonds issued in 2016 which will become callable in September 2021 and are expected to be redeemed, have been assigned 50% equity credit from both S&P and JCR.

In June 2021, we issued another series of the Yen-denominated Hybrid Bonds due 2056 (callable in 2026) with an aggregate principal amount of ¥405 billion ($3,658 million) in order to mainly refinance a part of the outstanding amount of the Yen-denominated Hybrid Bonds issued in 2016 which will become callable starting in September 2021 and a part of the outstanding amount of the Domestic Subordinated Bonds which will become due in December 2021.

¥497 billion ($4,488 million) of Indebtedness Outstanding under USD-denominated Perpetual Subordinated Hybrid Notes

In July 2017, we issued the Hybrid Notes, which consisted of $2.75 billion in USD-denominated Undated Subordinated NC6 Resettable Notes and $1.75 billion in USD-denominated Undated Subordinated NC10 Resettable Notes. The Hybrid Notes are classified as equity instruments in accordance with IFRS because we have the option to defer interest payments, they have no maturity date, their payment priority in the event of bankruptcy is subordinated to senior indebtedness, and other factors. They are recorded as equity in the Company's consolidated financial statements. The Hybrid Notes have been assigned 50% equity credit from both S&P and JCR.

¥260 billion ($2,348 million) of Indebtedness Outstanding under Yen-denominated Unsecured Straight Bonds issued by SoftBank Corp.

As of March 31, 2021, the aggregate outstanding indebtedness under Yen-denominated unsecured bonds issued by SoftBank Corp. was ¥260 billion ($2,348 million) (measured at amortized costs pursuant to IFRS).

In June 2021, SoftBank Corp. issued three additional series of the Yen-denominated unsecured bonds with an aggregate principal amount of ¥100 billion ($903 million).

Lease Liabilities

The amount of our consolidated lease liabilities as of March 31, 2021 was ¥1,035 billion ($9,349 million). The weighted average interest rate for the lease liabilities as of March 31, 2021 was 1.53% and their due dates ranged from April 2021 to March 2051.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this Description of the Notes can be found under the subheading "*Certain Definitions*." In this Description of the Notes, the term the "*Company*" refers only to SoftBank Group Corp. and not to any of its Subsidiaries.

The Company will issue $550,000,000 aggregate principal amount of its 3 1⁄8% Senior Notes due 2025 denominated in U.S. dollars (the *"2025 Dollar Notes*"), $800,000,000 aggregate principal amount of its 4% Senior Notes due 2026 denominated in U.S. dollars (the "*2026 Dollar Notes*"), $1,000,000,000 aggregate principal amount of its 4 5⁄8% Senior Notes due 2028 denominated in U.S. dollars (the *"2028 Dollar Notes*") and $1,500,000,000 aggregate principal amount of its 5¼% Senior Notes due 2031 denominated in U.S. dollars (the "*2031 Dollar Notes*," and together with the 2025 Dollar Notes, the 2026 Dollar Notes and the 2028 Dollar Notes, the "*Dollar Notes*"), and €750,000,000 aggregate principal amount of its 2 1⁄8% Senior Notes due 2024 denominated in euro (the *"2024 Euro Notes*"), €800,000,000 aggregate principal amount of its 2 7⁄8% Senior Notes due 2027 denominated in euro (the *"2027 Euro Notes*"), €800,000,000 aggregate principal amount of its 3 3⁄8% Senior Notes due 2029 denominated in euro (the *"2029 Euro Notes*") and €600,000,000 aggregate principal amount of its 3 7⁄8% Senior Notes due 2032 denominated in euro (the *"2032 Euro Notes*," and together with the 2024 Euro Notes, the 2027 Euro Notes and the 2029 Euro Notes, the "*Euro Notes*," and, together with the Dollar Notes, the "*Notes*") under an indenture (the "*Indenture*"), to be dated as of the Issue Date, among the Company, The Bank of New York Mellon, London Branch, as trustee (the "*Trustee*") and as paying agent, and The Bank of New York Mellon SA/NV, Dublin Branch, as transfer agent and registrar, in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. Holders of the Notes will not be entitled to any registration rights. See "*Notice to Investors*."

The following description is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety. The Indenture, and not this description, defines the rights of holders of the Notes. Copies of the Indenture are available for inspection at the corporate trust office of the Trustee at One Canada Square, London E14 5AL, United Kingdom. Certain defined terms used in this description but not defined below have the meanings assigned to them in the Indenture. The Indenture is not required to be nor will it be qualified under and will not be subject to the U.S. Trust Indenture Act.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes will:

- be general unsecured obligations of the Company;
- in insolvency proceedings of the Company, rank *pari passu* in right of payment with all existing and future Indebtedness of the Company (including the Senior Term Loan, the Existing Senior Notes, any drawings under the Commitment Line and the Company's unsubordinated Yen-denominated bonds), except that the Notes will:
    - rank senior in right of payment to all existing and future Indebtedness of the Company that is contractually subordinated in right of payment to the Notes and all existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes by operation of law (including the Yen-denominated hybrid loan, the Company's subordinated Yen-denominated bonds, the Yen-denominated hybrid bonds and the USD-denominated perpetual subordinated hybrid notes); and
    - be subordinated in right of payment to all existing and future Indebtedness of the Company that is preferred by operation of law;
- be effectively subordinated to any existing and future Indebtedness of the Company that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness, through either enforcement of such Indebtedness outside insolvency proceedings or preferred treatment of such Indebtedness in insolvency proceedings; and
- be effectively subordinated to all existing and future Indebtedness, lease obligations or other obligations and any trade payables of any Subsidiary of the Company that does not Guarantee the Notes (including the substantial financial liabilities outstanding under the corporate bonds issued, and loan facilities utilized, by SoftBank Corp. and Asset Finance Indebtedness and Asset-backed Derivative Obligations incurred by Subsidiaries of the Company).

See "Risk Factors—Risks Relating to the Notes—The Notes are unsecured obligations and will be effectively subordinated to the existing and future secured indebtedness of the Company and its subsidiaries. We *and our subsidiaries may in the future incur substantial amounts of secured debt."; "Risk Factors—Risks Relating to the Notes—The Notes will be structurally subordinated to any existing or future indebtedness, preferred stock and other liabilities of our subsidiaries."; "Risk Factors—Risks Relating to the Notes—Enforcement of claims on the Notes will be subject to certain limitations arising under Japanese insolvency and corporate laws. Japanese laws may be different from, and not as favorable to you as, the laws in other jurisdictions."; and "Description of Other Indebtedness."*

Note Guarantees

The Notes will benefit from no guarantee as of the Issue Date. Subsidiaries of the Company may be required to Guarantee the Notes in the future under certain circumstances. See "—Certain Covenants—Subsidiary Guarantees of Indebtedness."

Each future Guarantee of the Notes (a "*Note Guarantee*") of a Note Guarantor, if any, will:

- be a general unsecured obligation of such Note Guarantor;
- in insolvency proceedings of such Note Guarantor, rank *pari passu* in right of payment with all existing and future Indebtedness of such Note Guarantor, except that the Note Guarantee will:
  - rank senior in right of payment to all existing and future Indebtedness of such Note Guarantor that is contractually subordinated in right of payment to the Note Guarantee and all existing and future Indebtedness of such Note Guarantor that is subordinated in right of payment to the Note Guarantee by operation of law; and
  - be subordinated in right of payment to all existing and future Indebtedness of such Note Guarantor that is preferred by operation of law;
- be effectively subordinated to any existing and future Indebtedness of such Note Guarantor that is secured by property or assets that do not secure the Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness through either enforcement of such Indebtedness outside insolvency proceedings or preferred treatment of such Indebtedness in insolvency proceedings; and
- be effectively subordinated to all existing and future Indebtedness or other obligations, including any trade payables, of any Subsidiary of such Note Guarantor that does not Guarantee the Notes.

Non-Guarantor Subsidiaries

Substantially all of the operations of the Company are conducted through its Subsidiaries and, therefore, the Company depends on the proceeds of asset monetizations and refinancings, together with the cash flows of its Subsidiaries, to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all existing and future Indebtedness, lease obligations or other obligations and any trade payables of all Subsidiaries of the Company (the "*Non-Guarantor Subsidiaries*") that do not Guarantee the Notes (including the substantial financial liabilities outstanding under the corporate bonds issued, and loan facilities utilized, by SoftBank Corp. and Asset Finance Indebtedness and Asset-backed Derivative Obligations incurred by Subsidiaries of the Company). Any right of the Company to receive assets of any of its Non-Guarantor Subsidiaries upon such Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that Non-Guarantor Subsidiary's creditors, except to the extent that the Company is itself recognized as a creditor of the Non-Guarantor Subsidiary, in which case the claims of the Company may be effectively subordinated in right of payment to any security in the assets of the Non-Guarantor Subsidiary and any Indebtedness of such Subsidiary senior to that held by the Company. See "Risk Factors—Risks Relating to the Notes—Our corporate structure may affect your ability to receive payment on the Notes."; "Risk Factors—Risks Relating to the Notes—The Notes will be structurally subordinated to any existing or future indebtedness, preferred stock and other liabilities of our subsidiaries."; and "Risk Factors—Risks Relating to the Notes—Enforcement of claims on the Notes will be subject to certain limitations arising under Japanese insolvency and corporate laws. Japanese laws may be different from, and not as favorable to you as, the laws in other jurisdictions."

Principal, Maturity and Interest

The Indenture will be unlimited in aggregate principal amount. The Company will issue \$3,850,000,000 in aggregate principal amount of Dollar Notes and €2,950,000,000 in aggregate principal amount of Euro Notes in this offering. The Company may issue additional Dollar Notes ("*Additional Dollar Notes*") or additional Euro Notes ("*Additional Euro Notes*", together with the Additional Dollar Notes, the "*Additional Notes*") under the Indenture from time to time after this offering. Any Additional Notes will be of the same or different series as the Dollar Notes or the Euro Notes initially issued in this offering and will have substantially identical terms to the initial Dollar Notes or the Euro Notes, except for such other terms as may be specifically distinguished in an officer's certificate. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "*Notes*" include any Additional Notes that are actually issued and references to each series of Notes include any Additional Notes of the same series that are issued. The Notes and any Additional Notes will be treated as a single class for all purposes of the Indenture, including, without limitation, certain waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture.

The Company will issue the Dollar Notes in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof and the Euro Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The 2025 Dollar Notes will mature on January 6, 2025, the 2026 Dollar Notes will mature on July 6, 2026, the 2028 Dollar Notes will mature on July 6, 2028 and the 2031 Dollar Notes will mature on July 6, 2031. The 2024 Euro Notes will mature on July 6, 2024, the 2027 Euro Notes will mature on January 6, 2027, the 2029 Euro Notes will mature on July 6, 2029 and the 2032 Euro Notes will mature on July 6, 2032.

Interest on the 2025 Dollar Notes will accrue at the rate of 3⅛% per annum, interest on the 2026 Dollar Notes will accrue at the rate of 4% per annum, interest on the 2028 Dollar Notes will accrue at the rate of 4⅝% per annum, interest on the 2031 Dollar Notes will accrue at the rate of 5¼% per annum, interest on the 2024 Euro Notes will accrue at the rate of 2⅛% per annum, interest on the 2027 Euro Notes will accrue at the rate of 2⅞% per annum, interest on the 2029 Euro Notes will accrue at the rate of 3⅜% per annum and interest on the 2032 Euro Notes will accrue at the rate of 3⅞% per annum and, in each case, will be payable semi-annually in arrears on January 6 and July 6 in each year, commencing on January 6, 2022.

The Company will make each interest payment, to the extent that Notes are represented by Global Notes, to the holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant payment date. The rights of holders to receive the payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream.

Methods of Receiving Payments on the Notes

The Notes will be issued in the form of one or more registered notes in global form (the "*Global Notes*"). Principal, interest and premium, if any, and Additional Amounts, if any, on the Global Notes will be payable by a wire transfer of immediately available funds to the account specified by the common depositary for Euroclear and/or Clearstream or its nominee.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Paying Agent, Registrar and Transfer Agent for the Notes

The Company will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London. The Bank of New York Mellon, London Branch will initially act as Paying Agent in London.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive notes in registered form ("*Definitive Registered Notes*"), the Company will appoint and maintain a paying agent in Singapore, and an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Registered Notes and the details of the paying agent in Singapore.

The Bank of New York Mellon SA/NV, Dublin Branch will initially act as Registrar (the "*Registrar*").

The Bank of New York Mellon SA/NV, Dublin Branch will initially act as a transfer agent in Luxembourg. The Company may change the Paying Agent, the Transfer Agent or the Registrar without prior notice to the holders of the Notes, and the Company or any of its Subsidiaries may act as paying agent, transfer agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders of the Notes will be required to pay all taxes due on transfer. Neither the Registrar, Transfer Agent nor the Company will be required to register the transfer or exchange of any Notes:

- during a period beginning at the opening of business on the Clearing System Business Day (to the extent that Notes are represented by Global Notes) or at the opening business on the 15th day (to the extent that Notes are represented by Definitive Registered Notes) prior to (i) the day fixed for the redemption of the Notes or (ii) the day fixed for selection of Notes to be redeemed in part, and ending at the close of business on the day of such redemption or selection;
- selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part;
- between a record date and the next succeeding interest payment date; or
- that the registered holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer.

During the 40-day "distribution compliance period" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act), book-entry interests in the Notes may be transferred only to non-U.S. persons as defined under Regulation S.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfer of interests in Global Notes, see "*Book-Entry, Delivery and Form*."

Additional Amounts

All payments made by or on behalf of the Company under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any Note Guarantor with respect to its Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any withholding, deduction or imposition for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which the Company or Note Guarantor (including any Successor Entity), is then incorporated, engaged in business or resident for tax purposes, or any political subdivision thereof or therein or any jurisdiction from or through which payment is made (each, a "*Tax Jurisdiction*"), will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or any Note Guarantor with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Company or any Note Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments (including Additional Amounts) after such withholding, deduction, or imposition will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding, deduction or imposition; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the holder or beneficial owner of the Notes being a citizen, resident or national of, incorporated in or carrying on a business, in the relevant Tax Jurisdiction in which such Taxes are imposed, other than by the mere holding of such Note, enforcement of rights thereunder, the receipt of payments in respect thereof or any other connection with respect to the Notes;

(2) any Taxes imposed or withheld as a result of the failure of the holder or beneficial owner of the Notes to comply with any written request, made to the relevant holder in writing at least 90 days before any such withholding or deduction would be payable, by the Company or a Note Guarantor to provide timely or accurate information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid or timely declaration or similar claim or satisfy any certification information or other reporting requirement applicable to such holder or beneficial owner (to the extent such holder or beneficial owner is legally eligible to do so), which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Note presented for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any estate, inheritance, gift, sale, transfer, personal property or similar tax or assessment;

(5) any Note presented for payment by or on behalf of a holder who is an individual non-resident of Japan or a non-Japanese corporation and is liable for such Taxes in respect of such Notes by reason

of its (a) having some connection with Japan, other than the mere holding of such Notes, enforcement of rights thereunder, the receipt of payments in respect thereof or any other connection with respect to the Notes or (b) being a Specially-Related Person of the Company);

(6) any Note presented for payment by or on behalf of a holder of the Notes who would otherwise be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide certain information prescribed by the Special Taxation Measures Act to enable a participant of a depositary or financial intermediary through which the Notes are held (a "*Participant*") to establish that such beneficial owner is exempted from the requirement for Japanese taxes to be withheld or deducted (the "*Interest Recipient Information*");

(7) any Note presented for payment by or on behalf of a holder of the Notes who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (a) a designated Japanese financial institution within certain categories as prescribed by the Special Taxation Measures Act (a "*Designated Financial Institution*"), which complies with the requirement to provide Interest Recipient Information or to submit a written application for tax exemption and (b) an individual resident of Japan or a Japanese corporation that duly notifies (directly or through the Participant or otherwise) the Paying Agent of its status as exempt from Taxes to be withheld or deducted by the Company by reason of such individual resident of Japan or Japanese corporation receiving interest on the Notes through a payment handling agent in Japan appointed by it);

(8) any Taxes that are imposed under FATCA; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and each Note Guarantor (including any Successor Entities thereof) will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies or Taxes which are levied by any Tax Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture, any Note Guarantee, or any other document or instrument referred to therein.

If the Company or any Note Guarantor becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Company or the relevant Note Guarantor, as the case may be, will deliver to the Trustee, copied to the Paying Agent, on a date at least 30 days prior to the date of payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Company or the relevant Note Guarantor, as the case may be, shall notify the Trustee promptly thereafter) an officers' certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers' certificate must also set forth any other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to holders of the Notes on the relevant payment date. The Company or the relevant Note Guarantor, as the case may be, will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee, will be entitled to rely solely on such officers' certificate as conclusive proof that such payments are necessary.

The Company or the relevant Note Guarantor, as the case may be, will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Note Guarantor, as the case may be, will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Note Guarantor, as the case may be, will furnish to the holders of the Notes, within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or the relevant Note Guarantor, as the case may be, or if, notwithstanding the Company's or the relevant Note Guarantor's efforts to obtain receipts, receipts are not obtained, other evidence of payments by the Company or the relevant Note Guarantor, as the case may be.

Whenever the Indenture or this "*Description of the Notes*" mentions the payment of amounts based on the principal amount, interest of any other amount payable under, or with respect to, any of the Notes, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any Successor Entity is organized or resident (or deemed resident) for tax purposes.

Where the Notes are held through a Participant, in order to receive payments free of withholding or deduction by the Company for, or on account of Taxes, if the relevant holder is, in accordance with the Special

Taxation Measures Act, (A) an individual non-resident of Japan or a non-Japanese corporation (other than a Specially-Related Person of the Company) or (B) a Designated Financial Institution, such holder shall, at the time of entrusting a Participant with the custody of the Notes, provide the Interest Recipient Information and advise the Participant if the holder of the Notes ceases to be so exempted (including the case where the holder who is an individual non-resident of Japan or a non-Japanese corporation becomes a specially-related person of the Company).

Where the Notes are not held by a Participant, in order to receive payments free of withholding or deduction by the Company for, or on account of, Taxes, if the relevant holder is (A) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of the Company) or (B) a Designated Financial Institution, such holder shall, prior to each time on which it receives interest, submit to the Paying Agent a written application for tax exemption in a form obtainable from the Paying Agent stating the name and address of the holder of the Notes, the title of the Notes, the relevant interest payment date, the amount of interest and the fact that the holder is qualified to submit the written application for tax exemption, together with documentary evidence regarding its identity and residence. If the relevant beneficial owner of Notes provides the Paying Agent with the information required to be stated in a written application for tax exemption in an electronic form prescribed by the Special Taxation Measures Act, such beneficial owner of such Notes will be deemed to have submitted a Written Application for Tax Exemption to the Paying Agent.

Redemption for Changes in Taxes

The Company or any Note Guarantor may redeem any series of Notes, in whole but not in part, at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of such series of Notes (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and Notice*") and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Company has or would be required to pay Additional Amounts, and the Company cannot avoid any such payment obligation by taking reasonable measures available to it (including by changing the jurisdiction of the Paying Agent), as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction affecting taxation which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of the Indenture (or, if the relevant Tax Jurisdiction has changed since the date of the Indenture, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture); or

(2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation has not been publicly announced as formally proposed before and becomes effective on or after the date of the Indenture (or, if the relevant Tax Jurisdiction has changed since the date of the Indenture, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture).

The Company or such Note Guarantor will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Company would be obligated to make such payment or withholding if a payment in respect of such Notes were then due. Notwithstanding the foregoing, neither the Company nor the Note Guarantors may redeem any series of Notes under this provision if the relevant Tax Jurisdiction changes under the Indenture and the Company is obligated to pay any Additional Amounts with respect to such Notes as a result of a change in, or an amendment to, the laws (or any regulations or rulings promulgated thereunder), or any change in or amendment to, any official position regarding the application, administration or interpretation of such laws, regulations or rules, of the then current Tax Jurisdiction which, at the time such Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture, was publicly announced as formally proposed.

Prior to the publication or, where relevant, mailing of any notice of redemption of any series of Notes pursuant to the foregoing, the Company will deliver to the Trustee an officers' certificate and opinion of counsel, the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld), to the effect that there has been such change or amendment which would entitle the Company or such Note Guarantor to redeem such Notes hereunder and the Company cannot avoid any obligation to pay Additional Amounts by taking reasonable measures available to it. The Trustee will accept such officers' certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on holders of the Notes.

Optional Redemption

At any time prior to the date that is 90 days prior to the final maturity date of the Notes of any series, the Company or any Note Guarantor may on any one or more occasions redeem all or a part of such series of Notes, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant interest payment date.

At any time on or after the date that is 90 days prior to the final maturity date of the Notes of any series, the Company or any Note Guarantor may on any one or more occasions redeem all or a part of the Notes of such series, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the two preceding paragraphs, as set forth above under "*—Redemption for Changes in Taxes*" or as set forth in the ninth paragraph under "*—Repurchase at the Option of Holders upon a Change of Control Triggering Event*," the Notes will not be redeemable at the Company's option prior their final maturity date.

Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

The Company and its Subsidiaries shall also be entitled at their option, at any time and from time to time, to purchase the Notes or derivative instruments related thereto in privately negotiated or open market transactions, by tender offer or otherwise.

Tender Offers

In connection with any tender offer for any series of Notes (including, without limitation, any Change of Control Offer), if Holders of the Notes of such series of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Company, or any third party making such a tender offer in lieu of the Company, purchases all of the Notes of such series validly tendered and not withdrawn by such Holders, all of the holders of the Notes of such series will be deemed to have consented to such tender or other offer. Accordingly, the Company or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), following such purchase at a price equal to the price (excluding any early tender fee) offered to each other Holder of Notes in such tender offer, *plus*, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of any series have validly tendered and not validly withdrawn such Notes in a tender offer, Notes owned by the Company or its Affiliates or by funds controlled or managed by any Affiliate of the Company, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer and, if owned by the Company, to have been validly tendered therein and not withdrawn.

Selection and Notice

If less than all of the Notes (or any series of Notes) are to be redeemed, the Notes will be selected for redemption as follows: (i) if the Notes are listed on any securities exchange and/or being held through the clearing systems, in compliance with the requirements of the securities exchange on which the Notes are then listed, and/or the requirements of the clearing systems, as applicable; or (ii) if the Notes are not listed on any securities exchange and/or held through the clearing systems, on a *pro rata* basis or by lot or such other method as the Trustee may determine in its sole and absolute discretion, unless otherwise required by law.

No Dollar Note in the principal amount of $200,000 or less and no Euro Note in the principal amount of €100,000 or less can be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, redemption will be effected in accordance with the procedures of the relevant clearing system (including by application of a pool factor) or an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

Any redemption and notice of redemption of Notes may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If requested in writing by the Company, which request may be included in the applicable notice of redemption, the Trustee or the Paying Agent (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited with the Trustee or the Paying Agent (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) to the Holders prior to the applicable redemption date, *provided, however*, that Holders shall have received at least three Business Days' notice from the Company of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders upon a Change of Control Triggering Event

If a Change of Control Triggering Event occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (in case of Dollar Notes, equal to $200,000 or an integral multiple of $1,000 in excess thereof and in case of Euro Notes, equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to an offer described below (the "*Change of Control Offer*") and on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment (the "*Change of Control Payment*") in cash equal to 100% of the aggregate principal amount of Notes repurchased, *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following any Change of Control Triggering Event, the Company will provide notice to the Trustee and each holder describing the events that constitute the Change of Control Triggering Event and offering to repurchase Notes on a date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is given, pursuant to the procedures required by the Indenture and described in such notice. The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Change of Control has occurred or to monitor the occurrence of any Change of Control, and shall not be liable to the holders of the Notes or any other person for not doing so.

The Company will comply with the requirements of relevant securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent or a tender agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee an officer's certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Company in the Change of Control Offer;

(4) in the case of Global Notes, unless notation of the purchase of Notes is to be effected in accordance with the procedures of the relevant clearing system, deliver, or cause to be delivered, to the Paying Agent the Global Notes, in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Company; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Company.

If any Definitive Registered Notes have been issued, the Paying Agent or the tender agent will promptly pay to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Company, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Redemption for Changes in Taxes" or "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The phrase "all or substantially all" relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of the properties or assets of the Company and its Subsidiaries taken as a whole has no precise established definition under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain. The sale, lease, conveyance, assignment, transfer, or other disposition by the Company and/or any of its Subsidiaries, in any single transaction or series of related transactions, whether direct or indirect, of (i) any Capital Stock of, or other Equity Interests or securities issued by, any member of the Alibaba Group; (ii) interests in SoftBank Vision Fund L.P. or any portfolio assets thereof; or (iii) any investment assets controlled by the Company or a Subsidiary of the Company in its capacity as general partner of any fund or interests in any such fund, in each case, will not be deemed a sale or disposition of all or substantially all of the properties or assets of the Company.

The agreements governing the Company's other Indebtedness contain, and future agreements may contain, prohibitions of certain events, including events that would constitute a Change of Control. The exercise by the holders of the Notes of their right to require the Company to repurchase the Notes upon a Change of Control could cause a default under these other agreements, even if the Change of Control itself does not, due to the financial effect of such repurchases on the Company. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of its other lenders to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain a consent or repay those borrowings, the Company will remain prohibited from purchasing Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other indebtedness. Furthermore, the Company's ability to pay cash to the holders of the Notes upon a repurchase may be limited by the Company's then existing financial resources. See "*Risk Factors—Risks Relating to the Notes—We may not have sufficient funds to repurchase the Notes upon a Change of Control Triggering Event and certain strategic transactions may not constitute a Change of Control Triggering Event*."

Certain Covenants

Anti-Layering

The Company will not incur any Indebtedness that is contractually subordinated in right of payment to any of its other Indebtedness unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms.

No Note Guarantor will incur any Indebtedness that is contractually subordinated in right of payment to any of its other Indebtedness unless such Indebtedness is also contractually subordinated in right of payment to its Note Guarantee on substantially identical terms.

For the purposes of this covenant, no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or such Note Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Negative Pledge

None of the Company or any Note Guarantor will create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing any Relevant Indebtedness upon any of its property or assets, now owned or hereafter acquired (an "*Initial Lien*"), unless:

(1) all payments due under the Notes or the relevant Note Guarantees, as applicable, are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer so secured; or

(2) such Initial Lien is a Permitted Lien.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding paragraph shall be automatically and unconditionally released and discharged under any one or more of the following circumstances:

(a) upon the release and discharge of the Initial Lien to which it relates;

(b) upon full and final payment of the Notes and performance of all obligations of the Company and any Note Guarantors under the Indenture and the Notes, as provided under "*—Satisfaction and Discharge*";

(c) upon a Note Guarantor that has granted such Liens becoming a Non-Guarantor Subsidiary or any Note Guarantee provided by such Note Guarantor being otherwise discharged or terminated, in either case pursuant to the terms of the Indenture;

(d) upon the sale or other disposition of the assets which are subject to such Liens (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction), the Company or an Affiliate of the Company, if such sale or other disposition does not violate the covenant described under "*—Distributions of Proceeds of Asset Sales*";

(e) upon legal or covenant defeasance in accordance with the provisions described under "*—Legal Defeasance and Covenant Defeasance*"; or

(f) as described under the caption " *—Amendment, Supplement and Waiver.*"

Upon any occurrence giving rise to a release and discharge of a Lien created for the benefit of the holders of the Notes pursuant to this covenant, as specified in this paragraph, the Trustee, subject to receipt of an officers' certificate and an opinion of counsel certifying that the event or circumstance in question has occurred and such release of Lien complies with the Indenture and all conditions precedent to the release of such Liens have been satisfied, will execute any documents reasonably requested by the Company in order to evidence or effect such release and discharge in respect of such Lien.

Permitted Third Party Guarantees

None of the Company or any Note Guarantor will make any Third Party Guarantee if, on the date of incurrence of any Third Party Guarantee, after giving *pro forma* effect thereto, the aggregate Guaranteed principal amount (or deemed amount, in the case of Attributable Debt) under all Third Party Guarantees then outstanding (expressed in the Account Currency Equivalent) exceeds the greater of ¥800 billion or 10.0% of the Company's Consolidated Net Tangible Assets.

The accrual of interest or preferred stock dividends on any Indebtedness or Disqualified Stock that is Guaranteed under a Third Party Guarantee, the accretion or amortization of original issue discount on any Indebtedness or Disqualified Stock that is Guaranteed under a Third Party Guarantee, the payment of interest on any Indebtedness that is Guaranteed under a Third Party Guarantee in the form of additional Indebtedness with the same terms, the reclassification of any preferred stock or other liability as Indebtedness that is Guaranteed under a Third Party Guarantee due to a change in accounting principles and the payment of dividends on preferred stock or Disqualified Stock that is Guaranteed under a Third Party Guarantee in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of additional Third Party Guarantees for purposes of this covenant.

Subsidiary Guarantees of Indebtedness

The Company will not permit any of its Non-Guarantor Subsidiaries, directly or indirectly, to Guarantee any Indebtedness of the Company or a Note Guarantor unless such Non-Guarantor Subsidiary simultaneously executes and delivers a supplemental indenture providing for a Note Guarantee by such Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Subsidiary's Guarantee of such other Indebtedness.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Subsidiary to Guarantee the Notes to the extent that such Note Guarantee by such Subsidiary would give rise to or result in a violation of applicable law or any liability for the officers, directors or shareholders of such Subsidiary which, in any case, cannot be prevented or otherwise avoided through measures available to the Company or such Subsidiary.

Automatic Release of Note Guarantees

The Note Guarantee of any Note Guarantor will automatically and unconditionally be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of such Note Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Subsidiary of the Company;

(2) in connection with any sale or other disposition of all of the Capital Stock of such Note Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or another Subsidiary of the Company;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and Discharge*;" or

(4) as a result of a transaction permitted by "*—Merger or Consolidation*."

Optional Release of Note Guarantees

Except as provided below, the Company may at any time unconditionally release the Note Guarantee of any Note Guarantor, if:

(1) such release will not cause or result in a Default or an Event of Default;

(2) (i) immediately after such release, such Note Guarantor will no longer Guarantee any Indebtedness of the Company or a Note Guarantor or (ii) the Company delivers to the Trustee an officers' certificate stating (a) that such Note Guarantor's Guarantee of any Existing Senior Notes outstanding at such time will be released in accordance with the relevant Existing Senior Notes Indentures substantially concurrently with the release of its Note Guarantee and (b) that, upon the release of such Note Guarantor's Guarantee of any outstanding Existing Senior Notes and the Note Guarantee, such Note Guarantor will no longer Guarantee any Indebtedness of the Company or any Note Guarantor; and

(3) any Third Party Guarantees of Indebtedness of such Note Guarantor outstanding at the time of such release (which will be deemed to have been incurred at the time of such release) would be permitted to be incurred at such time pursuant to the covenant described under "*—Permitted Third Party Guarantees*."

Distributions of Proceeds of Asset Sales

The Company will not, and will not permit any of its Subsidiaries to:

(1) pay any dividend or make any other payment or distribution on account of the Company's or any of its Subsidiaries' Equity Interests or to the direct or indirect holders of the Company's or any of its Subsidiaries' Equity Interests in their capacity as such (other than a payment or distribution by a Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis); or

(2) purchase, redeem or otherwise acquire for value any Equity Interests of the Company or any direct or indirect parent of the Company,

in each case using the Net Proceeds from any Asset Sale (each such payment, distribution, purchase, redemption or acquisition for value, a "*Restricted Payment*") unless, at the time of such Restricted Payment, no Default or Event of Default of the type specified in clauses (1) or (2) under "*—Events of Default and Remedies*" has occurred and is continuing and either:

(x) after giving pro forma effect to such Restricted Payment, the Company LTV Ratio would not exceed 1.0 to 4.0; or

(y) such Restricted Payment, when aggregated with all other Restricted Payments made since the Issue Date under this clause (y), does not exceed the Dollar Equivalent of $20.0 billion.

Merger or Consolidation

The Company

The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving Person), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized and existing under the laws of Japan, any jurisdiction which is at the Issue Date or at any time thereafter a member state of the European Union, the United Kingdom, Switzerland, the United States, any state of the United States or the District of Columbia, Singapore, the Cayman Islands, Jersey, Guernsey, Hong Kong or the British Virgin Islands;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Notes and the Indenture (pursuant to a supplemental indenture) and under any security documents providing for Liens for the benefit of holders of the Notes in accordance with the covenant described under "*—Negative Pledge*" (pursuant to customary agreements reasonably satisfactory to the Trustee);

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each to the effect that such consolidation, merger, sale, assignment, transfer, conveyance or other disposition and such supplemental indenture (if any) comply with the Indenture and an opinion of counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Company, the surviving Person (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an opinion of counsel, counsel may rely on an officers' certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above, and *provided*, *further*, that no such certificate and opinion of counsel shall be required in connection with (i) the Company consolidating with, merging into or selling, assigning, transferring, leasing, conveying or otherwise disposing of all or part of its properties and assets to any Subsidiary that is a Note Guarantor, or (ii) the Company consolidating or otherwise combining with or merging into an Affiliate incorporated or organized for the purpose of changing its legal domicile, reincorporating in another jurisdiction or changing its legal form.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Note Guarantors

A Note Guarantor may not sell, assign, transfer, convey or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Note Guarantor is the surviving Person) another Person, other than the Company or another Note Guarantor, unless:

(1) either (a) the Person acquiring the property in any such sale, assignment, transfer, conveyance or disposition or the Person formed by or surviving any such consolidation or merger becomes a Note Guarantor under the Indenture (pursuant to a supplemental indenture) and assumes all the obligations of the Note Guarantor under any security documents providing for Liens for the benefit of holders of the Notes in accordance with the covenant described under "—Negative Pledge" (pursuant to customary agreements reasonably satisfactory to the Trustee); or (b) the Net Proceeds of such sale, assignment, transfer, conveyance or other disposition are applied in accordance with the applicable provisions of the Indenture; and

(2) immediately after giving effect to such transaction, no Default or Event of Default exists.

General

The provisions of this covenant shall not restrict (and shall not apply to): (a) any Subsidiary of the Company that is not a Note Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, a Note Guarantor or any Non-Guarantor Subsidiary of the Company, so long as, immediately after giving effect to such transaction, no Default or Event of Default exists; (b) any Note Guarantor from liquidating into the Company or another Note Guarantor; or (c) any consolidation or merger of the Company into any Note Guarantor; *provided* that, if the Company is not the surviving Person of such consolidation or merger, the relevant Note Guarantor will assume all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee.

Though there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person. For the avoidance of doubt, for all purposes under the Indenture, the sale, lease, conveyance, assignment, transfer, or other disposition by the Company or any of its Subsidiaries, in any single transaction or series of related transactions, whether direct or indirect, of (a) any Capital Stock of, or other Equity Interests or securities issued by, any member of the Alibaba Group, (b) interests in SoftBank Vision Fund L.P. or any portfolio assets thereof or (c) any investment assets controlled by the Company or its Subsidiary in its capacity as general partner of any fund or interests in any such fund will not be deemed a sale or disposition of all or substantially all of the properties or assets of the Company or any Note Guarantor, as applicable.

Suspension of Certain Covenants

If on any date following the Issue Date:

(1) the Notes have received an Investment Grade Rating; and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this offering memorandum will be suspended:

(1) "*—Anti-Layering*;"

(2) "*—Permitted Third Party Guarantees*;" and

(3) "*—Distributions of Proceeds of Asset Sales*."

Notwithstanding the foregoing, if on any subsequent date (the "*Reinstatement Date*"), the Notes cease to maintain Investment Grade Ratings, respectively, the foregoing covenants will be reinstituted as of and from the date of such rating decline. Calculations under the reinstated "*Distributions of Proceeds of Asset Sales*" covenant will be made as if the "*Distributions of Proceeds of Asset Sales*" covenant had been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a distribution made while that covenant was suspended. Calculations under the reinstated "*Permitted Third Party Guarantees*" covenant will be made as if the "*Permitted Third Party Guarantees*" covenant had been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of Third Party Guarantees issued while that covenant was suspended.

The Company shall notify the Trustee in writing that the conditions set forth in the first paragraph under this caption have been satisfied; *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that any such rating will be maintained.

Payments for Consent

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of any series of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is paid to all holders of such series of Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement (the "*Consenting Holders*"); *provided* that (i) the Company and its Subsidiaries will be permitted, in any such consent solicitation or liability management transaction, to exclude holders of the Notes in any jurisdiction or any category or number of holders of the Notes so long as such consideration is paid within 30 days of the closing of any such consent solicitation or liability management transaction; and (ii) the Company and its Subsidiaries may in their sole discretion furnish or cause to be furnished the same consideration, in whole or in part, to any holder of Notes other than the Consenting Holders.

Reports

So long as any Notes are outstanding, the Company will furnish to the holders of the Notes, as soon as they are available but in any event not more than 10 days after they are filed with the Tokyo Stock Exchange or any other internationally recognized exchange on which the Company's common shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Company's common shares cease to be listed for trading on an internationally recognized stock exchange, the Company will furnish to the holders of the Notes as soon as they are available, but in any event:

(1) within 150 days after the end of each fiscal year of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such fiscal year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants; and

(2) within 60 days after the end of the first, second and third quarters of each fiscal year of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants.

To the extent any reports are filed on the Company's website, such reports shall be deemed to have been furnished to the holders of the Notes.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, if any, the Notes;

(2) default in the payment within two Business Days after the date when such payment is due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Company or Note Guarantors to comply with the provisions described under the captions "*—Repurchase at the Option of Holders upon a Change of Control Triggering Event*" or "*—Certain Covenants—Merger or Consolidation*;"

(4) failure by the Company for 60 days after notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance covered under clauses (1), (2) or (3) above);

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any (i) Indebtedness for money borrowed by the Company or any Note Guarantor or (ii) Guarantee by the Company or any Note Guarantor of Indebtedness for money

borrowed by another Person, whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture or arises under the Indenture, if that default:

(a) is caused by a failure to pay principal of, premium on, if any, or interest, if any, on, such Indebtedness or Guarantee prior to the expiration of the grace period provided in such Indebtedness or Guarantee on the date of such default (a "*Payment Default*"); or

(b) results in the acceleration prior to the Stated Maturity of such Indebtedness or of such indebtedness guaranteed by the Company or a Note Guarantor,

and, in each case, the principal amount of any such Indebtedness or principal amount in respect of such Guarantee, together with the principal amount of any other such Indebtedness and principal amount in respect of any other such Guarantee under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates ¥15 billion (or foreign currency equivalent) or more;

(6) failure by the Company or any Note Guarantor to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of ¥15 billion (or foreign currency equivalent), which judgments are not paid, discharged or stayed, for a period of 60 days;

(7) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid, in whole or in part, or ceases for any reason to be in full force and effect, or any Note Guarantor, or any Person acting on behalf of any Note Guarantor, denies or disaffirms its obligations under its Note Guarantee; or

(8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any Note Guarantor.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company or any Note Guarantor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing with respect to the Notes of any series (regardless of whether the same Event of Default has occurred and is continuing with respect to other series of Notes), the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes of such series may declare all the Notes of such series to be due and payable immediately; *provided* that holders of at least 25% in aggregate principal amount of the then outstanding Notes (as a whole) may declare all the Notes then outstanding to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes of any series may direct the Trustee in its exercise of any trust or power with respect to the Notes of such series; *provided* that, to the extent holders of a majority in aggregate principal amount of the then outstanding Notes provide directions to the Trustee as to all Notes, such directions shall prevail over directions from holders of one or more specific series of Notes that are limited to such series, to the extent of any inconsistency between or among directions. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, premium, interest or Additional Amounts, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of the Notes unless the requisite number of holders have instructed the Trustee in writing and offered to the Trustee indemnity, security and/or prefunding satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes of any series unless:

(1) such holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) either (a) holders of at least 25% in aggregate principal amount of the then outstanding Notes of such series make a written request to the Trustee to pursue the remedy with respect to the Notes of such series or (b) holders of at least 25% in aggregate principal amount of the then outstanding Notes (as a whole) make a written request to the Trustee to pursue the remedy with respect to all Notes;

(3) such holder or holders offer to the Trustee security, indemnity and/or prefunding satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with such request within 60 days after receipt of the request and the offer of security, indemnity and/or prefunding; and

(5) during such 60-day period, neither (a) holders of a majority in aggregate principal amount of the then outstanding Notes of such series nor (b) holders of a majority in aggregate principal amount of the then outstanding Notes (as a whole) give the Trustee a direction inconsistent with such request; *provided* that a written request under clause (a) of this paragraph shall not reverse a request made under clause (b) of the above paragraph (2).

The holders of a majority in aggregate principal amount of the then outstanding Notes of the relevant series by written notice to the Trustee may, on behalf of the holders of all of the Notes of the relevant series, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture as to such series and holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the holders of all of the Notes (as a whole), rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture as to all of the Notes then outstanding (as a whole) if, in either case, the rescission would not conflict with any judgment or decree, except a Default or Event of Default in the payment of principal of, premium on, interest on or Additional Amounts, if any, with respect to the Notes (which may only be rescinded or waived by the holders of not less than 90% in aggregate principal amount of the then outstanding Notes of the relevant series or the Notes as a whole, as applicable).

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

The Indenture will provide that any Default or Event of Default for failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants— Reports*" shall be deemed to be cured upon the delivery of the report required by such covenant, even though such delivery is not within the prescribed period specified in the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Note Guarantor as such, will have any liability for any obligations of the Company or any Note Guarantor under the Notes, any Note Guarantees, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal securities laws.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an officers' certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and the Note Guarantors' obligations discharged with respect to any Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium on, interest on or Additional Amounts with respect to, if any, such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee under the Indenture, and the Company's and the Note Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations or obligations of the Note Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and Remedies*" (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee (or its agent) or such other entity designated by the Trustee for this purpose, in trust, for the benefit of the holders of the Dollar Notes, cash in

U.S. dollars, U.S. Government Obligations or a combination thereof, or, for the benefit of the holders of the Euro Notes, cash in euro, European Government Obligations or a combination thereof, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium on, interest on and Additional Amounts with respect to, if any, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowing);

(3) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Company is a party or by which the Company is bound;

(4) the Company must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes over the other creditors of the Company or the Note Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Company, the Note Guarantors or others; and

(5) the Company must deliver to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes or any Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, interest on or Additional Amounts with respect to, if any, the Notes, except a Payment Default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture, the Notes or any Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, waiver or other modification only relates to the Dollar Notes or the Euro Notes, then only the consent of the holders of at least a majority in principal amount of the then outstanding Dollar Notes or the Euro Notes (including, without limitation, any Additional Dollar Notes or any Additional Euro Notes, as applicable), and not the consent of at least a majority of all Notes then outstanding, shall be required.

Without the consent of (i) holders of Notes holding not less than 90% of the then outstanding aggregate principal amount of Notes, or, (ii) if the amendment, supplement or waiver only relates to the Dollar Notes or the Euro Notes, then holders of Dollar Notes or Euro Notes holding not less than 90% of the then outstanding aggregate principal amount of the Dollar Notes or the Euro Notes (as applicable), an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes (except those provisions relating to the covenant described above under the caption "—*Repurchase at the Option of Holders upon a Change of Control Triggering Event*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, premium on, interest on or Additional Amounts with respect to, if any, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of the Notes to receive payments of principal of, premium on, interest on or Additional Amounts with respect to, if any, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by the covenant described above under the caption "—*Repurchase at the Option of Holders upon a Change of Control Triggering Event*");

(8) release any Note Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture; or

(9) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company, the relevant Note Guarantor and the Trustee may amend or supplement the Indenture, the Notes or any Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the United States Internal Revenue Code of 1986, as amended);

(3) to provide for the assumption of the Company's or a Note Guarantor's obligations to holders of the Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Note Guarantor's assets;

(4) to make any change that would provide any additional rights or benefits to the holders of the Notes or that does not adversely affect the legal rights under the Indenture of any holder in any material respect;

(5) to conform the text of the Indenture, the Notes or any Note Guarantees to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Note Guarantees, which intent may be evidenced by an officers' certificate to that effect;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the date thereof;

(7) to allow any Note Guarantor to execute a supplemental indenture or a Note Guarantee with respect to the Notes;

(8) to secure the Notes;

(9) to give effect to Permitted Liens;

(10) to evidence and provide for the acceptance and appointment under the Indenture of a successor trustee pursuant to the requirements thereof; or

(11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided* that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the U.S. Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes.

For purposes of determining whether the holders of the requisite principal amount of Notes have taken any action under the Indenture (other than with respect to a determination that only affects one or more series of the Euro Notes), the principal amount of Euro Notes shall be deemed to be the Dollar Equivalent of such principal amount of such Euro Notes as of (a) if a record date has been set with respect to the taking of such action, such date, (b) if no such record date has been set, the date the taking of such action by the holders of such requisite principal amount is certified to the Trustee by the Company, or (c) a date selected by the Company that is within the consent delivery period or no more than five Business Days prior to the beginning of the consent delivery period, as specified by the Company in the relevant consent materials.

The Trustee shall, at the direction of the Company, sign any supplemental indenture or other documentation that gives effect to amendments, waivers or supplements authorized as described under this heading "*Amendment, Supplement and Waiver*." Except in cases where the agreement of the relevant Note

Guarantor or security provider is necessary pursuant to clauses (3), (7), (8) or (9) of the second preceding paragraph is required, it shall only be necessary for the Company and the Trustee to authorize and execute a supplemental indenture or other documentation in order to effect an amendment, waiver or supplement authorized as described under this heading "*Amendment, Supplement and Waiver*." Unless otherwise specified by the Company, a waiver authorized as described under this heading "*Amendment, Supplement and Waiver*" will become effective once the requisite consent of holders has been obtained, without execution of any supplemental indenture or other documentation.

The consent of the holders of the Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender.

In formulating its decision on such matters, the Trustee shall be entitled to require and rely conclusively on such evidence as it deems necessary, including officers' certificates and opinions of counsel.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

   (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Paying Agent for cancellation; or

   (b) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Note Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for such purpose) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, U.S. Government Obligations or a combination thereof, with respect to the Dollar Notes, or cash in euro, European Government Obligations or a combination thereof, with respect to the Euro Notes, and, in either case, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Paying Agent for cancellation for principal of, premium on, interest on or Additional Amounts with respect to, if any, the Notes to the date of maturity or redemption;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Note Guarantor is a party or by which the Company or any Note Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Company or any Note Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an officers' certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

If requested in writing by the Company, which request may be included in the applicable notice of redemption or pursuant to the applicable officer's certificate, the Trustee or the Paying Agent (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited to the Holders prior to the applicable redemption date or maturity, as applicable, of the Notes; *provided* that Holders shall have received at least three Business Days' notice from the Company of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date or maturity, as applicable, of the Notes as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system.

Judgment Currency

The sole currency of account and payment for all sums payable by the Company or any Note Guarantor under the Indenture with respect to Dollar Notes is U.S. dollars and with respect to Euro Notes is euro. Any payment on account of an amount that is payable in U.S. dollars or euros, as the case may be (the "*Required Currency*"), which is made to or for the account of any holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or a Note Guarantor, shall constitute a discharge of the obligations of the Company and any Note Guarantor under the Indenture, the Notes and any Note Guarantees only to the extent of the amount of the Required Currency which such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the date of the receipt or recovery of the payment in the Judgment Currency (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Company and the Note Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of Required Currency been made with the amount so received in Judgment Currency on the date of receipt or recovery (or, if a purchase of Required Currency on such date had not been practicable, on the first date on which it would have been practicable). This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture, the Notes or any Note Guarantees, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under the Indenture, the Notes or any Note Guarantees or under any judgment or order.

Concerning the Trustee

If the Trustee becomes a creditor of the Company or any Note Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes (as a whole) or, to the extent relating solely to such series, holders of a majority in aggregate principal amount of the then outstanding Notes of any series of Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee with respect to all the Notes (as a whole) or the Notes of such series, as the case may be, in each case subject to certain exceptions. To the extent holders of a majority in aggregate principal amount of the then outstanding Notes provide directions to the Trustee with respect to all the Notes (as a whole), such directions shall prevail over directions from holders of any specific series of Notes that are only expressed with respect to such series, to the extent of any inconsistency between or among directions. The Indenture provides that in case an Event of Default has occurred and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee indemnity, security and/or prefunding satisfactory to it against any loss, liability or expense.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. There can be no assurance that such listing will be obtained or maintained.

Governing Law, Consent to Jurisdiction and Service of Process

The Notes, any Note Guarantees and the Indenture will provide that they will be governed by, and construed in accordance with, the laws of the State of New York.

The Company and the Note Guarantors will irrevocably agree that any suit, action or proceeding arising out of, related to, or in connection with the Indenture, the Notes or any Note Guarantee may be instituted in any U.S. federal or state court located in the Borough of Manhattan in The City of New York. The Company will appoint Cogency Global Inc. as its agent for service of process in any such action or proceeding.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*2015 Senior Notes*" means the Company's outstanding (i) 6% USD-denominated Senior Notes due 2025; (ii) $5^{3}/_{8}$% USD-denominated Senior Notes due 2022; (iii) $5^{1}/_{4}$% Euro-denominated Senior Notes due 2027; (iv) $4^{3}/_{4}$% Euro-denominated Senior Notes due 2025; and (v) 4% Euro-denominated Senior Notes due 2022, in each case, issued under the 2015 Senior Notes Indenture.

"*2017 Senior Notes*" means the Company's outstanding (i) $4^{3}/_{4}$% USD-denominated Senior Notes due 2024; (ii) $5^{1}/_{8}$% USD-denominated Senior Notes due 2027; (iii) $3^{1}/_{8}$% Euro-denominated Senior Notes due 2025 and (iv) 4% Euro-denominated Senior Notes due 2029, in each case, issued under the 2017 Senior Notes Indenture.

"*2018 Senior Exchange Notes*" means the Company's outstanding (i) $6^{1}/_{4}$% USD-denominated Senior Notes due 2028; and (ii) 5% Euro-denominated Senior Notes due 2028, in each case, issued under the 2018 Senior Exchange Notes Indenture.

"*2018 Senior Notes*" means the Company's outstanding (i) $5^{1}/_{2}$% USD-denominated Senior Notes due 2023; (ii) $6^{1}/_{8}$% USD-denominated Senior Notes due 2025; (iii) 4% Euro-denominated Senior Notes due 2023; and (iv) $4^{1}/_{2}$% Euro-denominated Senior Notes due 2025, in each case, issued under the 2018 Senior Notes Indenture.

"*2015 Senior Notes Indenture*" means that certain indenture, dated as of July 28, 2015 and as amended or waived from time to time, by and between, among others, the Company and SoftBank Corp., as guarantor, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as principal paying agent, and Deutsche Bank Luxembourg S.A., as transfer agent and registrar.

"*2017 Senior Notes Indenture*" means that certain indenture, dated as of September 19, 2017 and as amended or waived from time to time, by and between, among others, the Company and SoftBank Corp., as guarantor, The Bank of New York Mellon, London Branch, as trustee and paying agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent and registrar.

"*2018 Senior Exchange Notes Indenture*" means that certain indenture, dated as of April 3, 2018 and as amended or waived from time to time, by and between, among others, the Company and SoftBank Corp., as guarantor, The Bank of New York Mellon, London Branch, as trustee and paying agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent and registrar.

"*2018 Senior Notes Indenture*" means that certain indenture, dated as of April 20, 2018 and as amended or waived from time to time, by and between, among others, the Company and SoftBank Corp., as guarantor, The Bank of New York Mellon, London Branch, as trustee and paying agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent and registrar.

"*Account Currency*" means, at any time, the presentation currency used in the most recent annual financial statements reported by the Company pursuant to GAAP at such time.

"*Account Currency Equivalent*" means with respect to any Indebtedness denominated in any other currency, at any time for the determination thereof, the amount of Account Currency obtained by converting such other currency into Account Currency at the spot rate for the purchase of Account Currency with such other currency as published by Bloomberg on the date that is two Business Days prior to such determination; *provided* that, if any such Indebtedness that is denominated in a different currency is subject to a currency hedging agreement swapping principal amounts payable on such Indebtedness into Account Currency, the amount of such Indebtedness expressed in Account Currency will be adjusted to take into account the effect of such agreement.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Alibaba Group*" means Alibaba Group Holding Limited and any of its Subsidiaries from time to time.

"*Applicable Dollar Note Premium*" means with respect to any Dollar Note at any redemption date prior to its final maturity date, the greater of:

1) 1.0% of the principal amount of such Dollar Note; or

2) the excess of:

    a) the present value at such redemption date of

        i. the payment of principal on such Dollar Note on its final maturity date

        plus

        ii. all required remaining scheduled interest payments due on such Dollar Note through to its final maturity date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points over

    b) the principal amount of such Dollar Note on such redemption date.

For the avoidance of doubt, calculation of the Treasury Rate or the Applicable Dollar Note Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"*Applicable Euro Note Premium*" means with respect to a Euro Note at any redemption date prior to its final maturity date, the greater of:

1) 1.0% of the principal amount of the Euro Notes; or

2) the excess of:

    a) the present value at such redemption date of

        i. the redemption price of such Euro Note on its final maturity date

        plus

        ii. all required remaining scheduled interest payments due on such Euro Note through to its final maturity date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date *plus* 50 basis points over

    b) the principal amount of such Euro Note on such redemption date.

For the avoidance of doubt, calculation of the Bund Rate or the Applicable Euro Note Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"*Applicable Premium*" means, with respect to any Dollar Note, the Applicable Dollar Note Premium and, with respect to any Euro Note, the Applicable Euro Note Premium.

"*Asset-backed Derivative Obligations*" means, to the extent not covered by the definition of Asset Finance Indebtedness, all payment obligations of the Company or any wholly owned Subsidiary conducting fund procurement on behalf of the Company, excluding any Fund or Investing Subsidiary (in each case, on a stand-alone, unconsolidated basis), under any derivative transaction that involves borrowed money, is documented as a forward, swap or option of the Company or any such wholly owned Subsidiary, and is to be fulfilled with, or secured by a Lien on, Capital Stock of, or other Equity Interests in, any Person other than the Company or any Note Guarantor, when such Capital Stock or other Equity Interests are owned by the Company or any such wholly owned Subsidiary.

"*Asset Finance Indebtedness*" means the principal amount of Indebtedness of the Company or any wholly owned Subsidiary conducting fund procurement on behalf of the Company, excluding any Fund or Investing Subsidiary (in each case, on a stand-alone, unconsolidated basis), that is secured by a Lien on Capital Stock of, or other Equity Interests in, any Person other than the Company or any Note Guarantor, when such Capital Stock or other Equity Interests are owned by the Company or any such wholly owned Subsidiary.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by the Company or any of the Company's Subsidiaries; and

(2) the issuance of Equity Interests by any of the Company's Subsidiaries or the sale by the Company or any of its Subsidiaries of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole, which will be governed by the provisions of the Indenture described above under the caption " *—Repurchase at the Option of Holders upon a Change of Control Triggering Event*" or by the covenant described above under the caption "*—Certain Covenants—Merger or Consolidation*" and not by the covenant described above under the caption "*—Certain Covenants—Distributions of Proceeds of Asset Sales*;"

(2) any single transaction or series of related transactions that involves assets having a fair market value of less than $1.0 billion (or foreign currency equivalent);

(3) a transfer of assets or Equity Interests between or among the Company and its Subsidiaries;

(4) an issuance of Equity Interests by a Subsidiary of the Company to the Company or to a Subsidiary of the Company;

(5) the sale, lease or other transfer of products, services or accounts receivable in the ordinary course of business and any sale, conveyance or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of the business of the Company and its Subsidiaries taken as whole);

(6) the grant of licenses and sublicenses by the Company or any of its Subsidiaries of software or intellectual property in the ordinary course of business;

(7) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(8) the granting of Liens or Permitted Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Negative Pledge*" and any disposition of Capital Stock, other Equity Interests, other securities, assets or other properties upon the enforcement of such Liens or Permitted Liens;

(9) any issuance or disposition of Capital Stock of, or other Equity Interests or securities issued by, any Subsidiary that is not a Note Guarantor or any Person other than a Subsidiary pursuant to the conversion or exchange of any Non-Recourse Relevant Indebtedness that is permitted to be incurred under the Indenture;

(10) the sale or other disposition of cash or Cash Equivalents;

(11) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(12) dispositions of receivables or related assets in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;

(13) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(14) disposals of assets or Capital Stock which the Company or any Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;

(15) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Note Guarantor to such Person; or

(16) the granting of Liens on, or the disposition contingent on future physical settlement of, Equity Interests of any Person (in each case, whether made with or without temporary right of use) to secure Asset-backed Derivative Obligations or equivalent obligations of any Investing Subsidiary, *provided* that the definitive transfer or conveyance of such Equity Interests upon the physical settlement or enforcement of such obligations shall be deemed an Asset Sale.

"*Associate*" has the meaning assigned to such term under GAAP. If the term is not defined under GAAP, "*Associate*" has the meaning assigned to the term "*equity investee*" under GAAP.

"*Attributable Debt*" in respect of a sale and lease-back transaction means, at any time of determination, the present value at that time of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and lease-back transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value will be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided*, *however*, that if such sale and lease-back transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors (or analogous governing body) of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited-liability company, the managing member or members or any controlling committee of managing members thereof (or analogous governing body); and

(4) with respect to any other Person, the board or committee (or analogous governing body) of such Person serving a similar function.

"*Bund Rate*" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(1) "*Comparable German Bund Issue*," with respect to redemption of Euro Notes of any series, means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the Stated Maturity of the Notes of such series, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of Notes of such series and of a maturity most nearly equal to the maturity date of the Notes of such series; *provided*, *however*, that, if the period from such redemption date to the Stated Maturity of the Notes of such series, is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German *Bundesanleihe* securities appointed by the Company; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the redemption date.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, New York or Tokyo are authorized or required by law to close; *provided* that for any payments to be made under this Indenture, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments.

If a payment date is not a Business Day at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue on such payment for the intervening period.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited-liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the government of the United States, Japan, Ireland, Belgium, the Netherlands, France, Germany or the United Kingdom or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States, Japan, Ireland, Belgium, the Netherlands, France, Germany or the United Kingdom, as applicable, is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances, money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition, in each case, with any bank or trust company organized under, or authorized to operate as a bank or trust company under the laws of, Japan, the United States of America or any state thereof, any member state of the European Union or the United Kingdom, and having capital and surplus and undivided profits in excess of $500.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-3" or higher by Moody's or "A-" or higher by S&P or Fitch or the equivalent Rating Category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's, S&P or Fitch or the highest ratings obtainable by JCR or Rating and Investment Information, Inc., and, in each case, maturing within 12 months after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute cash or Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions (other than by way of merger or consolidation), of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than the Permitted Holders; *provided* that, for the avoidance of doubt, the sale, lease, conveyance, assignment, transfer, or other disposition by the Company or any of its Subsidiaries, in any single transaction or series of related transactions, whether direct or indirect, of (a) any Capital Stock of, or other Equity Interests or securities issued by, any member of the Alibaba Group, (b) interests in SoftBank Vision Fund L.P. or any portfolio assets thereof, or (c) any investment assets controlled by the Company or any of its Subsidiaries in its capacity as general partner of any fund or interests in any such fund will not be deemed to be a Change of Control;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company (other than in connection with a solvent reorganization); or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than the Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50.0% of the Voting Stock of the Company (or its Successor Entity), measured by voting power rather than number of shares; *provided* that a transaction in which the Company becomes a Subsidiary of another Person shall not, subject to the Company surviving, constitute a Change of Control where (x) the shares of Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of such other Person of which the Company is a Subsidiary immediately following such transaction and (y) immediately following such transaction:

1) no Person other than the Permitted Holders or such other Person Beneficially Owns, directly or indirectly, more than 50.0% of the Voting Stock of the Company (or its Successor Entity), and

2) no Person other than the Permitted Holders Beneficially Owns, directly or indirectly, more than 50.0% of the Voting Stock of such other Person.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control and, if the Notes are rated by at least one Ratings Agency, a Ratings Decline; *provided* that, for the avoidance of doubt, if the Notes are not rated by any Ratings Agency, a Change of Control Triggering Event shall mean the occurrence of a Change of Control.

"*Clearing System Business Day*" means a day on which each clearing system for which the Global Note is being held is open for business.

"*Commission*" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the U.S. Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the U.S. Securities Act, U.S. Exchange Act and U.S. Trust Indenture Act, then the body performing such duties at such time.

"*Company LTV Ratio*" means, as of any date of determination, the ratio of:

(1) all outstanding Indebtedness of the Company, a Fund Manager and each of its wholly owned Subsidiaries conducting fund procurement on behalf of the Company owed to a third party, other than the Company, any Note Guarantor or such wholly owned Subsidiaries (in each case, on a stand-alone, unconsolidated basis and excluding Indebtedness of any Fund or Investing Subsidiary), as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available *minus* Asset Finance Indebtedness as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available *minus* the aggregate amount of cash and Cash Equivalents held by the Company, a Fund Manager and such wholly owned Subsidiaries (in each case, on a stand-alone, unconsolidated basis), as shown on the Company's most recent materials posted on the Company's website or otherwise made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings, after giving pro forma effect to (i) any Asset Sale, (ii) any asset purchase or acquisition that involves assets having an acquisition cost of more than $1.0 billion (or foreign currency equivalent), (iii) the incurrence of Asset Finance Indebtedness, (iv) the entering into of any Asset-backed Derivative Obligations and (v) any dividend distribution or stock repurchase, in each case, occurring subsequent to such balance sheet date, but no later than the relevant date of determination;

to

(2) the Investment Holdings Value of the Company *minus* Asset Finance Indebtedness as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available *minus* Asset-backed Derivative Obligations or equivalent obligations of any Investing Subsidiary as of the balance sheet date of the most recently ended quarter of the fiscal year of the Company for which financial statements are publicly available, after giving pro forma effect to (i) any Asset Sale, (ii) any asset purchase or acquisition by the Company (other than through any Investing Subsidiary, any Fund or any listed Subsidiary) that involves assets having an acquisition cost of more than $1.0 billion (or foreign currency equivalent), (iii) the incurrence of Asset Finance Indebtedness, and (iv) the entering into of Asset-backed Derivative Obligations, in each case, occurring subsequent to such balance sheet date, but no later than the relevant date of determination.

"*Comparable Treasury Issue*" means, with respect to redemption of Dollar Notes of any series, the U.S. Treasury security having a maturity comparable to the Stated Maturity of the Notes of such series that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Stated Maturity of the Notes of such series.

"*Comparable Treasury Price*" means, with respect to any redemption date, if clause (ii) of the Treasury Rate is applicable, the average of three (or such lesser number as is received by the Company) Reference Treasury Dealer Quotations for such redemption date.

"*Consolidated Net Tangible Assets*" means the Company's consolidated total assets as reflected in the Company's most recent balance sheet preceding the date of determination prepared in accordance with GAAP, less total Current Liabilities and goodwill, software, customer relationships, favorable lease contracts, game titles, trademarks with finite useful lives and other similar intangible assets.

"*Continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Current Liabilities*" means those items that are included in such term under GAAP and reflected as such in the Company's most recent balance sheet preceding the date of determination prepared in accordance with GAAP.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Project Finance Indebtedness*" means Indebtedness incurred by a Person other than the Company or a Note Guarantor in an aggregate principal amount not to exceed $2.0 billion; *provided* that such Indebtedness (i) is incurred with respect to the ownership, acquisition, construction, development, operation and/or improvement of tangible assets related to renewable energy projects; and (ii) allows for no greater recourse to the Company or any Note Guarantor for the payment of any sum relating to such Indebtedness than would, in the good faith determination of the Company, be customary for financings of a similar nature in the jurisdiction where such assets are located.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 366 days after the date on which the Notes mature. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that a Person may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"*Dollar Equivalent*" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such other currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with such other currency as published by Bloomberg on the date that is two Business Days prior to such determination.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*European Government Obligations*" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or the United Kingdom, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Existing Senior Notes*" means the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Exchange Notes and the 2018 Senior Notes.

"*Existing Senior Notes Indentures*" means the 2015 Senior Notes Indenture, the 2017 Senior Notes Indenture, the 2018 Senior Exchange Notes Indenture and the 2018 Senior Notes Indenture.

"FATCA" means:

(1) sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended, or any associated regulations or other official guidance;

(2) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (1) above; or

(3) any agreement pursuant to the implementation of paragraphs (1) or (2) above with the United States Internal Revenue Service, the United States government or any governmental or taxation authority in any other jurisdiction.

"*Finance Subsidiary*" means any direct and wholly owned Subsidiary of the Company or any Note Guarantor or another Finance Subsidiary that is a direct Subsidiary of the Company or any Note Guarantor (i) whose operations are comprised of incurring Indebtedness to Persons other than the Company, any Note Guarantor or their respective Affiliates from time to time to finance the operations of the Company or its Subsidiaries and (ii) which conducts no business and owns no material assets other than equity interests in a Finance Subsidiary or intercompany Indebtedness incurred in connection with the Indebtedness described in clause (i) of this definition or other than as may be reasonably incidental to the foregoing.

"*Fitch*" means Fitch Ratings Inc.

"*Fund*" means the SoftBank Vision Fund and any other venture capital fund, private equity fund, real estate fund, hedge fund or other investment fund or vehicle owned or managed by the Company or any of its Subsidiaries (excluding for the purpose of this definition a Fund Manager and SB Northstar).

"Fund Manager" means SBIA, SB Investment Advisers (US) Inc. and each Subsidiary of the Company acting in an advisory capacity to SoftBank Vision Fund or a Fund other than SoftBank Vision Fund.

"*GAAP*" means the International Financial Reporting Standards issued by the International Accounting Standards Board and its predecessors as in effect from time to time; *provided* that the Company may (by notice to the Trustee and posting an announcement to that effect on its website) make one irrevocable election to establish that "GAAP" shall mean either (i) generally accepted accounting principles in Japan as in effect from time to time ("*JGAAP*"), or (ii) generally accepted accounting principles in the United States as in effect from time to time ("*US GAAP*"). Upon such election, references to GAAP will be construed to mean JGAAP or US GAAP for all purposes under the Indenture. Notwithstanding the foregoing, the impact of IFRS 16 (*Leases*) and any successor standard thereto (or any more recent equivalent measure under JGAAP or US GAAP) shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS (or, as applicable, JGAAP or US GAAP) as of December 31, 2018, shall be accounted for in accordance with IFRS (or, as applicable, JGAAP or US GAAP) as in effect as of December 31, 2018.

"*Guarantee*" means a guarantee by any Person (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise); *provided* that Permitted Liens shall not constitute Guarantees. When used as a verb, to "Guarantee" shall mean to provide a Guarantee.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by or issued in exchange for bonds, notes, debentures or similar instruments or letters of credit or reimbursement agreements in respect thereof (in the case of letters of credit, the amount of Indebtedness being equal to the aggregate amount of drawings thereunder that have not been reimbursed within 10 days);

(3) in respect of banker's acceptances, bank guarantees, surety bonds or similar instruments;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and lease-back transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than 360 days after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. The amount of Indebtedness representing any Hedging Obligation will be determined by the net termination value of such agreement or arrangement giving rise to such obligation that would be payable on the date of such determination. In addition, the term "Indebtedness" includes (i) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), (ii) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person and (iii) preferred stock or other equity interests providing for mandatory redemption or sinking fund or similar payments issued by any Subsidiary of the specified Person.

"*Investing Subsidiary*" means any direct or indirect Subsidiary of the Company primarily engaged in investment activities, including SB Northstar, but excluding a Fund Manager, Arm Limited, any Fund and any wholly owned Subsidiary conducting fund procurement on behalf of the Company.

"*Investment Grade Rating*" means a rating equal to or greater than Baa3 by Moody's, BBB- by S&P, BBB- by Fitch or the equivalent thereof under any new ratings system if the ratings systems of any such Rating Agency shall be modified after the Issue Date, or the equivalent rating of any other Ratings Agency selected as provided in the definition of Ratings Agency herein.

"*Investment Holdings Value*" means the sum of the following, without duplication:

(1) in respect of Listed Capital Stock, the aggregate market value of all shares of Listed Capital Stock owned directly or indirectly by the Company on the relevant date of determination (excluding Listed Capital Stock that is owned directly or indirectly by any Investing Subsidiary, any Fund or any listed Subsidiary or which is otherwise owned indirectly by the Company via intermediary holdings of other Listed Capital Stock), based on the closing price per share of such Listed Capital Stock on the latter of (i) the last trading day of the most recently ended fiscal quarter of the Company for which financial statements are publicly available as of the relevant date of determination and (ii) the first trading day during which such Listed Capital Stock was publicly listed;

plus

(2) in respect of any Investing Subsidiary:

(a) the aggregate market value of all shares of Listed Capital Stock owned directly or indirectly by such Investing Subsidiary, based on the closing price per share of such Listed Capital Stock on the last trading day of the most recently ended fiscal quarter of the Company for which financial statements are publicly available,

plus

(b) such Investing Subsidiary's cash and cash equivalents,

plus

(c) the aggregate amount of "derivative financial assets in asset management subsidiaries" (or corresponding item) relating to such Investing Subsidiary,

plus

(d) the aggregate amount of "other financial assets" (or corresponding item) relating to such Investing Subsidiary,

minus

(e) such Investing Subsidiary's non-current liabilities in respect of minority or non-controlling interests and outstanding Indebtedness owed to third parties (other than the Company, any Note Guarantor or wholly owned Subsidiaries conducting fund procurement on behalf of the Company),

minus

(f) the aggregate amount of "derivative financial liabilities in asset management subsidiaries" (or corresponding item) relating to such Investing Subsidiary,

minus

(g) the aggregate amount of liabilities for borrowed stock accounted for as "other financial liabilities" (or corresponding item) relating to such Investing Subsidiary,

in each case as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available and as shown on the Company's most recent materials posted on the Company's website or otherwise made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings;

plus

(3) in respect of Equity Interests in any Fund owned directly or indirectly by the Company:

(a) (x) assets accounted for as "Investments from SVF1 and SVF2 accounted for using FVTPL" or (y) any successor or additional line item or items corresponding to assets with respect to such Fund, in each case, excluding Capital Stock or Equity Interests in Arm Limited held, directly or indirectly, by SoftBank Vision Fund (except as otherwise provided in clause (7) below),

minus

(b) (x) liabilities accounted for as "Third-party interests in SVF1" or (y) any successor or additional line item or items corresponding to liabilities in respect of third-party limited partnership interests with respect to such Fund, in each case, as relevant,

minus

(c) Indebtedness of such Fund (excluding Indebtedness owed to third parties, other than the Company, any Note Guarantor or wholly owned Subsidiaries conducting fund procurement on behalf of the Company),

plus

(d) cash and cash equivalents held by such Fund,

in each case, without duplication as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available and as shown on the Company's most recent materials posted on the Company's website or otherwise made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings;

plus

(4) in respect of Capital Stock or Equity Interests of any Person that are not admitted to trading on any stock exchange and are treated by the Company as investments accounted for using the equity method, in accordance with GAAP, the aggregate carrying amount of all such Capital Stock or Equity Interests owned directly or indirectly by the Company (other than through any Investing Subsidiary, any Fund or any listed Subsidiary), as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available and as shown on the Company's most recent materials posted on the Company's website or otherwise made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings, after giving *pro forma* effect to (i) any Asset Sale, and (ii) any asset purchase or acquisition that involves assets having an acquisition cost of more than $1.0 billion (or foreign currency equivalent), in each case, occurring subsequent to such balance sheet date, but no later than the relevant date of determination;

plus

(5) in respect of Capital Stock or Equity Interests of any Person that are not admitted to trading on any stock exchange and are treated by the Company as investments measured at fair value through profit or loss, in accordance with GAAP, the aggregate carrying amount of all such Capital Stock or Equity Interests owned directly or indirectly by the Company (other than through any Investing Subsidiary, any Fund or any listed Subsidiary), as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available and as shown on the Company's most recent materials posted on the Company's website or otherwise

made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings, after giving *pro forma* effect to (i) any Asset Sale, and (ii) any asset purchase or acquisition that involves assets having an acquisition cost of more than \$1.0 billion (or foreign currency equivalent), in each case, occurring subsequent to such balance sheet date, but no later than the relevant date of determination;

plus

(6) in respect of Capital Stock or Equity Interest of any Person (other than a Fund and other than Arm Limited, except as otherwise provided in clause (7) below) whose Equity Interests are not admitted to trading on any stock exchange and that is treated by the Company as a consolidated subsidiary as of the relevant date of determination, in accordance with GAAP, (x) the aggregate acquisition cost of all such Capital Stock or Equity Interests of such Person owned by the Company; *minus* (y) all impairment charges with respect to goodwill arising from the acquisition of such Capital Stock or Equity Interests that the Company has recognized in its consolidated statements of income since their respective date of acquisition, to the extent not reversed after recognition, in each case, in accordance with GAAP, as of the balance sheet date of the most recently ended fiscal quarter of the Company for which financial statements are publicly available and as shown on the Company's most recent materials posted on the Company's website or otherwise made generally available to holders of Notes in connection with the Company's annual or quarterly earnings results briefings, after giving *pro forma* effect to (i) any Asset Sale, and (ii) and asset purchase or acquisition that involves assets having an acquisition cost of more than \$1.0 billion (or foreign currency equivalent), in each case, occurring subsequent to such balance sheet date, but no later than the relevant date of determination;

plus

(7) in respect of the Capital Stock and Equity Interest in Arm Limited held, directly or indirectly, by the Company as of the relevant date of determination (including any Capital Stock or Equity Interest in Arm Limited held by SoftBank Vision Fund), \$40.0 billion; *provided* that, if NVIDIA Corporation's acquisition of Arm Limited announced on September 13, 2020 is definitively abandoned or terminated, the value of such Capital Stock or Equity Interests shall be determined in accordance with the preceding clauses (3) and (6).

"*Issue Date*" means the date as of which the Notes are issued upon completion of the offering.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, and any lease having substantially the same economic effect as any of the foregoing; *provided* that, for the avoidance of doubt, in no event will an operating lease constitute a Lien.

"*Listed Capital Stock*" means shares of Capital Stock or Equity Interests of any Person of a class that is admitted to trading on any stock exchange as of the relevant date of determination. For the purpose of this definition, (a) shares of Capital Stock or Equity Interests of a class underlying any depositary share or receipt admitted to trading on any stock exchange shall be deemed to be Listed Capital Stock in an amount equal to the number of depositary shares or receipts to which such shares of Capital Stock or Equity Interest correspond, and (b) shares of Capital Stock or Equity Interests exchangeable for, convertible into or otherwise economically equivalent to Listed Capital Stock shall be deemed to be Listed Capital Stock in the amount of Listed Capital Stock that such Capital Stock or Equity Interests are exchangeable for, is convertible into, or is otherwise economically equivalent to as of the relevant date of determination.

"*Moody's*" means Moody's Japan K.K. or any successor to the rating agency business thereof.

"*Net Proceeds*" means the aggregate amount of proceeds received by the Company or any of its Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale.

"*Non-Recourse Relevant Indebtedness*" means Relevant Indebtedness:

(1) of a person other than the Company or any Note Guarantor (except to the extent of Liens on assets of the Company or any Note Guarantor permitted by clause (4) of this definition),

(2) that is not Guaranteed, in whole or in part, by the Company or any Note Guarantor (except to the extent of Liens on assets of the Company or any Note Guarantor permitted by clause (4) of this definition),

(3) that is not recourse to, and does not obligate, the Company or any Note Guarantor in any way (except to the extent of Liens on assets of the Company or any Note Guarantor permitted by clause (4) of this definition), and

(4) that does not subject any property or asset of the Company or any Note Guarantor to the satisfaction thereof, directly or indirectly, contingently or otherwise, except for (i) Liens on Capital Stock of, or other Equity Interests or securities issued by, any Subsidiary that is not a Note Guarantor or any Person other than a Subsidiary, (ii) other Permitted Liens, or (iii) the ability to be converted into or exchanged for Capital Stock of, or other Equity Interests or securities issued by, any Subsidiary that is not a Note Guarantor or any Person other than a Subsidiary.

"*Note Guarantor*" means any Person that executes a Note Guarantee of the Notes after the Issue Date, in each case until (i) the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture or (ii) a Successor Entity replaces such Person pursuant to the applicable provisions of the Indenture and, thereafter, shall mean such Successor Entity.

"*Permitted Holders*" means (1) Mr. Masayoshi Son, (2) any of his immediate family members and (3) any trust, corporation, partnership, limited-liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a majority (and controlling) interest of which consist of Mr. Masayoshi Son and/or any of his immediate family members.

"*Permitted Lien*" means:

(1) Liens on Capital Stock of, or other Equity Interests or securities issued by, any Subsidiary that is not a Note Guarantor or any Person other than a Subsidiary securing Non-Recourse Relevant Indebtedness;

(2) Liens arising or already arisen automatically by operation of law which are promptly discharged or disputed in good faith by appropriate proceedings;

(3) Liens created or outstanding in favor of the Company or any Note Guarantor;

(4) Liens with respect to (a) Relevant Indebtedness that, when taken together with the aggregate principal amount of all other outstanding Relevant Indebtedness secured by Liens incurred pursuant to this clause (4) and any Permitted Refinancing Indebtedness thereof (expressed in the Account Currency Equivalent), does not exceed 2.0% of the Company's Consolidated Net Tangible Assets and (b) any Permitted Refinancing Indebtedness of Indebtedness described under sub-clause (a) above;

(5) Liens on accounts receivables pledged, encumbered or otherwise disposed of pursuant to any receivables financing or asset-backed financing of the Company or any Note Guarantor that consists of Relevant Indebtedness and has a maturity no longer than 180 days from its funding date;

(6) Liens on tangible assets incurred for the purpose of securing Relevant Indebtedness of the Company or a Note Guarantor incurred or assumed to finance the acquisition, construction, development or improvement of tangible assets in the ordinary course of business and any Permitted Refinancing Indebtedness thereof; *provided* that any such Lien may not extend to any assets or property of the Company or any Note Guarantor other than the tangible assets acquired, improved, developed or constructed with the proceeds of such Relevant Indebtedness and any improvements or accessions to such tangible assets; or

(7) Liens on Capital Stock of, or other Equity Interests or securities issued by, any Person that incurs Project Finance Indebtedness or Designated Project Finance Indebtedness, and shareholder loans made to such Person, securing such Project Finance Indebtedness or such Designated Project Finance Indebtedness, as applicable; *provided* that such Person has been established specifically for the purpose of ownership, acquisition, construction, development, operation and/or improvement of the relevant tangible assets and such Person owns no other significant assets and carries on no other business.

"*Permitted Refinancing Indebtedness*" means any Indebtedness (including Guarantees) of the Company or any Note Guarantor issued in exchange or replacement for, or the net proceeds of which are used to renew, refund, refinance, defease or discharge other Indebtedness of the Company or any Note Guarantor (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) any Permitted Liens securing such Permitted Refinancing Indebtedness are limited to all or part of the same property and assets that were subject to Permitted Liens securing the Indebtedness being

renewed, refunded, refinanced, replaced, defeased or discharged (*plus* improvements and accessions to such property or proceeds or distributions thereof);

(3) such Indebtedness is incurred either by the Company or by any Note Guarantor who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is Relevant Indebtedness, such Permitted Refinancing Indebtedness is also Relevant Indebtedness.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited-liability company or government or other entity.

"*Project Finance Indebtedness*" means Indebtedness incurred by any Person (a "*Debtor*") other than the Company or a Note Guarantor for the purpose of financing the ownership, acquisition, construction, development, operation and/or improvement of tangible assets in respect of which the creditors have no recourse whatsoever for the payment of any sum relating to such Indebtedness other than:

(1) recourse to such Debtor or any Subsidiary of such Debtor for amounts limited to such assets and/or the cash flows from such assets;

(2) recourse to such Debtor generally, or to the Company or any Subsidiary of the Company or any joint venture in which the Company or any its Subsidiaries participate (as applicable, the "*Sponsor*"), which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specific way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation to procure payment by another, to comply or to procure compliance by another with any financial ratios or other test of financial condition only) by such Debtor or Sponsor or for gross negligence, willful misconduct or fraud by such Debtor or Sponsor or similar cause on such Debtor's or Sponsor's side;

(3) if such Debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset and such debtor owns no other significant assets and carries on no other business, recourse to all or any part of the assets and undertakings of such Debtor and the shares in the capital of such Debtor and shareholder loans made to such Debtor;

(4) recourse to the Sponsor pursuant to any form of assurance, undertaking or support, including a keepwell agreement or comfort letter or agreement (including a sponsor support agreement or a *keiei shido nensho*), entered into in respect of such Project Finance Indebtedness (a "*Sponsor Support Agreement*"); *provided* that such Sponsor Support Agreement (i) does not expressly provide for legal recourse to the Company or the Note Guarantors beyond seeking specific performance or damages in respect of obligations of the Sponsor to maintain the solvency or financial health of the Debtor (including after giving effect to the incurrence of such Indebtedness) or the overall soundness of the Debtor's assets or business or to procure compliance by the Debtor with terms and conditions of such Indebtedness (other than express obligations to procure direct payments proscribed by sub-clause (ii) below) or for gross negligence, willful misconduct or fraud by such Sponsor or similar cause on such Sponsor's side, and (ii) does not expressly obligate the Sponsor to make or procure direct payments of principal or interest (or pay liquidated damages relating to non-payment defaults) in respect of such Indebtedness to the holders thereof;

(5) recourse to the Company or any Note Guarantor pursuant to any form of assurance, undertaking or support, including a keepwell agreement or comfort letter or agreement (including a sponsor support agreement or a *keiei shido nensho*) entered into in respect of the obligations of a Sponsor pursuant to a Sponsor Support Agreement as set forth in clause (4) of this definition; *provided* that such keepwell agreement or comfort letter or agreement (including a sponsor support agreement or a *keiei shido nensho*) (i) does not expressly provide for legal recourse to the Company or such Note Guarantor beyond seeking specific performance or damages in respect of obligations of the Company or such Note Guarantor to maintain the solvency or financial health of such Sponsor (including after giving effect to the incurrence of Indebtedness under such Sponsor Support Agreement) or the overall soundness of such Sponsor's assets or business or to procure compliance by such Sponsor with terms and conditions of such Sponsor Support Agreement (other than express obligations to procure direct payments proscribed by sub-clause (ii) below) or for gross negligence, willful misconduct or fraud by the Company or such Note Guarantor or similar cause on the Company or such Note Guarantor's side, and (ii) does not expressly obligate the Company or such Note Guarantor to make or procure direct payments of principal or interest (or pay liquidated damages relating to non-payment defaults) in respect of such Indebtedness to the holders thereof;

(6) recourse to the Company or any Note Guarantor or any Sponsor pursuant to or in respect of an equity contribution undertaking or similar arrangement providing for the injection of capital or

similar support by the Company or such Note Guarantor or Sponsor to facilitate the achievement of designated milestones (or contingent upon the failure to achieve such milestones) with respect to the tangible assets in respect of which the Project Finance Indebtedness is incurred; *provided* that such undertaking or arrangement (i) does not expressly provide for legal recourse to the Company or such Note Guarantor or Sponsor beyond seeking specific performance or damages in respect of obligations of the Company or such Note Guarantor or Sponsor to make such equity contribution or for gross negligence, willful misconduct or fraud by the Company or such Note Guarantor or similar cause on the Company or such Note Guarantor or Sponsor's side, and (ii) does not expressly obligate the Company or such Note Guarantor or Sponsor to make or procure direct payments of principal or interest (or pay liquidated damages relating to non-payment defaults) in respect of such Indebtedness to the holders thereof; and/or

(7) recourse under any guarantee and/or indemnity of such Indebtedness for completion of construction or development of an asset; *provided* that in any case the guarantee and/or indemnity is or is intended to be released or discharged if completion of the relevant construction or development occurs in accordance with the terms governing such Indebtedness and/or the guarantee and/or indemnity and/or any agreement relating thereto; *provided* that such guarantee and/or indemnity (i) does not expressly provide for legal recourse to the Company or such Note Guarantor beyond seeking specific performance or damages in respect of obligations of the Company or such Note Guarantor to complete construction or development of the relevant assets or for gross negligence, willful misconduct or fraud by the Company or such Note Guarantor or similar cause on the Company or such Note Guarantor's side, and (ii) does not expressly obligate the Company or such Note Guarantor to make or procure direct payments of principal or interest (or pay liquidated damages relating to non-payment defaults) in respect of such Indebtedness to the holders thereof.

"*Rating Category*" means:

(1) with respect to S&P or Fitch, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories);

(2) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and

(3) with respect to any other Ratings Agency, the equivalent rating categories adopted by such Ratings Agency.

"*Rating Date*" means the date that is 60 days prior to the earlier of (i) a Change of Control or (ii) public announcement of the Change of Control or the intention effect a Change of Control.

"*Ratings Agency*" means an entity registered as a "nationally recognized statistical rating organization" (registered as such pursuant to Rule 17g-1 of the U.S. Exchange Act) making a rating on the Notes publicly available at the request of the Company (as certified by an officers' certificate); *provided* that the Company shall use its reasonable efforts to cause at least one of Fitch, Moody's and S&P to make a rating on the Notes publicly available at all times.

"*Ratings Decline*" means the occurrence, during the period commencing on the date of the first public announcement of the Change of Control or the intention to effect a Change of Control and ending 90 days after the occurrence of the Change of Control, of any of the events listed below:

(1) in the event the Notes have an Investment Grade Rating from at least two Ratings Agencies on the Rating Date, the rating of the Notes by any such Rating Agency shall be below an Investment Grade Rating; or

(2) in the event the Notes do not have an Investment Grade Rating from at least two Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency with a rating below Investment Grade Rating shall be decreased by one or more gradations. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (including + or – for S&P, and 1, 2, and 3 for Moody's) will be taken into account.

"*Reference Treasury Dealer*" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third New York business day preceding such redemption date.

"*Relevant Indebtedness*" means any present or future Indebtedness of the Company, any of the Note Guarantors or any other person in the form of, or represented by:

(1) bonds, notes, debentures or other securities, which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market; or

(2) loans in respect of borrowed money.

"*S&P*" means Standard & Poor's Financial Services LLC, a division of the McGraw-Hill Financial, or any successor to the rating business thereof.

"SBIA" means SB Investment Advisers (UK) Limited.

"*SB Northstar*" means, collectively, SB Northstar LP and each alternative investment vehicle or similar entity established in relation thereto, each Subsidiary of SB Northstar LP, and any general partner, limited partner, advisor or manager of SB Northstar LP that is a Subsidiary of the Company (and any successor fund to SB Northstar LP that is managed by a controlled Affiliate of the Company).

"SoftBank Vision Fund" means (i) SoftBank Vision Fund L.P., (ii) SoftBank Vision Fund II-2 L.P., (iii) each alternative investment vehicle or similar entity established in relation to (i) or (ii), any controlled Affiliate of (i) or (ii), any general partner, advisor or manager of (i) or (ii) which is a Subsidiary of the Company (including SoftBank Vision Fund (AIV M1) L.P., SoftBank Vision Fund (AIV M2) L.P., and SoftBank Vision Fund (AIV S1) L.P.), each associated general partner of the aforementioned limited partnerships, and each Subsidiary of the Company acting in an advisory capacity to the foregoing entities (including SBIA and SB Investment Advisers (US) Inc.), and (iv) any successor fund to (i) or (ii) that is, in each case, managed by a controlled Affiliate of the Company.

"*Special Taxation Measures Act*" means the Act on Special Measures Concerning Taxation of Japan, Act No. 26 of 1957, as amended.

"*Specially-Related Person*" means a person who has a special relationship with the Company as described in Article 6, paragraph (4) of the Special Measures Taxation Act.

"*Stated Maturity*" means, with respect to any instalment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with the terms of the Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any partnership or limited-liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; and

(3) any entity otherwise treated as a consolidated entity of that Person in accordance with GAAP.

"*Successor Entity*" means, with respect to any Person, its successor by merger, consolidation or purchase of all or substantially all of its assets, as determined in accordance with the provision of the covenant described under "*—Certain Covenants—Merger or Consolidation*."

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties and interest related thereto), and any amounts paid pursuant to FATCA.

"*Third Party Guarantee*" means any Guarantee of Indebtedness or Disqualified Stock of any Non-Guarantor Subsidiary or any Affiliate or Associate of the Company other than the Note Guarantors; *provided* that the following will not be deemed to be Third Party Guarantees:

(1) performance guarantees, completion guarantees, indemnities, sureties or other similar instruments provided by the Company or any Note Guarantor in respect of obligations incurred by any Non-Guarantor Subsidiary or any Affiliate or Associate of the Company other than the Note Guarantors in the ordinary course of business or in respect of any government requirement;

(2) keepwell agreements or comfort letters or agreements (including guarantees, sponsor support agreements or *keiei shido nensho* and other agreements, in each case as specified in clauses (1) to (7) of the definition of "Project Finance Indebtedness") in respect of Project Finance Indebtedness incurred by any Non-Guarantor Subsidiary or any Affiliate or Associate of the Company other than the Note Guarantors;

(3) Guarantees with respect to Designated Project Finance Indebtedness; and

(4) Guarantees by the Company or any Note Guarantor of Indebtedness issued by a Finance Subsidiary.

"*Treasury Rate*" means, with respect to any redemption date for Dollar Notes of any series, (i) the yield, under the heading which represents the average for immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after the Stated Maturity for such Note being redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the applicable Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third New York business day immediately preceding the redemption date.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*U.S. Government Obligations*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*U.S. Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended, or any successor statute.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

BOOK-ENTRY, DELIVERY AND FORM

Each series of Notes sold to non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "*Global Notes*"). The Global Notes representing the Dollar Notes (the "*Dollar Global Notes*") and the Global Notes representing the Euro Notes (the "*Euro Global Notes*") will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

The Dollar Notes will be issued in registered, global form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof and the Euro Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depository for Euroclear or Clearstream, as applicable (or their respective nominees), will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear or Clearstream, as applicable, and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Beneficial interests in the Global Notes may not be exchanged for Definitive Registered Notes except in the limited circumstances described below. See "—Exchange of Global Notes for Definitive Registered Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

The Notes will bear the legend described under "*Notice to Investors*."

Exchange of Global Notes for Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "*Definitive Registered Notes*"):

(1) if Euroclear or Clearstream notifies the Company that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), Euroclear and Clearstream's procedures require that the Company issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event described in clauses (1) and (2), the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Company, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts and reduce their Book-Entry Interests on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided* that no Book-Entry Interest of less than €100,000 (in the case of the Euro Global Notes) or $200,000 (in the case of the Dollar Global Notes) principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and Additional Amounts) will be made by the Company to the paying agent. The paying agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Company, the Trustee and the Agents (as defined in the Indenture) will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Company, the Trustee nor any Agent nor any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of (including Additional Amounts), the Global Notes will be paid to holders of interests to such Notes (the "*Euroclear/ Clearstream Holders*") through Euroclear and/or Clearstream in U.S. dollars with respect to the Dollar Notes or in euro with respect to the Euro Notes.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Company that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes.

Clearance, Transfer and Settlement under the Book-Entry System

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable.

Transfers between participants in Euroclear and/or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Although Euroclear or Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Company, the Trustee or the Agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in U.S. dollars and euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to debt securities in global registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear/Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests that trade through participants of Euroclear or Clearstream will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

MATERIAL JAPANESE TAXATION CONSIDERATIONS

The following discussion summarizes certain Japanese tax consequences to prospective holders arising from the purchase, ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all potential Japanese tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Japan or any Japanese consequences other than Japanese tax consequences.

Prospective holders of the Notes should consult their own tax advisors as the Japanese or other tax consequences of the purchase, ownership and disposition of the Notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of any state, local, foreign or other tax laws.

The following description is a summary of Japanese tax consequences (limited to national taxes) to holders of the Notes, principally relating to such holders that are individual non-residents of Japan or non-Japanese corporations, having no permanent establishment in Japan, and applicable to interest and the Redemption Gains (as defined below) with respect to Notes that we will issue outside Japan, as well as to certain aspects of capital gains, inheritance and gift taxes. It does not address the tax treatment of the original issue discount of the Notes bearing no interest that fall under "discounted bonds" as prescribed by the Special Taxation Measures Act or any Notes on which interest is calculated based on any indices, including the amount of our profits or assets or those of any specially-related person of ours (as defined below).

The statements regarding Japanese tax laws set out below are based on the laws in force and as interpreted by the Japanese taxation authorities as at the date hereof and are subject to changes in the applicable Japanese laws or tax treaties, conventions or agreements or in the interpretation thereof after such date. Prospective investors should note that the following description of Japanese taxation is not exhaustive.

Representation upon Initial Distribution

By subscribing for Notes, an investor will be deemed to have represented that it is a "gross recipient," *i.e.*, (1) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with us as described in Article 6, Paragraph 4 of the Special Taxation Measures Act, or a specially-related person of ours, (2) a Japanese financial institution or financial instruments business operator as designated in Article 3-2-2, Paragraph 29 of the Cabinet Order (Cabinet Order No. 43 of 1957, as amended) relating to the Special Taxation Measures Act that will hold the Notes for its own proprietary account or (3) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment-handling agent in Japan as defined in Article 2-2, Paragraph 2 of the Cabinet Order. The Notes are not as part of the initial distribution by the Initial Purchasers at any time to be directly or indirectly offered or sold in Japan or to, or for the benefit of, any person other than a gross recipient, except as specifically permitted under the Special Taxation Measures Act.

Interest and Redemption Gains

Interest payments on the Notes will be subject to Japanese withholding tax unless the holder establishes that the Note is held by or for the account of a holder that is (1) for Japanese tax purposes, neither (a) an individual resident of Japan or a Japanese corporation, nor (b) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of ours, and in compliance with certain requirements for tax exemption under the Special Taxation Measures Act, or (2) a Japanese designated financial institution or financial instruments business operator as described in Article 6, Paragraph 11 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that Paragraph.

Interest payments on the Notes to an individual resident of Japan, to a Japanese corporation not described in item (2) of the preceding paragraph, to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of ours, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is not a specially-related person of ours and does not comply with the requirements described in item (1) of the preceding paragraph will be subject to deduction in respect of Japanese income tax at a rate of 15.315% of the amount specified in subparagraphs (a) or (b) below, as applicable:

(a) if interest is paid to an individual resident of Japan, to a Japanese corporation, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of ours (except as provided in subparagraph (b) below), the amount of such interest; or

(b) if interest is paid to a public corporation, a financial institution, a financial instruments business operator or certain other entities through a Japanese payment-handling agent, as provided in Article 3-3, Paragraph 6 of the Special Taxation Measures Act in compliance with the requirement for tax exemption under that paragraph, the amount of such interest *minus* the amount accrued during the period held, without any cessation, by such entities as provided in the Cabinet Order relating to the said Paragraph 6.

A legend containing a statement to the same effect as set forth in the preceding paragraphs will be printed on the relevant Notes or global Note, as applicable, in compliance with the requirements of the Special Taxation Measures Act and regulations thereunder.

If the recipient of interest on the Notes is a holder that is an individual non-resident of Japan or a non-Japanese corporation, having no permanent establishment in Japan, or having a permanent establishment in Japan but the receipt of the interest on the Notes is not attributable to the business thereof carried on in Japan through such permanent establishment, that in either case is not a specially-related person of ours, no Japanese income tax or corporation tax will be payable with respect to such interest whether by way of withholding or otherwise, if such recipient complies with certain requirements, *inter alia*:

(x) if the relevant Notes are held through a participant in an international clearing organization, such as DTC, Euroclear and Clearstream or through a financial intermediary, in each case, as prescribed by the Special Taxation Measures Act (each such participant or financial intermediary being referred to as a "Participant"), the requirement to provide certain information prescribed by the Special Taxation Measures Act to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted, and to advise the Participant if the holder of the Notes ceases to be so exempted (including the case where the holder became a specially-related person of ours); and

(y) if the relevant Notes are not held through a Participant, the requirement to submit to the relevant paying agent that makes payment of interest on the Notes a written application for tax exemption (*hikazei tekiyo shinkokusho*) or certain information to be stated in such written application in an electronic form, together with certain documentary evidence, at or prior to each time interest is received.

If a recipient of interest on the Notes is an individual non-resident of Japan or a non-Japanese corporation, having no permanent establishment in Japan, which is subject to Japanese withholding tax due to its status as a specially-related person of ours or for any other reason, (1) the rate of withholding tax may be reduced, generally to 10%, under the applicable tax treaty, convention or agreement, and (2) if such recipient is not subject to Japanese tax under the applicable tax treaty, convention or agreement due to its status as a financial institution in the relevant country, such as the United States and the United Kingdom, or for any other reason, no Japanese income tax or corporation tax will be payable with respect to such interest whether by way of withholding or otherwise; *provided* that, in either case (1) or (2) above, such recipient shall submit required documents and information (if any) to the relevant tax authority.

If the recipient of any difference between the acquisition cost of the New Notes and the redemption price of the Notes as referred to in Article 41-13, Paragraph 3 and Article 67-17, Paragraph 3 of the Special Taxation Measures Act (the "Redemption Gains") is a holder that is an individual non-resident of Japan or a non-Japanese corporation, having no permanent establishment in Japan, that in either case is not a specially-related person of ours, no income tax or corporation tax will be withheld with respect to such Redemption Gains.

Capital Gains, Inheritance and Gift Taxes

Gains derived from the sale of the Notes, whether within or outside Japan, by a holder that is an individual non-resident of Japan or a non-Japanese corporation, having no permanent establishment in Japan, will be, in general, not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual who has acquired the Notes as a legatee, heir or donee, even if the individual is not a Japanese resident.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by holders of the Notes in connection with the issue of the Notes outside Japan.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of a purchase agreement dated the date of this offering memorandum entered into between the Company and the Initial Purchasers, each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us the Notes at the initial offering price set forth on the cover page of this offering memorandum *minus* discounts and commissions.

The purchase agreement provides that the obligations of the several Initial Purchasers to purchase the Notes are subject to certain conditions precedent and that the Initial Purchasers will purchase all of the Notes if any of the Notes are purchased. The purchase agreement also provides that if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or this offering may be terminated.

The Company has agreed to indemnify the Initial Purchasers against some specified types of liabilities, including liabilities under the U.S. Securities Act, and to contribute to payments the Initial Purchasers may be required to make in respect of any of these liabilities. The Company has also agreed to reimburse the Initial Purchasers for certain expenses incidental to the sale of the Notes.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchasers of certain legal opinions and officers' certificates confirming, among other things, the lack of any legal restriction or injunction with respect to the consummation of the offering of the Notes. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. After the initial offering, the Initial Purchasers may change the offering price and other selling terms.

No Sale of Similar Securities

The Company has agreed that during the period from the date hereof through and including the date that is 45 days after the date the Notes are issued, without the prior written consent of Deutsche Bank AG, London Branch the Company will not offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company. This provision does not apply to (i) any debt securities which either confer a right to receive payment, or by their terms are payable, in yen, or are denominated in any other currency and more than 50% of the aggregate principal amount thereof is initially distributed in Japan; (ii) any equity-linked securities; or (iii) any securities classified as equity under IFRS.

New Issue of Notes

The Notes are a new issue of securities with no established trading market. The Initial Purchasers may make a market in the Notes after completion of this offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, there can be no assurance that such listing will be obtained or maintained.

Delivery, Payment and Settlement

The Company expects that delivery of the Notes will be made against payment therefore on or about the date specified on the cover page of this offering memorandum, which will be the fourth business day following the date of pricing of the Notes (this settlement cycle being referred to as "T+4").

Stabilization

In connection with this offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in this offering. The Initial Purchasers may close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market prior to the completion of this offering.

Stabilizing transactions consist of various bids for or purchases of the Notes made by the Initial Purchasers in the open market prior to the completion of this offering. The Initial Purchasers may impose a penalty bid. This occurs when a particular Initial Purchaser repays to the other Initial Purchasers a portion of the underwriting discount received by it because the other Initial Purchasers have repurchased the Notes sold by or for the account of that Initial Purchaser in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the Notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise.

Other Relationships

Some of the Initial Purchasers and their affiliates have from time to time performed, and may in the future perform, various investment banking, financial advisory, commercial banking, agency and trustee and other commercial services for us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these services. Certain Initial Purchasers and their respective affiliates are lenders under the Bridge Facility, the Senior Term Loan and certain of our margin loan agreements, and have made loans to certain of our affiliates and have entered into various hedging arrangements with us or our affiliates. The Company will use the proceeds of the offering to refinance the Bridge Facility and may use additional proceeds of the offering, together with the proceeds of the Bridge Facility, for repayment of other indebtedness.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

MiFID II Product Governance / Professional Investors and ECPs Only Target Market

Solely for the purposes of the product approval process of each manufacturer, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("ECPs") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Selling Restrictions

General

No action has been or will be taken by us or the Initial Purchasers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this offering memorandum or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Persons into whose possession this offering memorandum comes are required to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession or distribute this offering memorandum or any other offering material relating to the Notes.

United States

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The offering of the Notes are not being made to any U.S. person (as defined in Regulation S) or within the United States, other than pursuant to offshore transactions with non-U.S. persons conducted in accordance with Regulation S. Accordingly, the Notes are only being offered and sold to non-U.S. persons outside the United States or certain dealers or other professional fiduciaries in the United States acting only on a discretionary basis for the benefit or account of non-U.S. persons located outside the United States in each case, in offshore transactions conducted in reliance on Regulation S under the Securities Act.

PRIIPS Regulation / Prohibition of Sales to EEA Retail Investors

The Notes have not been and will not be registered under the laws of any member state of the EEA. The offering of the Notes is being made, and the Notes are being offered and issued, only to persons other than retail investors in the EEA, each defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared. Offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS Regulation / Prohibition of Sales to UK Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Bahrain

This offering memorandum does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This offering memorandum and related offering documents have not been and will not be registered as a prospectus with CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this offering memorandum or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to 'accredited investors', as such term is defined by the CBB.

The CBB has not reviewed, approved or registered this offering memorandum or any related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this offering memorandum and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this offering memorandum. No offer of securities will be made to the public in the Kingdom of Bahrain and this offering memorandum must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding up and Miscellaneous provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding up and Miscellaneous provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder.

Italy

This offering memorandum has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, does not constitute an offer of securities and cannot be distributed to the public nor may copies of this document or of any other document relating to the offering of the Notes be distributed in Italy, except where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Financial Services Act and Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999.

Moreover, and subject to the foregoing, any offer or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to this offering in Italy under (i) or (ii) above must be and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "Banking Act");

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy request information on the issue or the offer of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

Each Initial Purchaser receiving the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it received in this offering occurs in compliance with applicable Italian laws and regulations.

France

This offering memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France (*offre au public de titres financiers*) within the meaning of Article

L. 411 1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement général* of the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this offering memorandum nor any offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de* *tiers*), all as defined in and in accordance with Articles L. 411 1, 411 2, D. 411 1, D. 744 1, D. 754 1 and D. 764 1 of the French Code *monétaire et financier* and applicable regulations thereunder.

Prospective investors are informed that:

(i) this offering memorandum has not been and will not be submitted for clearance to the AMF;

(ii) in compliance with Articles L. 411 2, D. 411 1, D. 744 1, D. 754 1 and D. 764 1 of the French Code *monétaire et financier*, any qualified investors subscribing for the Notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L. 411 1, L. 411 2, L. 412 1 and L. 621 8 through L. 621 8 3 of the French Code *monétaire et financier*.

Belgium

This offering memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. This offering of the Notes has not been and will not be notified to, and this offering memorandum has not been, and will not be, approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of investment instruments. Accordingly, this offering of the Notes, as well as any other materials relating to the offering may not be advertised, the Notes may not be offered or sold, and this offering memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, (i) to any person located and/or resident in Belgium other than a "qualified investor" within the meaning of Article 10 of the Prospectus Act or (ii) to any person qualifying as a consumer (*consument/ consommateur*) within the meaning of Book VI of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit economique*) of February 28, 2013, as amended from time to time. This offering memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offer. Therefore it may not be used for any other purpose, nor passed on to any other person in Belgium. Any resale of the Notes in Belgium may only be made in accordance with the Prospectus Act and other applicable laws.

Norway

This offering memorandum has not been and will not be filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or any regulatory authority in Norway. The Notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in Norway, unless in compliance with Chapter 7 of the Securities Trading Act. Accordingly, this offering memorandum may not be made available nor may the Notes otherwise be marketed and offered for sale in Norway other than in circumstances that are deemed not to be a marketing of an offer to the public in Norway in accordance with the Securities Trading Act.

Saudi Arabia

This offering memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Capital Market Authority.

The Capital Market Authority does not make any representations as to the accuracy or completeness of this offering memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this offering memorandum. Prospective purchasers of the Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this offering memorandum, he or she should consult an authorized financial advisor.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and are subject to the Special Taxation Measures Act. Each of the Initial Purchasers has represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, Notes in Japan or to any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act; and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution, directly or indirectly offer or sell Notes to, or for the benefit of, any person other than a gross recipient or to others for re-offering or re-sale, directly or indirectly, to, or for the benefit of, any person other than a gross recipient. A "gross recipient" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Company as described in Article 6, paragraph 4 of the Special Taxation Measures Act, (ii) a Japanese financial institution or financial instruments business operator as, designated in Article 3-2-2 paragraph 29 of the Cabinet Order relating to the Special Taxation Measures Act (Cabinet Order No. 43 of 1957, as amended) that will hold Notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment-handling agent in Japan as defined in Article 2-2 paragraph 2 of the Cabinet Order.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time, and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B(1) Notification - The Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The Notes are being offered in Switzerland on the basis of a private placement only. This offering memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom

The communication of this offering memorandum and any other documents or materials relating to this offering of the Notes is not being made and such documents and/or materials have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. Such documents are only directed at and are only for circulation to (i) persons within the United Kingdom falling within the definition of Investment Professional (as defined in Article 19(5) of the Order, (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"), or (iii) persons falling within Article 43 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order.

Insofar as the communication in this offering memorandum and such documents and/or materials is made to or directed at relevant persons, any investment or investment activity to which it relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Qatar

This offering memorandum does not and is not intended to constitute an offer, sale or delivery of bonds or other debt-financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority or the Qatar Central Bank. The Notes are not and will not be traded on the Qatar Exchange.

Australia

Neither this offering memorandum nor any disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia (the "Australian Corporations Act")) in relation to the Notes has been or will be lodged with ASIC or ASX Limited or the ASX and the Notes may not be offered for sale, nor may applications for the issue, sale, purchase or subscription of any Notes be invited, in, to or from Australia (including an offer or invitation which is received by a person in Australia) and neither this offering memorandum nor any advertisement or other offering material relating to the Notes may be distributed or published in Australia unless:

i. (A) the aggregate consideration payable by each offeree or invitee for the Notes is at least AU$500,000 (or its equivalent in other currencies) (disregarding moneys lent by the offeror or its associates); or (B) the offer otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Australian Corporations Act;

ii. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act;

iii. such action complies with all applicable laws, regulations or directives in Australia; and

iv. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

This offering memorandum was prepared for "wholesale clients" only within the meaning of section 761G of the Australian Corporations Act. This offering memorandum is not directed at persons who are "retail clients" as defined in the Australian Corporations Act.

Other Jurisdictions

The distribution of this offering memorandum may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum (or any part hereof) comes are required by us and the Initial Purchasers to inform themselves about, and to observe, any such restrictions.

The Notes may be sold only to purchasers in the provinces of Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus*

Exemptions or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under the U.S. Securities Act). The Notes are being offered by this offering memorandum only outside the United States in offshore transactions in reliance upon Regulation S under the U.S. Securities Act to persons other than U.S. persons as defined in Rule 902 under the U.S. Securities Act and other than retail investors in: (a) the European Economic Area, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (b) the United Kingdom, defined as a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each purchaser of the Notes, by its acceptance of this offering memorandum, will be deemed to have acknowledged, represented to, and agreed with us and the Initial Purchasers as follows:

(1) The purchaser understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities law, the Notes are being offered for resale in offshore transactions not requiring registration under the U.S. Securities Act or any other securities laws in reliance on Regulation S under the U.S. Securities Act, and none of the Notes may be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption from such laws or in a transaction not subject to such laws, and in each case, in compliance with the conditions for transfer set forth in paragraphs (3), (4) and (5) below.

(2) The purchaser is not a U.S. person (and is not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S under the U.S. Securities Act and is purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) The purchaser is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be, at all times, within its or their control and subject to its or their ability to resell such Notes pursuant to Regulation S or any exemption from registration available under the U.S. Securities Act.

(4) The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes and each subsequent holder of the Notes, by its acceptance of the Notes, to offer, sell or otherwise transfer such Notes prior to the end of the resale restriction periods described below only (a) to the Company, any Note Guarantor or any subsidiary thereof, (b) pursuant to offers and sales to non-U.S. persons that occur in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act or (c) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any other applicable local laws and regulations. The purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of the Notes from the purchaser or it of the resale restrictions referred to in the legend below. The foregoing restrictions on resale will apply from the closing date until the date that is 40 days after the later of the commencement of this offering and the Issue Date and will not apply after the applicable resale restriction period ends. Each purchaser acknowledges that we and the Trustee reserve the right prior to any offer, sale or other transfer pursuant to clause (b) prior to the end of the applicable resale restriction period to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee.

(5) The purchaser understands that the Notes will be represented by Dollar Global Notes or Euro Global Notes, as applicable, and that transfers of such Notes are restricted as described in this section and in the section entitled "Book-Entry, Delivery and Form."

(6) The purchaser acknowledges that each certificate representing a Note will contain a legend substantially to the following effect:

> THE SECURITY EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THE SECURITY EVIDENCED HEREBY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.
>
> THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE ISSUE DATE HEREOF, ONLY (A) TO THE COMPANY, ANY NOTE GUARANTORS OR SUBSIDIARIES THEREOF, (B) PURSUANT TO OFFERS AND SALES THAT OCCUR IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT, OR (C) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (B) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.
>
> THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act. The purchaser acknowledges that the Trustee will not be required to accept for registration of transfer of any Notes acquired by them, except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth herein have been complied with.

(8) The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on the transfer of such securities.

(9) The purchaser acknowledges that the Company, the Initial Purchasers, the Transfer Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us, the Initial Purchasers and the Transfer Agent. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

(10) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Company or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Company or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth herein.

(11) The purchaser acknowledges that none of the Company or the Initial Purchasers, nor any person representing any of them, has made any representation to such purchaser with respect to us or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to such purchaser and upon which such purchaser is relying in making its investment decision with respect to the Notes.

(12) The purchaser acknowledges that neither the Initial Purchasers nor any person representing the initial purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. The purchaser has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(13) You are not a "retail investor" in: (a) the European Economic Area, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (b) the United Kingdom, defined as a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for us by Morrison & Foerster LLP, with respect to matters of English, U.S. federal and New York state law, and by Mori Hamada & Matsumoto, with respect to certain matters of Japanese law, and for the Initial Purchasers by Latham & Watkins (London) LLP, with respect to matters of U.S. federal and New York state law, and by Latham & Watkins Gaikokuho Joint Enterprise, with respect to matters of Japanese law.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company and its subsidiaries as of and for the fiscal year ended March 31, 2021, with the corresponding figures presented as comparative information as of and for the fiscal year ended March 31, 2020, included in this offering memorandum, have been audited by Deloitte Touche Tohmatsu LLC, independent auditor as stated in its report appearing herein.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SoftBank Group Corp.:

Opinion

We have audited the consolidated financial statements of SoftBank Group Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2(3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of Arm's goodwill

(1) Key Audit Matter Description

The Company recorded ¥4,684,419 million of goodwill in the consolidated statement of financial position as of March 31, 2021, which included ¥2,621,552 million of goodwill related to Arm Limited ("Arm"), representing 5.7% of total assets.

As discussed in Note 19, "Goodwill and intangible assets," on September 13, 2020, SoftBank Group Capital Limited ("SBGC"), a wholly owned subsidiary of the Company, and SoftBank Vision Fund L.P. and its alternative investment vehicles ("SVF1"), entered into a definitive agreement with NVIDIA Corporation ("NVIDIA"), whereby the Company would sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA (the "Transaction"). The Transaction is subject to regulatory approval mainly from authorities in the United Kingdom, the People's Republic of China, the European Union, and the United States of America and other customary closing conditions.

In the impairment test for Arm's goodwill, fair value is used to evaluate the recoverable amount of the cash generating unit, including goodwill. Since the uncertainties of satisfying the closing conditions (such as regulatory approval) exist, management considered two possible scenarios. The first scenario is that the closing conditions including regulatory approval are satisfied and all Arm shares are sold. The second scenario is SBGC and SVF1 would continue to hold Arm shares because closing conditions have not been satisfied. Management estimated the fair value of the cash generating unit including Arm's goodwill by calculating the fair value for each scenario and weighed them based on the probability of each scenario.

The fair value based on the scenario that all Arm shares are sold is calculated by considering the expected contractual proceeds from the NVIDIA transaction. The calculation contains significant assumptions, such as the probability of achieving specific Arm's financial performance targets, which is stipulated in the contract, in the fiscal year period beginning April 1, 2021 and ending on March 31, 2022 in order to receive contingent consideration ("earn-out"). In addition, the fair value based on the scenario that SBGC and SVF1 would continue to hold the Arm shares is calculated by discounting future cash flows according to Arm's business plan using an after-tax rate. The calculation contains significant assumptions, such as chip shipments for the smartphone market licensing business, which affect Arm's revenue forecasts, average royalty rate, and the discount rate.

The following assumptions which are used in calculating the fair value are subject to a high degree of management judgment and are highly sensitive to the calculation of fair value:

- The probability of each scenario
- The probability of achieving specific Arm's financial performance targets to receive the earn-out used for calculating fair value when all Arm shares are sold
- The key assumptions used for calculating fair value when SBGC and SVF1 would continue to hold Arm shares, including:
    - forecasts of chip shipments into the smartphone market and the average royalty revenue derived from each chip
    - the discount rate used when determining fair value

Based on the above, we determined that the valuation of the Arm's goodwill is a key audit matter.

(2) How the Key Audit Matter Was Addressed in the Audit

We performed the following primary procedures, among others, to evaluate the reasonableness of the estimates related to the valuation of Arm's goodwill:

We performed the following procedures to evaluate the reasonableness of the probability that the Transaction will be completed:

- We inspected the related documents such as the definitive agreement to understand the closing conditions of the Transaction.
- We inspected the related documents such as Board minutes and performed inquiries of management to understand management's estimation for determining the probability that the Transaction will be completed.

- We performed inquiries of management and external legal counsel hired by the Company to understand the current status and progress of the Transaction, including regulatory approval, and their future outlook.
- We considered the reasonableness of management's estimate by referring to past M&A transactions in the global semiconductor industry.

We performed the following procedures to evaluate the reasonableness of the probability of achieving the earn-out targets, which is an assumption used in the calculation of fair value when all Arm shares are sold:

- We inspected the related documents such as the definitive agreement to understand the earn-out conditions.
- We inspected the related documents such as Board minutes and performed inquiries of management to understand management's estimate for determining the probability that the earn-out conditions would be satisfied.
- We considered the reasonableness of management's estimate related to the financial performance targets by performing certain procedures, such as analysis of the order backlog.

We performed the following procedures to evaluate the reasonableness of future cash flows based on the business plan, which was used for calculating the fair value for the scenario in which SBGC and SVF1 would continue to hold Arm shares:

- We considered the reasonableness regarding the forecasts of chip shipments into the smartphone market and the average royalty revenue derived from each chip by performing inquiries of management and inspecting the related documents and recent executed contracts.
- We evaluated the reasonableness of the discount rate with the assistance of our valuation specialists.

We independently performed a sensitivity analysis and evaluated whether the fair value calculated by management was significantly different from the amount determined by us.

2. Valuation of Level 3 investments

(1) Key Audit Matter Description

The Company has expanded its investment activities, mainly through SVF1 and SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles ("SVF2"). As a result of these activities, the Company recorded ¥13,646,774 million of investments from SVF1 and SVF2 accounted for using FVTPL and ¥3,706,784 million of investment securities in the consolidated statement of financial position as of March 31, 2021.

As discussed in Note 32, Investments from SVF1 and SVF2 accounted for using FVTPL and Equity securities (excluding investments from SVF1 and SVF2) included ¥6,979,770 million and ¥1,143,043 million of Level 3 investments, respectively, whose fair values were measured using unobservable inputs ("Level 3 investments"). The enterprise values to calculate the fair values of Level 3 investments are calculated primarily based on the recent transactions method, the discounted cash flow method and the market comparable company multiple method. Calculations are determined utilizing one or more of these methods for each security.

For each valuation method, the following significant assumptions are highly sensitive and are subject to a high degree of management judgment:

- revenue growth rate in the business plan, permanent growth rate and capital cost that are used in the discounted cash flow method
- selection of peer companies as the basis for revenue multiples used for a market comparable company multiple method and
- weighted average ratio when multiple valuation methods described above are used

The calculated enterprise value is allocated to the equity value of each type of stock according to the capital structure of the investee to calculate the fair value. With the main consideration of shareholder's rights and their preferred rights, the option pricing method is used to determine the allocation ratio. In addition, the allocation ratio is determined by considering the possibility that the preferred stock will be converted into common stock through an initial public offering and such. The possibility of an initial public offering and other uncertain future events significantly affect the allocation ratio.

Based on the above, we determined that valuation of Level 3 investments is a key audit matter.

(2) How the Key Audit Matter Was Addressed in the Audit

We performed the following primary procedures to evaluate the reasonableness of the estimates related to valuation of Level 3 investments:

- We tested the reasonableness of the selection of valuation methods utilized by performing inquires of management, evaluating the consistency of the valuation methods previously utilized and evaluating the appropriateness of changes in such methods, if any.
- In the scenario where the discounted cash flow method is utilized, we performed retrospective reviews of performance against plan with reference to external reports (where available) in order to evaluate the reasonableness of the revenue growth rate and the permanent growth rate used in the business plan. Regarding capital cost, we developed independent estimates with the assistance of our valuation specialists and evaluated the reasonableness of the capital cost used in the valuation.
- In the scenario where the market comparable company multiple method is utilized, we evaluated the reasonableness of management's selection of peer companies, which serves as the basis for the revenue multiples, with the assistance of our valuation specialists.
- In the scenario where multiple valuation methods are used, we evaluated the reasonableness of the weighted average ratio of multiple valuation methods, consistency with the weighted average ratio previously used and the appropriateness of changes in the ratio, if any.
- Regarding the estimates of the possibility of an initial public offering, we performed inquiries of management to evaluate if management's judgment was reasonable, as well as a review of any public filings.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/Deloitte Touche Tohmatsu LLC
Tokyo, Japan
June 23, 2021

Consolidated Financial Statements

a. Consolidated Statement of Financial Position

	Notes	(Millions of yen) As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	11	¥ 3,369,015	¥ 4,662,725	$ 42,116,566
Trade and other receivables	12,31	2,072,326	2,216,434	20,020,179
Investments from asset management subsidiaries	31	—	658,227	5,945,506
Securities pledged as collateral in asset management subsidiaries	31	—	1,427,286	12,892,115
Derivative financial assets in asset management subsidiaries	31	—	188,056	1,698,636
Other financial assets	13,31	313,487	1,055,222	9,531,406
Inventories	14	185,097	126,830	1,145,606
Other current assets	15	460,970	446,739	4,035,218
Subtotal		6,400,895	10,781,519	97,385,232
Assets classified as held for sale	6,16	9,236,048	38,647	349,083
Total current assets		15,636,943	10,820,166	97,734,315
Non-current assets				
Property, plant and equipment	17	1,264,516	1,668,578	15,071,611
Right-of-use assets	18	1,293,692	1,147,020	10,360,582
Goodwill	19	3,998,167	4,684,419	42,312,519
Intangible assets	19	1,985,972	2,308,370	20,850,601
Costs to obtain contracts		212,036	246,996	2,231,018
Investments accounted for using the equity method	22	3,240,361	4,349,971	39,291,582
Investments from SVF1 and SVF2 accounted for using FVTPL	31	6,892,232	13,646,774	123,265,956
Investment securities	31	1,211,511	3,706,784	33,481,926
Derivative financial assets	31	59,278	908,660	8,207,569
Other financial assets	13,31	1,100,694	1,919,262	17,335,941
Deferred tax assets	24	221,371	206,069	1,861,340
Other non-current assets	15	140,519	137,384	1,240,935
Total non-current assets		21,620,349	34,930,287	315,511,580
Total assets		¥37,257,292	¥45,750,453	$413,245,895

	Notes	(Millions of yen) As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
LIABILITIES AND EQUITY				
Current liabilities				
Interest-bearing debt	25,31	¥ 3,845,153	¥ 7,735,239	$ 69,869,379
Lease liabilities	20,31	378,383	307,447	2,777,048
Deposits for banking business	26,31	873,087	1,109,240	10,019,330
Third-party interests in SVF1	9,31	24,691	—	—
Trade and other payables	27,31	1,585,326	1,970,275	17,796,721
Derivative financial liabilities in asset management subsidiaries	31	—	14,673	132,535
Derivative financial liabilities	31	9,267	322,213	2,910,424
Other financial liabilities	28,31	248,010	51,285	463,237
Income taxes payables		164,298	391,930	3,540,150
Provisions	30	11,448	24,939	225,264
Other current liabilities	29	596,499	952,443	8,603,045
Subtotal		7,736,162	12,879,684	116,337,133
Liabilities directly relating to assets classified as held for sale	6,16	6,454,971	11,271	101,807
Total current liabilities		14,191,133	12,890,955	116,438,940
Non-current liabilities				
Interest-bearing debt	25,31	9,286,729	10,777,736	97,351,061
Lease liabilities	20,31	761,943	727,554	6,571,710
Third-party interests in SVF1	9,31	4,559,728	6,601,791	59,631,388
Derivative financial liabilities	31	128,075	32,692	295,294
Other financial liabilities	28,31	77,207	415,407	3,752,208
Provisions	30	88,791	110,586	998,880
Deferred tax liabilities	24	711,216	2,030,651	18,342,074
Other non-current liabilities	29	79,553	207,488	1,874,158
Total non-current liabilities		15,693,242	20,903,905	188,816,773
Total liabilities		29,884,375	33,794,860	305,255,713
Equity				
Equity attributable to owners of the parent				
Common stock	36	238,772	238,772	2,156,734
Capital surplus	36	1,490,325	2,618,504	23,651,919
Other equity instruments	36	496,876	496,876	4,488,086
Retained earnings	36	3,945,820	8,810,422	79,581,086
Treasury stock	36	(101,616)	(2,290,077)	(20,685,367)
Accumulated other comprehensive income	36	(362,259)	338,329	3,055,993
Subtotal		5,707,918	10,212,826	92,248,451
Accumulated other comprehensive income directly relating to assets classified as held for sale	6,16	205,695	267	2,412
Total equity attributable to owners of the parent		5,913,613	10,213,093	92,250,863
Non-controlling interests	21	1,459,304	1,742,500	15,739,319
Total equity		7,372,917	11,955,593	107,990,182
Total liabilities and equity		¥37,257,292	¥45,750,453	$413,245,895

b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Continuing operations[1]				
Net sales	39	¥ 5,238,938	¥ 5,628,167	$ 50,837,025
Cost of sales	40	(2,584,273)	(2,753,238)	(24,868,919)
Gross profit		2,654,665	2,874,929	25,968,106
Gain on investments				
Gain on investments at Investment Business of Holding Companies	41	484,308	945,944	8,544,341
Gain (loss) on investments at SVF1, SVF2, and others	9	(1,844,867)	6,292,024	56,833,385
Gain (loss) on other investments	41	(49,594)	291,038	2,628,832
Total gain on investments		(1,410,153)	7,529,006	68,006,558
Selling, general and administrative expenses	40	(2,060,080)	(2,271,497)	(20,517,541)
Finance cost	42	(293,897)	(307,250)	(2,775,269)
Income on equity method investments	43	624,015	616,432	5,567,988
Derivative gain (loss) (excluding gain (loss) on investments)	44	15	(480,251)	(4,337,919)
Change in third-party interests in SVF1	9	540,930	(2,246,417)	(20,291,004)
Other loss	45	(5,457)	(44,496)	(401,914)
Income before income tax		50,038	5,670,456	51,219,005
Income taxes	24	(792,655)	(1,303,168)	(11,771,005)
Net income from continuing operations		¥ (742,617)	¥ 4,367,288	$ 39,448,000
Discontinued operations[1]				
Net income from discontinued operations	6	(58,143)	710,948	6,421,714
Net income		¥ (800,760)	¥ 5,078,236	$ 45,869,714
Net income attributable to				
Owners of the parent		¥ (961,576)	¥ 4,987,962	$ 45,054,304
Net income from continuing operations		(912,149)	4,276,729	38,630,016
Net income from discontinued operations		(49,427)	711,233	6,424,288
Non-controlling interests	21	160,816	90,274	815,410
Net income from continuing operations		169,532	90,559	817,984
Net income from discontinued operations		(8,716)	(285)	(2,574)
		¥(800,760)	**¥5,078,236**	**$45,869,714**

	Notes	(Yen) Fiscal year ended March 31, 2020	(Yen) Fiscal year ended March 31, 2021	(U.S. dollars) Fiscal year ended March 31, 2021
Earnings per share[3]				
Basic earnings per share				
Continuing operations	47	(454.67)	2,243.80	20.27
Discontinued operations	47	(23.83)	375.81	3.39
Total basic earnings per share	47	¥ (478.50)	¥ 2,619.61	$ 23.66
Diluted earnings per share				
Continuing operations	47	(461.50)	2,062.55	18.63
Discontinued operations	47	(23.83)	374.74	3.39
Total diluted earnings per share	47	¥ (485.33)	¥ 2,437.29	$ 22.02

Notes:

1. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. The details are described in "Note 6. Discontinued operations."

2. Presentation method for the consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in “(4) Changes in presentation” under “Note 2. Basis of preparation of consolidated financial statements.”
3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Net income		¥ (800,760)	¥5,078,236	$45,869,714
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	46	(21,281)	(40)	(361)
Equity financial assets at FVTOCI	31,46	(6,245)	29,495	266,416
Total items that will not be reclassified to profit or loss		(27,526)	29,455	266,055
Items that may be reclassified subsequently to profit or loss				
Debt financial assets at FVTOCI	31,46	(1,502)	554	5,004
Cash flow hedges	31,46	56,157	33,775	305,076
Exchange differences on translating foreign operations	35,46	(521,620)	502,085	4,535,137
Share of other comprehensive income of associates	22,46	4,912	(65,861)	(594,896)
Total items that may be reclassified subsequently to profit or loss		(462,053)	470,553	4,250,321
Total other comprehensive income, net of tax		(489,579)	500,008	4,516,376
Total comprehensive income		¥(1,290,339)	¥5,578,244	$50,386,090
Total comprehensive income*				
Comprehensive income from continuing operations		(1,149,083)	5,070,088	45,796,116
Comprehensive income from discontinued operations	6	(141,256)	508,156	4,589,974
Total comprehensive income attributable to*				
Owners of the parent		¥(1,425,587)	¥5,482,739	$49,523,431
Comprehensive income from continuing operations		(1,310,448)	4,974,298	44,930,883
Comprehensive income from discontinued operations		(115,139)	508,441	4,592,548
Non-controlling interests		135,248	95,505	862,659
		¥(1,290,339)	**¥5,578,244**	**$50,386,090**

Note:

* The details of discontinued operations are described in “Note 6. Discontinued operations.”

c. Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2020

		(Millions of yen)						
		Equity attributable to owners of the parent						
	Notes	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal
As of April 1, 2019		¥238,772	¥1,467,762	¥496,876	¥5,571,285	¥(443,482)	¥ 290,268	¥ 7,621,481
Effect of retrospective adjustments due to adoption of new standards*		—	—	—	13,997	—	—	13,997
As of April 1, 2019 (after adjustments)		238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
Comprehensive income								
Net income		—	—	—	(961,576)	—	—	(961,576)
Other comprehensive income		—	—	—	—	—	(464,011)	(464,011)
Total comprehensive income		—	—	—	(961,576)	—	(464,011)	(1,425,587)
Transactions with owners and other transactions								
Cash dividends	37	—	—	—	(68,752)	—	—	(68,752)
Distribution to owners of other equity instruments	36	—	—	—	(31,071)	—	—	(31,071)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	(17,179)	—	17,179	—
Purchase and disposal of treasury stock	36	—	(739)	—	(2,748)	(216,270)	—	(219,757)
Retirement of treasury stock	36	—	—	—	(558,136)	558,136	—	—
Changes from business combination	10	—	—	—	—	—	—	—
Changes in interests in subsidiaries	36	—	42,358	—	—	—	—	42,358
Changes in associates' interests in their subsidiaries		—	(24,843)	—	—	—	—	(24,843)
Changes in interests in associates' capital surplus		—	3,583	—	—	—	—	3,583
Share-based payment transactions		—	2,204	—	—	—	—	2,204
Transfer of accumulated other comprehensive income held for sale	6	—	—	—	—	—	(205,695)	(205,695)
Other		—	—	—	—	—	—	—
Total transactions with owners and other transactions		—	22,563	—	(677,886)	341,866	(188,516)	(501,973)
As of March 31, 2020		¥238,772	¥1,490,325	¥496,876	¥3,945,820	¥(101,616)	¥(362,259)	¥ 5,707,918

	Notes	(Millions of yen) Equity attributable to owners of the parent: Accumulated other comprehensive income directly relating to assets classified as held for sale	Equity attributable to owners of the parent: Total	Non-controlling interests	Total equity
As of April 1, 2019		¥ —	¥ 7,621,481	¥1,387,723	¥ 9,009,204
Effect of retrospective adjustments due to adoption of new standards*		—	13,997	(1,357)	12,640
As of April 1, 2019 (after adjustments)		—	7,635,478	1,386,366	9,021,844
Comprehensive income					
Net income		—	(961,576)	160,816	(800,760)
Other comprehensive income		—	(464,011)	(25,568)	(489,579)
Total comprehensive income		—	(1,425,587)	135,248	(1,290,339)
Transactions with owners and other transactions					
Cash dividends	37	—	(68,752)	(157,894)	(226,646)
Distribution to owners of other equity instruments	36	—	(31,071)	—	(31,071)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	—
Purchase and disposal of treasury stock	36	—	(219,757)	—	(219,757)
Retirement of treasury stock	36	—	—	—	—
Changes from business combination	10	—	—	191,325	191,325
Changes in interests in subsidiaries	36	—	42,358	(94,359)	(52,001)
Changes in associates' interests in their subsidiaries		—	(24,843)	—	(24,843)
Changes in interests in associates' capital surplus		—	3,583	—	3,583
Share-based payment transactions		—	2,204	(750)	1,454
Transfer of accumulated other comprehensive income held for sale	6	205,695	—	—	—
Other		—	—	(632)	(632)
Total transactions with owners and other transactions		205,695	(296,278)	(62,310)	(358,588)
As of March 31, 2020		¥205,695	¥ 5,913,613	¥1,459,304	¥ 7,372,917

Note:

* As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings.

For the fiscal year ended March 31, 2021

		(Millions of yen)						
		Equity attributable to owners of the parent						
	Notes	**Common stock**	**Capital surplus**	**Other equity instruments**	**Retained earnings**	**Treasury stock**	**Accumulated other comprehensive income**	**Subtotal**
As of April 1, 2020		¥238,772	¥1,490,325	¥496,876	¥3,945,820	¥ (101,616)	¥(362,259)	¥ 5,707,918
Comprehensive income								
Net income		—	—	—	4,987,962	—	—	4,987,962
Other comprehensive income		—	—	—	—	—	700,472	700,472
Total comprehensive income		—	—	—	4,987,962	—	700,472	5,688,434
Transactions with owners and other transactions								
Cash dividends	37	—	—	—	(86,841)	—	—	(86,841)
Distribution to owners of other equity instruments	36	—	—	—	(30,139)	—	—	(30,139)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	(383)	—	383	—
Purchase and disposal of treasury stock	36	—	—	—	(2,452)	(2,188,461)	—	(2,190,913)
Changes from business combination	10	—	—	—	—	—	—	—
Changes from loss of control	6	—	—	—	—	—	—	—
Changes in interests in subsidiaries	36	—	1,126,469	—	—	—	—	1,126,469
Changes in associates' interests in their subsidiaries		—	4,794	—	—	—	—	4,794
Share-based payment transactions		—	(3,278)	—	—	—	—	(3,278)
Transfer of accumulated other comprehensive income held for sale	16	—	—	—	—	—	(267)	(267)
Other		—	194	—	(3,545)	—	—	(3,351)
Total transactions with owners and other transactions		—	1,128,179	—	(123,360)	(2,188,461)	116	(1,183,526)
As of March 31, 2021		¥238,772	¥2,618,504	¥496,876	¥8,810,422	¥(2,290,077)	¥ 338,329	¥10,212,826

		(Millions of yen)			
		Equity attributable to owners of the parent			
	Notes	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
As of April 1, 2020		¥ 205,695	¥ 5,913,613	¥1,459,304	¥ 7,372,917
Comprehensive income					
Net income		—	4,987,962	90,274	5,078,236
Other comprehensive income		(205,695)	494,777	5,231	500,008
Total comprehensive income		(205,695)	5,482,739	95,505	5,578,244
Transactions with owners and other transactions					
Cash dividends	37	—	(86,841)	(219,698)	(306,539)
Distribution to owners of other equity instruments	36	—	(30,139)	—	(30,139)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	—
Purchase and disposal of treasury stock	36	—	(2,190,913)	—	(2,190,913)
Changes from business combination	10	—	—	265,219	265,219
Changes from loss of control	6		—	(424,226)	(424,226)
Changes in interests in subsidiaries	36	—	1,126,469	559,955	1,686,424
Changes in associates' interests in their subsidiaries		—	4,794	—	4,794
Share-based payment transactions		—	(3,278)	3,777	499
Transfer of accumulated other comprehensive income held for sale	16	267	—	—	—
Other		—	(3,351)	2,664	(687)
Total transactions with owners and other transactions		267	(1,183,259)	187,691	(995,568)
As of March 31, 2021		¥ 267	¥10,213,093	¥1,742,500	¥11,955,593

		(Thousands of U.S. dollars						
		Equity attributable to owners of the parent						
	Notes	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal
As of April 1, 2020		$2,156,734	$13,461,521	$4,488,086	$35,641,044	$ (917,857)	$(3,272,144)	$ 51,557,384
Comprehensive income								
Net income		—	—	—	45,054,304	—	—	45,054,304
Other comprehensive income		—	—	—	—	—	6,327,089	6,327,089
Total comprehensive income		—	—	—	45,054,304	—	6,327,089	51,381,393
Transactions with owners and other transactions								
Cash dividends	37	—	—	—	(784,401)	—	—	(784,401)
Distribution to owners of other equity instruments	36	—	—	—	(272,234)	—	—	(272,234)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	(3,460)	—	3,460	—
Purchase and disposal of treasury stock	36	—	—	—	(22,148)	(19,767,510)	—	(19,789,658)
Changes from business combination	10	—	—	—	—	—	—	—
Changes from loss of control	6	—	—	—	—	—	—	—
Changes in interests in subsidiaries	36	—	10,174,953	—	—	—	—	10,174,953
Changes in associates' interests in their subsidiaries		—	43,302	—	—	—	—	43,302
Share-based payment transactions		—	(29,609)	—	—	—	—	(29,609)
Transfer of accumulated other comprehensive income held for sale	16	—	—	—	—	—	(2,412)	(2,412)
Other		—	1,752	—	(32,019)	—	—	(30,267)
Total transactions with owners and other transactions		—	10,190,398	—	(1,114,262)	(19,767,510)	1,048	(10,690,326)
As of March 31, 2021		$2,156,734	$23,651,919	$4,488,086	$79,581,086	$(20,685,367)	$ 3,055,993	$ 92,248,451

	Notes	(Thousands of U.S. dollars Equity attributable to owners of the parent Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
As of April 1, 2020		$ 1,857,962	$ 53,415,346	$13,181,321	$ 66,596,667
Comprehensive income					
Net income		—	45,054,304	815,410	45,869,714
Other comprehensive income		(1,857,962)	4,469,127	47,249	4,516,376
Total comprehensive income		(1,857,962)	49,523,431	862,659	50,386,090
Transactions with owners and other transactions					
Cash dividends	37	—	(784,401)	(1,984,446)	(2,768,847)
Distribution to owners of other equity instruments	36	—	(272,234)	—	(272,234)
Transfer of accumulated other comprehensive income to retained earnings		—	—	—	—
Purchase and disposal of treasury stock	36	—	(19,789,658)	—	(19,789,658)
Changes from business combination	10	—	—	2,395,619	2,395,619
Changes from loss of control	6	—	—	(3,831,867)	(3,831,867)
Changes in interests in subsidiaries	36	—	10,174,953	5,057,854	15,232,807
Changes in associates' interests in their subsidiaries		—	43,302	—	43,302
Share-based payment transactions		—	(29,609)	34,116	4,507
Transfer of accumulated other comprehensive income held for sale	16	2,412	—	—	—
Other		—	(30,267)	24,063	(6,204)
Total transactions with owners and other transactions		2,412	(10,687,914)	1,695,339	(8,992,575)
As of March 31, 2021		$ 2,412	$ 92,250,863	$15,739,319	$107,990,182

d. Consolidated Statement of Cash Flows

	Notes	(Millions of yen) Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Cash flows from operating activities				
Net income from continuing operations		¥ (742,617)	¥ 4,367,288	$ 39,448,000
Net income from discontinued operations		(58,143)	710,948	6,421,714
Net income		(800,760)	5,078,236	45,869,714
Depreciation and amortization		2,051,472	851,316	7,689,603
Gain on investments at Investment Business of Holding Companies		(484,308)	(1,441,509)	(13,020,585)
Loss (gain) on investments at SVF1, SVF2, and others		1,844,867	(6,292,024)	(56,833,385)
Finance cost		613,483	309,294	2,793,731
Income on equity method investments		(622,113)	(616,177)	(5,565,685)
Derivative (gain) loss (excluding (gain) loss on investments)		(4,337)	480,184	4,337,314
Change in third-party interests in SVF1		(540,930)	2,246,417	20,291,004
Loss (gain) on other investments and other loss		50,650	(231,152)	(2,087,905)
Income taxes		688,704	1,305,251	11,789,819
Decrease in investments from asset management subsidiaries		—	1,631,430	14,736,067
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries		—	(168,405)	(1,521,136)
Increase in restricted cash in asset management subsidiaries		—	(107,601)	(971,918)
Increase in securities pledged as collateral in asset management subsidiaries		—	(1,351,311)	(12,205,862)
Increase in trade and other receivables		(242,697)	(288,416)	(2,605,149)
(Increase) decrease in inventories		(374,722)	6,276	56,689
Increase in trade and other payables		88,728	199,064	1,798,067
Gain relating to loss of control over discontinued operations		—	(722,004)	(6,521,579)
Other		155,280	230,306	2,080,265
Subtotal		2,423,317	1,119,175	10,109,069
Interest and dividends received		49,688	27,639	249,652
Interest paid		(597,772)	(265,104)	(2,394,580)
Income taxes paid	48	(1,201,986)	(588,615)	(5,316,728)
Income taxes refunded	48	444,632	264,155	2,386,008
Net cash provided by operating activities		1,117,879	557,250	5,033,421
Cash flows from investing activities				
Payments for acquisition of investments		(1,098,640)	(4,186,663)	(37,816,485)
Proceeds from sales/redemption of investments	48	283,892	3,845,787	34,737,485
Payments for acquisition of investments by SVF1 and SVF2		(1,816,291)	(856,608)	(7,737,404)
Proceeds from sales of investments by SVF1		129,832	856,408	7,735,598
Payments for acquisition of investments by asset management subsidiaries		—	(95,616)	(863,662)
Payments for acquisition of control over subsidiaries	10,48	(388,320)	(13,824)	(124,867)
Proceeds from acquisition of control over subsidiaries	10	61	312,791	2,825,318
Payments for acquisition of marketable securities for short-term trading		(245,070)	(107,890)	(974,528)
Proceeds from sales/redemption of marketable securities for short-term trading		86,449	257,255	2,323,683
Purchase of property, plant and equipment, and intangible assets	48	(1,232,551)	(646,888)	(5,843,086)
Payments for loan receivables		(210,379)	(293,669)	(2,652,597)
Collection of loan receivables		95,134	42,970	388,131
Payments into restricted cash	48	(15,777)	(351,343)	(3,173,543)
Payments into trust accounts in SPACs	48	—	(350,990)	(3,170,355)
Other		124,739	119,681	1,081,035
Net cash used in investing activities		(4,286,921)	(1,468,599)	(13,265,277)

	Notes	(Millions of yen) Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Cash flows from financing activities				
Proceeds in short-term interest-bearing debt, net	25	133,173	1,575,327	14,229,311
Proceeds from interest-bearing debt	25	8,601,926	7,965,114	71,945,750
Repayment of interest-bearing debt	25	(5,646,727)	(5,790,901)	(52,306,937)
Repayment of lease liabilities		(695,370)	(402,257)	(3,633,430)
Contributions into SVF1 from third-party investors	9	1,843,660	979,266	8,845,326
Distribution/repayment from SVF1 to third-party investors	9	(771,282)	(1,362,066)	(12,303,008)
Proceeds from non-controlling interests subject to possible redemption	48	—	345,466	3,120,459
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	48	435	1,552,957	14,027,251
Purchase of shares of subsidiaries from non-controlling interests		(82,932)	(101,222)	(914,299)
Distribution to owners of other equity instruments		(31,071)	(30,139)	(272,234)
Purchase of treasury stock		(231,980)	(2,226,229)	(20,108,653)
Cash dividends paid		(68,659)	(86,760)	(783,669)
Cash dividends paid to non-controlling interests	21	(156,999)	(220,313)	(1,990,001)
Other		26,689	(4,166)	(37,629)
Net cash provided by financing activities		2,920,863	2,194,077	19,818,237
Effect of exchange rate changes on cash and cash equivalents		(342)	12,230	110,467
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale	6	(240,982)	(1,248)	(11,273)
(Decrease) increase in cash and cash equivalents		(489,503)	1,293,710	11,685,575
Cash and cash equivalents at the beginning of the year		3,858,518	3,369,015	30,430,991
Cash and cash equivalents at the end of the year		¥ 3,369,015	¥ 4,662,725	$ 42,116,566

Notes:

1. Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in “Note 6. Discontinued operations.”
2. Presentation method for the consolidated statement of cash flows has been changed from the three-month period ended June 30, 2020. The details are described in “(4) Changes in presentation” under “Note 2. Basis of preparation of consolidated financial statements”

Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (https://group.softbank/en/). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its core business being in the Investment Business of Holding Companies segment, the SVF1 and Other SBIA-Managed Funds segment, the SoftBank segment, and the Arm segment. The details are described in "(1) Description of reportable segments" under "Note 7. Segment information." In addition, from the three-month period ended September 30, 2020, Brightstar has been classified as discontinued operations as it was highly probable that Brightstar would no longer be a subsidiary of the Company reaching a final agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. The details are described in "(2) Brightstar" under "Note 6. Discontinued operations."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value as described in "Note 3. Significant accounting policies."

(3) Presentation currency and unit of currency

These consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Group Corp. ("functional currency"), and yen amounts are rounded to the nearest million.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at a rate of ¥110.71 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(4) Changes in presentation

(Consolidated statement of financial position)

Amounts presented under "Derivative financial assets (non-current)," which were previously included in "Other financial assets (non-current)" as of March 31, 2020, are separately presented as of March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥59,278 million, which was previously included in "Other financial assets (non-current) as of March 31, 2020, was reclassified as "Derivative financial assets (non-current)."

(Consolidated statement of income)

a. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the fiscal year ended March 31, 2021. In order to reflect these changes in presentation, similar reclassifications have been made for the fiscal year ended March 31, 2020. The details are described in "Note 6. Discontinued operations."

b. SoftBank Group Corp. is a strategic investment holding company that conducts investments and manages investment portfolios in a number of companies directly (including investments through subsidiaries) or through investment funds (such as SVF1). The Company has been focusing on the investment activities including those led by SVF1 that began its operation in 2017, thereby transforming business structures.

Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint is no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, the Company has revised the presentation of the consolidated statement of income from the three-month period ended June 30, 2020. "Operating income," as previously presented, did not include gain and loss on investments other than those included in “Operating income from SoftBank Vision Fund and other SBIA-managed funds.” Therefore, the Company determined that it was no longer meaningful to appropriately present the consolidated financial results of the Company as a strategic investment holding company. For these reasons, the Company determined not to present “Operating income” in the consolidated statement of income from the three-month period ended June 30, 2020.

In connection with this change, the Company also determined to present “Gain (loss) on investments” in the consolidated statement of income from the three-month period ended June 30, 2020 in order to clearly present investment performance in the consolidated financial results of the Company. “Gain (loss) on investments” includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method.

Furthermore, the Company determined to present, as component of “Gain (loss) on investments,” “Gain (loss) on investments at Investment Business of Holding Companies,” “Gain (loss) on investments at SVF1, SVF2, and others” and “Gain (loss) on other investments.” Investment Business of Holding Companies segment is included in the reportable segments from the three-month period ended June 30, 2020. The details are described in “Note 7. Segment information.” Derivative gain and loss other than those mentioned above are presented as “Derivative gain (loss) (excluding gain (loss) on investments).” In addition, income or loss on equity method investments arising from recognizing the Company’s share in profit or loss of the investees is presented as “Income on equity method investments” as previously presented.

In order to reflect these changes in presentation, similar reclassifications have been made to the consolidated statement of income for the fiscal year ended March 31, 2020. The details of the reclassifications are as follows.

For the fiscal year ended March 31, 2020

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)		Reclassification amounts	After changes in presentation	
Continuing operations				Continuing operations
Net sales	¥ 5,238,938	—	¥ 5,238,938	Net sales
Cost of sales	(2,584,273)	—	(2,584,273)	Cost of sales
Gross profit	2,654,665	—	2,654,665	Gross profit
				Gain (loss) on investments
	—	484,308	484,308	Gain (loss) on investments at Investment Business of Holding Companies
	—	(1,844,867)	(1,844,867)	Gain (loss) on investments at SVF1, SVF2, and others
	—	(49,594)	(49,594)	Gain (loss) on other investments
	—	(1,410,153)	(1,410,153)	Total gain (loss) on investments
Selling, general and administrative expenses	(1,973,602)	(86,478)	(2,060,080)	Selling, general and administrative expenses
Gain relating to loss of control over subsidiaries[1]	11,879	(11,879)	—	
Other operating income (loss)[2]	(121,051)	121,051	—	
Operating income (excluding operating income from SoftBank Vision Fund and other SBIA-managed funds)	571,891	(571,891)	—	
Operating income from SoftBank Vision Fund and other SBIA-managed funds[3]	(1,931,345)	1,931,345	—	
Operating income	(1,359,454)	1,359,454	—	
Finance cost	(293,897)	—	(293,897)	Finance cost
Income (loss) on equity method investments	638,457	(14,442)	624,015	Income (loss) on equity method investments

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)		Reclassification amounts	After changes in presentation	
Dilution gain from changes in equity interest[4]	339,842	(339,842)	—	
Foreign exchange gain (loss)[5]	(9,271)	9,271	—	
Derivative gain (loss)[6]	(70,982)	70,997	15	Derivative gain (loss) (excluding gain (loss) on investments)
Gain relating to settlement of variable prepaid forward contracts using Alibaba shares[7]	1,218,527	(1,218,527)	—	
Gain (loss) from financial instruments at FVTPL[8]	(668,971)	668,971	—	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	540,930	—	540,930	Change in third-party interests in SVF1
Other non-operating income (loss)[9]	(285,143)	285,143	—	
	—	(5,457)	(5,457)	Other gain (loss)
Income before income tax	50,038	—	50,038	Income before income tax
Income taxes	(792,655)	—	(792,655)	Income taxes
Net income from continuing operations	(742,617)	—	(742,617)	Net income from continuing operations
Discontinued operations				Discontinued operations
Net income from discontinued operations	(58,143)	—	(58,143)	Net income from discontinued operations
Net income	¥ (800,760)	—	¥(800,760)	Net income

Notes:

1. ¥11,879 million of “Gain relating to loss of control over subsidiaries,” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
2. ¥(121,051) million previously presented in “Other operating income (loss)” was reclassified as “Gain (loss) on other investments” for ¥(48,922) million, “Income (loss) on equity method investments” for ¥(14,442) million, and “Other gain (loss)” for ¥(57,687) million.
3. Of ¥(1,931,345) million previously presented in “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” gain and loss on investments was reclassified as “Gain (loss) on investments at SVF1, SVF2, and others” for ¥(1,844,867) million and other amounts were reclassified as “Selling, general and administrative expenses” for ¥(86,478) million.
4. ¥339,842 million of “Dilution gain from changes in equity interest,” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
5. ¥(9,271) million of “Foreign exchange gain (loss),” which was separately presented, was reclassified as “Other gain (loss)” since the amount decreased and became not significant.
6. Derivative gain and loss relating to gain and loss on investments of ¥(70,997) million, which was previously presented in “Derivative gain (loss),” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(66,343) million and “Gain (loss) on other investments” for ¥(4,654) million.
7. ¥1,218,527 million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies.”
8. ¥(668,971) million previously presented in “Gain (loss) from financial instruments at FVTPL” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(667,983) million and “Gain (loss) on other investments” for ¥(988) million.
9. ¥(285,143) million previously presented in “Other non-operating income (loss)” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥107 million, “Gain (loss) on other investments” for ¥4,970 million, and “Other gain (loss)” for ¥(290,220) million.

(Consolidated statement of cash flows)

For the fiscal year ended March 31, 2020

a. The Company determined not to present "Operating income" in the consolidated statement of income. In order to reflect the change in presentation in the consolidated statement of income, similar reclassifications have been made to the consolidated statement of cash flows for the fiscal year ended March 31, 2020. The details of the reclassifications are as follows.

(Millions of yen)

Before changes in presentation		Reclassification amounts		After changes in presentation
Cash flows from operating activities				Cash flows from operating activities
Net income from continuing operations	¥ (742,617)	—	¥ (742,617)	Net income from continuing operations
Net income from discontinued operations	(58,143)	—	(58,143)	Net income from discontinued operations
Net income	(800,760)	—	(800,760)	Net income
Depreciation and amortization	2,051,472	—	2,051,472	Depreciation and amortization
Gain relating to loss of control over subsidiaries[1]	(11,879)	11,879	—	
	—	(484,308)	(484,308)	(Gain) loss on investments at Investment Business of Holding Companies
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	1,844,867	—	1,844,867	(Gain) loss on investments at SVF1 and SVF2, and others
Finance cost	613,483	—	613,483	Finance cost
(Income) loss on equity method investments	(636,555)	14,442	(622,113)	(Income) loss on equity method investments
Dilution gain from changes in equity interest[2]	(339,842)	339,842	—	
Derivative (gain) loss[3]	66,660	(70,997)	(4,337)	Derivative (gain) loss (excluding (gain) loss on investments)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares[4]	(1,218,527)	1,218,527	—	
(Gain) loss from financial instruments at FVTPL[5]	668,405	(668,405)	—	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(540,930)	—	(540,930)	Change in third-party interests in SVF1
Foreign exchange (gain) loss and other non-operating (income) loss[6]	290,578	(290,578)	—	
	—	50,650	50,650	(Gain) loss on other investments and other (gain) loss
Income taxes	688,704	—	688,704	Income taxes
(Increase) decrease in trade and other receivables	(242,697)	—	(242,697)	(Increase) decrease in trade and other receivables
(Increase) decrease in inventories	(374,722)	—	(374,722)	(Increase) decrease in inventories
Increase (decrease) in trade and other payables	88,728	—	88,728	Increase (decrease) in trade and other payables
Other[7]	276,332	(121,052)	155,280	Other
Subtotal	¥ 2,423,317	—	¥2,423,317	Subtotal

Notes:
1. ¥(11,879) million previously presented in "Gain relating to loss of control over subsidiaries" was reclassified as "(Gain) loss on other investments and other (gain) loss."
2. "Dilution gain from changes in equity interest," which was separately presented, was reclassified as "(Gain) loss on other investments and other (gain) loss" since the amount became not significant.
3. Derivative gain and loss relating to gain and loss on investments of ¥70,997 million, which was previously included in "Derivative (gain) loss," was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" for ¥66,343 million and "(Gain) loss on other investments and other (gain) loss" for ¥4,654 million.
4. ¥(1,218,527) million previously presented in "Gain relating to settlement of variable prepaid forward contract using Alibaba shares" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies."
5. ¥668,405 million previously presented in "(Gain) loss from financial instruments at FVTPL" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" for ¥667,983 million and "(Gain) loss on other investments and other (gain) loss" for ¥422 million.
6. ¥290,578 million previously presented in "Foreign exchange (gain) loss and other non-operating (income) loss" was reclassified as "(Gain) loss on other investments and other (gain) loss" for ¥290,685 million and "(Gain) loss on investments at Investment Business of Holding Companies" for ¥(107) million.
7. ¥121,052 million previously included in "Other" was reclassified as "(Gain) loss on other investments and other (gain) loss" for ¥106,610 million and "(Income) loss on equity method investments" for ¥14,442 million.

b. Amounts presented under "Proceeds from acquisition of control over subsidiaries," which were previously included in "Payments for acquisition of control over subsidiaries" in cash flows from investing activities for the fiscal year ended March 31, 2020, are separately presented for the fiscal year ended March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥61 million, which was previously included in "Payments for acquisition of control over subsidiaries" in cash flows from investing activities for the fiscal year ended March 31, 2020, was reclassified as "Proceeds from acquisition of control over subsidiaries" in cash flows from investing activities.

c. Amounts presented under "Payments into restricted cash," which were previously included in "Other" in cash flows from investing activities for the fiscal year ended March 31, 2020, are separately presented for the fiscal year ended March 31, 2021 since the amount increased and became significant. In order to reflect the change, ¥(15,777) million, which was previously included in "Other" in cash flows from investing activities for the fiscal year ended March 31, 2020, was reclassified as "Payments into restricted cash" in cash flows from investing activities.

d. Amounts presented under "Other" for the fiscal year ended March 31, 2021 include "Proceeds for acquisition of control over subsidiaries," which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥2,506 million, which was separately presented as "Proceeds for acquisition of control over subsidiaries" in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in "Other."

e. Amounts presented under "Other" for the fiscal year ended March 31, 2021 include "Payments into time deposits," which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥(10,583) million, which was separately presented as "Payments into time deposits" in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in "Other."

f. Amounts presented under "Other" for the fiscal year ended March 31, 2021 include "Proceeds from withdrawal of time deposits," which was separately presented in cash flows from investing activities for the fiscal year ended March 31, 2020, since the amount decreased and became not significant. In order to reflect the change, ¥693 million, which was separately presented as "Proceeds from withdrawal of time deposits" in cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2020, is now included in "Other."

(5) New standards and interpretations not yet adopted by the Company

There is no significant impact to the consolidated financial statements related to new standards and interpretations not yet adopted by the Company.

(6) Definition of company names and abbreviations used in annual report 2021 including this note "Co. Ltd.," "Corporation," etc., are omitted from the names of companies and organizations in principle. Company names and abbreviations, except as otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
The Group	SoftBank Group Corp. and its subsidiaries and associates
* Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SB Northstar	SB Northstar LP
SoftBank Vision Fund or SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
WeWork	WeWork Inc.

From the three-month period ended September 30, 2020, the description of "SoftBank Vision Fund and other SBIA-managed funds" presented in the names of accounts and reportable segment has been changed as follows:

Consolidated Statement of Financial Position

Previous	Current
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Investments from SVF1 and SVF2 accounted for using FVTPL
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Third-party interests in SVF1

Consolidated Statement of Income

Previous	Current
Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds	Gain (loss) on investments at SVF1, SVF2, and others
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1

Consolidated Statement of Cash Flows

Previous	Current
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	(Gain) loss on investments at SVF1, SVF2, and others
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds	Payments for acquisition of investments by SVF1 and SVF2
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds	Proceeds from sales of investments by SVF1
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	Contributions into SVF1 from third-party investors
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	Distribution/repayment from SVF1 to third-party investors

Segment information

Previous	Current
SoftBank Vision Fund and Other SBIA-Managed Funds segment	SVF1 and Other SBIA-Managed Funds segment

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements.

Please refer to "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" for details of SVF1 and Other SBIA-managed funds.

(1) Basis of consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Group Corp.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Please refer to "a. Consolidation of SVF1 and SVF2 by the Company" under "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" for details of SVF1 and SVF2.

The subsidiaries' financial statements are consolidated from the date when control is acquired ("acquisition date") until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Group Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:
- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when control is lost.

Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates and joint ventures

An associate is an entity over which SoftBank Group Corp. has significant influence in the financial and operating policy decisions, but does not have control or joint control.

A joint venture is an investment which parties including SoftBank Group Corp. have joint control based on the contractual arrangement that requires unanimous consent related to significant decisions of the business activities and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method or accounted for using FVTPL.

(a) Investments accounted for using the equity method

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment is adjusted thereafter to recognize the Company's interest in profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

When the losses of an associate and a joint venture exceed the Company's interest in the associate and the joint venture, long-term interests that, in substance, form a part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate and the joint venture.

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Company's interests in the associates and the joint ventures.

Any excess in the cost of acquisition of an associate and a joint venture over the Company's interest of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates and joint ventures.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investments in associates and joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impractical to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(b) Investments accounted for using FVTPL

Among the investments in associates, investments directly made by SVF1 and SVF2, investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SVF1 and SVF2, and preferred stock investments whose feature is substantively different from common stock, are not accounted for using the equity method. These investments are classified as financial assets measured at fair value through profit or loss ("financial assets at FVTPL"). For the Company's accounting policy for the financial assets at FVTPL, please refer to "(4) Financial instruments." Also, please refer to "b. Portfolio company investments made by SVF1 and SVF2 – (b) Investments in associates and joint ventures" under "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" for details of SVF1 and SVF2.

(2) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets or disposal groups that are classified as held-for-sale are measured in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized using the same accounting treatment as the Company disposes the interests.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles, "JGAAP") as of the date of transition to IFRSs, and recorded by that amount after an impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each group company are prepared in their currency based on the primary economic environment in which it operates ("functional currency"). Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

The exchange rates used in the translation are described in "Note 35. Foreign currency exchange rates."

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

(4) Financial instruments

a. Financial instruments

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

Financial assets and financial liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets at FVTPL and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL") are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at the time of initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets at FVTPL or financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified as "financial assets at amortized cost," "debt financial assets at fair value through other comprehensive income ("debt financial assets at FVTOCI")," "equity financial assets at fair value through other comprehensive income ("equity financial assets at FVTOCI")," and "financial assets at FVTPL." The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

All purchases and sales of financial assets made in the ordinary course of business are recognized and derecognized on a trade date basis. Purchases and sales made in the ordinary course of business refer to acquiring or disposing financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace.

(a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" if both of the following conditions are met:

- the financial assets are held within a business model for which the objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(b) Debt financial assets at FVTOCI

Financial assets are classified as "debt financial assets at FVTOCI" if both of the following conditions are met:

- the financial assets are held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on monetary financial assets classified as debt financial assets at FVTOCI and interest income calculated using the effective interest method relating to debt financial assets at FVTOCI are recognized in profit or loss.

(c) Equity financial assets at FVTOCI

At initial recognition, the Company has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as "equity financial assets at FVTOCI." Subsequent to initial recognition, equity financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When financial assets are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at FVTOCI are recognized in profit or loss.

(d) Financial assets at FVTPL

Financial assets are classified as "financial assets at FVTPL," if they are classified as neither "financial assets at amortized cost," "debt financial assets at FVTOCI," nor "equity financial assets at FVTOCI." Please refer to "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" for the details of "Investments from SVF1 and SVF2 accounted for using FVTPL" in the consolidated statement of financial position. Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(e) Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets at amortized cost, debt financial assets at FVTOCI, and contract assets under IFRS 15 "Revenue from Contracts with Customers." At each fiscal period-end, the Company assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition or for credit impaired financial assets, the Company measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses. However, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables and contract assets.

Expected credit losses are estimated in a way that reflects the following:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Provision of the loss allowance relating to the measurement is recognized in profit or loss. Reversal of the loss allowance is also recognized in profit or loss when events that would reduce the loss allowance occur in subsequent periods.

The carrying amount of financial assets is directly reduced against the loss allowance when the Company has no reasonable expectations of recovering financial assets in their entirety, or a portion thereof.

(f) Derecognition of financial assets

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” or “financial liabilities measured at amortized cost,” and the classification is determined at initial recognition.

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” when the entire hybrid contract, including more than one embedded derivative, is designated as a financial liability at FVTPL. Subsequent to initial recognition, liabilities at FVTPL are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company’s obligations are met, or debt is discharged or cancelled or expires.

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contracts, currency swaps, and collar transactions in order to manage its exposure to foreign exchange rate, interest rate, and share price risks. In addition, SB Northstar is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified into “financial assets at FVTPL,” and derivative financial liabilities not designated as hedging instruments are classified into “financial liabilities at FVTPL.”

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period. Specifically, a hedge is determined to be effective when all of the following criteria are met:

(i) there is an economic relationship between the hedged item and the hedging instrument;

(ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item the Company actually hedges and the quantity of the hedging instrument the Company actually uses to hedge the quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains the same, the Company adjusts the hedge ratio so that the hedging relationship becomes effective again.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income in the year when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of non-financial assets or non-financial liabilities, the Company transfers the accumulated other comprehensive income previously recognized in other comprehensive income and includes them in the measurement of initial cost of the non-financial assets or non-financial liabilities (basis adjustment).

The Company discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria, such as instances when the hedging instrument expires or is sold, terminated, or exercised.

When hedge accounting is discontinued, any related income included in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, any related income included in accumulated other comprehensive income is reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative financial assets host contracts (“embedded derivatives”) are not separated from the host contracts and accounted for as hybrid contracts in its entirety.

When the economic characteristics and risks of the derivatives embedded in non-derivative financial liabilities host contracts (“embedded derivatives”) are not closely related to the economic characteristics and risks of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL, the embedded derivatives are separated from the host contracts and accounted for separately as derivatives. If it is required to separate embedded derivatives from their host contracts, but the Company is unable to measure the embedded derivatives separately either at acquisition or at the end of a subsequent fiscal period, the Company designates and accounts for the entire hybrid contract as financial liabilities at FVTPL.

e. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three months or less that are readily convertible to cash and subject to insignificant risk of change in value.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile devices and accessories in the SoftBank segment. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated by the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	10 - 50 years
Other	3 - 22 years
Telecommunications equipment	
Wireless equipment, switching equipment and other network equipment	5 - 15 years
Towers	10 - 42 years
Other	5 - 30 years
Furniture, fixtures and equipment	
Leased mobile devices	2 - 3 years
Other	2 - 25 years
Machinery and equipment	
Power plant and related equipment	25 years
Other	3 - 5 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

(8) Goodwill

Please refer to “(2) Business combinations” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually, regardless of any indication of impairment. Impairment is described in “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill.”

The Company’s policy for goodwill arising from the acquisition of an associate is described in “(1) Basis of consolidation.”

(9) Intangible assets

The Company uses the cost model for measurement of intangible assets in which the assets are measured at historical cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired individually are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally generated intangible assets). The amount initially recognized for internally generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives. The intangible assets with finite useful lives are amortized over the estimated useful lives by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Customer relationships	8 - 25 years
Software	5 - 10 years
Technologies	8 - 20 years
Spectrum migration costs	18 years
Management contracts	4 - 10 years
Trademarks (with finite useful lives)	8 - 10 years
Other	2 - 20 years

Amortization methods, useful lives and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of existing users to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Intangible assets with indefinite useful lives are as follows:
- Trademarks (with indefinite useful lives)

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in "(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill."

In addition, the Company does not apply IFRS 16 "Leases" to leases of intangible assets.

(10) Leases

a. Overall

(a) Identifying a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company deems a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the following conditions are met, the Company deems that the contract conveys the right to control the use of an identified asset.

i. The use of the identified asset is specified in a contract and the lessor does not have the right to substitute the asset.

ii. Throughout the period of use, the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset.

iii. The lessee has the right to direct the use of the identified asset. Where the relevant decisions about how and for what purpose the asset is used are predetermined, the lessee is deemed to have the right to direct the use of the identified asset if:
   - the lessee has the right to operate the asset; or
   - the lessee designed the asset in a way that predetermines how and for what purpose the asset will be used.

(b) Lease term

The lease term is determined as the non-cancellable period of a lease, together with both:
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

b. Lessee

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract by allocating the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Lease transactions of intangible assets
The Company does not apply IFRS 16 “Leases” to leases of intangible assets.

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

After the initial measurement, the right-of-use asset is depreciated on a straight-line basis: (a) over the estimated useful life if the transfer of ownership of the underlying asset is certain; or (b) over the shorter of the lease term or the estimated useful life of the leased asset if the transfer of ownership is not certain. The estimated useful life of the right-of-use asset is determined by the same method applied to property, plant and equipment. Further, if the right-of-use asset is impaired, an impairment loss is deducted from the carrying amount of the right-of-use asset. The details of lease terms by asset classes for right-of-use assets held for leases are described in “Note 18. Right-of-use assets.”

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

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

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

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

c. Lessor
(a) Separating components of a contract
For a contract that is, or contains, a lease, the Company allocates the consideration in the contract applying IFRS 15 “Revenue from Contracts with Customers” to lease components and non-lease components of the contract.

(b) Classification of leases
At the commencement of a lease contract, the Company classifies whether the contract is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease. The Company assesses that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred in cases where the lease term is for the major part of the economic life of the underlying asset, or the amount of present value of the lease payment is substantially all the amount of fair value of the asset.

(c) Sublease classification
If the Company is a party to a sublease contract, the Company accounts for the head lease (lessee) and the sublease (lessor) separately. When classifying the sublease as a finance lease or an operating lease, the Company considers the risks and rewards incidental to, and the useful life of, the right-of-use asset that is recognized by the Company in the head lease, instead of that of the leased asset.

(d) Recognition and measurement

Lease receivables in finance leases are recorded as the uncollected amount of net lease receivables, as of the date the lease is determined and through its maturity. Lease receivables are apportioned between financing income and the repayments of the lease receivables. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest rate is recognized in profit or loss.

Total lease payments received from operating leases received during the lease term are recognized as income on a straight-line basis over the lease term.

(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill

a. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At the end of the fiscal year, the Company determines whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

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

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss related to assets other than goodwill recognized in prior years has decreased or been extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized, to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized, had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually, regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(12) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pre-tax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes mainly asset retirement obligations and provisions for contract loss and loss on interest repayment as provisions.

(13) Treasury stock

When the Company acquires its own equity share capital ("treasury stock"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(14) Assets or disposal groups classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is highly probable that the sale will be completed within one year, are available for immediate sale in their present condition, and management commits to a plan to sell.

The Company, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

(15) Share-based payments

The Company grants stock options and restricted stock awards as equity-settled share-based compensation and phantom stock as cash-settled share-based compensation.

Equity-settled share-based compensation is measured at fair value on the grant date. The fair value of stock options is calculated using models such as the Black-Scholes model, and the fair value of restricted stock units is calculated using the share price on the date of grant.

The fair value determined on the grant date is expensed over the vesting period, based on the estimated stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

Cash-settled share-based compensation is accounted for as liabilities and is measured initially at the fair value of the award. The fair value of the liabilities is remeasured on each closing date and the settlement date, and changes in fair values are recognized in profit or loss.

(16) Revenue

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

SoftBank segment

The SoftBank segment provides mobile communications services, sales of mobile devices, and fixed-line telecommunication services such as broadband services in Japan, mainly through SoftBank Corp., and internet advertising and e-commerce business through Z Holdings Corporation.

a. Mobile communications services and sales of mobile devices

The Company provides mobile communications services, which consist of voice call services, data transmission services, and related optional services to subscribers, and sells mobile devices to customers.

In providing mobile communications services, sales revenue is mainly generated from basic monthly charges, mobile communications services, and other fees. Revenues from the sales of mobile devices are generated from the sales of mobile devices and accessories to subscribers or dealers.

The business flow of the above transactions consists of "Indirect" sales, where the Company sells mobile devices to dealers and enters into mobile communications service contracts with subscribers through dealers, and "Direct" sales, where the Group sells mobile devices to subscribers and enters into mobile communications service contracts directly with subscribers.

In mobile communications services, the contractual period is defined as the period during which the parties to the contract have present enforceable rights and obligations based on the terms and conditions of the contract with the subscriber. In addition, if the Company determines that an option to renew the contract is granted to the subscriber and the option provides a "material right" to the subscriber, it identifies the option as a separate performance obligation. As a practical alternative to estimating the stand-alone selling price of an option identified as a separate performance obligation, the Company allocates the transaction price to the telecommunications services pertaining to the option, referring to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the subscriber.

Basic charges and mobile communications service fees are billed to subscribers on a monthly basis and are generally due within one month. Mobile device payments for indirect sales are billed to dealers at the time of sale to the respective dealers and are generally due within one month. In addition, mobile device payments for direct sales can be paid in full at the time of sale or paid in monthly installment over the contract period, normally due within one month. As a result of both quantitative and qualitative analysis, the Company has determined that these transaction prices do not include significant financing components due to the timing of payments, and accordingly, they have not been adjusted for such financing components. When the period between the revenue recognition and the payment is one year or less, the Company does not make an adjustment for significant financing components, as a practical expedient.

For mobile communications services and sales of mobile devices, the Company is obligated to allow returns and provide refunds for a certain period of time after the inception of the contract. Return and refund obligations are estimated and deducted from transaction prices for each type of goods and services based on historical experience.

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

(a) Indirect sales

Revenues from the sales of mobile devices are recognized when mobile devices are delivered to dealers, which is when dealers are deemed to have obtained control over the mobile devices. Dealers involved in indirect sales have the primary responsibility for fulfilling contracts, carry all inventory risk, and may independently establish their own inventory pricing. Accordingly, the Company considers that dealers involved in indirect sales act as principals.

Basic monthly charges and mobile communications service fees are recognized as revenue over time during the contractual period because the performance obligation of mobile communications services is to provide a certain amount of data communications monthly to subscribers during the contractual period. Discounts on mobile communications charges are deducted from the revenues recognized from monthly mobile communications services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

(b) Direct sales

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

In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile communications services. If the amount of revenue recognized at the time of sale of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile communications services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile communications services are priced at their observable prices when the mobile devices and mobile communications services are sold independently to customers at the inception of the contract.

The amount allocated to sale of mobile device is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile communications service revenues are recognized as revenue over time during the contractual period because the performance obligation of mobile communications services is to provide a certain amount of data communications monthly to subscribers during the contractual period.

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

b. Broadband services

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

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

c. Electricity

For electricity services, revenues are generated from purchase and sale, supply and intermediation of electricity services, including Ouchidenki. Revenues from supply of electricity (retail service) are recognized when the services are provided to subscribers, based on fixed monthly charges plus the fees charged for usage of electricity.

d. Fixed-line communications service

Revenues from fixed-line communications services mainly consist of voice telecommunications service fees and data transmission service fees. Revenues from fixed-line communications services are recognized when services are provided to subscribers, based on fixed monthly charges and the fees charged for usage of the network.

e. Distribution services

Revenues in the distribution services are mainly generated from the sales of hardware, software, and services in relation to Information and Communication Technology (“ICT”), cloud and Internet of Things (“IoT”) solutions for enterprise customers. Revenues are also driven by the sales of PC software, IoT products, and mobile device accessories for individual customers.

Revenues in the distribution services are recognized as revenue at the time of delivery to customers, representing the point in time when the customers are deemed to have obtained control over the goods and other items.

For transactions conducted by the Company on behalf of third parties, revenues are presented on a net basis by excluding payment to third parties from the total consideration received from customers.

f. E-commerce business

Revenues in the E-commerce services consist of revenues from the sale of goods by the ASKUL Group, e-commerce-related services such as ZOZOTOWN and YAHUOKU!, and membership services such as Yahoo! Premium.

Revenues from the sale of goods by the ASKUL Group are recognized when a customer obtains control of the goods, that is, at the time the customer has the ability to direct the use of the goods and to obtain substantially all of the remaining economic benefits from the goods.

ZOZO Inc. operates ZOZOTOWN and sells goods on a consignment basis to individual users as an agent of each brand opening a store as a tenant in ZOZOTOWN. Consignment sales commission based on gross merchandise value multiplied by sales commission rate is recognized as revenue when the customer obtains control of the goods.

Yahoo provides online auction services through YAHUOKU! to individual users and corporations. System usage fees charged to the sellers according to auction proceeds are recognized as revenue when the auction transactions are completed.

Yahoo sells the Yahoo! Premium service to individual users, which provides the user with a variety of membership privileges. Its revenues are recognized over the period during which the membership is valid.

g. Internet advertising
Revenues in the Internet advertising consist of revenues from paid search advertising, display advertising and other advertising.

Revenues from paid search advertising are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement.

Display advertising comprises display advertising (reservation) and display advertising (programmatic).

Revenues from display advertising (reservation) are recognized over the period in which the related advertisement is displayed.

Revenues from display advertising (programmatic) are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement on the page with the related content.

h. LINE advertising services
Revenues in LINE advertising services consist of revenues from display advertising, account advertising and other advertising.

Revenues from display advertising are recognized at a point in time at which impression, view, click and other actions specified in the terms of the contract are satisfied.

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

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

Revenues from LINE Sponsored Stickers are recognized over the period in which the sticker is available at any time the user wants.

Arm segment
In the Arm segment, revenue is mainly generated from licenses to Arm's technology and royalties arising from the subsequent sale of licensees' chips that contain Arm's technology.

The license revenue related to the right to use intellectual property is recognized when the customer obtains control of the license, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from the license.

Royalty revenues are generated from the sale of the licensees' chips that contain Arm technology and are recognized at the time of licensee chip sales.

(17) Costs to obtain contracts
The Company recognizes the costs that would not have been incurred if the telecommunications service contract had not been obtained and that are expected to be recovered, as assets from the costs to obtain contracts. The Company capitalizes mainly the sales commissions that the Company pays to dealers for obtaining and maintaining mobile telecommunications service contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period (two to three years) during which goods or services related to such costs are expected to be provided. At each fiscal year-end and quarterly period-end, the Company assesses the capitalized costs to obtain contracts for impairment.

Using a practical expedient, the Company accounts for the costs to obtain contracts as expenses when incurred if the amortization period of the costs to obtain contracts is one year or less.

(18) Income tax

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, and related transactions other than business combinations, that affect neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

(19) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment

For SVF1 and SVF2, the Company applies the same accounting policies as follows.

a. Consolidation of SVF1 and SVF2 by the Company

SVF1 and SVF2 are limited partnerships established by its general partner which is a wholly-owned subsidiary of the Company, and by its form of organization, qualifies as a structured entity. SVF1 and SVF2 are consolidated by the Company for the following reasons.

The various entities comprising SVF1 and SVF2 make investment decisions through its investment committee, which was established as a committee of SBIA. SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over SVF1 and SVF2.

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

b. Portfolio company investments made by SVF1 and SVF2

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SVF1 and SVF2, the portfolio companies over which the Company has significant influence under IAS 28 “Investments in Associates and Joint Ventures” are associates of the Company, and the portfolio companies that are joint ventures of SVF1 and SVF2 when, as defined under IFRS 11 “Joint Arrangements,” SVF1 and SVF2 have joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as “Investments from SVF1 and SVF2 accounted for using FVTPL” in the consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SVF1 and SVF2” and the proceeds from sales of these investments are presented as “Proceeds from sales of investments by SVF1” under cash flows from investing activities in the consolidated statement of cash flows.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL. The presentation of these investments in the consolidated statement of financial position and the consolidated statement of cash flows are the same as the above “(b) Investments in associates and joint ventures.”

c. Contribution from limited partners to SVF1 and SVF2

SVF1 and SVF2 issue capital calls to its limited partners (“Capital Call”).

No contributions from limited partners other than the Company were made into SVF2 from inception to March 31, 2021.

(a) Contribution from limited partners other than the Company

The interests attributable to limited partners other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SVF1” in the consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the limited partnership agreement. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

“Third-party interests in SVF1” fluctuates due to the results of SVF1 in addition to contributions from Third-Party Investors in satisfaction of Capital Call, and distributions and repayments of investments to

Third-Party Investors. The fluctuations due to the results of SVF1 are presented as “Change in third-party interests in SVF1” in the consolidated statement of income.

Contributions from Third-Party Investors to SVF1 are included in “Contributions into SVF1 from third-party investors” under cash flows from financing activities in the consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SVF1 to third-party investors” under cash flows from financing activities in the consolidated statement of cash flows.

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

(b) Contribution from the Company
Contributions to SVF1 and SVF2 from the Company as limited partners are eliminated in consolidation.

(21) Significant accounting policies for the asset management subsidiary

SB Northstar, a subsidiary of the Company, is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds. “The asset management subsidiary” described in the consolidated financial statements and the notes indicates SB Northstar.

For SB Northstar, the Company applies the following accounting policies.

a. Investments from the asset management subsidiary
The investments in securities made by SB Northstar (except for investments in associates) are accounted for as financial assets at FVTPL as the investments meet the definition of financial assets held for sale in accordance with IFRS 9 “Financial Instruments” and presented as “Investments from assets management subsidiaries” under current assets in the consolidated statement of financial position. At initial recognition, the investments are measured at fair value and transaction costs directly arising from the acquisition of financial assets are recognized as net of profit and loss. Subsequent to initial recognition, they are measured at fair value and valuation gains and losses arising from changes in fair value and dividend income are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the consolidated statement of income. In addition, the changes in investment amounts due to acquisition and sale of investments from SB Northstar are presented as net of “(Increase) decrease in investments from asset management subsidiaries (cash flows from operating activities)” in the consolidated statement of cash flows. The investments in associates of the Company made by SB Northstar are accounted for using the equity method and included in “Investments accounted for using the equity method” in the consolidated statement of financial position.

The investments in convertible bonds made by SB Northstar are accounted for as financial assets at FVTPL and are included in “Other financial assets (non-current)” in the consolidated statement of financial position. Valuation gains and losses arising from changes in fair value and dividend income are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the consolidated statement of income. In addition, payments for acquisition of convertible bonds made by SB Northstar are presented as “Payments for acquisition of investments by asset management subsidiaries (cash flows from investing activities)” in the consolidated statement of cash flows.

b. Securities pledged as collateral in the asset management subsidiary
Of securities pledged as collateral, securities which the recipient can sell or pledge them as re-collateral are separated from “Investments from asset management subsidiaries” and presented as “Securities pledged as collateral in asset management subsidiaries” in the consolidated statement of financial position. In addition, changes in the securities pledged as collateral in SB Northstar are presented as net of “(Increase) decrease in securities pledged as collateral in asset management subsidiaries (cash flows from operating activities)” in the consolidated statement of cash flows.

c. Restricted cash
Restricted cash in SB Northstar is the deposit pledged as collateral to the brokers for acquisition transactions of investments using borrowings, derivative transactions, and credit transactions and its usage is restricted. The restricted cash is included in “Other financial assets (current)” in the consolidated

financial position and changes in restricted cash in SB Northstar are presented as net of "(Increase) decrease in restricted cash in asset management subsidiaries (cash flows from operating activities)" in the consolidated statement of cash flows.

d. Margin deposits

Margin deposits in SB Northstar are the deposits pledged as collateral for unsettled balance for acquisition and sale of investments and unsettled derivatives to the brokers and are included in "Other financial assets (current)" in the consolidated statement of financial position. At initial recognition, they are measured at fair value and subsequent to initial recognition, they are measured at amortized cost. In addition, changes in margin deposits in SB Northstar are included under cash flows from operating activities in the consolidated statement of cash flows.

e. Borrowed securities

The securities borrowed for short credit transactions have obligations for delivery of future financial assets and meet the definition of financial liabilities held for sale in accordance with IFRS 9 "Financial Instruments." Therefore, they are accounted for as financial instruments at FVTPL and included in "Other financial liabilities (current)" in the consolidated statement of financial position. At initial recognition and subsequent to initial recognition, they are measured at fair value and valuation gains and losses arising from changes in fair value are included in "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income. In addition, changes in borrowed securities in SB Northstar are included under cash flows from operating activities in the consolidated statement of cash flows.

4. Changes in accounting policies

The Company has adopted the standards and interpretations for which mandatory adoption is required from the fiscal year ended March 31, 2021. There are no significant impacts on the consolidated financial statements due the adoption.

5. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on management's best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of its estimates or assumptions, however, actual results in the future may differ from those projected estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- significant judgments of whether an entity is controlled by the Company in determining the scope of consolidation ((1) and (20) in "Note 3. Significant accounting policies" and "Note 21. Major subsidiaries");
- significant judgments for the determination of the scope and accounting treatment of associates ((1) and (20) in "Note 3. Significant accounting policies" and "Note 22. Investments accounted for using the equity method");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies" and "Note 45. Other loss");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 10. Business combinations");
- fair value measurement of financial assets at FVTPL, debt financial assets at FVTOCI, and equity financial assets at FVTOCI ((4) and (20) in "Note 3. Significant accounting policies," "Note 9. SVF1 and other SBIA-managed funds business," (2) in "Note 32. Fair value of financial instruments," and "Note 41. Gain on investments");
- estimates for impairment of financial assets measured at amortize cost ((4) in "Note 3. Significant accounting policies," and "Note 45. Other loss");
- fair value measurement of derivatives (including embedded derivatives) ((4) in "Note 3. Significant accounting policies" and (2) in "Note 32. Fair value of financial instruments");

- estimates for residual value and useful life of property, plant and equipment, right-of-use assets, and intangible assets ((7), (9), and (10) in "Note 3. Significant accounting policies");
- estimates for impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 6. Discontinued operations," "Note 19. Goodwill and intangible assets" and "Note 45. Other loss");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies," "Note 18. Right-of-use assets," and "Note 20. Leases");
- judgments and estimates for recognition and measurement on provisions ((12) in "Note 3. Significant accounting policies" and "Note 30. Provisions");
- judgments and estimates for salability relating to classification as held for sale ((14) in "Note 3. Significant accounting policies," "Note 6. Discontinued operations," and "Note 16. Disposal group classified as held for sale");
- judgments for timing of revenue recognition related to indirect sales of mobile devices ((16) in "Note 3. Significant accounting policies" and "Note 39. Net sales");
- judgments for "contractual period" in the mobile communications services and whether or not if "material right" is included in the contracts ((16) in "Note 3. Significant accounting policies" and "Note 39. Net sales");
- estimates for amortization period of costs to obtain contracts ((17) in "Note 3. Significant accounting policies");
- assessment of recoverability of deferred tax assets ((18) in "Note 3. Significant accounting policies" and (1), (2), and (4) in "Note 24. Income taxes");
- estimates for measurement of contribution from Third-party interests to SVF1 ((20) in "Note 3. Significant accounting policies" and (2) in "Note 9. SVF1 and Other SBIA-Managed Funds business");
- recognition of liabilities and expenses related to contingencies ("Note 50. Contingency"); and
- Impact of the novel coronavirus ("COVID-19").

For the fiscal year ended March 31, 2021, the global economic situation was greatly affected by the spread of the novel coronavirus ("COVID-19") and the pandemic that followed, which continues to this day. Governments around the world are implementing fiscal stimulus and monetary easing measures to counter the economic impacts of the pandemic, and expectations that vaccination programs progress in some countries will encourage greater economic activity that have led to a sharp overall market recovery in the second half of the fiscal year ended March 31, 2021, with new capital continuing to flow in. These factors resulted in the strong performance of the Company's investments, particularly at SVF1 and SVF2, leading to a consolidated gain on investments of ¥7,529,006 million ($68,006,558 thousand) for the fiscal year ended March 31, 2021.

However, the duration and extent of the effects cannot be reasonably estimated at this time. The risks and uncertainties resulting from the pandemic that may affect future earnings, cash flows and financial condition of the Company and our investees, include the time necessary to distribute safe and effective vaccines and to vaccinate a significant number of people in Japan and throughout the world.

In such situation, in the evaluation of goodwill, property, plant and equipment, right-of-use assets, and intangible assets for impairment, fair values of investments, and expected credit losses on receivables, loan commitment, and credit guarantee, held by the Company, these were recorded with the amount reasonably estimated, based on the information and the facts available at the timing of preparing the consolidated financial statements, considering the duration of the COVID-19 pandemic and the risks and uncertainties of its effects. However, the uncertainties in the future may cause differences between the best estimate of the amount and subsequent results.

6. Discontinued operations

(1) Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile US, Inc. and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the fair value of T-Mobile US, Inc. shares which the Company acquired from the merger transaction was higher than the carrying amount of Sprint shares.

On April 1, 2020, the merger of Sprint and T-Mobile US, Inc. was completed under the business combination agreement which the Company entered into with the parties, including Sprint, T-Mobile US, Inc. and Deutsche Telekom AG ("Deutsche Telekom") on April 29, 2018 (EST) ("Business Combination Agreement," which was previously amended by an amendment dated July 26, 2019 and February 20, 2020).

Under the merger transaction, Starburst I, Inc. which held Sprint shares and Galaxy Investment Holdings, Inc. were merged with and into Huron Merger Sub LLC, a U.S. subsidiary of T-Mobile US, Inc. and directly owned by T-Mobile US, Inc., with Huron Merger Sub LLC as the surviving company. In addition, Superior Merger Sub Corp., a U.S. subsidiary of Huron Merger Sub LLC and directly owned by Huron Merger Sub LLC, was merged with and into Sprint, with Sprint as the surviving company. As a result of the transactions, Sprint became a wholly-owned subsidiary of T-Mobile which was a new company after the merger and owned Sprint indirectly.

As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value less costs to sell as of April 1, 2020 for acquired T-Mobile shares as consideration of the merger transaction and acquiring shares when certain contingency is satisfied (the "contingent consideration"), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as a gain relating to loss of control for the fiscal year ended March 31, 2021. In addition, the carrying amount of non-controlling interests in Sprint at the time of loss of control over Sprint is ¥424,746 million ($3,836,564 thousand).

The Company surrendered as contingent considerations to T-Mobile an aggregate of 48,751,557 shares of T-Mobile common stock, of the 353,357,606 shares to be received from the transaction, effective immediately following the closing of the transaction. If the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than $150 at any time during the period commencing on the second anniversary of the closing date and ending on December 31, 2025, T-Mobile will re-issue to the Company, for no additional consideration, a number of shares of T-Mobile common stock equal to the abovementioned number of shares to be surrendered, subject to the terms and conditions included as part of the Business Combination Agreement.

The Company recognizes the fair value of the contingent consideration as "Derivative financial assets (non-current)" in the consolidated statement of financial position and ¥196,313 million ($1,773,218 thousand) is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date are recognized as "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income.

Operating results related to Sprint for the fiscal year ended March 31, 2020 and gain relating to loss of control over Sprint for the fiscal year ended March 31, 2021 are presented as discontinued operations, separately from continuing operations, in the consolidated statement of income.

In addition, of 304,606,049 shares of T-Mobile common stock held, 173,564,426 shares were transferred by the Company on June 26, 2020. As a result of the transaction, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company. The details are described in "The transfer of T-Mobile shares" under "Note 52. Additional information."

a. Disposal group classified as held for sale

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Assets classified as held for sale			
Cash and cash equivalents	¥ 240,982	¥—	$—
Trade and other receivables	385,511	—	—
Other financial assets	7,166	—	—
Inventories	97,712	—	—
Other current assets	131,240	—	—
Total current assets	862,611	—	—
Property, plant and equipment	1,890,600	—	—
Right-of-use assets	763,529	—	—
Goodwill	322,978	—	—
Intangible assets	5,082,956	—	—
Costs to obtain contracts	196,438	—	—
Investments accounted for using the equity method	3,049	—	—
Investment securities	3,225	—	—
Other financial assets	47,140	—	—
Other non-current assets	63,522	—	—
Total non-current assets	8,373,437	—	—
Total assets	¥9,236,048	¥—	$—
Liabilities directly relating to assets classified as held for sale			
Interest-bearing debt	331,881	—	—
Lease liabilities	202,743	—	—
Trade and other payables	395,415	—	—
Income taxes payables	1,949	—	—
Provisions	8,720	—	—
Other current liabilities	292,041	—	—
Total current liabilities	1,232,749	—	—
Interest-bearing debt	3,591,777	—	—
Lease liabilities	583,348	—	—
Derivative financial liabilities	5,189	—	—
Other financial liabilities	4,298	—	—
Provisions	81,261	—	—
Deferred tax liabilities	746,834	—	—
Other non-current liabilities	209,515	—	—
Total non-current liabilities	5,222,222	—	—
Total liabilities	¥6,454,971	¥—	$—
Accumulated other comprehensive income directly relating to assets classified as held for sale			
Cash flow hedges	¥ (3,454)	¥—	$—
Exchange differences on translating foreign operations	209,149	—	—
Total accumulated other comprehensive income	¥ 205,695	¥—	$—

b. Results of operations from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥ 3,321,535	¥ —	$ —
Cost of sales	(2,131,312)	—	—
Selling, general and administrative expenses	(956,029)	—	—
Finance cost	(312,534)	—	—
Other	(69,208)	—	—
Income from discontined operations before income tax	(147,548)	—	—
Income taxes	108,993	—	—
Income from discontinued operations after income tax	(38,555)	—	—
Gain relating to loss of control over discontinued operations[1, 2]	—	720,842	6,511,083
Net income from discontinued operations	¥ (38,555)	¥ 720,842	$ 6,511,083
Net income from discontinued operations	(38,555)	720,842	6,511,083
Other comprehensive income from discontinued operations	(82,211)	(205,694)	(1,857,953)
Comprehensive income from discontinued operations	¥ (120,766)	¥ 515,148	$ 4,653,130

Notes:

1. Tax expense is presented as zero in the consolidated statement of income because the taxable income at SoftBank Group Corp. was not generated for the fiscal year despite income generated at SoftBank Group Corp. from the gain recognized related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc.
2. The Company may indemnify T-Mobile and its subsidiaries against any losses, including monetary losses resulting from certain specified matters, incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstances based on the Business Combination Agreement, which the Company entered into with the parties, including Sprint, T-Mobile US, Inc., and Deutsche Telekom, in principle. Accordingly, ¥26,362 million ($238,118 thousand) including ¥870 million ($7,858 thousand) which is the reasonably estimated provision as of March 31, 2021, was recorded as the indemnification for the fiscal year ended March 31, 2021. The indemnification and expenses arising from the merger transaction are deducted from the gain relating to loss of control under discontinued operations.

c. Cash flows from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from operating activities	¥ 641,013	¥(45,647)	$(412,311)
Cash flows from investing activities	(549,794)	—	—
Cash flows from financing activities	(612,373)	—	—
	¥(521,154)	¥(45,647)	$(412,311)

The sale of Sprint shares as of April 1, 2020 was conducted as a share exchange with T-Mobile shares and corresponds to a non-cash transaction.

(2) Brightstar

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. Upon this agreement, it was highly probable that Brightstar would no longer be a subsidiary of the Company at the completion of the transaction. Accordingly, assets, liabilities, and accumulated other comprehensive income of Brightstar were reclassified as a disposal group classified as held for sale. Brightstar was measured at the fair value less costs to sell (expected sale price) as the expected sale price is lower than the carrying amount of Brightstar. As a result, the Company recorded an impairment loss on goodwill for ¥12,423 million ($112,212 thousand).

On October 22, 2020, the sale of all shares in Brightstar was completed. As a result of the transaction, Brightstar was excluded from the scope of consolidation of the Company. The difference between the consideration less costs to sell and the carrying amount of Brightstar (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Brightstar) was recorded as a gain relating to loss of control for the fiscal year ended March 31, 2021.

Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations, in the consolidated statement of income. Also, the above impairment loss on goodwill and gain relating to loss of control are presented as discontinued operations.

The consideration consists of cash proceeds of $685 million and a 25% stake (equivalent to $90 million) in a newly formed subsidiary of Brightstar Capital Partners, which holds all shares in Brightstar. The acquired shares are preferred stock investments whose feature is substantially different from investments in common stock, therefore the preferred stock is measured at fair value and accounted for as financial instruments at FVTPL.

a. Results of operations from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥ 946,155	¥ 330,929	$ 2,989,152
Cost of sales	(900,769)	(303,409)	(2,740,574)
Selling, general and administrative expenses	(50,565)	(18,992)	(171,547)
Finance cost	(7,051)	(2,044)	(18,463)
Other	(2,316)	(15,459)	(139,636)
Income from discontined operations before income tax	(14,546)	(8,975)	(81,068)
Income taxes	(5,042)	(2,082)	(18,806)
Income from discontinued operations after income tax	(19,588)	(11,057)	(99,874)
Gain relating to loss of control over discontinued operations	—	1,163	10,505
Net income from discontinued operations	¥ (19,588)	¥ (9,894)	$ (89,369)
Net income from discontinued operations	(19,588)	(9,894)	(89,369)
Other comprehensive income from discontinued operations	(902)	2,902	26,213
Comprehensive income from discontinued operations	¥ (20,490)	¥ (6,992)	$ (63,156)

b. Cash flows from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from operating activities	¥ 38,340	¥38,733	$349,860
Cash flows from investing activities	(5,759)	(4,807)	(43,420)
Cash flows from financing activities	(34,642)	(1,475)	(13,323)
	¥ (2,061)	¥32,451	$293,117

7. Segment information

(1) Description of reportable segments

The Company’s reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company’s Board of Directors in order to make decisions about the allocation of resources and assess its performance.

For the fiscal year ended March 31, 2020, the Company had four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint was no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, business segments that are regularly reviewed by the Company's Board of Directors have been changed. As a result of the change, from the three-month period ended June 30, 2020, the Company has revised its segment classifications and the Investment Business of Holding Companies segment has been added to the reportable segments. In addition, from the three-month period ended September 30, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar held by the Company to a newly formed subsidiary of Brightstar Capital Partners. It is highly probable that Brightstar will no longer be a subsidiary of the Company. As a result, Brightstar has been classified as a discontinued operation and the Brightstar segment is excluded from the reportable segments.

Accordingly, from the three-month period ended September 30, 2020, the Company has four reportable segments: the Investment Business of Holding Companies segment, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, and the Arm segment. The SoftBank Vision Fund and Other SBIA-Managed Funds segment was renamed to the SVF1 and Other SBIA-Managed Funds segment from the three-month period ended September 30, 2020. In addition, following the signing of the definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm Limited to NVIDIA Corporation, the organizational structure of Arm has been changed from the three-month period ended March 31, 2021. As a result, the Treasure Data business and the other IoT related business, which were included in the Arm segment, have been excluded from the Arm segment and transferred to "Other."

The Investment Business of Holding Companies segment conducts, mainly through SoftBank Group Corp. as a strategic investment holding company, investment activities in a wide range of sectors in Japan and overseas directly or through subsidiaries of the Company. The Investment Business of Holding Companies segment consists of SoftBank Group Corp., SoftBank Group Capital Limited, SoftBank Group Japan Corporation ("SBGJ"), SB Northstar that is an asset management subsidiary, and certain subsidiaries of the Company that conduct investment or funding. SB Northstar is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, credit transactions, and others for diversification of the assets held and management of surplus funds. Gain and loss on investments at Investment Business of Holding Companies consists of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries including dividend income from subsidiaries and impairment loss on investments in subsidiaries are excluded.

The SVF1 and Other SBIA-Managed Funds segment conducts, mainly through SVF1 and SVF2, investment activities in a wide range of technology sectors. Primarily, gain and loss on investments at SVF1, SVF2, and others consist of gain and loss arising from investments held by SVF1 and SVF2 including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through Z Holdings Corporation, internet advertising and e-commerce business. Services related to LINE are included in the SoftBank segment following the business integration of Z Holdings Corporation and LINE Group.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, the sale of software tools, and related services.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly PayPay Corporation, Fortress, the investment activities by SoftBank Latin America Fund L.P., and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm, a subsidiary of the Company, which are included in segment income of the SVF1 and other SBIA-Managed Funds and an elimination of income on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the SoftBank segment. Such income on equity method investments is eliminated because the Company consolidates PayPay Corporation as its subsidiary and related amounts are also included in "Other."

Segment information for the fiscal year ended March 31, 2020 is presented based on the reportable segments after the aforementioned change.

(2) Net sales and income of reportable segments

Income of reportable segments is defined as “Income before income tax.” In accordance with the change in presentation of the consolidated statement of income where “Operating income” is no longer presented, which has been implemented from the three-month period ended June 30, 2020, income of reportable segments to be reported to the Company’s Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from “Operating income” to “Income before income tax.” The details are described in “(4) Changes in presentation” under “Note 2. Basis of preparation of consolidated financial statements.” As in the consolidated statement of income, “Gain (loss) on investments” included in segment income includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

For the fiscal year ended March 31, 2020

	(Millions of yen)			
	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	¥ —	¥ —	¥4,852,917	¥196,691
Intersegment	—	—	9,567	375
Total	¥ —	¥ —	¥4,862,484	¥197,066
Segment income	913,740	(1,412,574)	815,617	(11,105)
Depreciation and amortization	(3,862)	(402)	(701,984)	(71,740)
Gain (loss) on investments	484,308	(1,844,867)	9,720	312
Finance cost	(198,535)	(23,547)	(60,155)	(956)
Income (loss) on equity method investments	657,232	—	(41,839)	923
Derivative gain (loss) (excluding gain (loss) on investments)	(1,886)	—	(20)	(673)

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	¥ 5,049,608	¥ 189,330	¥ —	¥ 5,238,938
Intersegment	9,942	16,442	(26,384)	—
Total	¥ 5,059,550	¥ 205,772	¥(26,384)	¥ 5,238,938
Segment income	305,678	(299,703)	44,063	50,038
Depreciation and amortization	(777,988)	(46,587)	—	(824,575)
Gain (loss) on investments	(1,350,527)	(59,626)	—	(1,410,153)
Finance cost	(283,193)	(17,018)	6,314	(293,897)
Income (loss) on equity method investments	616,316	(30,169)	37,868	624,015
Derivative gain (loss) (excluding gain (loss) on investments)	(2,579)	2,594	—	15

For the fiscal year ended March 31, 2021

	(Millions of yen)			
	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm
Net sales				
Customers	¥ —	¥ —	¥5,190,976	¥208,917
Intersegment	—	—	13,374	931
Total	¥ —	¥ —	¥5,204,350	¥209,848
Segment income	760,927	4,026,823	847,933	(33,873)
Depreciation and amortization	(2,304)	(535)	(729,914)	(71,225)
Gain (loss) on investments	946,107	6,357,462	1,433	364
Finance cost	(218,604)	(10,419)	(64,322)	(1,044)
Income (loss) on equity method investments	601,364	—	(45,048)	1,958
Derivative gain (loss) (excluding gain (loss) on investments)	(477,536)	—	410	847

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	¥5,399,893	¥228,274	¥ —	¥5,628,167
Intersegment	14,305	10,317	(24,622)	—
Total	¥5,414,198	¥238,591	¥(24,622)	¥5,628,167
Segment income	5,601,810	92,625	(23,979)	5,670,456
Depreciation and amortization	(803,978)	(42,954)	—	(846,932)
Gain (loss) on investments	7,305,366	289,241	(65,601)	7,529,006
Finance cost	(294,389)	(16,621)	3,760	(307,250)
Income (loss) on equity method investments	558,274	21,578	36,580	616,432
Derivative gain (loss) (excluding gain (loss) on investments)	(476,279)	(3,972)	—	(480,251)

	(Thousands of U.S. dollars)			
	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm
Net sales				
Customers	$ —	$ —	$46,888,050	$ 1,887,065
Intersegment	—	—	120,802	8,409
Total	$ —	$ —	$47,008,852	$ 1,895,474
Segment income	6,873,155	36,372,712	7,659,047	(305,962)
Depreciation and amortization	(20,811)	(4,832)	(6,593,028)	(643,347)
Gain (loss) on investments	8,545,813	57,424,460	12,944	3,288
Finance cost	(1,974,564)	(94,111)	(580,995)	(9,430)
Income (loss) on equity method investments	5,431,885	—	(406,901)	17,686
Derivative gain (loss) (excluding gain (loss) on investments)	(4,313,395)	—	3,703	7,651

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	$48,775,115	$ 2,061,910	$ —	$50,837,025
Intersegment	129,211	93,190	(222,401)	—
Total	$48,904,326	$ 2,155,100	$ (222,401)	$50,837,025
Segment income	50,598,952	836,646	(216,593)	51,219,005
Depreciation and amortization	(7,262,018)	(387,987)	—	(7,650,005)
Gain (loss) on investments	65,986,505	2,612,601	(592,548)	68,006,558
Finance cost	(2,659,100)	(150,132)	33,963	(2,775,269)
Income (loss) on equity method investments	5,042,670	194,905	330,413	5,567,988
Derivative gain (loss) (excluding gain (loss) on investments)	(4,302,041)	(35,878)	—	(4,337,919)

Note:

* The details of the difference between "Gain (loss) on investments" in the SVF1 and Other SBIA-Managed Funds segment and "Gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statement of income are described in "Note 9. SVF1 and other SBIA-managed funds business."

(3) Geographical information

a. Net sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Japan	¥4,880,433	¥5,193,795	$46,913,513
Other	358,505	434,372	3,923,512
Total	¥5,238,938	¥5,628,167	$50,837,025

Sales are categorized based on the location of external customers.

b. Non-current assets (excluding financial assets and deferred tax assets)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Japan	¥5,337,087	¥ 6,526,025	$58,947,024
U.K.	3,119,675	3,126,788	28,243,049
Other	438,140	539,954	4,877,193
Total	¥8,894,902	¥10,192,767	$92,067,266

8. Special purpose acquisition companies sponsored by the Company

A special purpose acquisition company ("SPAC") is an investment vehicle formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that have not yet been identified at the time of the offering. Subsequent to its formation, the SPAC executes an initial public offering and raises capital through contributions from public investors. The SPAC then seeks to identify an unlisted company as a target company and completes a business combination with the target company with necessary approvals. Although the SPAC becomes the legal surviving company, substantially the target company, which is an unlisted company, becomes a publicly listed company through the business combination. A SPAC may arrange committed equity financing in private placement with certain investors in order to raise additional funds necessary for the business combination ("Private Investment in Public Equity").

For the fiscal year ended March 31, 2021, Fortress, SB Investment Advisers (US) Inc.*, and the subsidiary in the investment fund business in Latin America (subsidiaries of the Company) have formed, as sponsors, nine SPACs. These SPACs have raised funds through initial public offerings in the United States. For the fiscal year ended March 31, 2021, the total funds raised were $3,304 million (the amounts for Fortress, SB Investment Advisers (US) Inc., and the subsidiary in the investment fund business in Latin America were $1,920 million, $1,154 million and $230 million, respectively).

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

The proceeds received from investors other than the Company as sponsor ("Public Market Investors") can only be used for the initial merger and redemptions of the proceeds to Public Market Investors. The proceeds received are held in a trust account until completion of the initial merger or redemption to Public Market Investors and are invested only in certain financial assets that are highly liquid.

The carrying amounts of the assets restricted on its use held in the trust accounts are as follows;

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Other financial assets (non-current)			
Trust accounts in SPACs	¥—	¥327,569	$2,958,802

The amount of ownership interests held by Public Market Investors include proceeds received from Public Market Investors at the initial public offering and income including interest earned on such proceeds. Shares issued by a SPAC at the initial public offering are subject to conditions that the SPAC will cease all operations and redeem all of the proceeds received from Public Market Investors in the SPAC to them if the SPAC is unable to complete a merger within 24 months from the date of the initial public offering. In addition, Public Market Investors retain an option to redeem part or all of proceeds received from them upon completion of the initial merger. When the condition is met or the option is exercised, the relevant SPAC will be obligated to redeem them for cash and, therefore, non-controlling interests subject to possible redemption are included in and presented as "Other financial liabilities (non-current)" and classified as "financial liabilities measured at amortized cost" in the consolidated statement of financial position.

The carrying amounts of non-controlling interests subject to possible redemption are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Other financial liabilities (non-current)			
Non-controlling interests subject to possible redemption	¥—	¥298,092	$2,692,548

When the Company loses control over a SPAC due to a successful merger with a target company, the SPAC will no longer be subject to consolidation. For the fiscal year ended March 31, 2021, a SPAC sponsored by Fortress completed a merger with a target company and that SPAC was excluded from the scope of consolidation due to loss of control. Furthermore, an agreement to merge with a target company was completed between another SPAC sponsored by Fortress as of March 31, 2021.

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

9. SVF1 and other SBIA-managed funds business

(1) Income and loss arising from the SVF1 and other SBIA-managed funds business

a. Overview

Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax) represents the net profits of the SVF1 and other SBIA-managed funds business, after deducting the net profits attributable to Third-Party Investors. The net profits attributable to Third-Party Investors are the amount after deducting management fees and performance fees that SBIA receives from SVF1.

The amount of the net profits attributable to Third-Party Investors that is deducted from the segment income is presented as “Change in third-party interests in SVF1.”

b. Segment income arising from the SVF1 and other SBIA-managed funds business

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Gain (loss) on investments at SVF1, SVF2, and others			
Realized gain on sales of investments	¥ 58,340	¥ 419,640	$ 3,790,444
Unrealized gain (loss) on valuation of investments			
Change in valuation for the fiscal year[1]	(1,877,682)	6,013,404	54,316,719
Reclassified to realized loss recorded in the past fiscal year[2]	(40,012)	(116,345)	(1,050,899)
Dividend income from investments	12,848	29,849	269,614
Derivative gain on investments	145	1,091	9,855
Effect of foreign exchange translation[3]	1,494	9,823	88,727
	(1,844,867)	6,357,462	57,424,460
Selling, general and administrative expenses	(86,484)	(74,194)	(670,165)
Finance cost (interest expenses)	(23,547)	(10,419)	(94,111)
Change in third-party interests in SVF1	540,930	(2,246,417)	(20,291,004)
Other gain	1,394	391	3,532
Segment income arising from the SVF1 and other			
SBIA-managed funds business (income before income tax)	¥(1,412,574)	¥ 4,026,823	$ 36,372,712

Notes:

1. In September 2020, the Company entered into a definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm, a subsidiary of the Company, held by the Company (including shares held by SVF1). Given the definitive agreement, SVF1 recorded ¥45,435 million ($410,397 thousand) of unrealized gain for the fiscal year ended March 31, 2021 upon the fair value estimation of Arm held by SVF1.

   The unrealized gain arising from Arm shares held by SVF1 is included in "Gain (loss) on investments at SVF1, SVF2, and others" (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, the unrealized gain is eliminated in consolidation as Arm is a subsidiary of the Company.

   In addition, SVF1 received ¥19,912 million ($179,857 thousand) of dividends from Arm for the fiscal year ended March 31, 2021. The dividends received from Arm are included in "Gain (loss) on investments at SVF1, SVF2, and others" (in Dividend income from investments) in the above-mentioned segment income, however, the dividends are eliminated in consolidation. The unrealized gain and the dividends, that are eliminated in consolidation, are not included in "Gain (loss) on investments at SVF1, SVF2, and others" in the consolidated statement of income.

2. It represents the unrealized gain and loss on valuation of investments recorded as "Gain (loss) on investments at SVF1, SVF2, and others" in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.
3. Unrealized gain and loss on investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gain and loss and realized gain and loss.

(2) Third-party interests in SVF1

a. Terms and conditions of contribution from/ distribution to limited partners

Contributions by the limited partners are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

Performance-based distributions attributed to limited partners, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance of SVF1. Those performance-based distributions and performance fees attributed to SBIA will be allocated using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to limited partners will be allocated to each limited partner based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each limited partner after SVF1 receives cash through dividend, or disposition or monetization of investments.

Fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December.

In the following table, Third-Party Investors contributing Equity are defined as "Investors entitled to performance-based distribution" and Third-Party Investors contributing Preferred Equity are defined as "Investors entitled to fixed distribution."

b. Changes in interests attributable to Third-Party Investors

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

	Third-party interests (Total of current liabilities and non-current liabilities)	(Breakdown)	(Millions of yen) (For reference purposes only) Links with the consolidated financial statements: Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2020	¥ 4,584,419			
Contributions from third-party investors	979,266		—	979,266
Changes in third-party interests	2,246,417		(2,246,417)	—
Attributable to investors entitled to fixed distribution		197,796		
Attributable to investors entitled to performance-based distribution		2,048,621		
Distribution/repayment to third-party investors	(1,362,066)		—	(1,362,066)
Exchange differences on translating third-party interests[1]	153,755		—	—
As of March 31, 2021[2]	¥ 6,601,791			

	Third-party interests (Total of current liabilities and non-current liabilities)	(Breakdown)	(Thousands of U.S. dollars) (For reference purposes only) Links with the consolidated financial statements: Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2020	$ 41,409,258			
Contributions from third-party investors	8,845,326		—	8,845,326
Changes in third-party interests	20,291,004		(20,291,004)	—
Attributable to investors entitled to fixed distribution		1,786,614		
Attributable to investors entitled to performance-based distribution		18,504,390		
Distribution/repayment to third-party investors	(12,303,008)		—	(12,303,008)
Exchange differences on translating third-party interests[1]	1,388,808		—	—
As of March 31, 2021[2]	$ 59,631,388			

Notes:

1. Exchange differences were included in "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.
2. Of third-party interests as of March 31, 2021, the amount attributable to investors entitled to fixed distribution is ¥2,348,005 million ($21,208,608 thousand) and of this amount, the amount of unpaid fixed distributions is not recorded.

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1's Third-Party Investors as of March 31, 2021 was $9.4 billion.

No contributions from Third-Party Investors were made into SVF2 from the inception to March 31, 2021, and there were no third-party interests in SVF2 as of March 31, 2021.

(3) Management fees and performance fees to SBIA

Terms and conditions of management fees and performance fees to SBIA from SVF1, included in segment income from the SVF1 and other SBIA-managed funds business, are as follows.

a. Management fees to SBIA

Management fees to SBIA are, in accordance with the limited partnership agreement, calculated by multiplying 1% per annum by Equity contributions used to fund investments and paid to SBIA by SVF1 quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

b. Performance fees to SBIA

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

From the inception of SVF1 to March 31, 2021, the cumulative amount of performance fees paid to SBIA was $439 million. For the fiscal year ended March 31, 2021, no performance fees were paid to SBIA.

In addition, the performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

10. Business combinations

For the fiscal year ended March 31, 2020

ZOZO, Inc.

(1) Overview of the business combination

With the aim of strengthening its clothing/fashion e-commerce activities in an effort to further expand its e-commerce business, Z Holdings Corporation, the Company's subsidiary, proposed a tender offer for the common shares of ZOZO, Inc., as resolved at its Board of Directors meeting held on September 12, 2019. This tender offer was completed on November 13, 2019, and the Company acquired ZOZO, Inc.'s 152,952,900 common shares in cash for ¥400,737 million. As a result, the Company holds 50.1% of voting rights ratio in ZOZO, Inc., and ZOZO, Inc. became a consolidated subsidiary of the Company. In addition, in order to procure part of the funds necessary to acquire the target shares for this business combination, the Company entered into a borrowing arrangement for ¥400,000 million.

(2) Summary of the acquiree

Name	ZOZO, Inc.
Nature of business	Planning/operation of fashion online shopping website "ZOZOTOWN" Planning/development of private brand "ZOZO" Customer support, operation of logistics center "ZOZOBASE"

(3) Acquisition date

November 13, 2019

(4) Consideration transferred and the component

		(Millions of yen) Acquisition date (November 13, 2019)
Payment by cash		¥400,737
Total consideration transferred	A	¥400,737

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

		(Millions of yen)
		Acquisition date (November 13, 2019)
Cash and cash equivalents		¥ 22,876
Trade and other receivables		30,443
Other current assets		7,770
Property, plant and equipment		8,610
Right-of-use assets		20,964
Intangible assets[1]		503,017
Other non-current assets		13,799
Total assets		607,479
Interest-bearing debt (current)		22,000
Lease liabilities (current)		3,854
Trade and other payables		28,362
Other current liabilities		9,263
Lease liabilities (non-current)		16,735
Deferred tax liabilities		150,269
Other non-current liabilities		3,420
Total liabilities		233,903
Net assets	B	373,576
Non-controlling interests[2]	C	185,750
Goodwill[3]	A-(B-C)	¥212,911

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration was completed during the three-month period ended March 31, 2020. There is no change from the initial provisional amount to the final amount.

Notes:

1. Intangible assets
Identifiable assets of ¥503,017 million are included and the components of intangible assets are as follows; the estimated useful lives are from 18 to 25 years for customer relationships. Trademarks are classified as intangible assets with indefinite useful lives. In addition, intangible assets recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)
	Acquisition date (November 13, 2019)
Intangible assets with indefinite useful lives	
Trademarks	¥178,720
Intangible assets with finite useful lives	
Customer relationships	322,070
Other	2,227
Total	¥503,017

2. Non-controlling interests
Non-controlling interests are measured based on the proportionate interests in the fair value of the identifiable net assets of the acquiree.

3. Goodwill
Goodwill reflects excess earning power expected from future business development and the synergy between the Company and the acquiree.

(6) Payment for acquisition of control over subsidiaries

	(Millions of yen)
	Acquisition date (November 13, 2019)
Payment for the acquisition by cash	¥(400,737)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	22,876
Payment for the acquisition of control over the subsidiary by cash	¥(377,861)

(7) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2020, are ¥57,462 million and ¥5,773 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

(8) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year

The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2020, assuming that the business combinations of ZOZO, Inc. were completed and control was acquired as of April 1, 2019.

	(Millions of yen)
	Fiscal year ended March 31, 2020
Sales (pro forma)	¥5,306,017
Net income (pro forma)	¥ (798,430)

For the fiscal year ended March 31, 2021

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

(1) Overview of the transaction

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

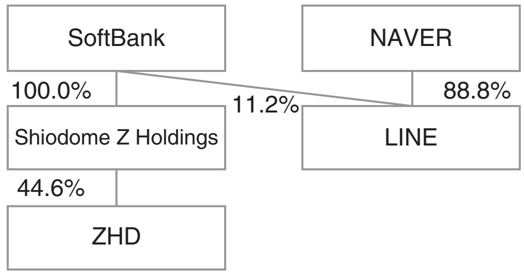
Through this acquisition, SoftBank Corp. first transferred all the Z Holdings Corporation shares held by SoftBank Corp. to Shiodome Z Holdings Co., Ltd (subsequently, its corporate form was changed to Shiodome Z Holdings G.K.), and SoftBank Corp. and NAVER J.Hub Corporation, which is wholly owned by NAVER Corporation, major shareholder of LINE Corporation, conducted a joint tender offer for the common stock of LINE Corporation and implemented squeeze-out procedures of minority shareholders as well as making adjustments of ownership interests of the LINE Corporation shares held by SoftBank Corp. and NAVER J.Hub Corporation. As a result, SoftBank Corp. acquired 26,220 thousand common stock of LINE Corporation for ¥172,992 million ($1,562,569 thousand) excluding transaction costs and therefore the ratio of voting rights held by SoftBank Corp. in LINE Corporation became 11.2% as of February 25, 2021 (Refer to (a) under Structure Diagram below.)

LINE Corporation conducted a tender offer for the common stock of Z Holdings Corporation and an absorption-type merger with Shiodome Z Holdings G.K. As a result, the ratio of voting rights held by SoftBank Corp. and NAVER Corporation in LINE Corporation became 50.0% respectively as of February 26, 2021. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and changed its name to A Holdings Corporation. Under the joint venture agreement entered into with NAVER Corporation, SoftBank Corp. owns the rights to appoint the majority of the Board of Directors of A Holdings Corporation. As a result, A Holdings Corporation and LINE Split Preparation Corporation are considered substantially controlled by the Company, through SoftBank Corp., a subsidiary of the Company, and became subsidiaries of the Company, effective February 28, 2021, on which the legally binding joint venture agreement was entered into by conducting the absorption-type merger. Also, through A Holdings Corporation, SoftBank Corp., a subsidiary of the Company, owns the rights to appoint the majority of the Board of Directors of Z Holdings Corporation and accordingly, Z Holdings Corporation is considered continuously controlled by SoftBank Corp. (Refer to (b) under Structure Diagram below.)

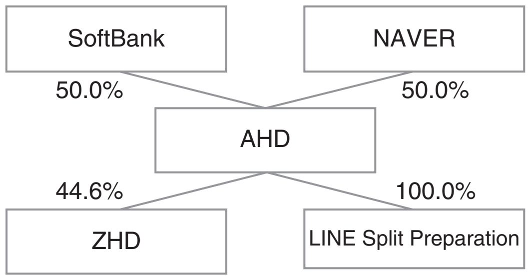
In addition, effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation (the exchange ratio: allotted ratio of Z Holdings Corporation shares to be exchanged for one share of the LINE Split Preparation Corporation is 11.75 and the allotted number of Z Holdings Corporation shares is 2,831,284,030 shares) whereby LINE Split Preparation Corporation became the wholly-owned subsidiary of Z Holdings Corporation. As a result, the ratio of voting rights held by A Holdings Corporation in Z Holdings Corporation became 65.3%. Subsequently, LINE Split Preparation Corporation changed its name to LINE Corporation (Refer to (c) under Structure Diagram below.)

Structure Diagram

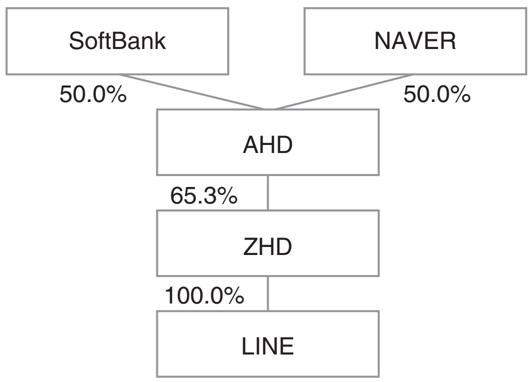
(a) Joint tender offer for LINE Corporation shares and squeeze-out



(b) Tender offer for Z Holdings Corporation shares and absorption-type merger between Shiodome Z Holdings G.K. and LINE Corporation (currently A Holdings Corporation) as well as LINE business demerger



(c) Share exchange between Z Holdings Corporation and A Holdings Corporation



(2) Summary of acquiree

Name	LINE Corporation*
Nature of business	Advertising service based on the mobile messenger application "LINE," core business including the sales of stamp and game services, and strategic business including Fintech, AI, and commerce services.

Note:

* Refer to LINE Corporation, surviving company through the absorption-type merger conducted by Shiodome Z Holdings G.K. As described in "Structure Diagram (b)" under "(1) Overview of the business combination," LINE Corporation, acquiree,

transitioned all the business to LINE Split Preparation Corporation (currently LINE Corporation) and changed its name to A Holdings Corporation, effective February 28, 2021.

(3) Acquisition date

February 28, 2021

(4) Consideration transferred and the component

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Fair value of common shares in LINE Corporation already held at the time of acquisition of control		¥172,922	$1,561,936
Fair value of common shares in Shiodome Z Holdings G.K. transferred at the time of acquisition of control		689,150	6,224,822
Total consideration transferred	A	¥862,072	$7,786,758

Acquisition-related costs incurred for the business combination were ¥1,970 million ($17,794 thousand), of which ¥932 million ($8,418 thousand) and ¥1,038 million ($9,376 thousand) are included in "Selling, general and administrative expenses" in the consolidated statement of income for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2021, respectively. In addition, as a result of remeasuring interests in LINE Corporation held by SoftBank Corp. based on the fair value as of the acquisition date, difference on the step acquisition of ¥(70) million ($(632) thousand) is recognized. The amount is included in "Equity financial assets at FVTOCI" in the consolidated statement of comprehensive income.

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

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (February 28, 2021)	Acquisition date (February 28, 2021)
Cash and cash equivalents		¥ 312,791	$ 2,825,318
Trade and other receivables		67,553	610,180
Other (current)		46,687	421,705
Property, plant and equipment		24,667	222,807
Right-of-use assets		62,940	568,512
Intangible assets[1]		425,401	3,842,480
Investments accounted for using the equity method		168,093	1,518,318
Other (non-current)		104,809	946,700
Total assets		1,212,941	10,956,020
Interest-bearing debt (current and non-current)		181,308	1,637,684
Lease liabilities (current and non-current)		62,940	568,512
Trade and other payables		233,671	2,110,659
Other (current)		49,169	444,124
Deferred tax liabilities		155,856	1,407,786
Other (non-current)		20,745	187,382
Total liabilities		703,689	6,356,147
Net assets	B	509,252	4,599,873
Non-controlling interests[2]	C	264,257	2,386,929
Goodwill[3]	A-(B-C)	¥ 617,077	$ 5,573,814

As the recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete as of March 31, 2021, the above amounts are provisional based on the best estimate at present. Accordingly, the allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date are obtained and evaluated.

Notes:

1. Intangible assets

Identifiable assets of ¥406,964 million ($3,675,946 thousand) are included and the components of intangible assets are as follows; the estimated useful lives are from 12 to 18 years for customer relationships. Trademarks are classified as intangible assets with indefinite useful lives. In addition, intangible assets recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	**Acquisition date (February 28, 2021)**
Intangible assets with indefinite useful lives		
Trademarks	¥170,078	$1,536,248
Intangible assets with finite useful lives		
Customer relationships	236,886	2,139,698
Total	¥406,964	$3,675,946

2. Non-controlling interests
Non-controlling interests, that give the holder a pro-rata share of the net assets of the acquiree at the time of liquidation, are measured at the recognized amounts of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests as of the acquisition date after the business combination.

3. Goodwill
Goodwill reflects excess earning power expected from future business development and the synergy between the Company and the acquiree.

(6) Proceeds from acquisition of control over subsidiaries

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (February 28, 2021)	**Acquisition date (February 28, 2021)**
Cash and cash equivalents held by the acquiree at the time of acquisition of control	¥312,791	$2,825,318
Proceeds in cash from the acquisition of control over the subsidiary	¥312,791	$2,825,318

(7) Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2021, are ¥25,205 million ($227,667 thousand) and ¥5,877 million ($53,085 thousand), respectively. In addition, an impairment loss of ¥10,002 million ($90,344 thousand) and deferred tax revenue related to the impairment loss of ¥3,147 million ($28,426 thousand) are included in the aforementioned net loss.

(8) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year

The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2021, assuming that the acquisition of LINE Corporation and the business combinations of LINE Corporation and Z Holdings Corporation were completed and control was acquired as of April 1, 2020.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	**Fiscal year ended March 31, 2021**
Sales (pro forma)	¥5,862,873	$52,957,032
Net income (pro forma)	¥5,043,000	$45,551,441

11. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Cash and demand deposits[1,2]	¥3,054,482	¥4,444,917	$40,149,192
MMF	132,071	123,204	1,112,853
Time deposits (maturities of less than three months)	173,850	94,239	851,224
Other	8,612	365	3,297
Total	¥3,369,015	¥4,662,725	$42,116,566

Notes:

1. A subsidiary operating a banking business is obliged to maintain certain amounts of the deposit, which is determined by a fixed ratio against the deposits it receives from its customers ("the legal reserve requirement"), with the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2021, cash and cash equivalents include ¥294,165 million ($2,657,077 thousand) (as of March 31, 2020: ¥ 311,897million) of deposits at the Bank of Japan, which is more than the legal reserve requirement.
2. Cash and demand deposits as of March 31, 2021 includes money in trust of ¥22,742 million ($205,420 thousand) (as of March 31, 2020: ¥ 3,969 million) to set up for the purchase of treasury stocks by SoftBank Group Corp.

The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(3) Assets pledged as collateral" under "Note 25. Interest-bearing debt."

12. Trade and other receivables

The components of trade and other receivables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Trade receivables	¥1,432,614	¥1,449,132	$13,089,441
Installment receivables*	410,343	398,293	3,597,624
Deposit	113,140	154,867	1,398,853
Deposits for banking business	33,341	108,366	978,828
Other	110,821	126,289	1,140,719
Allowance for doubtful accounts	(27,933)	(20,513)	(185,286)
Total	¥2,072,326	¥2,216,434	$20,020,179

Note:

* Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile devices by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.

The period of installment payments for the receivables above is mainly within 24 – 48 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."

13. Other financial assets

The components of other financial assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Restricted cash[1, 2]	¥ 23,907	¥ 480,100	$ 4,336,555
Derivative financial assets[3]	30,087	383,315	3,462,334
Marketable securities	230,234	80,797	729,808
Time deposits (maturities of more than three months)	9,925	36,315	328,019
Other	19,334	85,630	773,462
Allowance for doubtful accounts	—	(10,935)	(98,772)
Total	¥ 313,487	¥1,055,222	$ 9,531,406
Non-current			
Installment receivables[4]	493,526	481,943	4,353,202
Loan receivables[5]	233,521	390,073	3,523,376
Deposits for banking business	201,770	384,394	3,472,080
Trust accounts in SPACs[6]	—	327,569	2,958,802
Investments from asset management subsidiaries[7]	—	97,023	876,371
Lease and guarantee deposits	61,327	73,355	662,587
Advance payments[8]	44,161	—	—
Other	208,929	247,504	2,235,607
Allowance for doubtful accounts[5]	(142,540)	(82,599)	(746,084)
Total	¥1,100,694	¥1,919,262	$17,335,941

Notes:

1. $3.3 billion (¥361,355 million) of restricted cash which is required to be maintained in a segregated custody account before the expected early termination date due to exercise of the option to settle the prepaid forward contract using Alibaba shares by cash is included as of March 31, 2021. The details are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."
2. ¥111,787 million ($1,009,728 thousand) of restricted cash in the asset management subsidiary is included as of March 31, 2021. The details are described in "c. Restricted cash" in "(21) Significant accounting policies for the asset management subsidiary" under "Note 3. Significant accounting policies."
3. The increase was primarily due to prepaid forward contracts using Alibaba shares. The details are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."
4. Installment receivables are described in "Note 12. Trade and other receivables."
5. Loan receivables and allowance for doubtful accounts as of March 31, 2020 include ¥65,913 million of loan receivable and ¥65,913 million of allowance for doubtful account related to OneWeb Global Limited, an equity method associated of the Company. In addition, OneWeb Global Limited was no longer qualified as an equity method associate of the Company for the fiscal year ended March 31, 2021.
6. The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."
7. The details are described in "a. Investments from the asset management subsidiary" in "(21) Significant accounting policies for the asset management subsidiary" under "Note 3. Significant accounting policies."
8. The amount represents the advance payment related to purchase of WeWork shares.

14. Inventories

The components of inventories are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Merchandise and finished products	¥169,431	¥109,695	$ 990,832
Other	15,666	17,135	154,774
Total	¥185,097	¥126,830	$1,145,606

The amount of inventories pledged as collateral for interest-bearing debt or other is described in "(3) Assets pledged as collateral" under "Note 25. Interest-bearing debt."

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Write-downs of inventories	¥13,841	¥22,738	$205,383

15. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Tax receivable*	¥291,579	¥282,534	$2,552,019
Prepaid expense	77,077	86,772	783,777
Contract assets	65,544	26,672	240,918
Other	26,770	50,761	458,504
Total	¥460,970	¥446,739	$4,035,218
Non-current			
Long-term prepaid expense	125,618	110,167	995,095
Other	14,901	27,217	245,840
Total	¥140,519	¥137,384	$1,240,935

Note:

* Tax receivable as of March 31, 2020 includes the withholding income tax of ¥167,097 million related to dividends within the group companies and ¥78,801 million related to deemed dividends, respectively. In addition, tax receivable as of March 31, 2021 includes the withholding income tax of ¥245,053 million ($2,213,468 thousand) related to dividends within the group companies.

16. Disposal group classified as held for sale

(1) Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

(2) Boston Dynamics, Inc.

As of December 11, 2020, the Company agreed on main terms of a transaction with South Korea-based Hyundai Motor Company and its affiliates (collectively "Hyundai Motor Group") and Euisun Chung, Chairman of Hyundai Motor Group, pursuant to which (i) the Company will sell the majority of its shares held in Boston Dynamics, Inc. ("Boston Dynamics"), to Hyundai Motor Group and Euisun Chung, and (ii) Hyundai Motor Group and Euisun Chung will subscribe for additional shares of Boston Dynamics. Upon this agreement, it is highly probable that Boston Dynamics will no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Boston Dynamics were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the consideration from the sale transaction was higher than the carrying amount of Boston Dynamics. The carrying amounts of assets, liabilities, and accumulated other comprehensive income in Boston Dynamics are ¥38,647 million ($349,083 thousand), ¥11,271 million ($101,807 thousand), and ¥267 million ($2,412 thousand), respectively as of March 31, 2021. In addition, the transaction was completed following regulatory approval and satisfaction of certain conditions on June 21, 2021.

17. Property, plant and equipment

Changes in property, plant and equipment at historical cost, are as follows:

	(Millions of yen)							
Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019	¥ 474,015	¥ 5,797,131	¥128,363	¥ 1,767,140	¥ 88,312	¥ 387,538	¥24,759	¥ 8,667,258
Effect of retrospective adjustments due to the adoption of new standards*	(51,484)	(2,163,285)	(22,932)	(72,373)	—	(3)	(65)	(2,310,142)
As of April 1, 2019 (after adjustments)	422,531	3,633,846	105,431	1,694,767	88,312	387,535	24,694	6,357,116
Purchases	10,187	25,952	50,039	203,051	685	578,739	7,891	876,544
Business combinations	2,749	—	—	3,985	—	1,871	5	8,610
Disposals	(70,372)	(473,804)	(2,440)	(845,139)	(7,141)	(23,839)	(811)	(1,423,546)
Transfer of accounts	29,493	875,539	5,059	634,452	40	(592,426)	8,301	960,458
Exchange differences	(3,449)	(45,810)	(9,779)	(26,072)	(321)	(6,701)	(1,137)	(93,269)
Transfer to assets classified as held for sale	(148,757)	(2,340,869)	(2,316)	(1,209,051)	(10,603)	(161,467)	(2,832)	(3,875,895)
Other	12,629	7,374	1,285	5,502	—	(2,359)	(665)	23,766
As of March 31, 2020	255,011	1,682,228	147,279	461,495	70,972	181,353	35,446	2,833,784
Purchases	20,170	32,491	10,937	29,713	3,220	348,247	4,564	449,342
Business combinations	4,193	—	—	19,441	—	514	519	24,667
Loss of control	(647)	—	(3,759)	(7,759)	(65)	(233)	(2,231)	(14,694)
Disposals	(14,761)	(83,282)	(3,981)	(42,201)	(1,734)	(3,790)	(1,128)	(150,877)
Transfer of accounts	42,837	533,354	2,034	70,767	(1)	(203,564)	3,244	448,671
Exchange differences	213	20	5,433	354	139	6,730	825	13,714
Transfer to assets classified as held for sale	—	—	(1,883)	(382)	—	—	(4,267)	(6,532)
Other	(792)	12,008	5,869	1,366	(546)	5,454	465	23,824
As of March 31, 2021	¥ 306,224	¥ 2,176,819	¥161,929	¥ 532,794	¥ 71,985	¥ 334,711	¥37,437	¥ 3,621,899

	(Thousands of U.S. dollars)							
Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020	$2,303,412	$15,194,906	$1,330,313	$4,168,503	$641,062	$ 1,638,091	$320,172	$25,596,459
Purchases	182,188	293,478	98,790	268,386	29,085	3,145,579	41,224	4,058,730
Business combinations	37,874	—	—	175,603	—	4,643	4,687	222,807
Loss of control	(5,844)	—	(33,954)	(70,084)	(587)	(2,105)	(20,152)	(132,725)
Disposals	(133,330)	(752,254)	(35,959)	(381,185)	(15,663)	(34,234)	(10,188)	(1,362,813)
Transfer of accounts	386,930	4,817,577	18,372	639,211	(9)	(1,838,714)	29,302	4,052,669
Exchange differences	1,924	181	49,074	3,198	1,256	60,789	7,451	123,873
Transfer to assets classified as held for sale	—	—	(17,008)	(3,450)	—	—	(38,543)	(59,001)
Other	(7,153)	108,464	53,013	12,337	(4,932)	49,264	4,201	215,193
As of March 31, 2021	$2,766,001	$19,662,352	$1,462,641	$4,812,519	$650,212	$ 3,023,313	$338,154	$32,715,192

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

	(Millions of yen)							
Accumulated depreciation and impairment losses	**Buildings and structures**	**Telecommunications equipment**	**Machinery and equipment**	**Furniture, fixtures, and equipment**	**Land**	**Construction in progress**	**Other**	**Total**
As of April 1, 2019	¥(222,229)	¥(3,503,743)	¥(29,764)	¥(829,959)	¥ (8)	¥ (130)	¥(10,721)	¥(4,596,554)
Effect of retrospective adjustments due to the adoption of new standards*	18,225	1,099,297	7,722	29,231	—	—	20	1,154,495
As of April 1, 2019 (after adjustments)	(204,004)	(2,404,446)	(22,042)	(800,728)	(8)	(130)	(10,701)	(3,442,059)
Purchases	(32,867)	(407,937)	(12,418)	(526,302)	—	—	(4,130)	(983,654)
Business combinations	(20,465)	(4,053)	(156)	(1,136)	(2,123)	(4,306)	(4)	(32,243)
Disposals	49,788	445,143	2,119	552,678	2,123	4,355	516	1,056,722
Transfer of accounts	413	(181,149)	1,189	(5,840)	—	2	(12)	(185,397)
Exchange differences	1,733	28,593	1,116	11,013	—	—	302	42,757
Transfer to assets classified as held for sale	83,685	1,424,636	1,747	474,599	—	—	628	1,985,295
Other	738	(905)	(79)	(5,857)	—	(5,244)	658	(10,689)
As of March 31, 2020	(120,979)	(1,100,118)	(28,524)	(301,573)	(8)	(5,323)	(12,743)	(1,569,268)
Purchases	(19,549)	(123,365)	(15,013)	(70,436)	—	—	(5,973)	(234,336)
Business combinations	(47)	—	(99)	(7,461)	—	—	(127)	(7,734)
Loss of control	596	—	2,788	7,065	1	—	1,866	12,316
Disposals	14,004	77,026	3,674	41,617	—	7	897	137,225
Transfer of accounts	(4,971)	(278,504)	(5)	(14,526)	—	5,213	(2)	(292,795)
Exchange differences	46	(15)	(1,022)	(159)	—	—	61	(1,089)
Transfer to assets classified as held for sale	—	—	749	95	—	—	598	1,442
Other	3,081	(3,007)	(681)	1,408	1	30	86	918
As of March 31, 2021	¥(127,819)	¥(1,427,983)	¥(38,133)	¥(343,970)	¥ (6)	¥ (73)	¥(15,337)	¥(1,953,321)

	(Thousands of U.S. dollars)							
Accumulated depreciation and impairment losses	**Buildings and structures**	**Telecommunications equipment**	**Machinery and equipment**	**Furniture, fixtures, and equipment**	**Land**	**Construction in progress**	**Other**	**Total**
As of March 31, 2020	$(1,092,754)	$ (9,936,934)	$(257,646)	$(2,723,990)	$(72)	$(48,081)	$(115,105)	$(14,174,582)
Purchases	(176,578)	(1,114,308)	(135,607)	(636,221)	—	—	(53,952)	(2,116,666)
Business combinations	(425)	—	(894)	(67,392)	—	—	(1,147)	(69,858)
Loss of control	5,383	—	25,183	63,815	9	—	16,855	111,246
Disposals	126,493	695,746	33,186	375,910	—	63	8,102	1,239,500
Transfer of accounts	(44,901)	(2,515,617)	(45)	(131,208)	—	47,087	(18)	(2,644,702)
Exchange differences	415	(135)	(9,231)	(1,436)	—	—	551	(9,836)
Transfer to assets classified as held for sale	—	—	6,765	858	—	—	5,401	13,024
Other	27,828	(27,162)	(6,151)	12,718	9	272	780	8,293
As of March 31, 2021	$(1,154,539)	$(12,898,410)	$(344,440)	$(3,106,946)	$(54)	$ (659)	$(138,533)	$(17,643,581)

The amount of "Transfer of accounts" includes the amount transferred from "Right-of-use assets" as a result of the termination of lease contracts as lessee and the transfer of the ownership of the assets to the Company.

	(Millions of yen)		(Thousands of U.S. dollars)
Historical cost	**Fiscal year ended March 31, 2020**	**Fiscal year ended March 31, 2021**	**Fiscal year ended March 31, 2021**
Buildings and structures	¥ 3,955	¥ 5,906	$ 53,347
Telecommunications equipment	358,224	400,192	3,614,777
Furniture, fixtures, and equipment	32,357	29,275	264,430
Total	¥394,536	¥435,373	$3,932,554

Accumulated depreciation and impairment losses	(Millions of yen) Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Buildings and structures	¥ (1,823)	¥ (3,913)	$ (35,345)
Telecommunications equipment	(182,308)	(281,722)	(2,544,684)
Furniture, fixtures, and equipment	(21,490)	(19,840)	(179,207)
Total	¥(205,621)	¥(305,475)	$(2,759,236)

The components of the carrying amounts of property, plant and equipment are as follows:

	(Millions of yen)							
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020	¥134,032	¥582,110	¥118,755	¥159,922	¥70,964	¥176,030	¥22,703	¥1,264,516
As of March 31, 2021	¥178,405	¥748,836	¥123,796	¥188,824	¥71,979	¥334,638	¥22,100	¥1,668,578

	(Thousands of U.S. dollars)							
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2021	$1,611,462	$6,763,942	$1,118,201	$1,705,573	$650,158	$3,022,654	$199,621	$15,071,611

Note:

* For the fiscal year ended March 31, 2020, as a result of the adoption of IFRS 16 "Leases," assets recognized under finance leases as a lessee that were previously included in property, plant and equipment, are reclassified to right-of-use assets.

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Changes in the historical cost for "Furniture, fixtures, and equipment" which includes the assets subject to operating leases as a lessor, are follows:

Historical cost	(Millions of yen) Furniture, fixtures, and equipment	(Thousands of U.S. dollars) Furniture, fixtures, and equipment
As of April 1, 2019	¥ 1,341,947	$ —
Purchases	173,060	—
Disposals	(810,422)	—
Transfer of accounts	599,768	—
Exchange differences	(23,502)	—
Transfer to assets classified as held for sale	(1,114,037)	—
Other	2,412	—
As of March 31, 2020	169,226	1,528,552
Purchases	901	8,138
Business combinations	587	5,302
Disposals	(10,716)	(96,793)
Transfer of accounts	53,791	485,873
Exchange differences	31	280
Other	131	1,183
As of March 31, 2021	¥ 213,951	$1,932,535

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Changes in accumulated depreciation and impairment losses for "Furniture, fixtures, and equipment" which includes the assets subject to operating leases as a lessor, are follows:

Accumulated depreciation and impairment losses	(Millions of yen) Furniture, fixtures, and equipment	(Thousands of U.S. dollars) Furniture, fixtures, and equipment
As of April 1, 2019	¥(595,676)	$ —
Depreciation	(471,401)	—
Impairment loss	(685)	—
Disposals	516,585	—
Transfer of accounts	(925)	—
Exchange differences	9,280	—
Transfer to assets classified as held for sale	418,975	—
Other	(2,103)	—
As of March 31, 2020	(125,950)	(1,137,657)
Purchases	(28,193)	(254,656)
Business combinations	(74)	(668)
Disposals	10,311	93,135
Transfer of accounts	(11,651)	(105,239)
Exchange differences	(23)	(208)
Other	(1,131)	(10,216)
As of March 31, 2021	¥(156,711)	$(1,415,509)

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices. Carrying amounts for "Furniture, fixtures, and equipment" which includes the assets subject to operating leases as a lessor, are follows:

Carrying amount	(Millions of yen) Furniture, fixtures, and equipment	(Thousands of U.S. dollars) Furniture, fixtures, and equipment
As of March 31, 2020	¥43,276	$ —
As of March 31, 2021	¥57,240	$517,026

Impairment loss is included in "Other loss" in the consolidated statement of income. The details are described in "Note 45. Other loss."

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(3) Assets pledged as collateral" under "Note 25. Interest-bearing debt."

Property, plant and equipment with restrictions on rights are described in "(4) Assets with restrictions on rights" under "Note 25. Interest-bearing debt."

18. Right-of-use assets

The components of the carrying amounts of right-of-use assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
Carrying amounts	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Telecommunications equipment	¥ 816,546	¥ 574,412	$ 5,188,438
Real estate for telecommunications business	219,149	235,736	2,129,311
Offices, warehouses and other properties	229,496	316,446	2,858,333
Other	28,501	20,426	184,500
Total	¥1,293,692	¥1,147,020	$10,360,582

Note:

* Right-of-use assets increased by ¥339,381 million ($3,065,495 thousand) for the fiscal year ended March 31, 2021 (for the fiscal year ended March 31, 2020: ¥217,277 million). Of this amount, the increase due to the consolidation of LINE Group was ¥62,940 million ($568,512 thousand).

The components of depreciation of right-of-use assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
Depreciation	**As of March 31, 2020**	**As of March 31, 2021**	**As of March 31, 2021**
Telecommunications equipment	¥(223,869)	¥(179,398)	$(1,620,432)
Real estate for telecommunications business	(48,120)	(48,458)	(437,702)
Offices, warehouses and other properties	(56,163)	(65,230)	(589,197)
Other	(17,373)	(7,065)	(63,815)
Total	¥(345,525)	¥(300,151)	$(2,711,146)

The Company enters into lease transactions of telecommunications equipment, real estate for the telecommunications business and offices, warehouses and other properties mainly to facilitate efficient use of cash.

Many of the lease contracts include an option to terminate or extend the lease in order to enhance operational flexibility. Most of these options can be exercised by the Company without consent from the other party after a certain prior notice period. In determining the lease term, all relevant facts and circumstances that create an economic incentive not to exercise the option to extend or terminate the lease are considered. In addition, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in the facts and circumstances that affects that assessment.

Telecommunications equipment

The Company's telecommunications equipment leases contain telecommunications machinery and equipment and transmission facilities that are used for the telecommunications business. Most of these lease contracts include an option to terminate or extend the lease. The lease term of these lease transactions are mainly 5 years or 10 years. The Company may extend a lease of transmission facilities beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Telecommunications equipment" are mainly comprised of those classified as "Telecommunications equipment" in property, plant and equipment.

Real estate for the telecommunications business

Leases of real estate for the telecommunications business entered into by the Company contain land to place towers or pillars for the placement of cell site equipment, spaces of buildings and structures for the placement of cell site equipment and land and buildings or a portion thereof for the placement of telecommunications equipment. Most of these lease contracts include an option to terminate or extend the lease. The lease terms of the leases of land and spaces of buildings and structures for the placement of cell site equipment are mainly 10 years to 20 years. The lease terms of other leases are mainly 20 years for land and buildings and 3 years to 27 years for a portion thereof. The Company may extend a lease beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Real estate for the telecommunications business" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

Offices, warehouses and other properties

Leases of offices, warehouses and other properties entered into by the Company mainly contain real estate for offices, warehouses and real estate for stores. Most of these leases include an option to extend the lease that can be exercised by the Company without consent from the other party. The lease terms of these leases are mainly 5 years to 25 years for offices, 3 years to 11 years for warehouses, and 3 years for stores. The Company may extend a lease beyond the initial lease term as needed to continue its business. The right-of-use assets classified as "Offices, warehouses and other properties" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

Other

Other leases entered into by the Company mainly contain mobile devices for rent and equipment for solar power generation. The right-of-use assets classified as "Other" are mainly comprised of "Furniture, fixtures, and equipment" and "Other" that are classified as property, plant and equipment.

19. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

	(Millions of yen)						
		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives		
Historical cost	**Goodwill**	**Trademarks**	**FCC licenses**	**Other**	**Customer relationships**	**Software**	**Technologies**
As of April 1, 2019	¥4,403,236	¥ 707,508	¥ 4,155,126	¥12,763	¥1,095,413	¥1,856,913	¥582,291
Effect of retrospective adjustments due to the adoption of new standards*	—	—	—	—	—	—	—
As of April 1, 2019 (after adjustments)	4,403,236	707,508	4,155,126	12,763	1,095,413	1,856,913	582,291
Purchases	—	—	13,699	—	—	56,082	—
Internal development	—	—	—	—	—	3,793	—
Business combinations	233,812	178,720	—	—	322,070	1,813	—
Disposals	—	—	—	—	—	(170,467)	—
Transfer of accounts	—	—	—	(5,243)	—	188,562	—
Exchange differences	(234,923)	(13,042)	(80,914)	(222)	(27,432)	(8,789)	(46,562)
Transfer to assets classified as held for sale	(322,978)	(645,906)	(4,091,250)	—	(714,251)	(343,142)	—
Other	(612)	—	3,339	(6)	1,971	6,905	—
As of March 31, 2020	4,078,535	227,280	—	7,292	677,771	1,591,670	535,729
Purchases	—	—	—	—	—	59,612	—
Internal development	—	—	—	—	—	4,255	—
Business combinations	643,702	170,078	—	—	236,931	1,413	—
Loss of control	(87,625)	(10,357)	—	—	(23,646)	(23,230)	—
Disposals	—	—	—	—	—	(63,998)	—
Transfer of accounts	—	—	—	—	—	118,792	—
Exchange differences	77,876	(549)	—	126	3,160	(337)	16,844
Transfer to assets classified as held for sale	(9,409)	—	—	(7,418)	—	(355)	—
Other	(8,872)	—	—	—	(198)	(1,017)	—
As of March 31, 2021	¥4,694,207	¥ 386,452	¥ —	¥ —	¥ 894,018	¥1,686,805	¥552,573

	Intangible assets with finite useful lives					
Historical cost	**Spectrum migration costs**	**Management contracts**	**Trademarks**	**FCC licenses**	**Other**	**Total**
As of April 1, 2019	¥189,480	¥125,585	¥ 69,623	¥ 89,688	¥260,543	¥9,144,933
Effect of retrospective adjustments due to the adoption of new standards*	—	—	—	—	(48,440)	(48,440)
As of April 1, 2019 (after adjustments)	189,480	125,585	69,623	89,688	212,103	9,096,493
Purchases	—	—	19	—	229,051	298,851
Internal development	—	—	—	—	38,102	41,895
Business combinations	—	—	73	—	341	503,017
Disposals	—	—	(57,794)	(744)	(8,029)	(237,034)
Transfer of accounts	—	—	11	—	(183,189)	141
Exchange differences	—	(2,444)	(607)	(1,749)	(3,365)	(185,126)
Transfer to assets classified as held for sale	—	—	—	(87,195)	(100,591)	(5,982,335)
Other	—	—	63	—	1,079	13,351
As of March 31, 2020	189,480	123,141	11,388	—	185,502	3,549,253
Purchases	—	—	20	—	125,838	185,470
Internal development	—	—	—	—	33,187	37,442
Business combinations	—	—	8	—	1,609	410,039
Loss of control	—	—	(66)	—	(503)	(57,802)
Disposals	—	—	—	—	(28,538)	(92,536)
Transfer of accounts	3,124	—	11	—	(122,399)	(472)
Exchange differences	—	2,127	263	—	1,397	23,031
Transfer to assets classified as held for sale	—	—	—	—	(6,754)	(14,527)
Other	—	—	2	—	1,040	(173)
As of March 31, 2021	¥192,604	¥125,268	¥ 11,626	¥ —	¥190,379	¥4,039,725

(Thousands of U.S. dollars)

Historical cost	Goodwill	Intangible assets with indefinite useful lives: Trademarks	Intangible assets with indefinite useful lives: FCC licenses	Intangible assets with indefinite useful lives: Other	Intangible assets with finite useful lives: Customer relationships	Intangible assets with finite useful lives: Software	Intangible assets with finite useful lives: Technologies
As of March 31, 2020	$36,839,807	$2,052,931	$—	$ 65,866	$6,122,040	$14,376,931	$4,839,030
Purchases	—	—	—	—	—	538,452	—
Internal development	—	—	—	—	—	38,434	—
Business combinations	5,814,308	15,36,248	—	—	2,140,105	12,763	—
Loss of control	(791,482)	(93,551)	—	—	(213,585)	(209,827)	—
Disposals	—	—	—	—	—	(578,069)	—
Transfer of accounts	—	—	—	—	—	1,073,002	—
Exchange differences	703,423	(4,959)	—	1,138	28,543	(3,044)	152,145
Transfer to assets classified as held for sale	(84,988)	—	—	(67,004)	—	(3,207)	—
Other	(80,138)	—	—	—	(1,789)	(9,187)	—
As of March 31, 2021	$42,400,930	$3,490,669	$—	$ —	$8,075,314	$15,236,248	$4,991,175

Historical cost	Intangible assets with finite useful lives: Spectrum migration costs	Intangible assets with finite useful lives: Management contracts	Intangible assets with finite useful lives: Trademarks	Intangible assets with finite useful lives: FCC licenses	Intangible assets with finite useful lives: Other	Total
As of March 31, 2020	$1,711,498	$1,112,284	$102,864	$—	$ 1,675,566	$32,059,010
Purchases	—	—	181	—	1,136,645	1,675,278
Internal development	—	—	—	—	299,765	338,199
Business combinations	—	—	72	—	14,533	3,703,721
Loss of control	—	—	(596)	—	(4,543)	(522,102)
Disposals	—	—	—	—	(257,773)	(835,842)
Transfer of accounts	28,219	—	99	—	(1,105,582)	(4,262)
Exchange differences	—	19,213	2,376	—	12,619	208,031
Transfer to assets classified as held for sale	—	—	—	—	(61,006)	(131,217)
Other	—	—	17	—	9,395	(1,564)
As of March 31, 2021	$1,739,717	$1,131,497	$105,013	$—	$ 1,719,619	$36,489,252

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

	(Millions of yen)												
		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives								
Accumulated amortization and impairment losses	**Goodwill**	**Trademarks**	**FCC licenses**	**Other**	**Customer relation-ships**	**Software**	**Technologies**	**Spectrum migration costs**	**Management contracts**	**Trademarks**	**FCC licenses**	**Other**	**Total**
As of April 1, 2019	¥ (81,769)	¥ (13,647)	¥—	¥—	¥ (846,385)	¥ (1,117,034)	¥ (110,407)	¥ (29,958)	¥ (30,862)	¥(12,897)	¥(21,596)	¥ (69,952)	¥ (2,252,738)
Effect of retrospective adjustments due to the adoption of new standards*	—	—	—	—	—	—	—	—	—	—	—	35,214	35,214
As of April 1, 2019 (after adjustments)	(81,769)	(13,647)	—	—	(846,385)	(1,117,034)	(110,407)	(29,958)	(30,862)	(12,897)	(21,596)	(34,738)	(2,217,524)
Amortization	—	—	—	—	(68,823)	(258,081)	(40,019)	(10,752)	(21,097)	(48,369)	—	(8,151)	(455,292)
Impairment loss	—	—	—	—	—	(1,154)	—	—	(25,710)	(1)	—	(18,126)	(44,991)
Disposals	—	—	—	—	—	161,804	—	—	—	56,997	744	3,139	222,684
Exchange differences	1,401	121	—	—	16,400	4,582	10,318	—	725	204	428	495	33,273
Transfer to assets classified as held for sale	—	—	—	—	695,734	171,905	—	—	—	—	24,292	7,448	899,379
Other	—	—	—	—	—	5,644	—	—	—	(7)	(3,868)	(2,579)	(810)
As of March 31, 2020	(80,368)	(13,526)	—	—	(203,074)	(1,032,334)	(140,108)	(40,710)	(76,944)	(4,073)	—	(52,512)	(1,563,281)
Amortization	—	—	—	—	(33,102)	(191,215)	(38,119)	(10,767)	(13,319)	(1,270)	—	(3,916)	(291,708)
Impairment loss	(12,423)	—	—	—	—	(449)	—	—	—	—	—	(1,836)	(2,285)
Loss of control	81,039	5,822	—	—	16,903	16,641	—	—	—	9	—	—	39,375
Disposals	—	—	—	—	—	60,792	—	—	—	—	—	20,450	81,242
Exchange differences	1,964	300	—	—	(500)	491	(6,259)	—	(1,831)	(155)	—	(643)	(8,597)
Transfer to assets classified as held for sale	—	—	—	—	—	41	—	—	—	—	—	1,289	1,330
Other	—	—	—	—	655	11,493	—	—	—	2	—	419	12,569
As of March 31, 2021	¥ (9,788)	¥ (7,404)	¥—	¥—	¥ (219,118)	¥ (1,134,540)	¥ (184,486)	¥ (51,477)	¥ (92,094)	¥ (5,487)	¥ —	¥ (36,749)	¥ (1,731,355)

	(Thousands of U.S. dollars)												
		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives								
Accumulated amortization and impairment losses	**Goodwill**	**Trademarks**	**FCC licenses**	**Other**	**Customer relation-ships**	**Software**	**Technologies**	**Spectrum migration costs**	**Management contracts**	**Trademarks**	**FCC licenses**	**Other**	**Total**
As of March 31, 2020	$(725,933)	$(122,175)	$—	$—	$(1,834,288)	$ (9,324,668)	$(1,265,541)	$(367,717)	$(695,005)	$(36,790)	$ —	$(474,320)	$(14,120,504)
Amortization	—	—	—	—	(298,997)	(1,727,170)	(344,314)	(97,255)	(120,305)	(11,471)	—	(35,372)	(2,634,884)
Impairment loss	(112,212)	—	—	—	—	(4,056)	—	—	—	—	—	(16,584)	(20,640)
Loss of control	731,993	52,588	—	—	152,678	150,312	—	—	—	81	—	—	355,659
Disposals	—	—	—	—	—	549,110	—	—	—	—	—	184,717	733,827
Exchange differences	17,741	2,710	—	—	(4,516)	4,435	(56,535)	—	(16,539)	(1,400)	—	(5,808)	(77,653)
Transfer to assets classified as held for sale	—	—	—	—	—	370	—	—	—	—	—	11,643	12,013
Other	—	—	—	—	5,916	103,812	—	—	—	18	—	3,785	113,531
As of March 31, 2021	$ (88,411)	$ (66,877)	$—	$—	$(1,979,207)	$(10,247,855)	$(1,666,390)	$(464,972)	$(831,849)	$(49,562)	$ —	$(331,939)	$(15,638,651)

Note:

* As a result of the adoption of IFRS 16 “Leases,” “Favorable lease contracts,” that were previously recognized as intangible assets and included in “Other” have been reclassified to relevant right-of-use assets for the fiscal year ended March 31, 2020.

The carrying amounts of goodwill and intangible assets are as follows:

	(Millions of yen)												
		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives								
Carrying amounts	Goodwill	Trademarks	FCC licenses	Other	Customer relation-ships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	Total
As of March 31, 2020	¥3,998,167	¥ 213,754	¥—	¥7,292	¥ 474,697	¥ 559,336	¥ 395,621	¥ 148,770	¥ 46,197	¥ 7,315	¥—	¥ 132,990	¥ 1,985,972
As of March 31, 2021	¥4,684,419	¥ 379,048	¥—	¥ —	¥ 674,900	¥ 552,265	¥ 368,087	¥ 141,127	¥ 33,174	¥ 6,139	¥—	¥ 153,630	¥ 2,308,370

	(Thousands of U.S. dollars)												
		Intangible assets with indefinite useful lives			Intangible assets with finite useful lives								
Carrying amounts	Goodwill	Trademarks	FCC licenses	Other	Customer relation-ships	Software	Technologies	Spectrum migration costs	Management contracts	Trademarks	FCC licenses	Other	Total
As of March 31, 2021	$42,312,519	$3,423,792	$—	$ —	$6,096,107	$4,988,393	$3,324,785	$1,274,745	$299,648	$55,451	$—	$1,387,680	$20,850,601

The Company determined that the trademarks, such as "ZOZO" and "LINE" brands have indefinite useful lives as they can be legally utilized indefinitely as long as the business continues and management's current plans are to offer services under these trademarks for the foreseeable future.

FCC licenses are licenses to use a specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC") in Sprint. In addition, as of March 31, 2020, FCC licenses of Sprint were reclassified as a disposal group classified as held for sale. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of the business combinations.

Technologies reflect excessive earning capacity in the future expected from technologies of the acquiree that had been already developed, or was already well-advanced in development, at the time of the business combinations.

Spectrum migration costs are the amounts that SoftBank Corp. incurred in connection with the migration of existing users from the frequency spectrum, which SoftBank Corp. acquired, to the other frequency spectrum in accordance with the termination promotion measures prescribed in the Radio Act.

Amortization is included in "Cost of sales," "Selling, general and administrative expenses," and "Net income from discontinued operations" in the consolidated statement of income.

Impairment losses are included in "Other loss" in the consolidated statement of income for the fiscal year ended March 31, 2020 and in "Other loss" and "Net income from discontinued operations" for the fiscal year ended March 31, 2021. The details are described in "Note 45. Other loss" and "Note 6. Discontinued operations."

Increases due to "Business combinations" are as follows:

For the fiscal year ended March 31, 2020

The increase was due to the consolidation of ZOZO, Inc. in November 2019. The details are described in "ZOZO, Inc." under "Note 10. Business combinations."

For the fiscal year ended March 31, 2021

The increase was due to the acquisition of LINE Corporation and the business integration of LINE Group and Z Holdings Corporation in February 2021. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

The carrying amount of internally generated intangible assets included in the intangible assets is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Software	¥76,134	¥85,195	$769,533

The Company has not applied IFRS 16 "Leases" to leases of intangible assets. Therefore, since finance lease assets arising from lease transactions of software are recognized as intangible assets. The intangible assets with restrictions on rights arising from these transactions are described in "(4) Assets with restrictions on rights b. Assets under lease contracts for intangible assets" under "Note 25. Interest-bearing debt."

Research and development costs included in "Cost of sales" and "Selling, general and administrative expenses" are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	**Fiscal year ended March 31, 2021**	**Fiscal year ended March 31, 2021**
Research and development costs	¥167,095	¥178,129	$1,608,969

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash-generating units or cash-generating unit groups are as follows:

Goodwill

Reportable segments	Cash-generating units or Cash-generating unit groups	(Millions of yen) As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
SoftBank	SoftBank[1]	¥ 922,459	¥ 922,682	$ 8,334,225
	Yahoo[2]	16,519	15,382	138,940
	Marketing solution	32,625	39,088	353,067
	Shopping	272,560	272,472	2,461,133
	Ikyu	72,044	72,044	650,745
	LINE[3]	—	632,509	5,713,206
	Finance	23,504	23,504	212,302
	Other	2,181	2,181	19,699
	Subtotal	1,341,892	1,979,862	17,883,317
Arm	Arm[4]	2,607,318	2,621,552	23,679,451
	Other[4]	30,187	83,005	749,751
Brightstar (discontinued operations)	Brightstar[5]	18,770	—	—
Total		¥3,998,167	¥4,684,419	$42,312,519

Intangible assets with indefinite useful lives

Reportable segments	Cash-generating units or Cash-generating unit groups	(Millions of yen) As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
SoftBank	Shopping	¥ 198,850	¥ 198,850	$ 1,796,134
	Ikyu	10,120	10,120	91,410
	LINE[3]	—	170,078	1,536,248
	Subtotal	208,970	379,048	3,423,792
	Other	7,292	—	—
Brightstar (discontinued operations)	Brightstar US and Canada region[5]	3,129	—	—
	Brightstar Asia and Oceania region[5]	1,655	—	—
	Subtotal	4,784	—	—
Total		¥ 221,046	¥ 379,048	$ 3,423,792

Notes:

1. SoftBank comprises SoftBank Corp. and others.
2. Goodwill is allocated to "Yahoo" because the benefits are expected to be realized from Z Holdings Corporation and its group companies as a whole, not from individual cash-generating units in the SoftBank segment.
3. Goodwill is allocated to "LINE" because the benefits are expected to be realized from LINE Corporation and its group companies as a whole, not from individual cash-generating units in the SoftBank segment. The recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete as of March 31, 2021. The above amounts are provisional based on the best estimate at present. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."
4. Following the signing of the definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm Limited to NVIDIA Corporation in September 2020, the organizational structure of Arm has been changed from the three-month period ended March 31, 2021. As a result, the Treasure Data business and the other IoT related business, which were included in the Arm segment, have been excluded from the Arm segment and transferred to "Other." Goodwill allocated to Arm has been reallocated to Arm, the Treasure Data business, and the other IoT related business based on the proportion of the fair value. Goodwill related to the Treasure Data business, and the other IoT related business included in "Other" is ¥58,452 million ($527,974 thousand) and ¥7,794 million ($70,400 thousand), respectively, for the fiscal year ended March 31, 2021.

5. As of September 30, 2020, "Brightstar" is excluded from the reportable segments since Brightstar is reclassified as a disposal group classified as held for sale. The details are described in "(2) Brightstar" under "Note 6. Discontinued operations."

The recoverable amount of each cash-generating unit or cash-generating unit group is measured as follows:

For the fiscal year ended March 31, 2020

Value in use: Marketing solution, Shopping, Ikyu, and Finance

Fair value less disposal cost: SoftBank, Yahoo, Arm, Brightstar, Brightstar US and Canada region, and Brightstar Asia and Oceania region

For the fiscal year ended March 31, 2021

Value in use: Marketing solution, Shopping, Ikyu, LINE, and Finance

Fair value less disposal cost: SoftBank, Yahoo, Arm

(1) Measurement method for recoverable amounts of goodwill and intangible assets in Arm

a. For the fiscal year ended March 31, 2020

For Arm, it is measured by discounting the cash flows which are estimated based on the business plans for the next nine years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 13.0%. The cash flows from after nine years are assumed on the basis of the growth rate of 21.2% on the 10th year, 18.5% on the 11th year, 15.7% on the 12th year, 13.0% on the 13th year, and 10.2% on the 14th year. The cash flows from the 15th year onward are assumed to increase on the basis of the growth rate of 2.0%. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

b. For the fiscal year ended March 31, 2021

On September 13, 2020 (U.S. time), the Company entered into a definitive agreement with NVIDIA Corporation to sell all of its shares in Arm. This transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other customary closing conditions, and as of March 31, 2021, there are uncertainties as to whether the closing conditions can be satisfied.

In the impairment test for goodwill of Arm as of March 31, 2021, considering the uncertainties, two possible scenarios are taken into consideration. The first scenario is that closing conditions including regulatory approvals are satisfied and all Arm shares are sold. The second scenario is the Company continues to hold Arm shares because closing conditions are not satisfied. The fair value of the cash-generating unit including Arm's goodwill is measured by calculating the fair value for each scenario and weighing them based on the probability of each scenario.

The fair value based on the scenario that all Arm shares are sold is calculated by considering the expected contractual proceeds from the transaction with NVIDIA Corporation which is composed of cash and NVIDIA Corporation shares. The contractual proceeds include contingent consideration which is received if specific Arm's financial performance thresholds, which are stipulated in the contract, for the fiscal year ending March 31, 2022 are achieved ("earnout").

The fair value based on the scenario that the Company continues to hold the Arm shares is calculated by discounting the cash flows which are estimated based on the business plans for the next four years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 10.0%. The cash flows from after four years are assumed on the basis of the growth rate of 17.5% on the 5th year to the 8th year, 14.9% on the 9th year, 12.3% on the 10th year, 9.8% on the 11th year, 7.2% on the 12th year, and 4.6% on the 13th year. The cash flows from the 14th year onward are assumed to increase on the basis of the growth rate of 2.0%. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

Assumptions used for the fair value measurement in the impairment test for goodwill of Arm include management's significant judgments and estimates, including the probability of each scenario, the probability of earnout in the scenario that all Arm shares are sold, and chip shipment volume for the smartphone market and average royalty rate, which are basis of the business plan in the scenario that the Company continues to hold Arm shares.

Occurrence of events which have significant impact to the probability of each scenario, consideration for changes in precondition for earnout probability in the scenario assuming the sale of Arm shares, and changes in precondition in business plans in the scenario assuming the continuous holding of Arm shares, such as an increase in competitive companies' market share and a decrease in Arm's market share and further spread of the novel coronavirus, could impact the estimated fair value, potentially leading to a future material impairment of goodwill.

(2) Measurement method for recoverable amounts of goodwill and intangible assets other than in Arm

Value in use is assessed by discounting to the present value of the estimated cash flows over the next five years based on the financial budget approved by the management, which reflects past experience and external information, using the pre-tax discount rate of 7.3%-17.7% of the cash-generating unit or cash-generating unit group (for the fiscal year ended March 31, 2020: 7.8%-9.6%). The cash flows from after five years are assumed to increase on the basis of the growth rate of 0.9% (for the fiscal year ended March 31, 2020: 0.6%).

For SoftBank and Yahoo, the fair value less disposal cost is measured mainly based on active market prices.

As a result of an annual impairment test of goodwill and intangible assets with indefinite useful lives for cash-generating units or cash-generating unit groups, no impairment loss was recognized.

Other than the above, the Company determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

20. Leases

(As lessee)

(1) Right-of-use assets

The details of the components of the carrying amounts of the right-of-use assets by class of underlying asset, the components of depreciation by asset class, and an increase in the right-of-use assets, are described in "Note 18. Right-of-use assets."

(2) Lease liabilities

The details of the outstanding balance by year of maturity of lease liabilities are described in "(b) Analysis of financial liabilities by maturities" in "(2) Financial risk management c. Liquidity risk" under "Note 31. Financial instruments."

The amount of the lease liabilities as of March 31, 2021 is ¥1,035,001 million ($9,348,758 thousand) (as of March 31, 2020: ¥1,140,326 million). The weighted average interest rate for the lease liabilities as of March 31, 2021 is 1.53 % (as of March 31, 2020: 1.52 %) and their due dates range from April 2021 to March 2051 (as of March 31, 2020: from April 2020 to September 2049).

The details of interest expense on lease liabilities are described in "Note 42. Finance cost."

(3) Total cash outflow

The details of total cash outflow for leases are described in "Note 48. Supplemental information to the consolidated statement of cash flows."

(4) Leases not yet commenced to which the Company is committed

As of March 31, 2020

Some of the Company's contracts are not reflected in the measurement of lease liabilities because they have a fixed-term building lease contract or fixed-term building lease reservation contract, but the lease term has not yet started. The underlying asset of the right-of-use assets held under the lease contract is all classified as offices and warehouses, and the lease start date is after April 1, 2020, and the contract term is 6 to 20 years. The total amount to be paid after April 1, 2020 (or for the fiscal year ending March 31, 2021) is ¥234,703 million.

As of March 31, 2021

There is no significant impact to the Company from the leases not yet commenced to which the Company is committed as of March 31, 2021.

(As lessor)

The Company provides device rental services to corporate customers in Japan. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is allocated between the amount to be received for leases and other elements based on the fair value of device leases and telecommunication services.

At the end of the lease term, the Company sells leased devices to entities providing trade-in service. To manage residual asset risk associated with devices, the trade-in prices are obtained from multiple entities and monitored on a regular basis.

(1) Finance leases

The components of revenue recognized for finance leases are as follows:

	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Selling profit or loss, net	¥2,053	¥622	$5,618
Finance income on the net investment in the lease	113	126	1,138
Total	¥2,166	¥748	$6,756

Of this amount, revenue recognized for subleases is ¥1,011 million ($9,132 thousand) for the fiscal year ended March 31, 2021 (for the fiscal year ended March 31, 2020: ¥975 million).

The maturity analysis of the undiscounted total lease payments and the net investment in the lease at the end of the fiscal year is as follows:

As of March 31, 2020

	(Millions of yen)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year	¥13,908	¥ (99)	¥—	¥13,809
1 to 2 years	7,936	(53)	—	7,883
2 to 3 years	3,113	(20)	—	3,093
3 to 4 years	567	(3)	—	564
4 to 5 years	153	—	—	153
Over 5 years	—	—	—	—
Total	¥25,677	¥(175)	¥—	¥25,502

As of March 31, 2021

	(Millions of yen)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year	¥14,270	¥(104)	¥—	¥14,166
1 to 2 years	9,031	(58)	—	8,973
2 to 3 years	3,460	(18)	—	3,442
3 to 4 years	518	(2)	—	516
4 to 5 years	125	—	—	125
Over 5 years	—	—	—	—
Total	¥27,404	¥(182)	¥—	¥27,222

	(Thousands of U.S. dollars)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year	$128,895	$ (939)	$—	$127,956
1 to 2 years	81,574	(524)	—	81,050
2 to 3 years	31,253	(163)	—	31,090
3 to 4 years	4,679	(18)	—	4,661
4 to 5 years	1,129	—	—	1,129
Over 5 years	—	—	—	—
Total	$247,530	$(1,644)	$—	$245,886

(2) Operating leases

Analysis of maturities for operating leases is as follows:

As of March 31, 2020

	(Millions of yen)
	As of March 31, 2020
Within 1 year	¥25,429
1 to 2 years	13,203
2 to 3 years	4,585
3 to 4 years	427
4 to 5 years	400
Over 5 years	2,657
Total	¥46,701

As of March 31, 2021

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Within 1 year	¥26,287	$237,440
1 to 2 years	15,325	138,425
2 to 3 years	6,248	56,436
3 to 4 years	471	4,254
4 to 5 years	465	4,200
Over 5 years	2,425	21,904
Total	¥51,221	$462,659

Lease income (excluding income relating to variable lease payments that do not depend on an index or a rate) for operating leases for the fiscal year ended March 31, 2021 is ¥59,076 million ($533,610 thousand) (for the fiscal year ended March 31, 2020: ¥57,771 million). Of this amount, income from subleases is ¥19,601 million ($177,048 thousand) (for the fiscal year ended March 31, 2020: ¥30,531 million).

Changes in historical cost, changes in the accumulated depreciation and impairment losses, and the carrying amounts of property, plant and equipment underlying operating leases are described in “Note 17. Property, plant and equipment.”

21. Major subsidiaries

(1) Organizational structure

The Company's major subsidiaries are as follows:

Major subsidiaries as of March 31, 2021

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%) As of March 31, 2020	As of March 31, 2021
SoftBank Group Capital Limited	Investment Business of Holding Companies	U.K.	100	100
SoftBank Group Japan Corporation	Investment Business of Holding Companies	Tokyo	100	100
Delaware Project 1 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
Delaware Project 2 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
Delaware Project 3 L.L.C.	Investment Business of Holding Companies	U.S.	—	66.7
SB Northstar LP[1]	Investment Business of Holding Companies	Cayman	—	—
SB Group US, Inc.	Investment Business of Holding Companies	U.S.	100	100
Skywalk Finance GK	Investment Business of Holding Companies	Tokyo	100	100
SB Pan Pacific Corporation	Investment Business of Holding Companies	Micronesia	100	100
STARFISH I PTE. LTD.	Investment Business of Holding Companies	Singapore	100	100
West Raptor Holdings, LLC	Investment Business of Holding Companies	U.S.	100	100
Hayate Corporation	Investment Business of Holding Companies	Micronesia	100	100
SB Investment Advisers (UK) Limited	SVF1 and Other SBIA-Managed Funds	U.K.	100	100
SoftBank Vision Fund L.P.[1]	SVF1 and Other SBIA-Managed Funds	Bailiwick of Jersey	—	—
SoftBank Vision Fund II-2 L.P.[1]	SVF1 and Other SBIA-Managed Funds	Bailiwick of Jersey	—	—
SoftBank Vision Fund (AIV M1) L.P.[1]	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV M2) L.P.[1]	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV M3) L.P.[1]	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Vision Fund (AIV S1) L.P.[1]	SVF1 and Other SBIA-Managed Funds	U.S.	—	—
SoftBank Corp.[2]	SoftBank	Tokyo	67.1	40.9
A Holdings Corporation[3]	SoftBank	Tokyo	—	50.0
Z Holdings Corporation	SoftBank	Tokyo	45.5	65.3
SB C&S Corp.[4]	SoftBank	Tokyo	100	100
Wireless City Planning Inc.[5]	SoftBank	Tokyo	32.2	32.2
Yahoo Japan Corporation	SoftBank	Tokyo	100	100
LINE Corporation	SoftBank	Tokyo	—	100
LINE Financial Asia Corporation Limited	SoftBank	China	—	100
ZOZO, Inc.	SoftBank	Chiba	50.1	50.1
The Japan Net Bank, Limited[6]	SoftBank	Tokyo	46.6	46.6
ASKUL Corporation[7]	SoftBank	Tokyo	45.1	45.0

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%) As of March 31, 2020	As of March 31, 2021
Arm Limited	Arm	U.K.	100	100
Arm PIPD Holdings One, LLC	Arm	U.S.	100	100
Arm PIPD Holdings Two, LLC	Arm	U.S.	100	100
PayPay Corporation	Other	Tokyo	100	100
Fortress Investment Group LLC	Other	U.S.	100	100
SoftBank Latin America Fund L.P.[1]	Other	U.S.	—	—
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	100
SBLA Advisers Corp.	Other	U.S.	100	100
SB Energy Corp.	Other	Tokyo	100	100
Boston Dynamics, Inc.	Other	U.S.	100	100
SoftBank Ventures Asia Corp.	Other	South Korea	100	100
SoftBank Robotics Group Corp.	Other	Tokyo	74.5	84.9

Notes:

1. Limited partnerships are deemed as structured entities and the voting rights are not described.
2. The Company does not own the majority of SoftBank Corp.'s voting rights. However, the Company determined that it has substantial control over SoftBank Corp. and included it in the scope of consolidation, considering the fact that the Company holds 40.9% of the voting rights of SoftBank Corp., the dispersion of voting rights in SoftBank Corp. and the voting patterns exercised in SoftBank Corp.'s past shareholders meetings.
3. The Company does not own the majority of A Holdings Corporation's voting rights. However, the Company determined that it has substantial control over A Holdings Corporation and included it in the scope of consolidation, considering the fact that the Company holds 50.0% of the voting rights of A Holdings Corporation and appoints the majority of the members of A Holdings Corporation's Board of Directors.
4. Effective April 1, 2020, SB C&S Corp. and SB C&S Holdings K.K. conducted an absorption-type merger, as SB C&S Corp. the surviving company, and changed its name to SB C&S Corp. on the same date.
5. The Company does not own the majority of Wireless City Planning Inc.'s voting rights. However, the Company determined that it has substantial control over Wireless City Planning Inc. and included it in the scope of consolidation, considering the fact that SoftBank Group Corp.'s directors, SoftBank Corp.'s directors and corporate officers constitute the majority of members of Wireless City Planning Inc.'s Board of Directors and that Wireless City Planning Inc.'s business activities significantly depend on the Company.
6. The Company does not own the majority of The Japan Net Bank, Limited's voting rights. However, the Company determined that it has substantial control over The Japan Net Bank, Limited and included it in the scope of consolidation, considering the fact that the Company holds 46.6% of the voting rights of The Japan Net Bank, Limited and directors from the Company constitute the majority of the members of The Japan Net Bank, Limited's Board of Directors. Effective April 5, 2021, The Japan Net Bank, Limited changed its name to PayPay Bank Corporation.
7. The Company does not own the majority of ASKUL Corporation's voting rights. However, the Company determined that it has substantial control over ASKUL Corporation and included it in the scope of consolidation, considering the fact that the Company holds 45.0% of the voting rights of ASKUL Corporation, the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders meetings.

(2) Summarized consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. SoftBank Corp. (SoftBank Corp. and its group companies)

(a) General information

	As of March 31, 2020	As of March 31, 2021
Ownership ratio of the non-controlling interests (%)	32.9	59.1

	(Millions of yen) As of March 31, 2020	(Millions of yen) As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥1,041,328	¥1,951,896	$17,630,711

	(Millions of yen) Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021
Net income allocated to the non-controlling interests of subsidiary group	¥208,836	¥300,247	$2,712,013

(b) Summarized consolidated financial information

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets	¥3,364,303	¥4,033,845	$36,436,139
Non-current assets	7,148,056	8,914,010	80,516,755
Current liabilities	4,496,609	5,293,636	47,815,336
Non-current liabilities	3,588,085	4,182,324	37,777,292
Equity	2,427,665	3,471,895	31,360,266

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥4,861,247	¥5,205,537	$47,019,574
Net income	506,668	547,720	4,947,340
Comprehensive income	497,048	607,485	5,487,174

Dividends paid to the non-controlling interests by SoftBank Corp. for the fiscal year ended March 31, 2021 are ¥187,892 million ($1,697,155 thousand) (for the fiscal year ended March 31, 2020: ¥127,184 million).

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net cash provided by operating activities	¥1,249,535	¥1,338,949	$12,094,201
Net cash used in investing activities	(900,145)	(511,295)	(4,618,327)
Net cash used in financing activities	(143,613)	(388,462)	(3,508,825)
Effect of exchange rate changes on cash and cash equivalents	(357)	1,892	17,090
Increase in cash and cash equivalents	¥ 205,420	¥ 441,084	$ 3,984,139

b. Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C.

Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. ("Delaware subsidiaries") made investments in SB Northstar, the asset management subsidiary founded by the Company for the fiscal year ended March 31, 2021, and the ownership ratio from Delaware subsidiaries to SB Northstar is 100%. Investment amounts and ownership ratio from non-controlling interests to each Delaware subsidiaries and investment amounts and ownership ratio from each Delaware subsidiaries to SB Northstar are the same. Financial figures of each Delaware subsidiaries are combined and presented as (b) Summarized consolidated financial information. The financial figures are different from the amounts recorded in the consolidated financial statements of the Company and the financial figures of SB Northstar as these figures are affected by borrowing from SoftBank Group Corp., interest expenses, and other.

In addition, non-controlling interests in Delaware subsidiaries are from Son Asset Management LLC (entity of which Masayoshi Son, Chairman & CEO of SoftBank Group Corp., holds more than one-half of the voting rights).

(a) General information

	As of March 31, 2021
Ownership ratio of the non-controlling interests (%)	33.3

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥(184,862)	$(1,669,786)

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net loss allocated to the non-controlling interests of subsidiary group	¥(195,386)	$(1,764,845)

(b) Summarized consolidated financial information

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2021	As of March 31, 2021
Current assets	¥ 354	$ 3,198
Non-current assets	3,637,296	32,854,268
Current liabilities	1,393,149	12,583,768
Non-current liabilities	2,803,190	25,320,116
Equity	(558,689)	(5,046,418)

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥ —	$ —
Net loss	(581,127)	(5,249,092)
Comprehensive income	(581,127)	(5,249,092)

No dividends were paid to non-controlling interests by Delaware subsidiaries for the fiscal year ended March 31, 2021.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net cash used in operating activities	¥ (58,054)	$ (524,379)
Net cash provided by investing activities	949,057	8,572,460
Net cash used in financing activities	(890,671)	(8,045,082)
Effect of exchange rate changes on cash and cash equivalents	22	199
Increase in cash and cash equivalents	¥ 354	$ 3,198

c. Sprint (Sprint Corporation and its group companies)

On April 1, 2020, the merger of Sprint and T-Mobile US, Inc. was completed and Sprint was no longer a subsidiary of the Company from the same date. The details are described in “(1) Sprint” under “Note 6. Discontinued operations.”

(a) General information

	As of March 31, 2020	As of March 31, 2021
Ownership ratio of the non-controlling interests (%)	16.3	—

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥424,746	¥—	$—

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net loss allocated to the non-controlling interests of subsidiary group	¥(7,006)	¥—	$—

(b) Summarized consolidated financial information

As of March 31, 2020, Sprint was reclassified as a disposal group classified as held for sale and therefore the summarized consolidated financial information for the fiscal year ended March 31, 2020 is not described. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

No dividends were paid to non-controlling interests by Sprint for the fiscal year ended March 31, 2020.

22. Investments accounted for using the equity method

(1) Summarized consolidated financial information and other of the significant associates

a. Alibaba Group Holding Limited

(a) General information

Alibaba (registered in Cayman) operates online marketplaces "Taobao Marketplace," "Tmall," "Alibaba.com" and other through its group company.

(b) Summarized consolidated financial information
IFRSs summarized consolidated financial information for Alibaba is as follows.

The Company applies the equity method to the consolidated financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba to that of the Company due to the contract with Alibaba. Also, this note discloses the summarized consolidated financial information of Alibaba on a three-month time lag. Adjustments are made for significant transactions or events which occurred during the intervening period and which were publicly announced by Alibaba.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets	¥ 7,032,939	¥10,064,409	$ 90,907,858
Non-current assets	12,600,850	16,485,249	148,904,787
Current liabilities	4,016,839	6,336,555	57,235,616
Non-current liabilities	3,057,346	3,410,656	30,807,117
Equity			
Total equity attributable to owners of the parent	11,505,557	15,341,307	138,572,008
Non-controlling interests	1,054,047	1,461,140	13,197,904

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥7,636,828	¥10,122,635	$91,433,791
Net income	2,412,694	2,190,823	19,788,845
Other comprehensive income, net of tax	(7,568)	(308,081)	(2,782,775)
Total comprehensive income	¥2,405,126	¥ 1,882,742	$17,006,070

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income attributable to owners of the parent	¥2,546,831	¥2,314,329	$20,904,426
Other comprehensive income attributable to owners of the parent, net of tax	(11,664)	(288,086)	(2,602,168)
Total comprehensive income attributable to owners of the parent	¥2,535,167	¥2,026,243	$18,302,258

There were no dividends received from Alibaba for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total equity attributable to owners of the parent	¥11,505,557	¥15,341,307	$138,572,008
Interest ratio (%)	25.28	25.02	25.02
Interests of the Company	2,908,605	3,838,395	34,670,716
Goodwill	145,258	160,545	1,450,140
Accumulated amortization of goodwill on the IFRSs transition date[1]	(5,454)	(5,938)	(53,636)
Warrants	(146,357)	(188,631)	(1,703,830)
Other[2]	(41,132)	(52,957)	(478,339)
Carrying amount of the interests in Alibaba	¥ 2,860,920	¥ 3,751,414	$ 33,885,051

Notes:

1. Goodwill recorded by Alibaba from business combinations before the IFRSs transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.
2. Other relates to adjustments mainly associated with organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

(c) Fair value of investment in Alibaba

The fair value of the investment in Alibaba based on market price is ¥16,912,196 million ($152,761,232 thousand) as of March 31, 2021 (as of March 31, 2020: ¥14,103,354 million).

b. WeWork Inc.

In accordance with the agreement between the Company and WeWork dated on October 22, 2019, WeWork's corporate governance was changed on October 30, 2019 and the Company was given the right to nominate five out of the 10 directors on WeWork's Board of Directors. As a result, WeWork became an associate of the Company as of such date.

The Company will not hold a majority of voting rights at any general shareholders meeting nor Board of Directors meeting and cannot control WeWork due to provisions of WeWork's certificate of incorporation and shareholders agreement. There is no other party acting as the Company's de facto agent.

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 and for the fiscal year ended March 31, 2021 are described in "(3) Details and progress of the agreement between the Company and WeWork."

(a) General information

WeWork (registered in the U.S.) operates the flexible office business "WeWork" all over the world mainly in North America, Europe, and China.

(b) Ownership percentage of voting rights

Ownership percentage of voting rights held by the Company is 49.9% as of March 31, 2021. The Company owns 65.28% of shares issued by WeWork (as of March 31, 2020: 20.12% on a voting right basis before dilution). Ownership percentage of voting rights held by the Company is restricted as 49.9% due to provisions of WeWork's certificate of incorporation and shareholders agreement.

(c) Measurement

The Company's wholly-owned subsidiary other than SVF1 (herein "Investments in WeWork," the wholly-owned subsidiaries of the Company that invest in WeWork or are parties to contracts with WeWork are collectively referred to as the "WeWork Investment Subsidiary") and SVF1 have invested in WeWork. Shares held by SVF1 are measured by fair value and accounted for as financial instruments at FVTPL. Preferred shares held by the WeWork Investment Subsidiary are measured at fair value and accounted for as financial instruments at FVTPL and ordinary shares are accounted for under equity method. In addition, the Company's holding of common shares measured at equity method is 6.11% as of March 31, 2021 (as of March 31, 2020: 2.75%).

(d) Summarized consolidated financial information

IFRSs summarized consolidated financial information for WeWork is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current assets	¥ 238,250	¥ 141,688	$ 1,279,812
Non-current assets	3,183,818	2,346,072	21,191,148
Current liabilities	531,300	385,251	3,479,821
Non-current liabilities	2,684,816	2,970,108	26,827,820
Equity			
Total equity attributable to owners of the parent	107,414	(903,327)	(8,159,398)
Non-controlling interests	98,538	35,728	322,717

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	¥ 186,311	¥ 313,972	$ 2,835,986
Net loss	(214,201)	(569,223)	(5,141,568)
Other comprehensive income, net of tax	6,234	(20,579)	(185,882)
Total comprehensive income	¥(207,967)	¥(589,802)	$(5,327,450)

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net loss attributable to owners of the parent	¥(161,229)	¥(529,578)	$(4,783,470)
Other comprehensive income attributable to owners of the parent, net of tax	5,380	(19,199)	(173,417)
Total comprehensive income attributable to owners of the parent	¥(155,849)	¥(548,777)	$(4,956,887)

WeWork became an associate of the Company on October 30, 2019, therefore, information related to comprehensive income from October 30, 2019 to March 31, 2020 is disclosed for the fiscal year ended March 31, 2020.

There was no dividend received from WeWork for the fiscal years ended March 31, 2020 and the fiscal year ended March 31, 2021.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in WeWork (an investment amount accounted for using the equity method under the Company's consolidated financial statements) is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total equity attributable to owners of the parent	¥107,414	¥(903,327)	$(8,159,398)
Interest ratio (%)	2.75	6.11	6.11
Interests of the Company	2,954	(55,193)	(498,537)
Equivalent amount of goodwill relating to additional purchase of common shares	—	98,575	890,389
Impairment loss	—	(54,277)	(490,263)
Reversal of impairment loss	—	21,634	195,411
Consolidation adjustments and other adjustments	(1,461)	8,445	76,282
Carrying amount of the interests in WeWork	¥ 1,493	¥ 19,184	$ 173,282

(2) Aggregated information on investment in insignificant associates and joint ventures

The aggregated information of insignificant investments accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Carrying amount of the interests			
Associates	¥366,495	¥522,693	$4,721,281
Joint ventures	11,453	56,680	511,968
Total	¥377,948	¥579,373	$5,233,249

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income (loss)			
Associates	¥(15,709)	¥56,079	$506,540
Joint ventures	(1,281)	(642)	(5,799)
Total	¥(16,990)	¥55,437	$500,741
Other comprehensive income, net of tax			
Associates	(1,209)	6,727	60,762
Joint ventures	65	118	1,066
Total	¥ (1,144)	¥ 6,845	$ 61,828
Total comprehensive income			
Associates	(16,918)	62,806	567,302
Joint ventures	(1,216)	(524)	(4,733)
Total	¥(18,134)	¥62,282	$562,569

(3) Details and progress of the agreement between the Company and WeWork

Details and progress of the agreements between the Company and WeWork dated October 22, 2019 and for the fiscal year ended March 31, 2021 (specifically, the master transaction agreement, (the "MTA")) are as follows:

In addition, on March 25, 2021, WeWork entered into a definitive agreement with BowX Acquisition Corp. ("BowX"), a special purpose acquisition company (SPAC), providing for a business combination with BowX that is expected to result in WeWork becoming publicly listed on the Nasdaq Capital Market or the New York Stock Exchange (NYSE) (the "Merger Transaction"). The Merger Transaction is expected to be completed in July to September 2021, subject to BowX stockholder's approval and the satisfaction of other customary closing conditions. After the completion of the Merger Transaction, the Company's economic ownership of the newly established company by the merger (the "Merged Company") (fully diluted, including the stake held by SVF1) is expected to be approximately 56%. Since the Company will not hold a majority of voting rights at any general shareholders meeting nor Board of Directors meeting and cannot control the Merged Company due to provisions of the Merged Company's certificate of incorporation, the Merged Company will not be a subsidiary of the Company and instead it will be an associate of the Company.

a. Exercise price reduction of existing commitment and early payment

Pursuant to the MTA, on October 30, 2019, the WeWork Investment Subsidiary paid the full amount of \$1.5 billion for the existing commitment that was originally expected to be invested in April 2020, by lowering the exercise price from \$110.00 per share to \$11.60 per share. Of this advance payment for investment, a \$200 million portion was converted into preferred stock of WeWork in November 2019 while the remaining \$1.3 billion portion was converted into preferred stock of WeWork in April 2020. The remaining \$1.3 billion portion as of March 31, 2020 was recorded as financial instruments at FVTPL under "Other financial assets (non-current)" in the consolidated statement of financial position as of March 31, 2020.

b. Tender Offer

Pursuant to the MTA, the WeWork Investment Subsidiary had agreed to commence a tender offer (the "Tender Offer") worth up to \$3 billion to purchase WeWork's common stock and preferred stock from certain shareholders of WeWork, other than the Company, at a price of \$19.19 per share. The WeWork Investment Subsidiary launched the Tender Offer in November 2019, but the WeWork Investment Subsidiary withdrew and terminated the Tender Offer in April 2020 asserting certain closing conditions were not satisfied. In response, in April 2020 and May 2020, under the direction of the Special Committee of the Board of Directors of WeWork, lawsuits (the "Lawsuits") were brought against the Company and SVF1 by WeWork, Adam Neumann, the founder and former CEO of WeWork, and We Holdings LLC, which he serves as the managing member, seeking closing of the Tender Offer, or, in the alternative, compensation for damages arising from the termination of the Tender Offer.

The Company entered into a settlement agreement (the "Settlement Agreement") regarding the Lawsuits with WeWork, We Holdings LLC, and Adam Neumann in February 2021. Under the Settlement Agreement, the WeWork Investment Subsidiary agreed to purchase common stock and preferred stock of WeWork from We Holdings LLC at a price of \$19.19 per share for a total amount of \$578 million in February 2021. Under the Settlement Agreement, the WeWork Investment Subsidiary also launched a tender offer for up to \$922 million in March 2021 to purchase common stock and preferred stock of WeWork from certain shareholders of WeWork, other than the Company and We Holdings LLC, at a price of \$19.19 per share, and completed it in April 2021. Each of the Lawsuits has been dismissed with prejudice.

The Company recorded an impairment loss of ¥54,277 million (\$490,263 thousand) for the purchase of shares from We Holdings LLC, representing the difference between the acquisition cost and the fair value at the time of the acquisition. Subsequently, the Company recorded a gain on reversal of impairment loss of ¥21,634 million (\$195,411 thousand), reflecting an increase in the fair value of its holdings of common stock following the conclusion of the Merger Transaction between WeWork and BowX.

The tender offer launched, pursuant to the Settlement Agreement, in March 2021 was considered as a forward contract and accounted for as a derivative. The difference of ¥76,823 million (\$693,912 thousand) between the fair value of the common stock and preferred stock scheduled for acquisition and the planned acquisition amount was recorded as "Derivative financial liabilities (current)" in the consolidated statement of financial position as of March 31, 2021. Moreover, the difference of ¥17,594 million (\$158,920 thousand) between the fair value of the common stock scheduled for acquisition and the planned acquisition amount was recorded as "Derivative loss (excluding gain (loss) on investments)" and the difference of ¥56,127 million (\$506,973 thousand) between the fair value of the preferred stock scheduled for acquisition and the planned acquisition amount was recorded as a loss under "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income for the fiscal year ended March 31, 2021.

c. Credit support and notes purchase

The Company agreed in the MTA to provide to WeWork (a) credit support for a $1.75 billion letter of credit facility provided by financial institutions, and the WeWork Investment Subsidiary agreed to purchase or arrange to purchase (b) up to $2.2 billion in unsecured notes and (c) up to $1.1 billion in senior secured notes to be issued by WeWork.

Regarding (a), in December 2019, the Company entered into an agreement with financial institutions that designates the Company as a co-obligor with WeWork, while the two parties separately agreed that the Company has the right of indemnification against WeWork if and whenever the Company services such obligations. Regarding (b), the WeWork Investment Subsidiary entered into an agreement with WeWork in December 2019. As of March 31, 2021, the WeWork Investment Subsidiary has purchased $1.8 billion of the unsecured notes. In exchange for entering into such agreements regarding (a) and (b), the Company received warrants that are exercisable for WeWork preferred stock at an exercise price of $0.01 per share as consideration. The fair value of the warrants was recognized for ¥94,195 million as "Derivative assets" when the Company entered into the agreement and ¥76,259 million, the difference between the fair value as of March 31, 2020, was recorded as a loss under "Gain on investments at Investment Business of Holding Companies" in the consolidated statement of income for the fiscal year ended March 31, 2020. As of March 31, 2021, the Company has acquired 130 million shares of preferred stock of the 136 million shares available under the warrants.

Regarding (c), the Company's obligation pursuant to the MTA to purchase or arrange to purchase such debt ceased to exist upon the termination of the Tender Offer as it was subject to and conditioned upon the completion of the Tender Offer. However, the WeWork Investment Subsidiary and WeWork entered into an agreement regarding (c) in August 2020. As of March 31, 2021, none of the secured senior notes had been issued.

Moreover, in conjunction with WeWork's agreement relating to the Merger Transaction with BowX on March 25, 2021, the Company has also agreed with WeWork and BowX regarding the conversion and exchange of WeWork preferred stock held by the WeWork Investment Subsidiary into common stock of the Merged Company, and in addition, regarding (a), a commitment to extend credit support by the Company as co-obligor to the credit facility until February 2024, subject to the acceptance of the extension by the financial institutions as a result of the negotiation between them and the Company together with WeWork, and for (c), an amended senior secured notes facility of up to $550 million to be purchasable by the WeWork Investment Subsidiary until February 12, 2023 or for a period of 18 months from the closure of the Merger Transaction, whichever comes first. As consideration for this conversion of preferred stock into common stock and commitment to extend credit support by the Company as co-obligor to the credit facility as in (a), the Company plans to acquire warrants that are exercisable for common stock of the Merged Company at the price of $0.01 per share, subject to appropriate adjustment, when each is executed upon the conversion and exchange and upon the conclusion of the agreement modification of (a), as applicable.

The (a) credit support for a $1.75 billion letter of credit facility provided by financial institutions to WeWork corresponds to a financial guarantee contract and the (b) purchase of up to $2.2 billion in unsecured notes to be issued by WeWork corresponds to a commitment to provide a loan at a below market interest rate ("loan commitment"). Upon the execution of the contract, the Company recorded an allowance for loss on valuation for expected credit losses, ¥39,107 million for the financial guarantee contract and ¥55,088 million for the loan commitment, as "Other financial liabilities (current)" in the consolidated statement of financial position. The allowance for expected credit losses for the financial guarantee contract and loan commitment is measured at the higher of either the initial recognition amount of financial liabilities less accumulated amortization or the amount of the expected credit losses.

As of March 31, 2020, the expected credit losses for the financial guarantee contract and loan commitment exceeded the initially recognized amount less accumulated amortization, and the Company therefore recognized provisions for loss allowance on valuation of ¥52,349 million and ¥90,210 million under "Other loss" in the consolidated statement of income for the fiscal year ended March 31, 2020. As of March 31, 2021, the Company recorded allowance for financial guarantee contract losses of ¥24,381 million ($220,224 thousand) (as of March 31, 2020: ¥89,202 million) and allowance for unused loan commitment losses of ¥10,218 million ($92,295 thousand) (as of March 31, 2020: ¥145,133 million) as "Other financial liabilities (current)" in the consolidated statement of financial position.

d. Exchange of WeWork China and WeWork Asia shares for preferred stock of WeWork
It was agreed in the MTA that all of SVF1's interests in WeWork Greater China Holding Company B.V. ("WeWork China") and WeWork Asia Holding Company B.V. ("WeWork Asia") were to be exchanged for preferred stock of WeWork. Among these, WeWork Asia shares were exchanged for WeWork's preferred stock at $11.60 per share in April 2020. Meanwhile, the exchange of WeWork China shares for WeWork's preferred stock was canceled.

23. Structured entities

(1) Consolidated structured entities
The Company owns investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnerships and limited partnerships for investment, and designed so that the voting rights or similar rights are not determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

The details for major consolidated structured entities are described in "Notes 1" in "(1) Organizational structure" under "Note 21. Major subsidiaries."

In addition, please refer to "a. Consolidation of SVF1 and SVF2 by the Company" in "(20) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment" under "Note 3. Significant accounting policies" for the following entities that comprise the SVF1 and SVF2 business.

Company Name	Location
SoftBank Vision Fund L.P.	Bailiwick of Jersey
SoftBank Vision Fund (AIV M1) L.P.	U.S.
SoftBank Vision Fund (AIV M2) L.P.	U.S.
SoftBank Vision Fund (AIV M3) L.P.	U.S.
SoftBank Vision Fund (AIV S1) L.P.	U.S.
SoftBank Vision Fund II-2 L.P.	Bailiwick of Jersey

The Company is engaged in investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

(2) Unconsolidated structured entities
The Company owns investment funds, which are structured entities that are not consolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights are not determinant in evaluating control. Third parties control the operation of these structured entities. The funds are financed by the subscription by its partners.

The scale of the structured entities which are not consolidated, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total assets of the unconsolidated structured entities (aggregate amount)	¥1,615,039	¥2,302,393	$20,796,613
The maximum loss exposure of the Company			
The carrying amount of the investment recognized by the Company	170,916	287,690	2,598,591
Commitment contracts related to additional investment	111,763	76,909	694,689
Total	¥ 282,679	¥ 364,599	$ 3,293,280

The investment recognized by the Company is included in “Investments accounted for using the equity method” or “Investment securities” in the consolidated statement of financial position. There is no liability to recognize related to unconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company’s investment and commitment regarding additional investment.

The Company’s maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide, any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.

24. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Current tax expenses	¥(294,983)	¥ (205,754)	$ (1,858,495)
Deferred tax expenses	(497,672)	(1,097,414)	(9,912,510)
Total	¥(792,655)	¥(1,303,168)	$(11,771,005)

Current tax expenses include tax loss previously unrecognized, tax credit and the benefit arising from certain temporary differences in the previous years. The reduction of current tax expense for the fiscal year ended March 31, 2021 was ¥367,486 million ($3,319,357 thousand) (for the fiscal year ended March 31, 2020: ¥77,440 million).

The reduction of current tax expense for the fiscal year ended March 31, 2021 is mainly due to the partial sale of SoftBank Corp. shares (ownership percentage 5.0%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, in May 2020, as part of “SoftBank announces ¥4.5 trillion ($41 billion) program to repurchase shares and reduce debt” announced on March 23, 2020 (the “¥4.5 trillion program”) and the partial sale of SoftBank Corp. shares (ownership percentage 21.7%), in September 2020, in order to further enhance its cash reserves.

¥1,526,867 million ($13,791,591 thousand) of proceeds was received due to the transfers in May 2020 and in September 2020. SoftBank Corp. remains a subsidiary as of March 31, 2021. Accordingly, ¥460,067 million ($4,155,605 thousand), the equivalent amount of income taxes for the gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

As a result of the transaction, a loss carryforward, for which deferred tax asset was not recognized in SoftBank Group Japan Corporation, was utilized and a credit of income taxes (profit) was recorded for ¥159,802 million ($1,443,429 thousand).

Furthermore, a deductible temporary difference, associated with an investment in SoftBank Corp., for which a deferred tax asset was not recognized, was reversed and a credit of income taxes (profit) was recorded for ¥96,258 million ($869,461 thousand).

The amount of deferred tax expenses arising from write-off of deferred tax assets or reversal of the write-off of deferred tax assets recorded in the previous years is included. As a result, the decrease of deferred tax expenses for the fiscal year ended March 31, 2021 was ¥10,230 million ($92,404 thousand) (for the fiscal year ended March 31, 2020: none).

(2) Reconciliation of the statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

	(Unit :%)	
	Fiscal year ended March 31, 2020	**Fiscal year ended March 31, 2021**
Statutory effective tax rate*	31.5	31.5
Effect from profit or loss that does not impact taxable gain or loss	852.5	(21.1)
Aggregation of income earned by controlled foreign companies	1.3	6.9
Income and loss on equity method investments	23.5	4.3
Distribution from SVF1 and SVF2	(237.1)	3.8
Temporary difference associated with investment in subsidiaries	47.5	(1.7)
Difference of tax rate adapted by subsidiaries	82.3	(1.1)
Taxation at foreign locations	59.6	(0.1)
Effect from evaluating recoverability of deferred tax assets	752.1	0.1
Other	(29.1)	0.4
Actual tax rate	1,584.1	23.0

Note:

* The Company is subject to income taxes, residence taxes and deductible enterprise taxes. The statutory effective tax rate for the fiscal year ended March 31, 2021 based on these taxes is 31.5% (for the fiscal year ended March 31, 2020: 31.5%), except for foreign subsidiaries that are subject to income taxes at their respective locations.

(3) Movement of deferred tax assets and deferred tax liabilities

The movement of deferred tax assets and deferred tax liabilities is as follows:

For the fiscal year ended March 31, 2020

	(Millions of yen)					
	As of April 1, 2019	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Business combination[1]**	**Exchange differences**	**Effect of retrospective adjustments due to adoption of new standards**
Deferred tax assets						
Property, plant and equipment	¥ 123,666	¥ (76,619)	¥ —	¥ 944	¥(1,640)	¥ 108
Accrued expenses and other liabilities	178,415	25,512	5,982	1,887	(1,534)	(30,125)
Net operating loss carryforwards and tax credit carryforwards[2]	234,405	217,393	—	41	(4,317)	—
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	371,802	(345,672)	7	—	(156)	—
Unrealized gain	101,381	(11,004)	—	—	—	—
Allowance for doubtful accounts	31,471	3,566	—	—	(296)	—
Other	109,306	(36,834)	(112)	6,181	(942)	29,769
Total	1,150,446	(223,658)	5,877	9,053	(8,885)	(248)
Deferred tax liabilities						
FCC licenses	(987,022)	(9,322)	—	—	19,219	—
Customer relationships	(51,016)	15,188	—	(96,785)	2,053	—
Trademarks	(190,285)	12,372	—	(53,473)	3,506	—
Technologies	(101,965)	(1,193)	—	—	8,321	—
Temporary difference associated with investment in subsidiaries, associates and joint ventures[4]	(305,212)	(144,064)	53,294	—	1,278	—
Contract assets and costs to obtain contracts	(120,931)	(14,392)	—	—	863	—
Investment securities	(53,495)	16,529	4,805	(25)	563	—
Other	(144,649)	(36,757)	(7,770)	(526)	1,972	(2,599)
Total	(1,954,575)	(161,639)	50,329	(150,809)	37,775	(2,599)
Net	¥ (804,129)	¥(385,297)	¥56,206	¥(141,756)	¥28,890	¥ (2,847)

	(Millions of yen)		
	Transfer to liabilities relating to assets classified as held for sale	Other	As of March 31, 2020
Deferred tax assets			
Property, plant and equipment	¥ —	¥ (9,760)	¥ 36,699
Accrued expenses and other liabilities	(79,283)	(6,445)	94,409
Net operating loss carryforwards and tax credit carryforwards[2]	(420,837)	4,148	30,833
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	—	(4,017)	21,964
Unrealized gain	—	—	90,377
Allowance for doubtful accounts	(14,652)	90	20,179
Other	(36,162)	27,044	98,250
Total	(550,934)	11,060	392,711
Deferred tax liabilities			
FCC licenses	977,206	(81)	—
Customer relationships	4,416	(86)	(126,230)
Trademarks	162,299	—	(65,581)
Technologies	—	—	(94,837)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[4]	—	13,267	(381,437)
Contract assets and costs to obtain contracts	50,395	—	(84,065)
Investment securities	—	(480)	(32,103)
Other	103,452	(11,426)	(98,303)
Total	1,297,768	1,194	(882,556)
Net	¥ 746,834	¥ 12,254	¥(489,845)

Notes:

1. The increase from “Business combination” is mainly due to the consolidation of ZOZO, Inc. The details are described in “ZOZO, Inc.” under “Note 10. Business combinations.”
2. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2019 or 2020, in the amount of ¥21,327 million for the fiscal year ended March 31, 2020. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
3. The decrease in deferred tax assets from “Temporary difference associated with investment in subsidiaries, associates and joint ventures” as of March 31, 2020 is mainly due to ¥ 361,752 million of reversal of deferred tax assets which was recorded for the previous fiscal year related to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in “Notes 2” in “(1) Gain and loss on investments at Investment Business of Holding Companies” under “Note 41. Gain on investments.”
4. The increases in deferred tax liabilities from “Temporary difference associated with investment in subsidiaries, associates and joint ventures” as of March 31, 2020 are mainly due to the increase of ¥250,404 million in relation to the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares and the decrease of ¥ 119,306 million in relation to the reversal of deferred tax liabilities recognized in the previous fiscal year due to the decrease in reserved profit of SVF1.

For the fiscal year ended March 31, 2021

	(Millions of yen)						
	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Business combination[1]	Exchange differences	Other	As of March 31, 2021
Deferred tax assets							
Property, plant and equipment	¥ 36,699	¥ (5,072)	¥ —	¥ 13,491	¥ 22	¥ 11	¥ 45,151
Accrued expenses and other liabilities	94,409	14,991	18	12,256	402	1,199	123,275
Net operating loss carryforwards and tax credit carryforwards[2]	30,833	45,164	—	595	1,420	4,294	82,306
Temporary difference associated with investment in subsidiaries, associates and joint ventures	21,964	(19,445)	13	4,526	(8)	(1,613)	5,437
Unrealized gain	90,377	(11,160)	—	—	—	20	79,237
Allowance for doubtful accounts	20,179	(1,480)	—	383	(86)	(1,452)	17,544
Other	98,250	107	(394)	2,550	1,112	(7,961)	93,664
Total	392,711	23,105	(363)	33,801	2,862	(5,502)	446,614
Deferred tax liabilities							
Customer relationships	(126,230)	8,709	—	(74,524)	(389)	1,348	(191,086)
Trademarks	(65,581)	221	—	(53,507)	71	1,578	(117,218)
Technologies	(94,837)	7,519	—	—	(2,294)	(297)	(89,909)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	(381,437)	(645,299)	(81,123)	(25,424)	(4,070)	(2,713)	(1,140,066)
Contract assets and costs to obtain contracts	(84,065)	2,685	—	(1,715)	—	(3,380)	(86,475)
Investment securities[4]	(32,103)	(423,465)	(18,990)	(1,610)	(1,442)	5,612	(471,998)
Other	(98,303)	(70,889)	(3,359)	(6,279)	(707)	5,093	(174,444)
Total	(882,556)	(1,120,519)	(103,472)	(163,059)	(8,831)	7,241	(2,271,196)
Net	¥ (489,845)	¥ (1,097,414)	¥(103,835)	¥ (129,258)	¥ (5,969)	¥ 1,739	¥ (1,824,582)

	(Thousands of U.S. dollars)						
	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Business combination[1]	Exchange differences	Other	As of March 31, 2021
Deferred tax assets							
Property, plant and equipment	$ 331,488	$ (45,813)	$ —	$ 121,859	$ 199	$ 98	$ 407,831
Accrued expenses and other liabilities	852,759	135,408	163	110,704	3,631	10,830	1,113,495
Net operating loss carryforwards and tax credit carryforwards[2]	278,502	407,949	—	5,374	12,826	38,787	743,438
Temporary difference associated with investment in subsidiaries, associates and joint ventures	198,392	(175,639)	117	40,882	(72)	(14,570)	49,110
Unrealized gain	816,340	(100,804)	—	—	—	181	715,717
Allowance for doubtful accounts	182,269	(13,368)	—	3,459	(777)	(13,115)	158,468
Other	887,454	966	(3,559)	23,033	10,044	(71,908)	846,030
Total	3,547,204	208,699	(3,279)	305,311	25,851	(49,697)	4,034,089
Deferred tax liabilities							
Customer relationships	(1,140,186)	78,665	—	(673,146)	(3,514)	12,176	(1,726,005)
Trademarks	(592,367)	1,996	—	(483,308)	641	14,253	(1,058,785)
Technologies	(856,625)	67,916	—	—	(20,721)	(2,683)	(812,113)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	(3,445,371)	(5,828,733)	(732,752)	(229,645)	(36,763)	(24,505)	(10,297,769)
Contract assets and costs to obtain contracts	(759,326)	24,253	—	(15,491)	—	(30,530)	(781,094)
Investment securities[4]	(289,974)	(3,824,993)	(171,529)	(14,542)	(13,025)	50,691	(4,263,372)
Other	(887,932)	(640,313)	(30,341)	(56,716)	(6,385)	46,002	(1,575,685)
Total	(7,971,781)	(10,121,209)	(934,622)	(1,472,848)	(79,767)	65,404	(20,514,823)
Net	$(4,424,577)	$ (9,912,510)	$(937,901)	$(1,167,537)	$(53,916)	$ 15,707	$(16,480,734)

Notes:

1. The increase from "Business combination" is mainly due to the consolidation of LINE Corporation. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."
2. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2020 or 2021, in the amount of ¥14,334 million ($129,473 thousand) for the fiscal year ended March 31, 2021. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
3. The increases in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2021 are mainly due to the increase of ¥509,508 million ($4,602,186 thousand) in relation to the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares and the increase of ¥220,352 million ($1,990,353 thousand) in relation to the recognition of deferred tax liabilities following the increase in reserved profit of SVF1 and SVF2.
4. The increase in deferred tax liabilities from "Investment securities" as of March 31, 2021 is mainly due to the increase in unrealized valuation gain on investment securities.

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Deferred tax assets	¥ 221,371	¥ 206,069	$ 1,861,340
Deferred tax liabilities	(711,216)	(2,030,651)	(18,342,074)
Net	¥(489,845)	¥(1,824,582)	$(16,480,734)

(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are on a tax basis.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Deductible temporary differences	¥ 472,965	¥ 469,323	$ 4,239,211
Net operating loss carryforwards	1,053,189	984,846	8,895,727
Tax credit carryforwards	15,890	155	1,400
Total	¥1,542,044	¥1,454,324	$13,136,338

Expiration of net operating loss carryforwards and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with an expiry date.

	(Millions of yen)		(Thousands of U.S. dollars)
Net operating loss carryforwards (tax basis)	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
1st year	¥ 5,694	¥ 3,354	$ 30,295
2nd year	3,193	2,623	23,693
3rd year	2,942	5,838	52,732
4th year	6,480	5,146	46,482
5th year and thereafter and no expiry date	1,034,880	967,885	8,742,525
Total	¥1,053,189	¥984,846	$8,895,727

Tax credit carryforwards (tax basis)	(Millions of yen) As of March 31, 2020	As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021
1st year	¥ —	¥ —	$ —
2nd year	—	—	—
3rd year	—	—	—
4th year	1,045	—	—
5th year and thereafter and no expiry date	14,845	155	1,400
Total	¥15,890	¥155	$1,400

In addition to the above, total future deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries, associates and joint ventures as of March 31, 2021 are ¥4,010,124 million ($36,221,877 thousand) (as of March 31, 2020: ¥2,353,908 million).

(5) Future taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries

Total future taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2021 are ¥2,733,417 million ($24,689,883 thousand) (as of March 31, 2020: ¥1,282,990 million).

25. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen) As of March 31, 2020	As of March 31, 2021	(Thousands of U.S. dollars) As of March 31, 2021	Average interest rate (%)[1]	Maturity[2]
Current					
Short-term borrowings[3]	¥1,529,458	¥ 2,637,401	$23,822,609	0.57	—
Commercial paper	206,000	409,201	3,696,152	0.12	—
Current portion of long-term borrowings[3,4]	1,949,571	2,085,348	18,836,130	1.71	—
Current portion of corporate bonds[6]	159,938	804,356	7,265,432	2.39	—
Current portion of financial liabilities relating to sale of shares by prepaid forward contract[5]	—	1,798,701	16,246,961	0.44	—
Current portion of installment payables	186	232	2,095	1.82	—
Total	¥3,845,153	¥ 7,735,239	$69,869,379		
Non-current					
Long-term borrowings[3,4]	3,821,473	4,745,058	42,860,247	1.98	Apr. 2022-Nov. 2044
Corporate bonds[6]	5,268,883	4,745,184	42,861,386	2.41	Jul. 2022-Feb. 2056
Financial liabilities relating to sale of shares by prepaid forward contract[5]	196,101	1,287,038	11,625,309	0.52	Apr. 2022-Aug. 2024
Installment payables	272	456	4,119	1.86	Apr. 2022-Jul. 2027
Total	¥9,286,729	¥10,777,736	$97,351,061		

Notes:

1. Average interest rate represents the weighted-average interest rate to the balance as of March 31, 2021.

2. Maturity represents the maturity of the outstanding balance as of March 31, 2021.

3. Long-term borrowings as of March 31, 2021 include ¥444,227 million ($4,012,528 thousand) (as of March 31, 2020: ¥408,465 million of short-term borrowings, ¥10,883 million of current portion of long-term borrowings, and ¥162,195 million of long-term borrowings) in SVF1.

4. On July 8, 2020, Skywalk Finance GK, a wholly-owned subsidiary of the Company, made an early repayment for the total amount of borrowings ($9.44 billion) using Alibaba shares pledged as collateral. As a result, current portion of long-term borrowings decreased by ¥1,024,872 million ($9,257,267 thousand). Accordingly, the collateral was released. In addition, on March 30, 2021, Skywalk Finance GK made borrowings using Alibaba shares pledged as collateral. As a result, long-term borrowings increased by ¥887,208 million ($8,013,802 thousand). The shares are recorded as "Investments accounted for using the equity method" for ¥836,301 million ($7,553,979 thousand) in the consolidated statement of financial position as of March 31, 2021.

5. For the fiscal year ended March 31, 2020, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a prepaid forward contract using Alibaba shares with a financial institution. As part of the "¥4.5 trillion program," for the fiscal year ended March 31, 2021, West Raptor Holdings 2, LLC ("WRH2 LLC"), Skybridge LLC, and Skylark 2020 Holdings Limited ("Skylark Limited"), Scout 2020 Holdings Limited ("Scout Limited") and Tigress 2020 Holdings Limited ("Tigress Limited"), wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions.

a. Contract for the fiscal year ended March 31, 2020: Procured amount $1.65 billion (¥179,145 million)
The settlement is expected in October 2021 and November 2021. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

b. Contract for the fiscal year ended March 31, 2021: Procured total amount $15.4 billion (¥1,660,952 million)

(a) Forward contract: Procured amount $1.5 billion (¥161,610 million)
The settlement is expected in April 2024. The share price and the number of Alibaba shares settled by the prepaid forward contracts are fixed regardless of changes in market share price in the future.

(b) Floor contract: Procured amount $1.5 billion (¥161,853 million)
The settlement is expected in December 2023 and January 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.

(c) Collar contract: Procured amount $8.5 billion (¥918,531 million)
The settlement is expected from January 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(d) Collar contract and call spread: Procured amount $2.2 billion (¥239,722 million)
The settlement is expected from May 2024 to June 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium.

(e) Collar contract: Procured amount $0.9 billion (¥97,897 million)
The settlement is expected in July 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(f) Collar contract and call spread: Procured amount $0.8 billion (¥81,339 million)
The settlement is expected in August 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread contract is entered into in preparation for Alibaba shares price rise.

For the fiscal year ended March 31, 2021, of the aforementioned prepaid forward contracts regarding the contracts a. and b. (c), amendment of the contract to revise the cap and floor for the price of shares settled has executed and regarding the contract b. (a) amendment of the contract to change to collar contract which a cap and a floor are set for the price of shares settles has executed. Due to the amendments, the settlement is expected: October 2021 and November 2021 for contract a.; October 2022 and November 2022 for contract b. (a); and from October 2021 to June 2022 for contract b. (c).

The amendments of the contracts are applicable for as exchanges of debt instruments with substantially different terms under IFRS, and accounted for as extinguishments of the original financial liabilities relating to the sale of shares by prepaid forward contracts and the recognition of new financial liabilities relating to the sale of shares by variable prepaid forward contracts. Including the new variable prepaid forward contracts, the aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value and the call spread is measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the variable prepaid forward contracts, a tax effect is recognized.

As a result of the amendments, upon the extinguishment of the original contracts, ¥1,382,751 million ($12,489,847 thousand) of financial liabilities related to the sale of shares by prepaid forward contracts and ¥476,301 million ($4,302,240 thousand) of derivative financial liabilities (non-current) are derecognized. On the other hand, ¥2,179,156 million ($19,683,461 thousand) of new financial liabilities related to the sale of shares by variable prepaid forward contracts and ¥333,193 million ($3,009,602 thousand) of derivative financial assets are newly recognized and ¥16,211 million ($146,428 thousand) of cash is paid as a difference in exchange value between the original and new contracts. Further, along with the fluctuation of derivative financial assets and derivative financial liabilities, ¥275,756 million ($2,490,796 thousand) of deferred tax liabilities is increased and the same amount of income taxes is increased, representing the tax effect.

Embedded derivatives are recognized for ¥359,115 million ($3,243,745 thousand) as “Derivative financial assets (current),” for ¥302,500 million ($2,732,364 thousand) as “Derivative financial assets (non-current),” and for ¥28,096 million ($253,780 thousand) as “Derivative financial liabilities (current)” (as of March 31, 2020: ¥5,009 million recorded as “Derivative financial assets (non-current)) and the call spread is recognized for ¥42,059 million ($379,902 thousand) as “Derivative financial assets (non-current)” (as of March 31, 2020: none) in the consolidated statement of financial position as of March 31, 2021.

WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited elect cash settlement, WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and except for the contract by Tigress Limited, the Company granted right of use to the financial institutions with respect to such shares. However the collateral can be released by cash settlement at the discretion of WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited. Alibaba continues to be an equity method associate of the Company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. Alibaba shares, pledged as collateral by the Company in accordance with the prepaid forward contracts, are recognized as “Investments accounted for using the equity method” in the consolidated statement of financial position as of March 31, 2021 and the carrying amount is ¥583,897 million ($5,274,113 thousand) (as of March 31, 2020: ¥54,453 million).

Also, for the fiscal year ended March 31, 2021, of the aforementioned prepaid forward contract regarding contract b. (d), Skylark Limited has exercised the option to settle the prepaid forward contract by cash and noticed to counterparty for early termination in April 2021. Under the prepaid forward contract, Skylark Limited is required to maintain cash that would exceed expected early termination amounts in a segregated custody account as restricted cash before the expected early termination date. $3.3 billion (¥361,355 million) of the restricted cash is recognized as “Other financial assets (current)” in the consolidated statement of financial position as of March 31, 2021.

On April 13, 2021, Skylark Limited paid $2.9 billion (¥313,411 million) from restricted cash and completed the settlement of the transactions. ¥285,780 million ($2,581,339 thousand) of current portion of financial liabilities relating to sale of shares by prepaid forward and ¥28,096 million ($253,780 thousand) of “derivative financial liabilities (current)” which were recognized in the consolidated statement of financial position as of March 31, 2021, were derecognized. Accordingly, on the same date, ¥61,633 million ($556,707 thousand) of Alibaba shares recognized in the consolidated statement of financial position as of March 31, 2021 was released from the collateral.

6. A summary of the issuance conditions of the bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount[7]	As of March 31, 2020 (Millions of yen)[8]	As of March 31, 2021 (Millions of yen)[8]	As of March 31, 2021 (Thousands of U.S. dollars)[8]	Interest rate (%)	Date of maturity
SoftBank Group Corp.							
44th Unsecured Straight Bond	Nov. 29, 2013	¥ —	¥ 49,981 (49,981)	¥ —	$ —	1.69	Nov. 27, 2020
47th Unsecured Straight Bond	Jun. 18, 2015	¥ —	99,957 (99,957)	—	—	1.36	Jun. 18, 2020
48th Unsecured Straight Bond[9]	Dec. 10, 2015	¥337,024 million	368,212	336,006	3,035,010	2.13	Dec. 9, 2022
49th Unsecured Straight Bond[9]	Apr. 20, 2016	¥ 19,500 million	19,959	19,474	175,901	1.94	Apr. 20, 2023
50th Unsecured Straight Bond	Apr. 20, 2016	¥ 30,000 million	29,908	29,923	270,283	2.48	Apr. 20, 2026
51st Unsecured Straight Bond[9]	Mar. 16, 2017	¥352,612 million	397,162	350,749	3,168,178	2.03	Mar. 15, 2024
52nd Unsecured Straight Bond[9]	Mar. 8, 2017	¥ 47,300 million	49,874	47,211	426,438	2.03	Mar. 8, 2024
53rd Unsecured Straight Bond	Jun. 20, 2018	¥410,000 million	406,427	407,284	3,678,837	1.57	Jun. 14, 2024

Company name / Name of bond	Date of issuance	Balance of issue amount[7]	As of March 31, 2020 (Millions of yen)[8]	As of March 31, 2021 (Millions of yen)[8]	As of March 31, 2021 (Thousands of U.S. dollars)[8]	Interest rate (%)	Date of maturity
54th Unsecured Straight Bond	Jun. 12, 2018	¥ 40,000 million	39,877	39,907	360,464	1.57	Jun. 12, 2024
55th Unsecured Straight Bond	Apr. 26, 2019	¥500,000 million	494,784	495,827	4,478,611	1.64	Apr. 25, 2025
56th Unsecured Straight Bond	Sep. 20, 2019	¥400,000 million	395,406	396,122	3,578,015	1.38	Sep.17, 2026
57th Unsecured Straight Bond	Sep. 12, 2019	¥100,000 million	99,599	99,663	900,217	1.38	Sep.11, 2026
USD-denominated Senior Notes due 2022[10]	Jul. 28, 2015	$ 819 million	80,386	56,601	511,255	5.38	Jul. 30, 2022
USD-denominated Senior Notes due 2023[10]	Apr. 20, 2018	$ 300 million	32,393	18,080	163,310	5.50	Apr. 20, 2023
USD-denominated Senior Notes due 2024[10]	Sep. 19, 2017	$ 1,350 million	130,360	91,813	829,311	4.75	Sep. 19, 2024
USD-denominated Senior Notes due 2025[10]	Jul. 28, 2015	$ 712 million	74,132	63,210	570,951	6.00	Jul. 30, 2025
USD-denominated Senior Notes due 2025[10]	Apr. 20, 2018	$ 450 million	48,516	40,847	368,955	6.13	Apr. 20, 2025
USD-denominated Senior Notes due 2027[10]	Sep. 19, 2017	$ 2,000 million	197,566	195,882	1,769,325	5.13	Sep. 19, 2027
USD-denominated Senior Notes due 2028[10]	Apr. 3, 2018	$ 500 million	53,873	54,872	495,637	6.25	Apr. 15, 2028
Euro-denominated Senior Notes due 2022[10]	Jul. 28, 2015	€ 287 million	34,059	24,193	218,526	4.00	Jul. 30, 2022
Euro-denominated Senior Notes due 2023[10]	Apr. 20, 2018	€ 1,000 million	118,621	81,994	740,620	4.00	Apr. 20, 2023
Euro-denominated Senior Notes due 2025[10]	Sep. 19, 2017	€ 1,500 million	130,376	104,486	943,781	3.13	Sep. 19, 2025
Euro-denominated Senior Notes due 2025[10]	Jul. 28, 2015	€ 689 million	81,663	81,562	736,718	4.75	Jul. 30, 2025
Euro-denominated Senior Notes due 2025[10]	Apr. 20, 2018	€ 450 million	46,227	38,979	352,082	4.50	Apr. 20, 2025
Euro-denominated Senior Notes due 2027[10]	Jul. 28, 2015	€ 211 million	24,912	27,088	244,675	5.25	Jul. 30, 2027
Euro-denominated Senior Notes due 2028[10]	Apr. 3, 2018	€ 1,174 million	138,933	151,031	1,364,204	5.00	Apr. 15, 2028
Euro-denominated Senior Notes due 2029[10]	Sep. 19, 2017	€ 750 million	81,602	88,699	801,183	4.00	Sep. 19, 2029
1st Unsecured Subordinated Corporate Bond[9]	Dec. 19, 2014	¥361,617 million	398,174	360,957 (360,957)	3,260,383 (3,260,383)	2.50	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond[9]	Feb. 9, 2015	¥404,352 million	447,741	403,428 (403,428)	3,644,007 (3,644,007)	2.50	Feb. 9, 2022
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[11,12]	Sep. 16, 2016	¥ 55,600 million	55,144	55,165	498,284	3.00	Sep. 13, 2041
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[11,13]	Sep. 16, 2016	¥ 15,400 million	15,268	15,273	137,955	3.50	Sep. 16, 2043

Company name / Name of bond	Date of issuance	Balance of issue amount[7]	As of March 31, 2020 (Millions of yen)[8]	As of March 31, 2021 (Millions of yen)[8]	As of March 31, 2021 (Thousands of U.S. dollars)[8]	Interest rate (%)	Date of maturity
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[11,14]	Sep. 30, 2016	¥400,000 million	393,402	393,710	3,556,228	3.00	Sep. 30, 2041
4th Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[11,15]	Feb. 4, 2021	¥177,000 million	—	175,512	1,585,330	3.00	Feb. 4, 2056
Subtotal			5,034,494	4,745,548	42,864,674		
			(149,938)	(764,385)	(6,904,390)		
Z Holdings Corporation							
10th Unsecured Straight Bond	Jul. 31, 2019	¥ 60,000 million	59,869	59,927	541,297	0.04	Jul. 29, 2022
11th Unsecured Straight Bond	Jul. 31, 2019	¥ 50,000 million	49,853	49,888	450,619	0.18	Jul. 31, 2024
12th Unsecured Straight Bond	Jul. 31, 2019	¥ 70,000 million	69,788	69,822	630,675	0.37	Jul. 31, 2026
13th Unsecured Straight Bond	Jul. 31, 2019	¥ 50,000 million	49,817	49,837	450,158	0.46	Jul. 31, 2029
15th Unsecured Straight Bond	Jun. 11, 2020	¥ 80,000 million	—	79,834	721,109	0.35	Jun. 9, 2023
16th Unsecured Straight Bond	Jun. 11, 2020	¥ 70,000 million	—	69,802	630,494	0.60	Jun. 11, 2025
Other Unsecured Straight Bonds	Feb. 28, 2017 — Jun. 11, 2020	¥165,000 million	125,000	164,882	1,489,314	0.17 — 0.90	Dec. 10, 2021 — Jun. 11, 2030
			(10,000)	(39,971)	(361,042)		
Subtotal			354,327	543,992	4,913,666		
			(10,000)	(39,971)	(361,042)		
SoftBank Corp.							
6th Unsecured Straight Bonds	Jul. 29, 2020	¥ 70,000 million	—	70,000	632,283	0.36	Jul. 29, 2025
8th Unsecured Straight Bonds	Dec. 3, 2020	¥ 80,000 million	—	80,000	722,609	0.35	Dec. 3, 2025
Other Unsecured Straight Bonds	Mar. 18, 2020 — Dec. 3, 2020	¥110,000 million	40,000	110,000	993,586	0.10 — 0.58	Mar. 17, 2023 — Dec 3, 2030
Subtotal			40,000	260,000	2,348,478		
Total			¥5,428,821	¥5,549,540	$50,126,818		
			(159,938)	(804,356)	(7,265,432)		

Notes:

7. Balance of issue amount is as of March 31, 2021.
8. Figures in parentheses as of March 31, 2020 and March 31, 2021 represent the current portion.
9. On June 29, 2020, SoftBank Group Corp. offered the partial purchase for the 1st Unsecured Subordinated Corporate Bond, the 2nd Unsecured Subordinated Corporate Bond, the 48th Unsecured Straight Bond, the 49th Unsecured Straight Bond, the 51st Unsecured Straight Bond, and the 52nd Unsecured Straight Bond. Accordingly, on July 22, 2020, the purchases were completed and these corporate bonds were retired. As a result, these bonds were derecognized as the requirement for the extinguishment was satisfied on the same date.
10. On February 22, 2021, SoftBank Group Corp. offered the partial purchases for the USD-denominated Senior Notes due 2022, the USD-denominated Senior Notes due 2023, the USD-denominated Senior Notes due 2024, the USD-denominated Senior Notes due 2025, the USD-denominated Senior Notes due 2027, the USD-denominated Senior Notes due 2028, the Euro-denominated Senior Notes due 2022, the Euro-denominated Senior Notes due 2023, the Euro-denominated Senior Notes due 2025, the Euro-denominated Senior Notes due 2027, the Euro-denominated Senior Notes due 2028, and the Euro-denominated Senior Notes due 2029.

Accordingly, on March 10, 2021, the purchases were completed. As a result, these notes were derecognized as the requirement for the extinguishment was satisfied on the same date.

11. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.
12. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date on or after September 16, 2021.
13. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date on or after September 16, 2023.
14. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date on or after September 30, 2021.
15. The bond has an early redeemable option at the Company's discretion from February 4, 2026 and each interest date on or after February 4, 2026.

(2) Financial covenants

a. Financial covenants on interest-bearing debts of SoftBank Group Corp.

SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows:

(a) The amount of SoftBank Group Corp.'s net assets at the end of the fiscal year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.

(b) The consolidated statement of financial position of the Company at the end of the fiscal year must not show a net capital deficiency. The statement of financial position of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.

(c) In the Company's consolidated statement of income, income (loss) before income tax or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

b. Financial covenants on interest-bearing debts of SoftBank Corp.

Major covenants on the interest-bearing debt issued by SoftBank Corp. are as follows:

(a) The amount of SoftBank Corp.'s equity in the consolidated statement of financial position at the end of the fiscal year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s equity at the end of the previous year and the second quarter.

(b) The amount of SoftBank Corp.'s net assets in the non-consolidated balance sheet at the end of the fiscal year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s net assets at the same dates during the previous year and the second quarter.

(c) In the SoftBank Corp.'s consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.

(d) In the SoftBank Corp.'s non-consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.

(e) Net leverage ratios[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 financial institutions.

c. Financial covenants on interest-bearing debts of Z Holdings Corporation

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

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

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

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

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

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

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

(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 adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme. Such adjustments are applied to interest-bearing debt and cash and cash equivalents of the Japan Net Bank, Limited (currently PayPay Bank Corporation).
3. Adjusted EBITDA:
   EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

(3) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Cash and cash equivalents	¥ 3,309	¥ 4,736	$ 42,778
Trade and other receivables	7,024	5,433	49,074
Other financial assets (current)[1]	21,981	15,088	136,284
Inventories	1,803	—	—
Other current assets	173	4,967	44,865
Property, plant and equipment	100,040	137,196	1,239,238
Right-of-use assets	1,851	—	—
Intangible assets	9,200	9,176	82,883
Investments accounted for using the equity method[1,2,3,4]	776,309	1,462,579	13,210,902
Investments from SVF1 and SVF2 accounted for using FVTPL[1]	857,356	786,651	7,105,510
Investment securities[4]	10,184	1,483,897	13,403,459
Other financial assets (non-current)	1,646	2,503	22,610
Total	¥1,790,876	¥3,912,226	$35,337,603

Liabilities related to these assets pledged as collateral are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Interest-bearing debt			
Short-term borrowings	¥ 354	¥ 8,007	$ 72,324
Current portion of long-term borrowings[1,2,5]	1,041,811	502,737	4,541,026
Current portion of financial liabilities relating to sale of shares by prepaid forward contract[3]	—	1,798,701	16,246,961
Long-term borrowings[1,2,4,5]	748,131	1,636,452	14,781,429
Financial liabilities relating to sale of shares by prepaid forward contract[3]	196,101	1,287,038	11,625,309
Trade and other payables	—	27	244
Derivative financial liabilities (current)	657	—	—
Other financial liabilities (current)	—	576	5,203
Other non-current liabilities	—	307	2,773
Derivative financial liabilities (non-current)	347	—	—
Total	¥1,987,401	¥5,233,845	$47,275,269

Notes:

1. Certain listed shares held by SVF1 are pledged as collateral for long-term borrowings. The facility agreement for the long-term borrowings include a margin call provision, which may be triggered under certain circumstances such as a significant decrease in the market value of pledged collateral and a mandatory prepayment clause requiring all or part of the borrowings to be prepaid in certain circumstances. The creditors would be able to enforce security and dispose of the pledged listed shares if the margin call clause or the mandatory prepayment clause were triggered and SVF1 did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.

   In March 2020, in light of current market conditions, and significant decreases in the market value of the pledged listed shares, an aggregate amount of ¥102,125 million was partially and voluntarily prepaid by SVF1. In the same month, the facility agreement for the borrowings was amended and pursuant to the terms of this amendment, SVF1 made an additional ¥17,949 million voluntary partial repayment and pledged cash as collateral. Such cash collateral amount was intended to be applied in April 2020 towards a further voluntary repayment of the outstanding long-term borrowings.

   As a result, ¥786,651 million ($7,105,510 thousand) of the listed shares held by SVF1 (the carrying amounts of asset as of March 31, 2021) (as of March 31, 2020: ¥849,088 million of the listed shares and ¥10,883 million of cash) were pledged as collateral for ¥136,841million ($1,236,031 thousand) of long-term borrowings as of March 31, 2021 (as of March 31, 2020:

¥162,195 million of long-term borrowings and ¥10,883 million of current portion of long-term borrowings). The aforementioned pledged shares are included within “Investments from SVF1 and SVF2 accounted for using FVTPL” in the consolidated statement of financial position as of March 31, 2021.

2. ¥836,301 million ($7,553,979 thousand) (as of March 31, 2020: ¥721,856 million) of Alibaba shares (carrying amount on a consolidated basis) held by Skywalk Finance GK, a wholly-owned subsidiary of the Company, is pledged as collateral for ¥894,102 million ($8,076,073 thousand) of long-term borrowings as of March 31, 2021 (as of March 31, 2020: ¥1,027,839 million of current portion of long-term borrowings). The shares are included in “Investments accounted for using the equity method” under the consolidated statement of financial position as of March 31, 2021. The borrowings include an early settlement clause and an early settlement may be elected under certain circumstances such as a significant decrease in the fair value of pledged Alibaba shares. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement is demanded and the subsidiary does not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

3. ¥583,897 million ($5,274,113 thousand) of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥1,798,701 million ($16,246,961 thousand) of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥1,287,038 million ($11,625,309 thousand) of financial liabilities relating to sale of shares by prepaid forward contracts as of March 31, 2021. The details are described in “Notes 5” under “(1) Components of interest-bearing debt.”

4. On July 30, 2020, a wholly-owned subsidiary of the Company made a borrowing of $4.38 billion by using T-Mobile shares held by the subsidiary as collateral. ¥1,474,356 million ($13,317,279 thousand) of T-Mobile shares is pledged as collateral for ¥481,260 million ($4,347,033 thousand) of the long-term borrowings. T-Mobile shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2021.

   In addition, related to the transaction, Alibaba shares held by the Company are pledged as collateral. Alibaba shares pledged as collateral are recorded for ¥42,381 million ($382,811 thousand) as “Investments accounted for using the equity method” in the consolidated statement of financial position as of March 31, 2021.

5. 929,022,669 shares out of 1,914,858,070 shares of SoftBank Corp. held by the Company is pledged as collateral for ¥498,678 million ($4,504,363 thousand) of current portion of long-term borrowings (as of March 31, 2020: ¥497,356 million of long-term borrowings) of Moonlight Finance GK, a wholly-owned subsidiary of the Company, as of March 31, 2021. The borrowings include an early settlement clause and an early settlement may be elected by the creditors under certain circumstances such as a significant decrease in the fair value of pledged SoftBank Corp. shares. The creditors would be able to dispose the asset pledged as collateral in the event where the early settlement is demanded and Moonlight Finance GK does not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

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

a. SB Northstar
For acquisition of investments financed through borrowings, total return swap contracts and credit transactions, ¥1,427,286 million ($12,892,115 thousand) of securities pledged as collateral in the asset management subsidiary, ¥111,787 million ($1,009,728 thousand) of restricted cash and ¥14,685 million ($132,644 thousand) of margin deposits in SB Northstar are pledged as collateral mainly for ¥1,203,925 million ($10,874,582 thousand) of short-term borrowings in SB Northstar, ¥14,673 million ($132,535 thousand) of derivative financial liabilities in the asset management subsidiary and ¥8,713 million ($78,701 thousand) of borrowed securities as of March 31, 2021. In addition, in accordance with the contracts by each broker, there is a possibility that investments from the asset management subsidiary in the consolidated statement of financial position and Alibaba shares held by SB Northstar (the carrying amount of ¥124,804 million ($1,127,306 thousand) on a consolidated basis) will be pledged additionally as collateral in response to the balance of liabilities in SB Northstar and position in the future. The borrowings will be settled early if the fair value of the pleaded securities is less than the certain proportion of the residual balance of the borrowings.

Also, ¥302,048 million ($2,728,281 thousand) of Alibaba shares held by SB Northstar (the carrying amount on a consolidated basis) is pledged as collateral for ¥662,596 million ($5,984,970 thousand) of current portion of long-term borrowings as of March 31, 2021. The borrowing includes a clause in which additional cash collateral will be required if the fair value of Alibaba share is higher than the certain proportion of the residual balance of the borrowings. Alibaba shares pledged as collateral are included in “Investments accounted for using the equity method “in the consolidated statement of financial position as of March 31, 2021.

b. Fortress
As of March 31, 2021, based on a term loan agreement of $0.9 billion (as of March 31, 2020: $1.0 billion) which was entered into to finance the acquisition of Fortress; the equity interests of Fortress and four wholly-owned subsidiaries within the acquisition structure are pledged as collateral.

c. Other
As of March 31, 2021, ¥86,248 million ($779,044 thousand) (as of March 31, 2020: ¥47,831 million) of “Investment securities” is pledged as collateral for financing and exchange settlement by a subsidiary

operating banking business. Also, "Other financial assets (non-current)" include ¥155,210 million ($1,401,951 thousand) (as of March 31, 2020: ¥115,273 million) of margin deposits with central counterparties.

(4) Assets with restrictions on rights

a. Assets for sale and leaseback transactions that are not accounted for as sales

Assets for sale and leaseback transactions that continue to be recognized as property, plant and equipment but to which the Company does not have legal title because the transactions are not accounted for as sales are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Property, plant and equipment	¥287,417	¥490,356	$4,429,193

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Interest-bearing debt			
Current portion of long-term borrowings	¥ 81,383	¥122,764	$1,108,879
Long-term borrowings	220,947	353,466	3,192,720
Total	¥302,330	¥476,230	$4,301,599

b. Assets under lease contracts for intangible assets

Assets that are restricted to be transferred, subleased or pledged as collateral by the Company because they are acquired under lease contracts for the intangible assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Intangible assets	¥348,522	¥350,198	$3,163,201

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Interest-bearing debt			
Current portion of long-term borrowings	¥107,690	¥115,058	$1,039,274
Long-term borrowings	208,896	228,442	2,063,427
Total	¥316,586	¥343,500	$3,102,701

(5) Assets with restrictions on use

The carrying amount of assets with restrictions on use (sale, transfer, disposal or dividend distributions, and other) based on the guarantee contracts within the group for fund procurements is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	**As of March 31, 2021**	**As of March 31, 2021**
Investments accounted for using FVTPL	¥33,660	¥—	$—
Investments accounted for using the equity method	1,426	—	—

(6) Components of proceeds in short-term interest-bearing debt, net

The components of "Proceeds in short-term interest-bearing debt, net" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net increase of short-term borrowings	¥ 36,173	¥1,452,826	$13,122,808
Net increase of commercial paper	97,000	122,501	1,106,503
Total	¥133,173	¥1,575,327	$14,229,311

(7) Components of proceeds from interest-bearing debt

The components of "Proceeds from interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Proceeds from borrowings	¥7,043,561	¥5,707,162	$51,550,555
Proceeds from issuance of corporate bonds	1,379,220	597,000	5,392,467
Proceeds from procurement by prepaid forward contracts using shares*	179,145	1,660,952	15,002,728
Total	¥8,601,926	¥7,965,114	$71,945,750

Note:

* The amount is procured under the prepaid forward contracts using Alibaba shares. The details are described in "Notes 5" under "(1) Components of interest-bearing debt."

(8) Components of repayment of interest-bearing debt

The components of "Repayment of interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Repayment of borrowings	¥(4,599,878)	¥(5,223,271)	$(47,179,758)
Redemption of corporate bonds	(1,036,765)	(567,630)	(5,127,179)
Repayment of installment payables	(10,084)	—	—
Total	¥(5,646,727)	¥(5,790,901)	$(52,306,937)

26. Deposits for banking business

The components of deposits for a banking business are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Ordinary deposits	¥770,572	¥1,001,173	$ 9,043,203
Time deposits	102,515	108,067	976,127
Total	¥873,087	¥1,109,240	$10,019,330

27. Trade and other payables

The components of trade and other payables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Trade payables	¥1,290,182	¥1,541,078	$13,919,953
Other	295,144	429,197	3,876,768
Total	¥1,585,326	¥1,970,275	$17,796,721

28. Other financial liabilities

The components of other financial liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Allowance for financial guarantee contract losses[1]	¥ 96,756	¥ 24,381	$ 220,224
Allowance for loan commitment losses[2]	145,133	10,218	92,295
Other	6,121	16,686	150,718
Total	¥248,010	¥ 51,285	$ 463,237
Non-current			
Non-controlling interests subject to possible redemption[3]	—	298,092	2,692,548
Other	77,207	117,315	1,059,660
Total	¥ 77,207	¥415,407	$3,752,208

Notes:

1. As of March 31, 2021, ¥24,381 million ($220,224 thousand) of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions is included (as of March 31, 2020: ¥89,202 million) and the balance decreased as expected credit losses were lower than the balance as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."
2. Allowance for unutilized loan commitment losses related to purchase unsecured notes issued by WeWork. Regarding liabilities related to the loan commitment, when WeWork Investment Subsidiary purchased the unsecured notes, the corresponding amounts were reversed from the liabilities related to the loan commitment and deducted from the initial recognition amounts of the loan receivables. Also, credit spread for WeWork's unsecured notes distributed in the market was improved. The balance decreased as expected credit losses were lower than the balance as of March 31, 2020 mainly due to the abovementioned reasons. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."
3. The details are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

29. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Current			
Withholding income tax*1	¥131,024	¥255,128	$2,304,471
Accrued employee benefits	163,097	223,847	2,021,922
Contract liabilities	141,454	145,528	1,314,497
Advance received*2	6,590	142,205	1,284,482
Consumption tax payable and other	66,369	66,980	605,005
Other	87,965	118,755	1,072,668
Total	¥596,499	¥952,443	$8,603,045
Non-current			
Contract liabilities	26,161	105,285	950,998
Defined benefit liabilities	16,448	28,590	258,242
Long-term accrued employee benefits	16,988	28,534	257,736
Other	19,956	45,079	407,182
Total	¥ 79,553	¥207,488	$1,874,158

*1. Withholding income tax as of March 31, 2021 includes the amount of ¥245,053 million ($2,213,468 thousand) (as of March 31, 2020: ¥122,548 million) which is related to dividends within the group companies. The Company paid the withholding income tax in April, 2021 (as of March 31, 2020: paid in April, 2020.)

*2. On September 13, 2020 (U.S. time), the Company entered into a definitive agreement with NVIDIA to sell all of its shares in Arm. Based on the agreement, the Company received $1.25 billion as a deposit for part of the consideration in the transaction. The details are described in "(Sell of all shares in Arm)" under "Note 52. Additional information."

30. Provisions

The changes in the provisions are as follows:

	(Millions of yen)				
	Asset retirement obligations	Provision for loss on contracts	Provision for loss on interest repayment	Other	Total
As of April 1, 2020	¥80,234	¥ —	¥10,076	¥ 9,929	¥100,239
Recognition of provisions	12,144	23,130	—	4,837	40,111
Interest due to passage of time	261	—	—	—	261
Used	(6,933)	—	(2,064)	(3,548)	(12,545)
Reversal of provisions	—	—	—	(287)	(287)
Change in estimate	4,908	—	—	—	4,908
Exchange differences	14	—	—	(286)	(272)
Other	6,111	—	—	(3,001)	3,110
As of March 31, 2021	¥96,739	¥23,130	¥ 8,012	¥ 7,644	¥135,525
Current liabilities	¥17,538	¥ 43	¥ 1,812	¥ 5,546	¥ 24,939
Non-current liabilities	79,201	23,087	6,200	2,098	110,586
Total	¥96,739	¥23,130	¥ 8,012	¥ 7,644	¥135,525

	(Thousands of U.S. dollars)				
	Asset retirement obligations	Provision for loss on contracts	Provision for loss on interest repayment	Other	Total
As of April 1, 2020	$724,722	$ —	$ 91,013	$ 89,685	$ 905,420
Recognition of provisions	109,692	208,924	—	43,691	362,307
Interest due to passage of time	2,358	—	—	—	2,358
Used	(62,622)	—	(18,644)	(32,048)	(113,314)
Reversal of provisions	—	—	—	(2,592)	(2,592)
Change in estimate	44,332	—	—	—	44,332
Exchange differences	126	—	—	(2,583)	(2,457)
Other	55,198	—	—	(27,108)	28,090
As of March 31, 2021	$873,806	$208,924	$ 72,369	$ 69,045	$1,224,144
Current liabilities	$158,414	$ 388	$ 16,367	$ 50,095	$ 225,264
Non-current liabilities	715,392	208,536	56,002	18,950	998,880
Total	$873,806	$208,924	$ 72,369	$ 69,045	$1,224,144

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers and network centers. The estimate of the amount for the removal of equipment and the timing of the payment is based on the assumption at present and is subject to changes depending on revised future assumptions.

Provision for loss on contracts

In mobile communication service, provision for loss on contracts is recognized in order to prepare for losses resulting from the difference between the sales price of devices received from customers and residual installment receivables from customers. The sales price of the devices and the amount of the residual installment receivables may fluctuate due to changes in the market environment and other factors.

Provision for loss on interest repayment

Provision for loss on interest repayment is recorded by the subsidiaries operating card business, based on an amount representing future expected claims in order to prepare for future claims by debtors and others, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act. The amount of claims for the interest repayment may fluctuate from changes in market environment and other factors.

31. Financial instruments

(1) Capital management

Our policy is to realize and maintain optimum capital composition to maintain mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

* Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Equity capital	¥5,913,613	¥10,213,093	$92,250,863
Equity capital ratio (%)	15.9	22.3	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws. The details regarding the financial covenants related to interest-bearing debt are described in "(2) Financial covenants" under "Note 25. Interest-bearing debt".

(2) Financial risk management

(The asset management subsidiary)

As SB Northstar L.P., an asset management subsidiary, has started to conduct various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions, and others for diversification of the assets held and management of surplus funds, the Company faces a variety of financial risks (market risk, credit risk and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks. The Company continues to enhance financial risk management according to the scale of investments and nature of new transactions.

SB MANAGEMENT LIMITED ("SBM"), a wholly-owned subsidiary of the Company, is responsible for investment decision-making and risk management of the asset management subsidiary. The asset management subsidiary's overall risk management principles seek to maximize the returns derived for the level of risk to which the asset management company is exposed and seek to minimize the potential risk of adverse effects on the financial performance. For this reason, the asset management subsidiary not only acquires and sells listed stocks, but also performs derivative transactions related to these listed stocks, and conducts transactions based on the policies approved by the SBM Investment Committee. In addition, in order to avoid concentration risk in specific stocks, the asset management subsidiary's policies limit individual equity securities to a certain percentage of the total market value of the investments made by the asset management subsidiary (except when the market value of a specific stock exceeds a certain percentage of the total market value of the investments made by the asset management subsidiary due to rising market value; provide that, in this case, an additional investment in the specific stock is not possible). In addition, as a leverage limitation, the amount of debt and debt like derivative transactions (e.g. total return swaps, forwards, and futures etc.) will not exceed a certain percentage of total assets of the asset management subsidiary. If the market value of investments falls and the total assets of the asset management subsidiary decrease and the leverage ratio exceeds a certain percentage, the Investment Committee will adjust the balance of investment positions or debt and debt like derivatives so that the leverage percentage falls below a certain percentage. The asset management subsidiary's policies require that overall market position is monitored on a daily basis by the Chief Risk Officer of SBM and reviewed on at least a quarterly basis by the Board of Directors of SBM. In addition, compliance with the investment policies are reported to the SBM Investment Committee on at least a monthly basis.

(Other than the asset management subsidiary)

As the Company operates in a wide range of markets, the Company faces a variety of financial risks (foreign exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

a. Market risk

(a) Foreign exchange risk

The Company is engaged in international businesses through investments, financial contributions and the establishment of joint ventures. At investment business, the Company holds a large number of investments which includes investments denominated in foreign currencies, mainly through foreign subsidiaries. Also, the Company undertakes transactions denominated in foreign currencies with foreign parties and through lending to and borrowings from foreign subsidiaries. Consequently, there is foreign exchange risk that arises from changes in currency rates mainly in the U.S. dollar, Hong Kong dollar and Euro currencies.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also enters into foreign currency forward contracts, foreign currency swap contracts, and interest rate currency swap contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments for SoftBank Group Corp. and its subsidiaries whose functional currency is Japanese yen is as follows:

U.S. Dollar (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in liability position]	¥(252,961)	¥(3,050,851)	$(27,557,140)
Net exposure affecting other comprehensive income [in asset position]	21,627	28,529	257,691

Hong Kong Dollar (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position]	¥(248)	¥309,639	$2,796,848

Other than the table presented above, major exposures to foreign exchange risk on subsidiaries whose functional currency is not Japanese yen are as follows:

Euro currencies (Functional currency: U. S. Dollar)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position]	¥(38,567)	¥183,311	$1,655,776

Indian Rupee (Functional currency: U. S. Dollar)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset position]	¥86,815	¥84,870	$766,597

U. S. Dollar (Functional currency: British pound)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Net exposure affecting income before income tax [in asset (liability) position]	¥110,355	¥(27,075)	$(244,558)
Net exposure affecting other comprehensive income [in liability position]	—	(3,459)	(31,244)

Net exposure affecting income before income tax comprises the foreign exchange risk exposures from monetary financial instruments denominated in a foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income comprises the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecasted transactions.

The table below presents the effect of a 1% appreciation of the Japanese yen on income before income tax and other comprehensive income (before tax effect) regarding the financial instruments with the above foreign exchange risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in "(3) Foreign exchange sensitivity analysis for exchange difference on translating foreign operations" under "Note 35. Foreign currency exchange rates."

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase in income before income tax	¥2,530	¥30,509	$275,576
Decrease in other comprehensive income before tax effect	(216)	(285)	(2,574)

Hong Kong Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax	¥2	¥(3,096)	$(27,965)

The table below presents the effect of a 1% appreciation of the U.S. Dollar against the Euro currencies on income before income tax:

Euro currencies

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax	¥386	¥(1,833)	$(16,557)

The table below presents the effect of a 1% appreciation of the U.S. Dollar against the Indian Rupee on income before income tax:

Indian Rupee

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax	¥(868)	¥(849)	$(7,669)

The table below presents the effect of a 1% appreciation of the British pound against the U.S. Dollar on income before income tax and other comprehensive income (before tax effect):

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Increase (decrease) in income before income tax	¥(1,104)	¥271	$2,448
Increase in other comprehensive income before tax effect	—	35	316

ii. Foreign currency exchange contracts

Foreign currency exchange contracts, foreign currency swap contracts, and interest rate currency swap contracts are entered into, to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign currency exchange contracts are as follows. Interest rate currency swap contracts are described in "(c) Interest rate risk."

Foreign currency exchange contracts to which hedge accounting is applied

As of March 31, 2020

	(Millions of yen)				
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value) Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate
Currency swap contracts					
Receipt in U.S. dollars / payment in yen	¥ 646,210 (646,210)	¥29,422	¥ (18,273)	¥ 47,321	¥113.34 per $1
Receipt in Euro currencies/ payment in yen	734,603 (734,603)	—	(89,755)	(20,314)	¥132.61 per €1
Total	¥ 1,380,813 (1,380,813)	¥29,422	¥(108,028)	¥ 27,007	

As of March 31, 2021

	(Millions of yen)				
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value) Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate
Currency swap contracts					
Receipt in U.S. dollars / payment in yen	¥ 534,205 (534,205)	¥27,203	¥(10,806)	¥ 5,248	¥113.00 per $1
Receipt in Euro currencies/ payment in yen	615,296 (615,296)	5,952	(5,499)	90,208	¥132.56 per €1
Total	¥ 1,149,501 (1,149,501)	¥33,155	¥(16,305)	¥95,456	

	(Thousands of U.S. dollars)			
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value) Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments
Currency swap contracts				
Receipt in U.S. dollars / payment in yen	$ 4,825,264 (4,825,264)	$245,714	$ (97,606)	$ 47,403
Receipt in Euro currencies/ payment in yen	5,557,728 (5,557,728)	53,762	(49,671)	814,814
Total	$ 10,382,992 (10,382,992)	$299,476	$(147,277)	$862,217

The carrying amounts of the derivative instruments designated as hedging instruments are recorded as either “Derivative financial assets” or “Derivative financial liabilities” in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current assets or non-current liabilities.

The above foreign currency exchange contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments as to whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments as to whether the changes in values of the hedged items and hedging instruments offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge has no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Currency swap contracts			
Balance at the beginning of the period	¥(43,752)	¥ 16,514	$ 149,164
Amount incurred	17,465	92,087	831,786
Reclassification adjustments*1	42,801	(61,666)	(557,004)
Balance at the end of the period*2	¥ 16,514	¥ 46,935	$ 423,946

*1. Reclassification adjustments are the amounts of accumulated other comprehensive income transferred to profit or loss relating to the hedged item when the hedged item affects profit or loss, and are recorded as “Derivative gain and loss (excluding gain and loss on investments)” in the consolidated statement of income. For the fiscal year ended March 31, 2021, the amount of ¥4,318 million ($39,003 thousand) (for the fiscal year ended March 31, 2020: ¥2,956 million) transferred from cash flow hedges to profit or loss is included in reclassification adjustments. The transfer arises from discontinued hedging relationships when a forecasted transaction is no longer expected to occur, although hedge accounting has been applied.

*2. For the fiscal year ended March 31, 2021, accumulated other comprehensive income after tax includes ¥7,932 million ($71,647 thousand) (as of March 31, 2020: ¥12,359 million) related to discontinued hedging accounting.

Foreign currency exchange contracts to which hedge accounting is not applied

	(Millions of yen)						(Thousands of U.S. dollars)		
	As of March 31, 2020			As of March 31, 2021			As of March 31, 2021		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Foreign currency forward contracts	¥ 125,499 (17,262)	¥ 5,729	¥ (2,168)	¥ 141,107 (3,068)	¥ 3,016	¥ (961)	$ 1,274,564 (27,712)	$ 27,242	$ (8,680)
Currency swap contracts	152,834 (139,180)	3,232	(9,735)	421,877 (355,065)	7,545	(7,076)	3,810,649 (3,207,163)	68,151	(63,915)
Foreign exchange margin transactions*	581,384 (—)	24,792	(2,462)	636,163 (—)	19,696	(3,415)	5,746,211 (—)	177,907	(30,846)
Total	¥ 859,717 (156,442)	¥33,753	¥(14,365)	¥1,199,147 (358,133)	¥30,257	¥(11,452)	$10,831,424 (3,234,875)	$273,300	$(103,441)

* Foreign exchange margin transactions are operated by the subsidiary, YJFX, Inc.’s foreign exchange margin transactions business.

(b) Price risk

(The asset management subsidiary)

As the asset management subsidiary is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions, the asset management subsidiary faces price risk in its operations. To manage the price risk, the overall market prices of the portfolio are monitored on a daily basis by the fund administrator and are reported to SBM Valuation Committee (Chief Executive Officer, Chief Risk Officer, Chief Finance Officer and Chief Operating Officer). Portfolio pricing will be reviewed at least on a quarterly basis by the Board of Directors of SBM. In addition, compliance with the pricing policy is reported to the SBM Investment Committee on a monthly basis.

(Other than the asset management subsidiary)

As part of the business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

The Company manages this risk by continuously monitoring the financial condition of security issuers and stock market fluctuations.

i. Price sensitivity analysis for securities

The tables below present the effect of a 10% decrease in market price regarding the securities traded in active markets (excluding securities subject to insignificant risk of change in value such as MMF) on income before income tax and other comprehensive income before tax effect, assuming that all other factors are constant.

(i) Securities held for sale

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax	¥—	¥(208,551)	$(1,883,759)

(ii) Other securities

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax	¥(134,395)	¥(854,092)	$(7,714,678)
Decrease in other comprehensive income before tax effect	¥ (1,110)	¥ (2,102)	$ (18,987)

ii. Price sensitivity analysis for derivative instruments

The table below presents the effect of changes in market price of underlying assets regarding the long and short call options of listed stocks, total return swap contracts and forward contracts on income before income tax, assuming that all other factors are constant.

	(Millions of yen)				
	Carrying amount (liability)	**Assumption for market price change**	**Fair value under the assumption (liability)**	**Effect on income before income tax**	**Contract amount**
Long call option of listed stocks in asset management subsidiaries	176,627	30% increase	525,367	348,740	1,481,995
		10% increase	275,384	98,757	
		10% decrease	104,389	(72,238)	
		30% decrease	27,096	(149,531)	
Short call option of listed stocks in asset management subsidiaries	(9,283)	30% increase	(60,229)	(50,947)	297,940
		10% increase	(20,500)	(11,218)	
		10% decrease	(3,347)	5,935	
		30% decrease	(142)	9,140	
Total return swap contracts related to listed stocks in asset management subsidiaries	1,667	30% increase	86,339	84,672	280,572
		10% increase	29,891	28,224	
		10% decrease	(26,557)	(28,224)	
		30% decrease	(83,005)	(84,672)	
Forward contracts related to listed stocks in asset management subsidiaries	4,372	30% increase	8,175	3,803	8,303
		10% increase	5,640	1,268	
		10% decrease	3,104	(1,268)	
		30% decrease	569	(3,803)	

	(Thousands of U.S. dollars)				
	Carrying amount (liability)	**Assumption for market price change**	**Fair value under the assumption (liability)**	**Effect on income before income tax**	**Contract amount**
Long call option of listed stocks in asset management subsidiaries	1,595,402	30% increase	4,745,434	3,150,032	13,386,279
		10% increase	2,487,436	892,033	
		10% decrease	942,905	(652,498)	
		30% decrease	244,748	(1,350,655)	
Short call option of listed stocks in asset management subsidiaries	(83,850)	30% increase	(544,025)	(460,184)	2,691,175
		10% increase	(185,168)	(101,328)	
		10% decrease	(30,232)	53,609	
		30% decrease	(1,283)	82,558	
Total return swap contracts related to listed stocks in asset management subsidiaries	15,057	30% increase	779,866	764,809	2,534,297
		10% increase	269,994	254,936	
		10% decrease	(239,879)	(254,936)	
		30% decrease	(749,752)	(764,809)	
Forward contracts related to listed stocks in asset management subsidiaries	39,491	30% increase	73,842	34,351	74,998
		10% increase	50,944	11,453	
		10% decrease	28,037	(11,453)	
		30% decrease	5,140	(34,351)	

In addition, the Company entered into prepaid forward contracts which are settled by Alibaba shares held by the Company. The contracts include collar transactions where a cap and floor are set for the number of shares settled and floor transactions where a floor is set for the number of shares settled. Also, the Company entered into a call spread contract associated with the prepaid forward contracts which are settled by Alibaba shares. The collar transactions, the floor transactions and the call spread contracts are classified as a derivative instrument and their fair values are affected by the price of Alibaba shares. Derivative gain and loss, which occurs depending on fluctuation of the price of Alibaba shares, are recognized through profit or loss.

Fair values of the collar transactions, the floor transactions and the call spread transactions are composed of intrinsic value and time value. The effect of a 10% increase and a 10% decrease in the price of

Alibaba shares on income before income tax due to fluctuation of intrinsic value are a loss of ¥138,960 million ($1,255,171 thousand) and a gain of ¥156,548 million ($1,414,037 thousand), respectively, assuming that all other factors are constant. In case of consideration of time value, the impact of the gain and loss are decreased.

The details of the prepaid forward contracts and the call spread contracts are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

iii. Option contracts

The details of option contracts are as follows:

Option contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Long call option of listed stocks in asset management subsidiaries	¥ —	¥ —	¥ 176,627	¥ —	$ 1,595,402	$ —
Short call option of listed stocks in asset management subsidiaries	—	—	—	(9,283)	—	(83,850)
Contingent consideration relating to acquisition of T-Mobile shares*1	—	—	460,709	—	4,161,404	—
Prepaid forward contracts using Alibaba shares*2	5,009	—	661,615	(28,096)	5,976,109	(253,780)
Call spread contracts relating to prepaid forward contracts using Alibaba shares*2	—	—	42,059	—	379,902	—
Short call option for T-Mobile shares to Deutsche Telekom AG*3	—	—	—	(204,821)	—	(1,850,068)
Contingent value rights relating to sale of T-Mobile shares*4	—	—	34,901	—	315,247	—
WeWork warrants with exercise price of $0.01 per share*5	17,936	—	2,861	—	25,842	—
Long call option	2,804	—	24,604	—	222,238	—
Short call option	—	(878)		(43)	—	(388)
Total	¥25,749	¥(878)	¥1,403,376	¥(242,243)	$12,676,144	$(2,188,086)

*1 Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

*2 The details of prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

*3 Call options for T-Mobile shares which the Company granted to Deutsche Telekom in relation to the transfer of T-Mobile share. The details are described in "(The transfer of T-Mobile shares)" under "Note 52. Additional information."

*4 Contingent value rights received in relation to the disposal of T-Mobile shares in a private placement through a trust. The details are described in "(The transfer of T-Mobile shares)" under "Note 52. Additional information."

*5 The warrants that are convertible into preferred stock at an exercise price of $0.01 per share that the Company acquired as consideration for the purchase commitment of the unsecured notes issued by WeWork and the credit support for the payment guarantees which financial institutions provide for WeWork. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

iv. Swap contracts

The details of swap contracts are as follows:

Swap contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Swap contracts related to electricity sales price	¥—	¥—	¥ —	¥ (7,495)	$ —	$ (67,699)
Total return swap contracts related to listed stocks in asset management subsidiaries	—	—	7,057	(5,390)	63,743	(48,686)
Total	¥—	¥—	¥7,057	¥ (12,885)	$63,743	$ (116,385)

v. Forward contracts

The details of forward contracts are as follows:

Forward contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2020		As of March 31, 2021		As of March 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Tender offer for WeWork shares*	¥—	¥—	¥ —	¥ (76,823)	$ —	$ (693,912)
Forward contracts related to listed stocks in asset management subsidiaries	—	—	4,372	—	39,491	—
Total	¥—	¥—	¥4,372	¥ (76,823)	$39,491	$ (693,912)

* In March 2021, the WeWork Investment Subsidiary commenced a tender offer to purchase WeWork common shares and preferred shares. The difference between the valuation amount of common shares and preferred shares expected to be purchased and the expected acquisition amount is recorded as "Derivative financial liabilities (current)." The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps and interest rate currency swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debt, the Company continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of a 1% increase in interest rates regarding the floating interest rate debt on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Decrease in income before income tax	¥ (53,268)	¥ (74,181)	$ (670,048)

ii. Interest rate contracts

The details of interest rate contracts are as follows:

<u>Interest rate contracts to which hedge accounting is applied</u>

	(Millions of yen)				
	As of March 31, 2020				
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate
		Assets	Liabilities		
Interest rate swap	¥ 500,500	¥—	¥(5,325)	¥80	1.96%
Receipt in floating rate/ Payment in fixed rate	(500,000)				

	(Millions of yen)				
	As of March 31, 2021				
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate
		Assets	Liabilities		
Interest rate swap	¥ 500,000	¥—	¥(5,247)	¥78	1.96%
Receipt in floating rate/ Payment in fixed rate	(500,000)				

	(Thousands of U.S. dollars)			
	As of March 31, 2021			
	Contract amounts (of which:maturing in more than one year)	Carrying amount (fair value)		Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments
		Assets	Liabilities	
Interest rate swap	$ 4,516,304	$—	$ (47,394)	$705
Receipt in floating rate/ Payment in fixed rate	(4,516,304)			

The carrying amounts of the derivative instruments designated as hedging instruments are recorded as "Derivative financial liabilities" in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current liabilities.

The above interest rate contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments as to whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments as to whether the changes in values of the hedged items and hedging offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge has no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest rate swap			
Balance at the beginning of the period	¥ (2,039)	¥ (3,386)	$ (30,584)
Amount incurred	(5,405)	819	7,398
Reclassification adjustments*	604	(1,406)	(12,701)
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale	3,454	—	—
Balance at the end of the period	¥ (3,386)	¥ (3,973)	$ (35,887)

* Reclassification adjustments represent amounts of accumulated other comprehensive income transferred to profit or loss when the hedged item affects profit or loss, and are recorded as “Derivative gain and loss (excluding gain and loss on investments)” in the consolidated statement of income. For the fiscal years ended March 31, 2020 and 2021, there were no transactions for which hedge accounting was discontinued because the hedged transactions had not been expected to occur.

Interest rate contracts to which hedge accounting is not applied

	(Millions of yen)						(Thousands of U.S. dollars)		
	As of March 31, 2020			As of March 31, 2021			As of March 31, 2021		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Interest rate swap	¥ 386,763 (114,688)	¥ 7	¥(8,690)	¥ 77,497 (77,497)	¥ —	¥(2,835)	$ 700,000 (700,000)	$ —	$(25,608)
Interest rate currency swap	21,862 (21,862)	371	—	42,329 (41,314)	1,814	(1,687)	382,341 (373,173)	16,385	(15,238)
Total	¥ 408,625 (136,550)	¥378	¥(8,690)	¥ 119,826 (118,811)	¥1,814	¥(4,522)	$ 1,082,341 (1,073,173)	$16,385	$(40,846)

b. Credit risk

(The asset management subsidiary)

The asset management subsidiary has the credit risk of the counterparties regarding deposits, receivables against trading brokers, securities, derivatives, etc., and the counterparties are concentrated in several brokers. In addition, of the securities pledged as collateral for collateralized borrowings, securities that can be sold or re-pledged by the collateral recipient are exposed to the credit risk of the broker who is the collateral recipient. To mitigate these credit risks, the asset management subsidiary does business with brokers with high credit ratings. The credit risk of counterparties is monitored continuously by the Chief Risk Officer and Chief Operating Officer of SBM.

(Other than the asset management subsidiary)

In the course of the Company’s business, trade and other receivables, and other financial assets (including deposits, equity securities, bonds, and derivatives) are exposed to the credit risk of its counterparties.

In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage its credit risk, the Company performs controls around the due date and balance for each customer in accordance with its internal customer credit management rules and regularly monitors major customers' credit status.

Derivative transactions executed and maintained by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions, and those transactions engaged in are limited to those with financial institutions with high credit ratings in order to reduce the risk.

The carrying amount of financial instruments, net of impairment, is presented in the consolidated statement of financial position, and the amount of lending commitments and guaranteed obligations, represent the Company's maximum exposure to credit risk on financial assets. The values of collateral held and other credit enhancements are not included.

For trade receivables, contract assets, and lending commitments, the Company measures the lifetime expected credit risk. For receivables other than trade receivables, contract assets, and lending commitments, the Company measures future expected credit losses in consideration of the assessment of a significant increase of credit risk. The Company determines whether a significant increase of credit risk has been achieved or not based on the movement of occurrence of default. In the determination process, past due information, deterioration of operating results, and external credit ratings are considered. For receivables other than trade receivables and contract assets, the Company measures the expected credit losses at the amount of the 12-month expected credit losses. However, when there is a significant increase of credit risk after initial recognition, the expected credit losses are measured at the amount of lifetime expected credit losses.

The Company groups financial assets with no individual significance based on the characteristics of credit risk and the type of transactions. The Company then assesses the existence of objective evidence of impairment for each group considering the past default rate.

The Company measures expected credit losses individually for each receivable as financial assets that have been impaired when the events of default as detailed below have occurred, resulting in estimated negative future cash flows of the financial assets.

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in interest or principal payments
- High possibility of bankruptcy or entering financial reorganization

For credit-impaired financial assets, when it is probable that the Company will not collect the entire amount of or a part of the financial assets, the impairment losses are directly deducted from the carrying amount.

Details of lending commitments and credit guarantees are described in "(1) Lending commitments" and "(2) Credit guarantees" under "Note 50. Contingency."

There were no significant financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2020 and 2021.

(a) Carrying amounts of financial assets subject to allowance for doubtful accounts

i. Trade receivables

Exposure to credit risk on contractual assets is included in trade receivables. Since trade receivables attributable to the credit card business include interest income, the Company measures expected credit losses for those receivables by using the same method for the receivables other than trade receivables. Exposure to credit risk on trade receivables attributable to the credit card business is included in the receivables other than trade receivables.

The table below presents the carrying amounts related to an aging analysis of trade receivables and allowance for doubtful accounts.

As of March 31, 2020

	(Millions of yen)						
		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade receivables	¥1,105,791	¥65,753	¥33,181	¥16,954	¥ 8,734	¥11,364	¥1,241,777
Allowance for doubtful accounts	(3,490)	(935)	(1,736)	(1,858)	(4,484)	(7,109)	(19,612)
Total							¥1,222,165

As of March 31, 2021

	(Millions of yen)						
		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade receivables	¥1,050,688	¥65,453	¥23,014	¥14,970	¥ 5,318	¥ 8,508	¥1,167,951
Allowance for doubtful accounts	(3,307)	(803)	(1,184)	(1,365)	(3,040)	(2,309)	(12,008)
Total							¥1,155,943

	(Thousands of U.S. dollars)						
		Past due					
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
Trade receivables	$9,490,454	$591,212	$207,876	$135,218	$ 48,035	$ 76,849	$10,549,644
Allowance for doubtful accounts	(29,871)	(7,253)	(10,695)	(12,330)	(27,459)	(20,856)	(108,464)
Total							$10,441,180

ii. Financial assets other than trade receivables

The table below presents an aging analysis of financial assets other than trade receivables. The amounts in the analysis are presented at the carrying amount before netting the allowance for doubtful accounts.

As of March 31, 2020

	(Millions of yen)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets		
Other receivables	¥ 886,355	¥25,891	¥ 1,293	¥11,481	¥ —	¥ 925,020
Investment securities	331,671	—	—	—	—	331,671
Other financial assets	1,107,957	12,622	47,676	45,839	67,630	1,281,724
Total	¥2,325,983	¥38,513	¥48,969	¥57,320	¥67,630	¥2,538,415

Investment securities are mostly debt financial assets at FVTOCI.

As of March 31, 2021

	(Millions of yen)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses			
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
Other receivables	¥1,060,981	¥26,167	¥ 1,635	¥12,516	¥ —	¥1,101,299
Investment securities	380,832	—	—	—	—	380,832
Other financial assets	2,111,585	11,664	50,055	42,689	21,241	2,237,234
Total	¥3,553,398	¥37,831	¥51,690	¥55,205	¥21,241	¥3,719,365

	(Thousands of U.S. dollars)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses			
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
Other receivables	$ 9,583,426	$236,356	$ 14,768	$113,052	$ —	$ 9,947,602
Investment securities	3,439,906	—	—	—	—	3,439,906
Other financial assets	19,073,119	105,356	452,127	385,593	191,862	20,208,057
Total	$32,096,451	$341,712	$466,895	$498,645	$191,862	$33,595,565

Investment securities are mostly debt financial assets at FVTOCI.

(b) Changes in allowance for doubtful accounts

Allowance for doubtful accounts related to contract assets are included in trade receivables. In addition, trade receivables generated by the credit card business includes interest income. The Company measures expected credit losses for receivables generated by the credit card business by using the same method for the receivables other than trade receivables. As a result, the allowance for doubtful accounts are included in the financial assets other than trade receivables.

i. Trade receivables

The table below presents changes in the allowance for doubtful accounts for trade receivables.

For the fiscal year ended March 31, 2020

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	¥ 37,932	¥ 16,047	¥ 53,979
Provisions	58,419	7,740	66,159
Utilized	(52,721)	(13,535)	(66,256)
Transfer to assets classified as held for sale	(33,701)	(2,772)	(36,473)
Other	(3,768)	5,971	2,203
Balance at the end of the period	¥ 6,161	¥ 13,451	¥ 19,612

For the fiscal year ended March 31, 2021

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	¥ 6,161	¥13,451	¥19,612
Provisions	1,362	4,381	5,743
Utilized	(56)	(4,701)	(4,757)
Loss of control	(1,120)	(6,672)	(7,792)
Other	(1,053)	255	(798)
Balance at the end of the period	¥ 5,294	¥ 6,714	¥12,008

	(Thousands of U.S. dollars)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	$ 55,650	$121,498	$177,148
Provisions	12,302	39,572	51,874
Utilized	(506)	(42,462)	(42,968)
Loss of control	(10,117)	(60,266)	(70,383)
Other	(9,510)	2,303	(7,207)
Balance at the end of the period	$ 47,819	$ 60,645	$108,464

ii. Financial assets other than trade receivables

The table below presents changes in the allowance for doubtful accounts for financial assets other than trade receivables. The allowance for doubtful accounts is mainly for loans.

For the fiscal year ended March 31, 2020

	(Millions of yen)				
	Allowance for doubtful accounts				
		Lifetime expected credit losses			
	12 month expected credit losses	Other than credit-impaired financial assets	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
Balance at the beginning of the period	¥ 5,061	¥ 2,054	¥ 38,954	¥ —	¥ 46,069
Provisions	6,322	33,521	17,379	65,913*	123,135
Utilized	(1,833)	(57)	(11,091)	—	(12,981)
Transfer to assets classified as held for sale	(2,778)	—	—	—	(2,778)
Other	(1,006)	(2,029)	451	—	(2,584)
Balance at the end of the period	¥ 5,766	¥33,489	¥ 45,693	¥65,913	¥150,861

* For the fiscal year ended March 31, 2020, the Company recorded the total amount of ¥13,265 million as undiscounted expected losses at initial recognition on purchased or originated credit-impaired financial assets.

For the fiscal year ended March 31, 2021

	(Millions of yen)				
	Allowance for doubtful accounts				
		Lifetime expected credit losses			
	12 month expected credit losses	Other than credit-impaired financial assets	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
Balance at the beginning of the period	¥5,766	¥33,489	¥ 45,693	¥ 65,913	¥150,861
Provisions	1,897	4,876	16,972	8,925*	32,670
Utilized	(86)	(14)	(13,455)	(53,612)	(67,167)
Reversal	(218)	—	(852)	(12,301)	(13,371)
Other	887	669	(2,510)	—	(954)
Balance at the end of the period	¥8,246	¥39,020	¥ 45,848	¥ 8,925	¥102,039

	(Thousands of U.S. dollars)				
	Allowance for doubtful accounts				
		Lifetime expected credit losses			
	12 month expected credit losses	Other than credit-impaired financial assets	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
Balance at the beginning of the period	$52,082	$302,493	$ 412,727	$ 595,366	$1,362,668
Provisions	17,135	44,043	153,302	80,616*	295,096
Utilized	(777)	(127)	(121,534)	(484,256)	(606,694)
Reversal	(1,969)	—	(7,696)	(111,110)	(120,775)
Other	8,012	6,043	(22,672)	—	(8,617)
Balance at the end of the period	$74,483	$352,452	$ 414,127	$ 80,616	$ 921,678

* For the fiscal year ended March 31, 2021, the Company recorded the total amount of ¥10,325 ($93,262 thousand) million as undiscounted expected losses at initial recognition on purchased or originated credit-impaired financial assets.

Provisions for and reversal of doubtful accounts are recorded in "Selling, general and administrative expenses" and "Other loss" in the consolidated statement of income.

c. Liquidity risk

(The asset management subsidiary)

The asset management subsidiary has the liquidity risk of having to secure sufficient cash depending on the settlement of the investments and the status of investment position. To reduce these liquidity risks, the investments are primarily targeted at listed stocks that are actively traded and easily redeemable.

(Other than the asset management subsidiary)

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fundraising sources including both indirect financing, such as bank loans and leases, and direct financing, such as the issuance of bonds and commercial paper and securitization, taking market conditions and its current/ non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and a money management fund.

The Company also continuously monitors its forecasted and actual cash flows and liquid funds.

(a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. As of March 31, 2021, the undrawn amounts of the Company's credit facilities are ¥944,293 million ($8,529,428 thousand) (as of March 31, 2020: ¥527,862 million).

In addition, the asset management subsidiary is engaged in transactions for acquisition of investments using borrowings and has entered into agreement with various financial institutions in order to borrow funds in response to the net position of investments and indebtedness of the asset management subsidiary. As of March 31, 2021, the amounts that could be additionally borrowed were ¥461,869 million ($4,171,881 thousand) (as of March 31, 2020: none).

Also, the asset management subsidiary started a business and has entered into contracts similar to the credit facilities, and the contracts that are formally set with credit facilities but are considered to be equivalent to ordinary borrowings have increased due to the diversification of the Company's financing. In order to clarify the liquidity position as of the end of fiscal year, only the undrawn amounts of Company's credit facilities are described since March 31, 2021.

* Certain commitments above contain financial covenants. The details are described in "(2) Financial covenants" under "Note 25. Interest-bearing debt."

(b) Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis:

As of March 31, 2020

	(Millions of yen)							
	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 1,529,458	¥ 1,532,008	¥1,532,008	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	206,000	206,000	206,000	—	—	—	—	—
Long-term borrowings (including current portion)	5,771,044	5,803,721	1,955,283	1,289,287	906,918	558,319	951,273	142,641
Corporate bonds (including current portion)	5,428,821	5,470,964	160,000	865,000	580,079	652,199	666,458	2,547,228
Financial liabilities relating to sale of shares by prepaid forward contract	196,101	201,277	—	201,277	—	—	—	—
Installment payables	458	458	186	146	54	44	13	15
Lease liabilities	1,140,326	1,140,326	378,383	267,701	175,577	96,091	45,992	176,582
Deposits for banking business*1	894,124	894,250	873,099	6,770	6,278	2,661	2,331	3,111
Third-party interests in SVF1	4,584,419	4,584,419*2	24,691*3	—	—	—	—	4,559,728*4
Trade and other payables	1,585,326	1,585,326	1,560,287	7,693	2,779	158	1	14,408
Other financial liabilities*5	304,180	304,180	248,010	9,243	20,783	2,769	3,393	19,982
Total	¥21,640,257	¥21,722,929	¥6,937,947	¥2,647,117	¥1,692,468	¥1,312,241	¥1,669,461	¥7,463,695
Derivative financial liabilities*6								
Derivative financial liabilities								
Foreign currency exchange contracts*7	¥ 122,393	¥ 122,393	¥ 2,209	¥ (2,346)	¥ 18,980	¥ 13,285	¥ (947)	¥ 91,212
Option contracts	878	878	878	—	—	—	—	—
Interest rate contracts	14,015	14,421	6,618	2,961	2,440	1,205	424	773
Other	56	56	56	—	—	—	—	—
Total	¥ 137,342	¥ 137,748	¥ 9,761	¥ 615	¥ 21,420	¥ 14,490	¥ (523)	¥ 91,985

*1 Deposits for the banking business payable on demand are included in "Within 1 year."

*2 The amount represents the amounts that would have been distributed to Third-party Investors in accordance with the limited partnership agreement if SVF1 had been liquidated as of March 31, 2020.

*3 The amount represents the contractual distributions or repayments to be made within a year that have been announced from SVF1 to Third-Party Investors as of March 31, 2020.

*4 When disposal of investments becomes relatively certain, the portion of third-party interests in SVF1 which is available for distributions and repayments will be broken down by corresponding maturity dates.

*5 The amounts of “Carrying amount” and “Within 1 year” include ¥145,133 million of provisions for allowance for loan commitment losses related to acquired unsecured notes issued by WeWork and allowance for loss on valuation of ¥89,202 million for the financial guarantee contract related to the credit support provided by financial institutions to WeWork. The Details are described in“(3) Details and progress of the agreement between the Company and WeWork” under Note 22. Investments accounted for using the equity method.”

*6 Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.

*7 Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

As of March 31, 2021

	(Millions of yen)							
	Carrying amount	**Aggregation of redemption schedule**	**Within 1 year**	**1 year to 2 years**	**2 years to 3 years**	**3 years to 4 years**	**4 years to 5 years**	**More than 5 years**
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 2,637,401	¥ 2,637,560	¥ 2,637,560	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	409,201	409,201	409,201	—	—	—	—	—
Long-term borrowings (including current portion)	6,830,406	6,863,649	2,090,606	2,181,410	809,343	1,442,276	189,794	150,220
Corporate bonds (including current portion)	5,549,540	5,583,044	805,969	513,066	640,008	627,409	1,051,485	1,945,107
Financial liabilities relating to sale of shares by prepaid forward contract	3,085,739	3,104,068	1,801,124	910,373	279,923	112,648	—	—
Installment payables	688	688	232	149	142	112	45	8
Lease liabilities	1,035,001	1,035,001	307,447	209,749	122,099	69,721	58,133	267,852
Deposits for banking business*1	1,128,439	1,128,524	1,109,254	7,114	5,449	2,205	1,583	2,919
Third-party interests in SVF1	6,601,791	6,601,791*2	—	—	—	—	—	6,601,791*3
Trade and other payables	1,970,275	1,970,275	1,946,876	8,957	1,473	34	11	12,924
Other financial liabilities*4	447,493	447,493	51,285	363,028	3,194	2,764	1,034	26,188
Total	¥29,695,974	¥29,781,294	¥11,159,554	¥4,193,846	¥1,861,631	¥2,257,169	¥1,302,085	¥9,007,009
Derivative financial liabilities*5								
Derivative financial liabilities								
Foreign currency exchange contracts*6	¥ 27,757	¥ 27,757	¥ 431	¥ 10,155	¥ (693)	¥ (2,273)	¥ 20,326	¥ (189)
Option contracts	242,243	242,243	242,243	—	—	—	—	—
Interest rate contracts	9,769	10,288	3,650	3,203	1,584	455	1,396	—
Swap contracts	12,885	12,885	12,885	—	—	—	—	—
Forward contracts	76,823	76,823	76,823	—	—	—	—	—
Other	101	101	101	—	—	—	—	—
Total	¥ 369,578	¥ 370,097	¥ 336,133	¥ 13,358	¥ 891	¥ (1,818)	¥ 21,722	¥ (189)

	(Thousands of U.S. dollars)							
	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	$ 23,822,609	$ 23,824,045	$ 23,824,045	$ —	$ —	$ —	$ —	$ —
Commercial paper	3,696,152	3,696,152	3,696,152	—	—	—	—	—
Long-term borrowings (including current portion)	61,696,377	61,996,649	18,883,624	19,703,821	7,310,478	13,027,513	1,714,335	1,356,878
Corporate bonds (including current portion)	50,126,818	50,429,446	7,280,002	4,634,324	5,780,941	5,667,139	9,497,652	17,569,388
Financial liabilities relating to sale of shares by prepaid forward contract	27,872,270	28,037,829	16,268,847	8,223,042	2,528,435	1,017,505	—	—
Installment payables	6,215	6,215	2,096	1,346	1,283	1,012	406	72
Lease liabilities	9,348,758	9,348,758	2,777,048	1,894,580	1,102,872	629,762	525,093	2,419,403
Deposits for banking business*1	10,192,747	10,193,515	10,019,456	64,258	49,219	19,917	14,299	26,366
Third-party interests in SVF1	59,631,388	59,631,388*2	—	—	—	—	—	59,631,388*3
Trade and other payables	17,796,721	17,796,721	17,585,367	80,905	13,305	307	99	116,738
Other financial liabilities*4	4,042,028	4,042,028	463,237	3,279,090	28,850	24,966	9,340	236,545
Total	$268,232,083	$269,002,747	$100,799,874	$37,881,366	$16,815,383	$20,388,121	$11,761,224	$81,356,778
Derivative financial liabilities*5								
Derivative financial liabilities								
Foreign currency exchange contracts*6	$ 250,718	$ 250,718	$ 3,893	$ 91,726	$ (6,260)	$ (20,531)	$ 183,597	$ (1,707)
Option contracts	2,188,086	2,188,086	2,188,086	—	—	—	—	—
Interest rate contracts	88,240	92,928	32,969	28,931	14,308	4,110	12,610	—
Swap contracts	116,385	116,385	116,385	—	—	—	—	—
Forward contracts	693,912	693,912	693,912	—	—	—	—	—
Other	912	912	912	—	—	—	—	—
Total	$ 3,338,253	$ 3,342,941	$ 3,036,157	$ 120,657	$ 8,048	$ (16,421)	$ 196,207	$ (1,707)

*1 Deposits for the banking business payable on demand are included in "Within 1 year."

*2 The amount represents the amounts that would have been distributed to Third-Party Investors in accordance with the limited partnership agreement if SVF1 had been liquidated as of March 31, 2021.

*3 When disposal of investments becomes relatively certain, the portion of third-party interests in SVF1 which is available for distributions and repayments will be broken down by corresponding maturity dates.

*4 The amounts of "Carrying amount" and "Within 1 year" include ¥24,381 million ($220,224 thousand) of allowance for loss on valuation for the financial guarantee contract related to the credit support provided by financial institutions to WeWork and ¥10,218 million ($92,295 thousand) of allowance for loan commitment losses related to acquired unsecured notes issued by WeWork. The Details are described in"(3) Details and progress of the agreement between the Company and WeWork" under Note 22. Investments accounted for using the equity method."

*5 Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.

*6 Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

In addition to the amounts presented above, the Company has lending commitments and credit guarantees, which are detailed in "(1) Lending commitments" and "(2) Credit guarantees" in "Note 50. Contingency."

Average interest rates of the interest-bearing debts and lease liabilities are described in "(1) Component of interest-bearing debt" in "Note 25. Interest-bearing debt" and "Note 20. Leases."

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2020

	(Millions of yen)					
	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	¥ —	¥ —	¥ —	¥ —	¥2,072,326	¥ 2,072,326
Other financial assets	197,194	—	46,736	1,600	67,957	313,487
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	—	—	—	—	6,892,232
Investment securities	809,233	—	308,345	70,607	23,326	1,211,511
Derivative financial assets	29,856	29,422	—	—	—	59,278
Other financial assets	77,188	—	—	370	1,023,136	1,100,694
Total	¥8,005,703	¥29,422	¥355,081	¥72,577	¥3,186,745	¥11,649,528

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt	¥ —	¥ —	¥ 3,845,153	¥ —	¥ 3,845,153
Lease liabilities	—	—	378,383	—	378,383
Deposits for banking business	—	—	873,087	—	873,087
Third-party interests in SVF1	—	—	24,691	—	24,691
Trade and other payables	—	—	1,585,326	—	1,585,326
Derivative financial liabilities	9,266	1	—	—	9,267
Other financial liabilities	—	—	6,122	241,888	248,010
Non-current liabilities					
Interest-bearing debt	—	—	9,286,729	—	9,286,729
Lease liabilities	—	—	761,943	—	761,943
Third-party interests in SVF1	—	—	4,559,728	—	4,559,728
Derivative financial liabilities	14,723	113,352	—	—	128,075
Other financial liabilities	16,434	—	57,360	3,413	77,207
Total	¥40,423	¥113,353	¥21,378,522	¥245,301	¥21,777,599

As of March 31, 2021

	(Millions of yen)					
	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	¥ —	¥ —	¥ —	¥ —	¥2,216,434	¥ 2,216,434
Investments from asset management subsidiaries	658,227	—	—	—	—	658,227
Securities pledged as collateral in asset management subsidiaries	1,427,286	—	—	—	—	1,427,286
Derivative financial assets in asset management subsidiaries	188,056	—	—	—	—	188,056
Other financial assets	384,912	—	48,640	300	621,370	1,055,222
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL	13,646,774	—	—	—	—	13,646,774
Investment securities	3,187,570	—	358,090	137,232	23,892	3,706,784
Derivative financial assets	875,505	33,155	—	—	—	908,660
Other financial assets	430,885	—	—	168	1,488,209	1,919,262
Total	¥20,799,215	¥33,155	¥406,730	¥137,700	¥4,349,905	¥25,726,705

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt	¥ —	¥ —	¥ 7,735,239	¥ —	¥ 7,735,239
Lease liabilities	—	—	307,447	—	307,447
Deposits for banking business	—	—	1,109,240	—	1,109,240
Trade and other payables	—	—	1,970,275	—	1,970,275
Derivative financial liabilities in asset management subsidiaries	14,673	—	—	—	14,673
Derivative financial liabilities	322,213	—	—	—	322,213
Other financial liabilities	8,714	—	7,972	34,599	51,285
Non-current liabilities					
Interest-bearing debt	—	—	10,777,736	—	10,777,736
Lease liabilities	—	—	727,554	—	727,554
Third-party interests in SVF1	—	—	6,601,791	—	6,601,791
Derivative financial liabilities	11,140	21,552	—	—	32,692
Other financial liabilities	43,350	—	369,126	2,931	415,407
Total	¥400,090	¥21,552	¥29,606,380	¥37,530	¥30,065,552

	(Thousands of U.S. dollars)					
	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	$ —	$ —	$ —	$ —	$20,020,179	$ 20,020,179
Investments from asset management subsidiaries	5,945,506	—	—	—	—	5,945,506
Securities pledged as collateral in asset management subsidiaries	12,892,115	—	—	—	—	12,892,115
Derivative financial assets in asset management subsidiaries	1,698,636	—	—	—	—	1,698,636
Other financial assets	3,476,759	—	439,346	2,710	5,612,591	9,531,406
Non-current assets						
Investments from SVF1 and SVF2 accounted for using FVTPL	123,265,956	—	—	—	—	123,265,956
Investment securities	28,792,070	—	3,234,486	1,239,563	215,807	33,481,926
Derivative financial assets	7,908,093	299,476	—	—	—	8,207,569
Other financial assets	3,892,015	—	—	1,517	13,442,409	17,335,941
Total	$187,871,150	$299,476	$3,673,832	$1,243,790	$39,290,986	$232,379,234

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt	$ —	$ —	$ 69,869,379	$ —	$ 69,869,379
Lease liabilities	—	—	2,777,048	—	2,777,048
Deposits for banking business	—	—	10,019,330	—	10,019,330
Trade and other payables	—	—	17,796,721	—	17,796,721
Derivative financial liabilities in asset management subsidiaries	132,535	—	—	—	132,535
Derivative financial liabilities	2,910,424	—	—	—	2,910,424
Other financial liabilities	78,710	—	72,008	312,519	463,237
Non-current liabilities					
Interest-bearing debt	—	—	97,351,061	—	97,351,061
Lease liabilities	—	—	6,571,710	—	6,571,710
Third-party interests in SVF1	—	—	59,631,388	—	59,631,388
Derivative financial liabilities	100,623	194,671	—	—	295,294
Other financial liabilities	391,564	—	3,334,170	26,474	3,752,208
Total	$3,613,856	$194,671	$267,422,815	$338,993	$271,570,335

The Company generally classifies equity instruments as “financial assets at FVTPL.” Certain equity instruments are used as business investments to generate business synergies. As a result, for such investments, the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income, not in profit or loss, and classified them as “equity financial assets at FVTOCI.”

Major components and fair values of the equity financial assets at FVTOCI are as follows.

As of March 31, 2020

Names	(Millions of yen) Fair value
Retty Inc.	¥ 3,672
HOPU-ARM Innovation Fund, L.P.	2,804
COCON Inc.	2,129
OpenStreet Co., Ltd	1,973
Zimperium, Inc	1,859
Other	60,140
Total	¥72,577

As of March 31, 2021

	(Millions of yen)	(Thousands of U.S. dollars)
Names	Fair value	Fair value
Ampere Computing Holdings LLC	¥ 46,073	$ 416,159
SNOW Corporation	7,399	66,832
WORKS MOBILE Corporation	5,421	48,966
HOPU-ARM Innovation Fund, L.P.	3,821	34,514
Retty Inc.	3,131	28,281
Other	71,855	649,038
Total	¥137,700	$1,243,790

The Company sells (or derecognize) equity financial assets at FVTOCI when those assets no longer match the Company's investment strategies. The table below presents fair value on the date of sale and accumulated gains or losses related to the sales of equity financial assets at FVTOCI that were sold during the year.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Fair value on the date of sale	¥26,363	¥8,922	$80,589
Accumulated gains related to the sales	2,297	824	7,443

When financial assets at FVTOCI are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. For the fiscal year ended March 31, 2021, ¥ (343) million ($ (3,098) thousand) (For the fiscal year ended March 31, 2020: ¥1,339 million) was transferred from "Accumulated other comprehensive income" to "Retained earnings."

32. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

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

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

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.
Level 3: Fair value is measured using unobservable inputs.

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

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

During the fiscal year ended March 31, 2021, there was a hierarchy level transfer of the equity investment in LINE Corporation from Level 1 to Level 2 due to the delisting of LINE Corporation. As a result of a business combination on February 28, 2021, LINE Corporation is accounted as a consolidated subsidiary as of March 31, 2021. The details regarding the business combination of LINE Corporation are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business Combinations." There was no transfer between Level 1 and Level 2 during the fiscal year ended March 31, 2020.

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

As of March 31, 2020

	(Millions of yen)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Investments from SVF1 and SVF2 accounted for using FVTPL	¥1,104,339	¥ —	¥5,787,893	¥6,892,232
Equity securities (excluding investments from SVF1 and SVF2)	82,753	—	634,157	716,910
Bonds and loans (excluding investments from SVF1 and SVF2)	5,301	247,181	56,824	309,306
Derivative financial assets				
Foreign currency exchange contracts	—	63,175	—	63,175
Option contracts	—	7,812	17,937	25,749
Interest rate contracts	—	378	—	378
Other	—	63	—	63
Other	168,070	6,290	280,610	454,970
Total	¥1,360,463	¥324,899	¥6,777,421	¥8,462,783
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	¥ —	¥122,393	¥ —	¥ 122,393
Option contracts	—	657	221	878
Interest rate contracts	—	14,015	—	14,015
Other	—	56	—	56
Other	—	—	16,434	16,434
Total	¥ —	¥137,121	¥ 16,655	¥ 153,776

As of March 31, 2021

	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
Financial assets				
Investments from SVF1 and SVF2 accounted for using FVTPL	¥ 6,667,004	¥ —	¥ 6,979,770	¥ 13,646,774
Equity securities (excluding investments from SVF1 and SVF2)*	3,973,727	2,214	1,143,043	5,118,984
Bonds and loans (excluding investments from SVF1 and SVF2)	10,785	246,510	135,468	392,763
Derivative financial assets				
Foreign currency exchange contracts	42	63,370	—	63,412
Option contracts	19,507	906,390	477,479	1,403,376
Interest rate contracts	—	1,814	—	1,814
Swap contracts	—	7,057	—	7,057
Forward contracts	—	4,372	—	4,372
Other	334,286	2,969	400,993	738,248
Total	¥11,005,351	¥ 1,234,696	¥ 9,136,753	¥ 21,376,800
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	¥ 266	¥ 27,491	¥ —	¥ 27,757
Option contracts	4,979	237,264	—	242,243
Interest rate contracts	—	9,769	—	9,769
Swap contracts	—	5,390	7,495	12,885
Forward contracts	—	—	76,823	76,823
Other	101	—	—	101
Borrowed securities	8,714	—	—	8,714
Other	6,041	—	37,309	43,350
Total	¥ 20,101	¥ 279,914	¥ 121,627	¥ 421,642

	(Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments from SVF1 and SVF2 accounted for using FVTPL	$60,220,432	$ —	$63,045,524	$123,265,956
Equity securities (excluding investments from SVF1 and SVF2)*	35,893,117	19,998	10,324,659	46,237,774
Bonds and loans (excluding investments from SVF1 and SVF2)	97,417	2,226,628	1,223,629	3,547,674
Derivative financial assets				
Foreign currency exchange contracts	379	572,397	—	572,776
Option contracts	176,199	8,187,065	4,312,880	12,676,144
Interest rate contracts	—	16,385	—	16,385
Swap contracts	—	63,743	—	63,743
Forward contracts	—	39,491	—	39,491
Other	3,019,474	26,818	3,622,013	6,668,305
Total	$99,407,018	$11,152,525	$82,528,705	$193,088,248
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	$ 2,403	$ 248,315	$ —	$ 250,718
Option contracts	44,973	2,143,113	—	2,188,086
Interest rate contracts	—	88,240	—	88,240
Swap contracts	—	48,686	67,699	116,385
Forward contracts	—	—	693,912	693,912
Other	912	—	—	912
Borrowed securities	78,710	—	—	78,710
Other	54,566	—	336,998	391,564
Total	$ 181,564	$ 2,528,354	$ 1,098,609	$ 3,808,527

* Equity securities classified as Level 1 includes securities pledged as collateral in asset management subsidiaries of ¥1,427,286 million ($12,892,115 thousand).

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

a. Investments from SVF1 and SVF2 accounted for using FVTPL, equity securities, and bonds and loans

Investments from SVF1 and SVF2 accounted for using FVTPL, equity securities, and bonds and loans are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as Level 1.

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

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

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

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

b. Derivative financial assets and derivative financial liabilities

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

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

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

a. Valuation techniques and inputs

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

(a) Investments from SVF1 and SVF2 accounted for using FVTPL

For Level 3 fair value measurements of investments from SVF1 and SVF2 accounted for using FVTPL, the Company mainly uses price of the recent transactions method, the discounted cash flow method and the market comparable company multiple method. The following table shows the fair value of the investments measured by each valuation technique. When a combination of multiple valuation techniques is applied, aggregated amounts of fair value are presented for each combination of valuation techniques.

	(Millions of yen)		(Thousands of dollars)
	Fair value		
Valuation techniques	**As of March 31, 2020**	**As of March 31, 2021**	**As of March 31, 2021**
Recent Transactions	¥1,567,914	¥2,526,447	$22,820,405
Recent Transactions / Discounted cash flow	766,600	1,213,705	10,962,921
Recent Transactions / Market comparable companies	—	1,004,366	9,072,044
Discounted cash flow	2,163,880	859,439	7,762,975
Recent Transactions / Announced Transactions*1	—	624,568	5,641,478
Discounted cash flow / Market comparable companies	1,090,088	6,322	57,104
Other	199,411	744,923	6,728,597
Total	¥5,787,893	¥6,979,770	$63,045,524

*1 IPO scenario including a merger with a SPAC was considered in the Announced Transactions.

The valuation techniques and the inputs are as follows.

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs As of March 31, 2020	As of March 31, 2021
Discounted cash flow	Cost of capital	11.0% – 85.7%	11.0% – 84.0%
	EBITDA multiple*2	x8.0 – x25.6	x8.0 – x27.2
	Revenue multiple*2	x1.5 – x11.0	x3.0 – x12.6
	Gross merchandise value multiple*2	x0.6 – x1.5	x1.2 – x1.5
	EBIT multiple*2	—	x25.0
	Long term growth rate	0.0% – 3.2%	0.0% – 4.1%
	Price to earnings ratio*2	x9.0 – x30.0	—
Market comparable companies	Revenue multiple	x0.4 – x5.5	x0.4 – x8.0
	EBITDA multiple	x10.5 – x21.0	—

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

(b) Financial assets including “Other financial assets” and “Investment securities”

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

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs As of March 31, 2020	As of March 31, 2021
Equity securities			
Market comparable companies	Revenue multiple	x1.5 – x8.5	x1.2 – x13.2
	Gross profit multiple	—	x17.0 – x24.0
	EBITDA multiple	—	x27.5
	Tangible book value multiple	—	x2.4
	Gross merchandise value multiple	x0.8	—
Discounted cash flow	Cost of capital	15.0% – 40.0%	11.1% – 44.4%
	Capitalization rate*3	—	5.5% – 10.2%
	EBITDA multiple*3	x6.0 – x13.2	x8.0 – x20.0
	Net income multiple*3	—	x6.8
Derivative financial assets			
Monte Carlo simulation	Volatility	—	20.0%
Discounted cash flow	Cost of capital	40.0%	25.0%
	EBITDA multiple*3	x8.0	x8.0
Derivative financial liabilities			
Discounted cash flow	Cost of capital	—	25.0%
	EBITDA multiple*3	—	x8.0
Other			
Binomial lattice model	Volatility	—	60.0%
	Credit spread	—	10.8%
Discounted cash flow	Cost of capital	40.0%	—
	EBITDA multiple*3	x8.0	—

*3 EBITDA multiple of market comparable companies, net income multiple of market comparable companies and capitalization rate considering the most recent performance are used for the measurement of the terminal value.

b. Sensitivity Analysis

Of the above unobservable inputs, the EBITDA multiple, the revenue multiple, the gross merchandise value multiple, the tangible book value multiple, the price to earnings ratio, the gross profit multiple, the EBIT multiple, the net income multiple, and the long term growth rate have a positive correlation with the fair value of equity securities and derivative financial liabilities. Also, the volatility used for the Monte Carlo simulation and the binomial lattice model have a positive correlation with the fair value of derivative financial assets and other financial assets.

On the other hand, the cost of capital, the capitalization rate and the credit spread have a negative correlation with the fair value of equity securities, derivative financial liabilities and other financial assets.

c. Valuation processes

(a) Valuation processes at SVF1 and SVF2

The valuations are prepared by the valuation team of SBIA under IFRS 13, in accordance with the SBIA Global Valuation Policy and International Private Equity and Venture Capital Valuation 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, which reports the result of their review to SBIA’s Board of Directors on a quarterly basis. The VFRC reviews the reasonableness of significant inputs and assumptions as well as the valuation results. In addition, the VFRC considers the appropriateness of the choice of valuation methodology.

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

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

d. Roll forward of financial instruments categorized as Level 3

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

For the fiscal year ended March 31, 2020

	(Millions of yen)				
Financial assets	**Investments from SVF1 and SVF2 accounted for using FVTPL**	**Equity securities (excluding investments from SVF1 and SVF2)**	**Bonds and loans (excluding investments from SVF1 and SVF2)**	**Derivative financial assets**	**Other**
As of April 1, 2019	¥ 6,807,778	¥ 321,308	¥133,144	¥ 202	¥ 393,156
Gains or losses					
Net income	(1,510,902)	(439,644)	(26,130)	(71,925)	(201,497)
Other comprehensive income	(113,201)	(4,001)	(3,403)	1	(6,383)
Purchases	1,814,220	443,459	1,110	—	390,031
Sales	(25,585)	(16,917)	(771)	—	(25,832)
Loans	—	—	20,473	—	—
Investments transferred from the Company to SVF1	104,500	(104,500)	—	—	—
Transfers to Level 1 due to listing	(1,288,917)	(11,556)	—	—	—
Conversions into equity securities	—	352,049	(94,358)	—	(257,691)
Other	—	93,959	26,759	89,659	(11,174)
As of March 31, 2020	¥ 5,787,893	¥ 634,157	¥ 56,824	¥ 17,937	¥ 280,610
Gains or losses recognized in net income on financial instruments held at March 31, 2020	¥ (1,413,025)	¥(455,201)	¥ (14,783)	¥ (76,259)	¥(167,585)

Financial liabilities	**Derivative financial liabilities**	**Other**
As of April 1, 2019	¥ —	¥ —
Gains or losses		
Net income	222	99
Other comprehensive income	(1)	—
Other	—	16,335
As of March 31, 2020	221	16,434
Gains or losses recognized in net income on financial instruments held at March 31, 2020	¥ 222	¥ 99

For the fiscal year ended March 31, 2021

Financial assets	Investments from SVF1 and SVF2 accounted for using FVTPL (Millions of yen)	Equity securities (excluding investments from SVF1 and SVF2)	Bonds and loans (excluding investments from SVF1 and SVF2)	Derivative financial assets	Other
As of April 1, 2020	¥ 5,787,893	¥ 634,157	¥ 56,824	¥ 17,937	¥280,610
Gains or losses					
Net income	3,991,632	256,028	2,500	274,666	59,441
Other comprehensive income	133,919	68,270	4,723	562	6,819
Purchases	897,400	145,270	100,399	—	124,871
Sales	(329,017)	(14,077)	(686)	—	(40,526)
Transfers to Level 1 due to listing	(3,558,039)	(53,995)	—	—	—
Conversions into equity securities	—	80,787	(25,068)	(12,000)	(43,719)
Other*	55,982	26,603	(3,224)	196,314	13,497
As of March 31, 2021	¥ 6,979,770	¥1,143,043	¥135,468	¥477,479	¥400,993
Gains or losses recognized in net income on financial instruments held at March 31, 2021	¥ 1,188,690	¥ 279,220	¥ 3,146	¥274,666	¥ 55,568

Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2020	¥ 221	¥ 16,434
Gains or losses		
Net income	76,414	20,875
Other comprehensive income	3,402	—
Other	4,281	—
As of March 31, 2021	¥ 84,318	¥ 37,309
Gains or losses recognized in net income on financial instruments held at March 31, 2021	¥ 76,633	¥ 20,876

Financial assets	(Thousands of dollars) Investments from SVF1 and SVF2 accounted for using FVTPL	Equity securities (excluding investments from SVF1 and SVF2)	Bonds and loans (excluding investments from SVF1 and SVF2)	Derivative financial assets	Other
As of April 1, 2020	$ 52,279,767	$ 5,728,091	$ 513,269	$ 162,018	$2,534,640
Gains or losses					
Net income	36,054,846	2,312,600	22,582	2,480,950	536,907
Other comprehensive income	1,209,638	616,656	42,661	5,076	61,593
Purchases	8,105,862	1,312,168	906,865	—	1,127,911
Sales	(2,971,881)	(127,152)	(6,196)	—	(366,055)
Transfers to Level 1 due to listing	(32,138,371)	(487,716)	—	—	—
Conversions into equity securities	—	729,717	(226,429)	(108,391)	(394,897)
Other*	505,663	240,295	(29,123)	1,773,227	121,914
As of March 31, 2021	$ 63,045,524	$10,324,659	$1,223,629	$4,312,880	$3,622,013
Gains or losses recognized in net income on financial instruments held at March 31, 2021	$ 10,736,970	$ 2,522,085	$ 28,417	$2,480,950	$ 501,924

Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2020	$ 1,996	$ 148,442
Gains or losses		
Net income	690,217	188,556
Other comprehensive income	30,729	—
Other	38,669	
As of March 31, 2021	$ 761,611	$ 336,998
Gains or losses recognized in net income on financial instruments held at March 31, 2021	$ 692,196	$ 188,565

* Derivative financial assets increase due to the acquisition of contingent consideration in the merger transaction with Sprint and T-Mobile US, Inc. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

Gains or losses recognized in net income are included in "Gain on investments at Investment Business of Holding Companies," "Gain (loss) on investments at SVF1, SVF2, and others," "Gain (loss) on other investments," "Derivative gain (loss) (excluding gain (loss) on investments)," and "Other loss" in the consolidated statement of income. Gains or losses recognized in other comprehensive income, net of tax, are included in "Equity financial assets at FVTOCI," "Debt financial assets at FVTOCI" and "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

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

As of March 31, 2020

	(Millions of yen)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest bearing debt					
(Non-current)					
Long-term borrowings	¥3,821,473	¥—	¥3,095,567	¥707,064	¥3,802,631
Corporate bonds	5,268,883	—	4,888,602	—	4,888,602

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

As of March 31, 2021

	(Millions of yen)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest bearing debt					
(Non-current)					
Long-term borrowings	¥ 4,745,058	¥ —	¥ 3,933,668	¥ 864,442	¥ 4,798,110
Corporate bonds	4,745,184	—	4,894,113	—	4,894,113
Other financial liabilities					
(Non-current)					
Non-controlling interests subject to possible redemption	298,092	322,114	—	—	322,114

	(Thousands of U.S. dollars)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Interest bearing debt					
(Non-current)					
Long-term borrowings	$42,860,247	$ —	$35,531,280	$7,808,165	$43,339,445
Corporate bonds	42,861,386	—	44,206,603	—	44,206,603
Other financial liabilities					
(Non-current)					
Non-controlling interests subject to possible redemption	2,692,548	2,909,529	—	—	2,909,529

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

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

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

b. Corporate bonds (non-current portion)

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

c. Non-controlling interests subject to possible redemption

The fair value of the non-controlling interests subject to possible redemption is measured using quoted prices in active markets. The details of the non-controlling interests subject to possible redemption are described in “Note 8. Special purpose acquisition companies sponsored by the Company.”

33. Transfers of financial assets

The Company enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of receivables related to installment receivables recognized from the mobile devices sales business.

For the transactions, the Company transfers receivables to financial institutions and acquires cash and a subordinate interest in the transferred receivables for financing purposes. The receivables sold are not derecognized because in each transaction, the Company retains a subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables are included in “Interest-bearing debt” under current liabilities and non-current liabilities as borrowings.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Carrying amount of transferred assets	¥ 794,514	¥ 788,847	$ 7,125,345
Carrying amount of related liabilities	(706,091)	(719,099)	(6,495,339)

(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)

Fair value of transferred assets	¥ 794,514	¥ 788,847	$ 7,125,345
Fair value of related liabilities	(706,015)	(719,397)	(6,498,030)
Net position	¥ 88,499	¥ 69,450	$ 627,315

The difference between transferred assets and related liabilities is mainly the subordinate interest which the Company retains on securitization.

In addition, the Company enters into securitization transactions involving a portion of the monthly lump sum payment receivables included in loans in the card business. However, there are securitization receivables for which the Company bears a credit risk until collection and is obligated to pay retrospectively if a debtor does not pay. Those securitization receivables are not derecognized because they do not meet the derecognition criteria. Cash received from transferring the receivables are included in “Interest-bearing debt” under current liabilities as borrowings.

The carrying amount of the receivables transferred and related liability in financial assets transferred by the method not meeting the derecognition criteria as of March 31, 2021 is ¥775 million ($7,000 thousand) and ¥85,000 million ($767,772 thousand,) respectively (as of March 31, 2020, ¥1,361 million and ¥60,000 million respectively). The liability is settled without significant delay when a debtor pays for receivables transferred, but the Company cannot utilize the receivables transferred until the settlement of the liability or payment from the debtor is completed. The discrepancy between receivables transferred and related liabilities are mainly due to the amount of loan collection in card business.

34. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are presented gross, because they do not meet certain or all criteria of offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of March 31, 2020

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
	(Millions of yen)				
Trade and other receivables	¥202,518	¥(90,066)	¥112,452	¥(17,110)	¥95,342
Derivative financial assets	30,855	—	30,855	(30,660)	195
Total	¥233,373	¥(90,066)	¥143,307	¥(47,770)	¥95,537

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
	(Millions of yen)				
Trade and other payables	¥294,143	¥(90,066)	¥204,077	¥(16,552)	¥187,525
Derivative financial liabilities	121,707	—	121,707	(30,691)	91,016
Other financial liabilities	713	—	713	(527)	186
Total	¥416,563	¥(90,066)	¥326,497	¥(47,770)	¥278,727

As of March 31, 2021

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*[1,2]	Net amount
	(Millions of yen)				
Cash and cash equivalents	¥ 220,174	¥ —	¥ 220,174	¥(207,875)	¥ 12,299
Trade and other receivables	179,874	(93,080)	86,794	(19,898)	66,896
Derivative financial assets in asset management subsidiaries	188,056	—	188,056	(7,452)	180,604
Derivative financial assets	39,772	—	39,772	(20,501)	19,271
Other financial assets	487,817	—	487,817	(332,577)	155,240
Total	¥1,115,693	¥(93,080)	¥1,022,613	¥(588,303)	¥434,310

Financial liabilities	(Millions of yen) Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Interest-bearing debt	¥1,489,704	¥ —	¥1,489,704	¥(493,655)	¥ 996,049
Trade and other payables	291,642	(93,080)	198,562	(22,129)	176,433
Derivative financial liabilities	67,514	—	67,514	(63,290)	4,224
Other financial liabilities	9,432	—	9,432	(9,229)	203
Total	¥1,858,292	¥(93,080)	¥1,765,212	¥(588,303)	¥1,176,909

Financial assets	(Thousands of U.S. dollars) Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Cash and cash equivalents	$ 1,988,745	$ —	$1,988,745	$(1,877,653)	$ 111,092
Trade and other receivables . . .	1,624,731	(840,755)	783,976	(179,731)	604,245
Derivative financial assets in asset management subsidiaries	1,698,636	—	1,698,636	(67,311)	1,631,325
Derivative financial assets	359,245	—	359,245	(185,177)	174,068
Other financial assets	4,406,260	—	4,406,260	(3,004,038)	1,402,222
Total	$10,077,617	$(840,755)	$9,236,862	$(5,313,910)	$3,922,952

Financial liabilities	(Thousands of U.S. dollars) Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position*1,2	Net amount
Interest-bearing debt	$13,455,912	$ —	$13,455,912	$(4,458,992)	$ 8,996,920
Trade and other payables . . .	2,634,288	(840,755)	1,793,533	(199,883)	1,593,650
Derivative financial liabilities	609,827	—	609,827	(571,673)	38,154
Other financial liabilities . . .	85,196	—	85,196	(83,362)	1,834
Total	$16,785,223	$(840,755)	$15,944,468	$(5,313,910)	$10,630,558

*1 For the fiscal year ended March 31, 2021, the Company exercised the cash settlement option for a part of the prepaid forward contracts using Alibaba shares and provided a notice to the counterparty for early termination in April 2021. In relation to this early termination, ¥ (316,643) million ($ (2,860,112) thousand), ¥ (285,780) million ($ (2,581,339) thousand), ¥ (2,767) million ($ (24,993) thousand), and ¥ (28,096) million ($ (253,780) thousand) are included in other financial assets, interest-bearing debt, trade and other payables, and derivative financial liabilities, respectively. The details are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

*2 SB Northstar entered into a prime brokerage agreement with brokers. Based on the agreement, in the event of a default by one party, the other party has a right to offset its claims and obligations against the defaulting party. In relation to this prime brokerage agreement, ¥ (207,875) million ($ (1,877,653) thousand), ¥ (7,452) million ($ (67,311) thousand), ¥ (15,934) million ($ (143,926) thousand), ¥ (207,875) million ($ (1,877,653) thousand), ¥ (14,673) million ($ (132,535) thousand), and ¥ (8,713) million ($ (78,702) thousand) are included in cash and cash equivalents, derivative financial assets in asset management subsidiaries, other financial assets, interest-bearing debt, derivative financial liabilities, and other financial liabilities, respectively.

35. Foreign currency exchange rates

Exchange rates of the major currencies used for translating the financial statements of foreign operations are as follows:

(1) Rate at the end of the period

	(Yen)	
	As of March 31, 2020	As of March 31, 2021
U.S. dollars	¥108.83	¥110.71
Chinese yuan	¥ 15.31	¥ 16.84
British pound*	¥133.32	—

(2) Average rate for the quarter

For the fiscal year ended March 31, 2020

	(Yen)			
	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019	Three-month period ended December 31, 2019	Three-month period ended March 31, 2020
U.S. dollars	¥110.00	¥107.70	¥108.98	¥109.22
Chinese yuan	¥ 16.13	¥ 15.37	¥ 15.46	¥ 15.56
British pound*	¥140.88	¥132.73	¥139.55	¥140.20

For the fiscal year ended March 31, 2021

	(Yen)			
	Three-month period ended June 30, 2020	Three-month period ended September 30, 2020	Three-month period ended December 31, 2020	Three-month period ended March 31, 2021
U.S. dollars	¥107.74	¥105.88	¥104.45	¥106.24
Chinese yuan	¥ 15.16	¥ 15.27	¥ 15.71	¥ 16.31

(3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar and Chinese yuan, which are the main foreign currencies of the Company, regarding the translation of assets, liabilities, and interests in net assets of foreign operations into the presentation currency, assuming that all other factors are constant.

Impact of exchange differences on translating foreign operations (decrease in equity)

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
U.S. dollar	¥ (64,180)	¥ (153,945)	$ (1,390,525)
Chinese yuan	(28,609)	(37,514)	(338,849)
British pound*	(33,010)	—	—

* From the three-month period ended June 30, 2020, Arm Limited, a subsidiary of the Company, changed its functional currency from British pound to U.S. dollar. This change was made based on the judgement that the primary economic environment in which Arm Limited operates had changed mainly due to the increase in proportion of the U.S. dollar denominated costs to the total costs in Arm Limited.

As a result of this change, exchange rates of British pound are not presented from the three-month period ended June 30, 2020 and also British pound is excluded from the sensitivity analysis as it is no longer considered as a major currency used for translating the financial statements of foreign operations.

36. Equity

(1) Common stock

a. Shares authorized
The number of shares authorized to be issued is as follows:

	(Thousands of shares)	
	As of March 31, 2020	As of March 31, 2021
Ordinary shares*3	7,200,000	7,200,000

b. Shares issued
Changes in the number of shares issued are as follows:

	(Thousands of shares)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Balance at the beginning of the year	1,100,660	2,089,814
Increase during the year*3	1,044,907	—
Decrease during the year*4	(55,753)	—
Balance at the end of the year	2,089,814	2,089,814

*1 Shares issued by the Company are common stock with no par value.
*2 Shares issued have been fully paid.
*3 For the fiscal year ended March 31, 2020, the increase of the total number of shares authorized and the total number of shares issued during the year are due to a share split that the Company conducted at a ratio of two-for-one effective June 28, 2019 under the resolution passed at the Board of Directors meeting held on May 9, 2019.
*4 For the fiscal year ended March 31, 2020, the decrease was primarily due to the resolution passed at the Board of Directors meeting held on May 30, 2019. The Company retired 55,753 thousand shares of treasury stock on June 10, 2019.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan (the "Companies Act"), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

For the fiscal year ended March 31, 2020
(Third-Party Allotment of Z Holdings Corp. shares to SoftBank Corp. and Tender Offer by Z Holdings Corp.)

On June 27, 2019, Z Holdings Corporation issued 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the "Third-Party Allotment"). Z Holdings Corporation also implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the "Tender Offer"), and SoftBank Group Corp. accepted the Tender Offer and tendered its holding of common shares of Z Holdings Corporation, held by its wholly-owned subsidiary SoftBank Group Japan Corporation. As a result, 1,792,819,200 of these shares (equivalent to ¥514.5 billion) were sold to Z Holdings Corporation on June 27, 2019.

As a result of the Third-Party Allotment and the Tender Offer, the ownership percentage in Z Holdings Corporation by the Company changed from 48.16% (ownership percentage as of March 31, 2019) to 45.52%.

Associated with this transaction, ¥91,431 million was increased in "Changes in interests in subsidiary" under "Capital surplus."

For the fiscal year ended March 31, 2021
(Partial sales of SoftBank Corp. shares)

In May 2020, SBGJ, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage 5.0%) as part of the "¥4.5 trillion program." Additionally, in

September 2020, in order to further enhance its cash reserves, a portion of SoftBank Corp. shares held (ownership percentage 21.7%) was transferred. As a result of the transactions, ¥932,388 million ($8,421,895 thousand) of the equivalent amount for gain on sales of SoftBank Corp. shares after considering income taxes on a consolidation basis is recorded as "Changes in interests in subsidiaries" in capital surplus.

(Business integration of LINE Corporation and Z Holdings Corporation)

On February 26, 2021, Shiodome Z Holdings G.K., wholly owned by SoftBank Corp., was merged into LINE Corporation, the surviving company. Subsequently, on March 1, 2021, a share exchange of common shares of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation. As a result of the transactions, capital surplus increased by ¥245,147 million ($2,214,317 thousand) in "Changes in interests in subsidiaries." The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

(3) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years Resettable Notes (collectively, the "Hybrid Notes".)

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

Payments of interest were completed on the interest payment dates, July 20, 2020 and January 19, 2021, and "Retained earnings" decreased by ¥15,339 million ($138,551thousand) and ¥14,800 million ($133,683 thousand) (for the fiscal year ended March 31, 2020: decreased by ¥15,344 million and ¥15,727 million on July 19, 2019 and January 21, 2020), respectively, as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.

In addition, accrued interest, which was not recognized as a distribution to owners of other equity instruments because the payment had not yet been determined, was ¥6,317 million ($57,059 thousand) as of March 31, 2021 (¥6,210 million as of March 31, 2020.)

(4) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend from retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(5) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Fiscal year ended March 31, 2020	**Fiscal year ended March 31, 2021**
Balance at the beginning of the year	46,827	21,818
Increase during the year*[1, 2]	33,340	336,166
Decrease during the year*[3]	(58,349)	(6,686)
Balance at the end of the year	21,818	351,298

*1 For the fiscal year ended March 31, 2020, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on February 6, 2019, the number of treasury stock increased by 19,044 thousand shares (amount purchased ¥215,931 million). In addition, under the resolution passed at the Board of Directors meeting held on May 9, 2019, the Company conducted a share split at a ratio of two-for-one effective June 28, 2019 and the number of treasury stock increased by 9,573 thousand shares.

*2 For the fiscal year ended March 31, 2021, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on March 13, 2020, the number of treasury stock increased by 102,960 thousand shares (amount purchased ¥483,971 million ($4,371,520 thousand)). In addition, under the resolutions passed at the Board of Directors meetings held on May 15, 2020, June 25, 2020, and July 30, 2020, the number of treasury stock increased by 233,201 thousand shares (amount purchased ¥1,742,222 million ($15,736,808 thousand)) as part of the "¥4.5 trillion program."

*3 For the fiscal year ended March 31, 2020, under the resolution passed at the Board of Directors meeting held on May 30, 2019, the Company retired its treasury stock of 55,753 thousand shares on June 10, 2019. As a result of the transaction, "Retained earnings" and "Treasury stock" decreased by ¥558,136 million respectively.

(6) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows.

	(Millions of yen)					
	Remeasurements of defined benefit plan	**Equity financial assets at FVTOCI**	**Debt financial assets at FVTOCI**	**Cash flow hedges**	**Exchange differences on translating foreign operations**	**Total**
As of April 1, 2019	¥ —	¥ 6,661	¥ 267	¥ (45,791)	¥ 329,131	¥ 290,268
Other comprehensive income (attributable to owners of the parent)	(18,518)	(207)	313	55,465	(501,064)	(464,011)
Transfer to retained earnings	18,518	(1,339)	—	—	—	17,179
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale	—	—	—	3,454	(209,149)	(205,695)
As of March 31, 2020	¥ —	¥ 5,115	¥ 580	¥ 13,128	¥ (381,082)	¥ (362,259)
Other comprehensive income (attributable to owners of the parent)	(40)	18,641	(190)	29,834	652,227	700,472
Transfer to retained earnings	40	343	—	—	—	383
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale	—	—	—	—	(267)	(267)
As of March 31, 2021	¥ —	¥24,099	¥ 390	¥ 42,962	¥ 270,878	¥ 338,329

	(Thousands of U.S. dollars)					
	Remeasurements of defined benefit plan	Equity financial assets at FVTOCI	Debt financial assets at FVTOCI	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2020	$ —	$ 46,201	$ 5,239	$118,580	$(3,442,164)	$(3,272,144)
Other comprehensive income (attributable to owners of the parent)	(361)	168,377	(1,716)	269,479	5,891,310	6,327,089
Transfer to retained earnings	361	3,099	—	—	—	3,460
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale	—	—	—	—	(2,412)	(2,412)
As of March 31, 2021	$ —	$217,677	$ 3,523	$388,059	$ 2,446,734	$ 3,055,993

The above amount is presented net of the tax effect. The amount of income taxes on each item in other comprehensive income is described in "Note 46. Other comprehensive income."

37. Dividends

In accordance with the Companies Act, SoftBank Group Corp. has prescribed in its articles of incorporation that semiannual interim dividends may be paid once a year upon resolution by the Board of Directors.

Dividends paid are as follows:

For the fiscal year ended March 31, 2020

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Shareholders' meeting held on June 19, 2019	Common stock	¥ 22*	¥23,184	March 31, 2019	June 20, 2019
Board of directors' meeting held on October 16, 2019	Common stock	22	45,567	September 30, 2019	December 9, 2019

For the fiscal year ended March 31, 2021

		Dividends per share		Total dividends			
Resolution	Class of shares	(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 25, 2020	Common stock	¥22	$0.20	¥45,496	$410,948	March 31, 2020	June 26, 2020
Board of directors' meeting held on October 22, 2020	Common stock	22	0.20	41,345	373,453	September 30, 2020	December 14, 2020

* The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Dividends per share" is the actual amount which is not adjusted by the share split conducted after the effective date.

Dividends which will become effective during the fiscal year ending March 31, 2022 are as follows:

Resolution	Class of shares	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 23, 2021	Common stock	¥22	$0.20	¥38,247	$345,470	March 31, 2021	June 24, 2021

38. Share-based payment transactions

The Company grants stock options, restricted stock awards and phantom stock as share-based payment awards.

Share-based payment awards are granted to the Company's directors and employees based on the terms resolved at the Company's shareholders' meeting or Board of Directors' meeting.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability amounts recognized from share-based payment awards are as follows:

Expense arising from share-based payments

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Equity-settled	¥7,612	¥ 8,834	$ 79,794
Cash-settled	332	16,883	152,498
Total	¥7,944	¥25,717	$232,292

Liability arising from share-based payments

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Liability arising from share-based payment	¥2,491	¥24,858	$224,533
Liability vested in the above	64	157	1,418

(1) Stock option plan
a. Details of the stock option plan
The Company grants stock options as equity-settled share-based payments and cash-settled share-based payments. The details of the Company's stock option plan for the years ended March 31, 2020 and 2021 are as follows:

(a) SoftBank Group Corp.
SoftBank Group Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Group Corp.

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. The amounts of "Stock options" for each fiscal year are recorded after adjustments of the share split.

Year issued / Name	Grant date	Due date for exercise
2016 July Stock Acquisition Rights*1	July 28, 2016	July 31, 2022
2017 February Stock Acquisition Rights*1	February 27, 2017	February 28, 2023
2017 July Stock Acquisition Rights*1	July 28, 2017	July 31, 2023
2018 August Stock Acquisition Rights*2	August 31, 2018	August 31, 2025
2019 July Stock Acquisition Rights*3	August 13, 2019	August 31, 2025
2019 November Stock Acquisition Rights*4	December 23, 2019	December 31, 2026
2020 August Stock Acquisition Rights*4	August 28, 2020	August 31, 2027

*1 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

*2 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is 3 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "i" through "iv" below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

i. from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition rights
ii. from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" above
iii. from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" and "ii" above
iv. from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" through "iii" above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

*3 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "i" through "iv" below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

i. from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition rights
ii. from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" above
iii. from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" and "ii" above
iv. from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "i" through "iii" above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

*4 Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 3 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

(b) SoftBank Corp.

SoftBank Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Corp.

Year issued / Name	**Grant date**	**Due date for exercise**
2018 March Stock Acquisition Rights*1	March 30, 2018	March 31, 2025
2020 July Stock Acquisition Rights*2	July 31, 2020	July 31, 2027
2021 January Stock Acquisition Rights*3	January 22, 2021	March 31, 2028

*1 Vesting condition

In case the common stock of SoftBank Corp. are newly listed by March 31, 2020 on the financial instruments market established by the financial instruments exchange, an entitled person is able to exercise these rights.

Also, the number of these rights which an entitled person is able to exercise is as follows:

i. Where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
   a. up to 30% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
   b. up to 60% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2021 to March 31, 2022.
   c. up to 100% of the total allotted rights including the rights exercised during the period of "a" and "b" is exercisable from April 1, 2022 to March 31, 2025.
ii. Where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
   a. up to 20% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
   b. up to 40% of the total allotted rights including the rights exercised during the period of "a" is exercisable from April 1, 2021 to March 31, 2022.

c. up to 60% of the total allotted rights including the rights exercised during the period of “a” and “b” is exercisable from April 1, 2022 to March 31, 2023.
d. up to 80% of the total allotted rights including the rights exercised during the period of “a”, “b”, and “c” is exercisable from April 1, 2023 to March 31, 2024.
e. up to 100% of the total allotted rights including the rights exercised during the period of “a”, “b”, “c”, and “d” is exercisable from April 1, 2024 to March 31, 2025.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

*2 Vesting condition
Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.
Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

*3 Vesting condition
The number of these rights which an entitled person is able to exercise is as follows:

i. where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
a. up to 30% of the total allotted rights is exercisable from April 1, 2023 to March 31, 2024.
b. up to 60% of the total allotted rights including the rights exercised during the period of “a” is exercisable from April 1, 2024 to March 31, 2025.
c. up to 100% of the total allotted rights including the rights exercised during the period of “a” and “b” is exercisable from April 1, 2025 to March 31, 2028.

ii. where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.
a. up to 20% of the total allotted rights is exercisable from April 1, 2023 to March 31, 2024.
b. up to 40% of the total allotted rights including the rights exercised during the period of “a” is exercisable from April 1, 2024 to March 31, 2025.
c. up to 60% of the total allotted rights including the rights exercised during the period of “a” and “b” is exercisable from April 1, 2025 to March 31, 2026.
d. up to 80% of the total allotted rights including the rights exercised during the period of “a”, “b”, and “c” is exercisable from April 1, 2026 to March 31, 2027.
e. up to 100% of the total allotted rights including the rights exercised during the period of “a”, “b”, “c”, and “d” is exercisable from April 1, 2027 to March 31, 2028.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

(c) Z Holdings Corporation

Z Holdings Corporation grants stock options to directors and employees of Z Holdings Corporation and its subsidiaries. Shares granted by the exercise of stock options are those issued by Z Holdings Corporation.

Year issued / Name	Grant date	Due date for exercise
2010 *1	From May 11, 2010 through February 8, 2011	From April 27, 2020 through January 25,2021
2011 *1	From June 3, 2011 through February 17, 2012	From May 20, 2021 through February 3, 2022
2012 1st *1	May 16, 2012	May 2, 2022
2020 LINE 22nd *2,3	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 24th *2,4	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 25th *2,4	March 1, 2021	From July 29, 2022 through July 8, 2029
2020 LINE 26th *2,5	March 1, 2021	From November 5, 2023 through November 5, 2030
2020 LINE 28th *6	March 30, 2021	From November 5, 2023 through November 5, 2030

*1 Vesting condition
Share options mainly vest in stages beginning after two years from the grant date. One-half of the total granted shares vests after two years from the grant date, and one-fourth vests per year for the subsequent two years. Vesting requires continuous service from the grant date to the vesting date. When the holder of vested shares options retires, those vested share options are forfeited.

*2 Stock acquisition rights to be provided for Z Holdings Corporation's participants
Based on the capital alliance contract stipulated under the Z Holdings Corp. group's governance control after business integration entered into on December 23, 2019, with the effective date of the share exchange of Z Holdings Corporation and LINE Corporation as the grant date, Z Holdings Corporation granted alternative stock options to directors and employees of Z Holdings Corporation and its group companies substituted for the stock options which A Holdings Corporation was granting to directors and employees of A Holdings Corporation and its group companies.

*3 Vesting condition
If stock price of Z Holdings Corporation's common stock meets the following "i" to "iii", the number of shares of stock acquisition rights specified in "i", "ii", and "iii" is exercisable.

i. At any of July 29, 2022 through July 29, 2025, including 10 days before the last business day (excluding the day of unclosing transaction of Z Holdings Corporation's common stock. Same as the following "i" to "iii"), if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds ¥640 ("Basic Stock Price"); up to 20% of the total allotted rights is exercisable
ii. At any of July 29, 2023 through July 29, 2026, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 30% of the total allotted rights is exercisable
iii. At any of July 29, 2024 through July 29, 2027, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 50% of the total allotted rights is exercisable

Regardless of the exercise period (from July 29, 2022 to July 8, 2029. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "a", "b" and "c" (including the first day and the last day), to the extent the number specified in "a", "b" and "c", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

a. up to 20% of the total allotted rights, exercisable from July 29, 2022 to July 8, 2029
b. up to 50% of the total allotted rights, exercisable from July 29, 2023 to July 8, 2029
c. up to 100% of the total allotted rights, exercisable from July 29, 2024 to July 8, 2029

*4 Vesting condition
Regardless of the exercise period (from July 29, 2022 to July 8, 2029. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "i", "ii" and "iii" (including the first day and the last day), to the extent the number specified in "i", "ii" and "iii", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

i. up to 20% of the total allotted rights, exercisable from July 29, 2022 to July 8, 2029
ii. up to 50% of the total allotted rights, exercisable from July 29, 2023 to July 8, 2029
iii. up to 100% of the total allotted rights, exercisable from July 29, 2024 to July 8, 2029

*5 Vesting condition
If stock price of Z Holdings Corporation's common stock meets the following "i" to "iii", the number of shares of stock acquisition rights specified in "i", "ii", and "iii" is exercisable.

i. At any of November 5, 2023 through November 5, 2026, including 10 days before the last business day (excluding the day of unclosing transaction of Z Holdings Corporation's common stock. Same as the following "i" to "iii"), if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds ¥640 ("Basic Stock Price"); up to 20% of the total allotted rights is exercisable
ii. At any of November 5, 2024 through November 5, 2027, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 30% of the total allotted rights is exercisable
iii. At any of November 5, 2025 through November 5, 2028, including 10 days before the last business day, if the average of closing price of Z Holdings Corporation's common stock ordinary transaction on the Tokyo Stock Exchange exceeds basic stock price; up to 50% of the total allotted rights is exercisable

Regardless of the exercise period (from November 5, 2023 to November 5, 2030. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "a", "b" and "c" (including the first day and the last day), to the extent the number specified in "a", "b" and "c", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

a. up to 20% of the total allotted rights, exercisable from November 5, 2023 to November 5, 2030
b. up to 50% of the total allotted rights, exercisable from November 5, 2024 to November 5, 2030
c. up to 100% of the total allotted rights, exercisable from November 5, 2025 to November 5, 2030

*6 Vesting condition

Regardless of the exercise period (from November 5, 2023 to November 5, 2030. If the last day of the exercise period conflicts with a holiday of Z Holdings Corporation, its last business day shall be the last day of the exercise period), the holder of stock acquisition rights is able to exercise the stock acquisition rights during the period specified in "i", "ii" and "iii" (including the first day and the last day), to the extent the number specified in "i", "ii" and "iii", deducting the number of stock acquisition rights already exercised. In this case, if a fraction of less than one unit arises from the number of exercisable stock acquisition rights calculated based on such ratio, only the number of stock acquisition rights rounded down to the nearest whole number can be exercised.

i. up to 20% of the total allotted rights, exercisable from November 5, 2023 to November 5, 2030
ii. up to 50% of the total allotted rights, exercisable from November 5, 2024 to November 5, 2030
iii. up to 100% of the total allotted rights, exercisable from November 5, 2025 to November 5, 2030

b. Fair value of stock options granted during the period

Weighted-average fair value and fair value measurement at the measurement date of the stock options granted during the period are as follows:

(a) SoftBank Group Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥6,265 ($56.59) (for the fiscal year ended March 31, 2020: ¥4,768).

Fair value is measured as follows:

	Fiscal year ended March 31, 2020	
Year issued / Name	**2019 July stock acquisition rights**	**2019 November stock acquisition rights**
Valuation method used	**Black-Scholes model (Yen)**	**Black-Scholes model (Yen)**
Key inputs and assumptions:		
Weighted-average stock price	¥ 4,895	¥ 4,663
Weighted-average exercise price	¥ 1	¥ 1
Volatility of stock price*	32.10 - 36.44%	31.90%
Estimated residual period	2 - 5 years	3 years
Estimated dividend	¥22/per share	¥22/per share
Risk-free interest rate	(0.31) - (0.26)%	(0.09)%

	Fiscal year ended March 31, 2021	
Year issued / Name	**2020 August stock acquisition rights**	
Valuation method used	**Black-Scholes model**	
	(Yen)	**(USD)**
Key inputs and assumptions:		
Weighted-average stock price	¥ 6,397	$ 57.78
Weighted-average exercise price	¥ 1	$ 0.01
Volatility of stock price*	47.67%	
Estimated residual period	3 years	
Estimated dividend	¥44/per share	$0.40/per share
Risk-free interest rate	(0.11)%	

* Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

(b) SoftBank Corp.

The weighted-average fair values at the measurement date of the stock options granted during the period are ¥1,254 ($11.33) and ¥76 ($0.69) for 2020 July stock acquisition rights and 2021 January stock acquisition rights, respectively.

Fair value is measured as follows:

Year issued / Name	Fiscal year ended March 31, 2021			
	2020 July stock acquisition rights		2021 January stock acquisition rights	
Valuation method used	Black-Scholes model		Black-Scholes model	
	(Yen)	(USD)	(Yen)	(USD)
Key inputs and assumptions:				
Weighted-average stock price	¥ 1,415	$ 12.78	¥ 1,347	$ 12.17
Weighted-average exercise price	¥ 1	$ 0.01	¥ 1,366	$ 12.34
Volatility of stock price*	20.47%		20.70%	
Estimated residual period	2 years		2 - 6 years	
Estimated dividend	¥85/per share	$0.77/per share	¥86/per share	$0.78/per share
Risk-free interest rate	0.07%		0.10%	

* Volatility of the stock price is calculated based on the performance of the stock price for entire period since SoftBank Corp. was listed on December 19, 2018 if the listing period is shorter than the estimated residual period.

(c) Z Holdings Corporation

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥312 ($2.82).

Fair value is measured as follows:

Year issued / Name	Fiscal year ended March 31, 2021					
	2020 LINE 22nd		2020 LINE 24th		2020 LINE 25th	
Valuation method used	Binomial model		Binomial model		Binomial model	
	(Yen)	(USD)	(Yen)	(USD)	(Yen)	(USD)
Key inputs and assumptions:						
Stock price	¥648.5	$5.86	¥648.5	$5.86	¥648.5	$5.86
Exercise price*1	¥ 298	$2.69	¥ 298	$2.69	¥ 298	$2.69
Volatility of stock price*2	36.33%		36.33%		36.33%	
Duration to maturity	8.28 years		8.28 years		8.28 years	
Estimated dividend yield*3	0.86%		0.86%		0.86%	
Risk-free interest rate	0.070%		0.070%		0.070%	

Year issued / Name	Fiscal year ended March 31, 2021			
	2020 LINE 26th		2020 LINE 28th	
Valuation method used	Binomial model		Binomial model	
	(Yen)	(USD)	(Yen)	(USD)
Key inputs and assumptions:				
Stock price	¥648.5	$5.86	¥550.6	$4.97
Exercise price*1	¥ 481	$4.34	¥ 481	$4.34
Volatility of stock price*2	35.29%		35.33%	
Duration to maturity	9.62 years		9.62 years	
Estimated dividend yield*3	0.86%		1.01%	
Risk-free interest rate	0.130%		0.075%	

*1 The achievement probability of stock price conditions is reflected for 2020 LINE 22nd and 26th.

*2 Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

*3 Estimated dividend yield is calculated based on the most recent dividend results.

c. Changes in stock options during the period and the condition of stock options at the period end
Such changes during the period and at the period end are as follows:

(a) SoftBank Group Corp.

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	(USD)
Beginning balance—Unexercised	17,561,200	¥3,802	14,517,700	¥3,871	$34.97
Granted	267,000	1	188,900	1	0.01
Forfeited	(170,300)	3,007	(55,300)	1,733	15.65
Exercised	(3,140,200)	3,206	(6,686,600)	4,285	38.70
Matured	—	—	—	—	—
Ending balance—Unexercised	14,517,700	¥3,871	7,964,700	¥3,446	$31.13
Ending balance—Exercisable	12,902,000	¥4,355	6,195,400	¥4,429	$40.01

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥1	$0.01	1,769,300	¥ 1	$ 0.01	4.7
3,080	27.82	1,300,000	3,080	27.82	1.3
4,446	40.16	46,800	4,446	40.16	1.9
4,791	43.28	4,848,600	4,791	43.28	2.3
Total		7,964,700	¥3,446	$31.13	2.7

(b) SoftBank Corp.

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		
	Number of shares	Weighted-average exercise price (Yen)	Number of Shares	Weighted-average exercise price (Yen)	(USD)
Beginning balance—Unexercised	117,776,100	¥623	115,093,500	¥ 623	$ 5.63
Granted	—	—	103,930,500	1,361	12.29
Forfeited	(2,682,600)	623	(846,700)	775	7.00
Exercised	—	—	(23,236,100)	623	5.63
Ending balance—Unexercised	115,093,500	623	194,941,200	1,016	9.18
Ending balance—Exercisable	—	¥ —	20,029,600	¥ 623	$ 5.63

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥623	$5.63	91,184,100	¥ 623	$ 5.63	4.0
1	0.01	409,800	1	0.01	6.3
1,366	12.34	103,347,300	1,366	12.34	7.0
Total		194,941,200	¥1,016	$ 9.18	5.6

(c) Z Holdings Corporation

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance—Unexercised	47,246,200	¥431	817,400	¥303	$2.74
Granted	—	—	197,416,450	384	3.47
Forfeited	(45,951,600)	435	(60,300)	302	2.73
Exercised	(131,900)	305	(287,400)	308	2.78
Matured	(345,300)	305	(188,100)	345	3.12
Ending balance—Unexercised	817,400	303	197,698,050	383	3.46
Ending balance—Exercisable	817,400	¥303	281,600	269	2.43

The unexercised options as of March 31, 2021 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥201-¥300	$1.82-$2.71	105,345,400	¥298	$2.69	8.3
401-500	3.62-4.52	92,352,650	481	4.34	9.6
Total		197,698,050	¥383	$3.46	8.9

d. Stock options exercised during the period

Weighted-average stock prices at the date exercised, for those stock options that were exercised during the period are as follows:

(a) SoftBank Group Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021			
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Weighted-average stock price at exercise (USD)
2016—July Stock Acquisition Rights	2,900,800	¥5,278	2016—July Stock Acquisition Rights	1,955,000	¥7,564	$68.32
2017—February Stock Acquisition Rights	40,000	5,250	2017—February Stock Acquisition Rights	103,200	7,589	68.55
2017—July Stock Acquisition Rights	199,400	5,366	2017—July Stock Acquisition Rights	4,628,400	7,986	72.13

(b) SoftBank Corp.

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021			
Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Weighted-average stock price at exercise (USD)
—	—	—	2018 March Stock Acquisition Rights	23,236,100	¥1,385	$12.51

(c) Z Holdings Corporation

Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021			
Year issued/ Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	(USD)
2009	14,100	¥352	2009	—	¥ —	$ —
2010	52,100	415	2010	150,400	520	4.70
2011	63,100	358	2011	129,000	593	5.36
2012	2,600	401	2012	8,000	534	4.82

(2) Restricted stock award plan

The Company adopts restricted stock award plans where the Company grants stocks, the transfer of which is restricted for a certain period until vested, and is accounted for as equity-settled share-based payment.
The details of the Company's restricted stock award plans for the fiscal year ended March 31, 2021 are primarily as follows:

SoftBank Corp.
In June 2020, SoftBank Corp. granted shares of SoftBank Corp. as restricted stock awards to its five directors and three corporate executive officers.

The granted shares as restricted stock awards are vested on the day of grant, and shall not be transferred, pledged as collateral or disposed of from the grant day to the day of resignation from any of the positions of officers of SoftBank Corp.

The number of restricted stocks granted for the fiscal year ended March 31, 2021 was 565,800. The fair value of restricted stocks granted is calculated based on the common stock price of SoftBank Corp. on the grant date, and the fair value of restricted stocks granted for the fiscal year ended March 31, 2021 was ¥1,431.5 ($12.93) per share.

(3) Phantom stock
The Company adopts phantom stock awards where the Company pays in cash based on the stock price at the vesting date, and they are accounted for as cash-settled share-based payments.
The details of the Company's phantom stock for the fiscal year ended March 31, 2021 are primarily as follows:

Arm
In December 2019, Arm introduced a share-based compensation plan for all employees of Arm and its group companies. Under this compensation plan, it is determined whether to be settled by stock of Arm Limited or cash dependent on future conditions based on the terms of the plan.

For the fiscal year ended March 31, 2020, the Company considered it to be settled by stock of Arm Limited on the premise of a future IPO and accounted for the compensation plan as an equity-settled share-based payment transaction. Then in September 2020, the Company entered into a definitive agreement with NVIDIA to sell all of its shares in Arm. As a result of the agreement, the likelihood of the plan being settled by cash increased. Therefore, for the fiscal year ended March 31, 2021, the Company changed its accounting treatment and accounted for it as cash-settled share-based payment transaction.

The number of units outstanding as of March 31, 2021 is 15,706,574. Of the outstanding units, only 50% would vest when the sale of its all shares in Arm to NVIDIA is completed and the vested units would be settled by cash at $38.04 per unit. The plan requires employees to remain in employment until vesting date.

39. Net sales

(1) Breakdown of net sales

The components of net sales are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
SoftBank segment			
Telecommunications			
Retail consumer			
Service revenue*1			
Wireless telecom services	¥1,658,709	¥1,659,848	$14,992,756
Broadband services	383,783	399,559	3,609,060
Electricity*2	77,233	130,941	1,182,739
Products and other sales*2	558,826	562,457	5,080,453
Business	626,795	681,137	6,152,443
Distribution	439,776	478,402	4,321,218
Yahoo*3			
Advertising	340,693	368,318	3,326,872
Business	472,655	554,619	5,009,656
Personal	215,544	257,231	2,323,467
Other	2,585	2,275	20,549
Other	76,318	96,189	868,837
Subtotal	4,852,917	5,190,976	46,888,050
Arm segment			
License revenue	60,567	61,684	557,167
Royalty revenue	120,725	135,460	1,223,557
Other*4	15,399	11,773	106,341
Subtotal	196,691	208,917	1,887,065
Other*4	189,330	228,274	2,061,910
Total	¥5,238,938	¥5,628,167	$50,837,025

The above amount of net sales for the fiscal year ended March 31, 2021 includes ¥114,195 million ($1,031,479 thousand) (for the fiscal year ended March 31, 2020: ¥108,958 million) of revenue arising from other sources than those arising from IFRS 15, such as lease contracts at the SoftBank segment.

*1 "Telecom service revenue" of the SoftBank segment is renamed to "Service revenue."

*2 "Electricity" is presented as a separate line item because of its increased significance, which was included in "Products and other sales" for the fiscal year ended March 31, 2020. To reflect this change, similar reclassifications have been made for the fiscal year ended March 31, 2020. As a result, ¥77,233 million ($697,615 thousand) is reclassified from "Products and other sales" to "Electricity", and after the reclassification, "Products and other sales" of ¥558,826 million ($5,047,656 thousand) is presented.

*3 Subsequent to the business integration of Z Holdings Corporation and LINE group, sales of LINE group are included.

*4 As a result of the change of the organizational structure of Arm in the fiscal year ended March 31, 2021, sales of Treasure Data business and other IoT related business, which were previously included in "Arm segment", are included in "Other." To reflect this change, ¥9,586 million ($86,587 thousand) is reclassified from "Arm segment" to "Other" for the fiscal year ended March 31, 2020.

(2) Contract balance

The components of contract balances are as follows.

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Receivables arising from contracts with customers	¥1,336,584	¥999,951	¥959,189	$8,663,978
Contract assets	140,586	66,538	32,298	291,735
Contract liabilities*	274,252	167,615	250,813	2,265,495

* The increase of contract liabilities for the fiscal year ended March 31, 2021 is mainly due to a license agreement entered into by Arm and NVIDIA concurrently with the definitive agreement entered into by the Company and NVIDIA to sell all of shares in Arm in September 2020. The details of the definitive agreement are described in "(Sell of all shares in Arm)" under "Note 52. Additional information."

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

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

For the fiscal year ended March 31, 2021, impairment loss on receivables related to revenue from contracts with customers was ¥8,713 million ($78,701 thousand) (for the fiscal year ended March 31, 2020: ¥11,595 million.)

Of the amount of net sales recognized for the fiscal year ended March 31, 2021, ¥102,107 million ($922,292 thousand) was included in the beginning balance of contract liabilities as of that date (for the fiscal year ended March 31, 2020: ¥91,174 million.)

(3) Transaction price allocated to unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2021 is ¥328,046 million ($2,963,111 thousand) (as of March 31, 2020: ¥157,100 million.)

The unsatisfied performance obligations of ¥193,889 million ($1,751,323 thousand) as of March 31, 2021 (as of March 31, 2020: ¥39,786 million) arise primarily from license contracts related to the Arm's technology in Arm segment and of ¥120,155 million ($1,085,313 thousand) as of March 31, 2021 (as of March 31, 2020: ¥102,407 million) arise primarily from mobile communications services and mobile device rental services in the SoftBank segment.

The unsatisfied performance obligations in the Arm segment include performance obligations under a license agreement entered into by Arm and NVIDIA concurrently with the definitive agreement entered into in September 2020 by the Company and NVIDIA to sell all of shares in Arm. The unsatisfied performance obligations under the license agreement of NVIDIA will be recognized as revenue over a twenty-year period from the execution date. Other than the license agreement of NVIDIA, majority of the unsatisfied performance obligations in the Arm segment are expected to be recognized as revenue within two years. The details of the definitive agreement are described in "(Sell of all shares in Arm)" under "Note 52. Additional information."

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

The Company applies practical expedients and the above amount does not include the transaction prices allocated to residual performance obligation of which the consideration received from customers is at an amount that directly corresponds to the transaction values and service delivery contracts with an original expected duration of one year or less.

40. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cost of goods sold	¥(1,178,466)	¥(1,277,754)	$(11,541,451)
Depreciation and amortization	(824,575)	(846,932)	(7,650,005)
Employees benefit cost	(586,949)	(738,107)	(6,667,031)
Sales commissions and sales promotion expenses	(481,638)	(492,297)	(4,446,726)
Service outsourcing expenses	(260,663)	(271,173)	(2,449,399)
Telecommunications equipment usage fees	(216,304)	(221,995)	(2,005,194)
Amortization of contract acquisition cost and contract performance cost	(191,490)	(172,184)	(1,555,271)
Other	(904,268)	(1,004,293)	(9,071,383)
Total	¥ (4,644,353)	¥(5,024,735)	$(45,386,460)

"Depreciation and amortization" includes disposal of "Property, plant and equipment," "Right-of-use assets," and "Intangible assets" as well as amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the consolidated statement of financial position.

41. Gain on investments

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

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Gain relating to sales of T-Mobile shares*1	¥ —	¥ 421,755	$ 3,809,547
Gain relating to settlement of prepaid forward contracts using Alibaba shares*2	1,218,527	—	—
Realized loss on sales of investments at asset management subsidiaries	—	(20,537)	(185,503)
Unrealized gain on valuation of investments at asset management subsidiaries	—	134,074	1,211,038
Derivative loss on investments at asset management subsidiaries	—	(610,690)	(5,516,123)
Realized gain (loss) on sales of investments	(413)	220,875	1,995,077
Unrealized gain (loss) on valuation of investments*3	(672,479)	609,734	5,507,488
Derivative gain (loss) on investments*4, 5	(66,343)	185,769	1,677,979
Other	5,016	4,964	44,838
Total	¥ 484,308	¥ 945,944	$ 8,544,341

*1 On June 26, 2020, the Company transferred 173,564,426 shares out of 304,606,049 shares of T-Mobile common stock held and ¥280,341 million ($2,532,210 thousand) of gain on the sales of shares of associates was recorded for the fiscal year ended March 31, 2021. Additionally, the Company transferred 5,000,000 shares on July 16, 2020 and 19,750,000 shares on August 3, 2020 at $103.00 per share. As a result of the transactions, ¥3,122 million ($28,200 thousand) of realized loss on sales of investments and ¥3,014 million ($27,224 thousand) of gain related to derecognition of derivative financial liabilities were recorded for the fiscal year ended March 31, 2021. The derivative financial liabilities were recorded as the difference between the transaction price and the fair value of T-Mobile shares as of June 30, 2020 in the condensed interim consolidated financial statements as of June 30, 2020 because the transaction price was fixed at $103.00 per share under the agreement dated June 26, 2020.

In addition, due to the decrease in voting rights ratio that resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company on June 26, 2020. Accordingly, ¥296,013 million ($2,673,769 thousand) of gain from remeasurement relating to discontinuing the use of the equity method for the shares, which were continuously held at the time of discontinuing the use of the equity method, was recorded for the fiscal year ended March 31, 2021.

Furthermore, ¥154,491 million ($1,395,457 thousand) of derivative loss in relation to call options over T-Mobile shares granted to Deutsche Telekom was recorded at the time of the execution of the agreement for the fiscal year ended March 31, 2021.

As a result of the transactions, ¥421,755 million ($3,809,547 thousand) of gain relating to sales of T-Mobile shares was recorded for the fiscal year ended March 31, 2021. The details are described in "(The transfer of T-Mobile shares)" under "Note 52. Additional information."

*2 On June 3, 2019, a variable prepaid forward contract, which WRH LLC, a wholly-owned subsidiary of the Company, entered into with Mandatory Exchangeable Trust (the "Trust") in June 2016, in order to sell Alibaba shares, was settled by 73,240,200 shares of Alibaba (equivalent to 2.8% of voting right of Alibaba as of March 31, 2019). Subsequently, ¥1,218,527 million of "Gain relating to settlement of variable prepaid forward contract using Alibaba shares" was recorded for the fiscal year ended March 31, 2020.

The details of the variable prepaid forward contract are as follows.

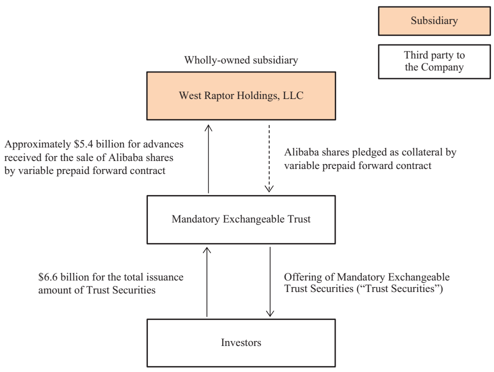
WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of $5.4 billion (¥578,436 million) as advances received on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American Depositary Shares ("ADSs") of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and cover expenses for the issuance of the Trust Securities.

The settlement of the Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date (June 3, 2019), Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of a collar transaction.

The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract were measured at amortized cost and embedded derivatives were measured at fair value.

Outline of the transaction



*3 For the fiscal year ended March 31, 2020, the amount of ¥488,479 million of loss was recognized due to the decline in fair value of WeWork shares held by a wholly-owned subsidiary of the Company.

In addition, gain and loss on valuation of WeWork shares held by SVF1 are included in "Gain (loss) on investments at SVF1, SVF2, and others" under the consolidated statement of income.

*4 ¥264,395 million ($2,388,176 thousand) of derivative gain on investments was recorded due to changes in the fair value of contingent consideration acquired from the merger transaction with Sprint and T-Mobile US, Inc. for the fiscal year ended March 31, 2021. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

*5 The WeWork Investment Subsidiary commenced a tender offer to purchase WeWork shares in March 2021. The difference between the valuation amount of preferred shares expected to purchase and the expected acquisition amount was recorded as derivative loss for ¥56,127 million ($506,973 thousand) for the fiscal year ended March 31, 2021. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

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

The details are described in "Note 9. SVF1 and other SBIA-managed funds business."

(3) Gain and loss on other investments

The components of gain and loss on other investments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Realized gain on sales of investments	¥ 3,188	¥ 11,185	$ 101,030
Unrealized gain (loss) on valuation of investments	(55,741)	259,375	2,342,833
Derivative gain (loss) on investments	(4,876)	9,158	82,721
Other	7,835	11,320	102,248
Total	¥(49,594)	¥291,038	$2,628,832

42. Finance cost

The components of finance cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest expenses*	¥(293,897)	¥(307,250)	$(2,775,269)

* “Interest expenses” are incurred mainly by financial liabilities measured at amortized cost. For the fiscal year ended March 31, 2021, the amount of lease expenses incurred from lease liabilities which was recorded in “Interest expenses” was ¥ (15,815) million ($ (142,851) thousand) (for the fiscal year ended March 31, 2020: ¥ (19,964) million.)

43. Income on equity method investments

For the fiscal year ended March 31, 2020

Alibaba received newly-issued shares (a 33% equity interest) of Ant Small and Micro Finance Services Group Co., Ltd. (currently Ant Group Co., Ltd. “Ant Financial”) in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly-issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 71.6 billion, which was the result from the transfer of such intellectual property rights and assets to Ant Financial and the basis difference determined based on Alibaba’s share of Ant Financial’s net assets, net of its corresponding deferred tax effect.

As a result, the Company recognized ¥286,473 million of income on equity method investments.

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

For the fiscal year ended March 31, 2021

Derivative loss of ¥504,048 million ($4,552,868 thousand) was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares. The details of the contracts are described in “Notes 5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

45. Other loss

The components of other gain and loss are as follows:

	(Millions of yen)		(Thousands of U.S. dollar)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Interest income	¥ 33,911	¥ 18,352	$ 165,766
Foreign exchange loss	(9,271)	(137,166)	(1,238,967)
Reversal of allowance for loan commitment losses*1	—	61,312	553,807
Reversal of allowance for financial guarantee contract losses*2	—	58,208	525,770
Dilution gain from changes in equity interest*3	339,842	54,941	496,261
Gain on liquidation of subsidiaries*4	—	45,257	408,789
Reversal of impairment losses on equity method investments*5	—	21,634	195,411
Impairment loss on equity method investments*5,6	(72,626)	(68,215)	(616,159)
Impairment loss	(3,404)	(21,160)	(191,130)
Loss on redemption of corporate bonds*7	—	(17,853)	(161,259)
Provision for allowance for doubtful accounts*6	(102,947)	(7,533)	(68,043)
Provision for allowance for loan commitment losses*8	(90,210)	—	—
Provision for allowance for financial guarantee contract losses*9	(59,902)	—	—
Other*10	(40,850)	(52,273)	(472,160)
Total	¥ (5,457)	¥ (44,496)	$ (401,914)

*1 For the fiscal year ended March 31, 2021, ¥61,312 million ($553,807 thousand) of reversal of allowance for unutilized loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*2 For the fiscal year ended March 31, 2021, ¥50,887 million ($459,642 thousand) of reversal of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*3 For the fiscal year ended March 31, 2020, Alibaba issued new shares, in connection with its listing on The Stock Exchange of Hong Kong Limited on November 26, 2019. Accordingly, the Company recorded ¥291,551 million of dilution gain from changes in equity interest related to Alibaba.
For the fiscal year ended March 31, 2021, the amount primarily represents the dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.

*4 For the fiscal year ended March 31, 2021, the amount is primarily due to the realization of exchange differences resulted from the liquidation of Kahon 3 Oy, a wholly-owned subsidiary of the Company.

*5 For the fiscal year ended March 31, 2021, the WeWork Investment Subsidiary purchased WeWork common shares from We Holdings LLC at $19.19 per share for the total amount of $578 million. The difference between the acquisition amount and the fair value at the time of the acquisition was recorded as an impairment loss for ¥54,277 million ($490,263 thousand). Subsequently, ¥21,634 million ($195,411 thousand) of reversal of impairment losses was recorded as the fair value of WeWork common shares held increased following the conclusion of the merger agreement between WeWork and BowX Acquisition Corp. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*6 On March 27, 2020 (EST), OneWeb Global Limited, an equity method associate of the Company, filed for relief under Chapter 11 of the United States Bankruptcy Code. Subsequently, for the fiscal year ended March 31, 2020, the Company estimated the recoverable amount of equity method investment in OneWeb Global Limited to be zero and an impairment loss of ¥49,198 million was recorded. In addition, loan receivable of ¥65,913 million from the entity was estimated to be difficult to recover and the allowance for doubtful accounts was fully provided.

*7 For the fiscal year ended March 31, 2021, the amount primarily represents the loss related to foreign-currency-denominated senior notes purchased by SoftBank Group Corp.

*8 For the fiscal year ended March 31, 2020, ¥90,210 million of provisions for allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*9 For the fiscal year ended March 31, 2020, ¥52,349 million of provisions for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*10 The primary component for the fiscal year ended March 31, 2020 was the amount of ¥25,710 million of impairment loss for the management contracts, which was recognized because the recoverable amounts of management contracts were less than the carrying amounts.

46. Other comprehensive income

The table below presents the amount arising during the year, reclassification adjustments to profit or loss and the income tax effect of each item in other comprehensive income.

For the fiscal year ended March 31, 2020

	(Millions of yen)				
	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ (27,264)	¥ —	¥ (27,264)	¥ 5,983	¥ (21,281)
Equity financial assets at FVTOCI	(10,658)	—	(10,658)	4,413	(6,245)
Total	(37,922)	—	(37,922)	10,396	(27,526)
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	(1,501)	(516)	(2,017)	515	(1,502)
Cash flow hedges	20,879	43,817	64,696	(8,539)	56,157
Exchange differences on translating foreign operations	(574,539)	8	(574,531)	52,911	(521,620)
Share of other comprehensive income of associates	3,989	—	3,989	923	4,912
Total	(551,172)	43,309	(507,863)	45,810	(462,053)
Total other comprehensive income	¥(589,094)	¥43,309	¥(545,785)	¥56,206	¥(489,579)

For the fiscal year ended March 31, 2021

	(Millions of yen)				
	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ (59)	¥ —	¥ (59)	¥ 19	¥ (40)
Equity financial assets at FVTOCI	48,754	—	48,754	(19,259)	29,495
Total	48,695	—	48,695	(19,240)	29,455
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	1,000	(323)	677	(123)	554
Cash flow hedges	99,827	(62,659)	37,168	(3,393)	33,775
Exchange differences on translating foreign operations	628,541	(36,743)	591,798	(89,713)	502,085
Share of other comprehensive income of associates	(74,495)	—	(74,495)	8,634	(65,861)
Total	654,873	(99,725)	555,148	(84,595)	470,553
Total other comprehensive income	¥703,568	¥(99,725)	¥603,843	¥(103,835)	¥500,008

	(Thousands of U.S. dollars)				
	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	$ (533)	$ —	$ (533)	$ 172	$ (361)
Equity financial assets at FVTOCI	440,376	—	440,376	(173,960)	266,416
Total	439,843	—	439,843	(173,788)	266,055
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	9,033	(2,918)	6,115	(1,111)	5,004
Cash flow hedges	901,698	(565,974)	335,724	(30,648)	305,076
Exchange differences on translating foreign operations	5,677,364	(331,885)	5,345,479	(810,342)	4,535,137
Share of other comprehensive income of associates	(672,884)	—	(672,884)	77,988	(594,896)
Total	5,915,211	(900,777)	5,014,434	(764,113)	4,250,321
Total other comprehensive income	$6,355,054	$(900,777)	$5,454,277	$(937,901)	$4,516,376

47. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

(1) Basic earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net income attributable to ordinary shareholders of the parent			
Net income attributable to owners of the parent	¥ (961,576)	¥4,987,962	$45,054,304
Net income not-attributable to ordinary shareholders of the parent*2	(30,948)	(30,246)	(273,200)
Net income used in the calculation of basic earnings per share	¥ (992,524)	¥4,957,716	$44,781,104
Net income used in the calculation of basic earnings per share			
Net income from continuing operations attributable to ordinary shareholders of the parent	¥ (943,097)	¥4,246,483	$38,356,815
Net income from discontinued operations attributable to ordinary shareholders of the parent	(49,427)	711,233	6,424,289
Total	¥ (992,524)	¥4,957,716	$44,781,104
	(Thousands of shares)		
Weighted-average number of ordinary shares	2,074,225	1,892,538	
	(Yen)	(Yen)	(USD)
Basic earnings per share			
Continuing operations	¥ (454.67)	¥ 2,243.80	$ 20.27
Discontinued operations	(23.83)	375.81	$ 3.39
Total	¥ (478.50)	¥ 2,619.61	$ 23.66

(2) Diluted earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Diluted net income attributable to ordinary shareholders of the parent			
Continuing operations			
Net income from continuing operations used in the calculation of basic earnings per share	¥ (943,097)	¥4,246,483	$38,356,815
Effect of dilutive securities issued by subsidiaries and associates	(14,151)	(331,927)	(2,998,166)
Subtotal	¥ (957,248)	¥3,914,556	$35,358,649
Discontinued operations			
Net income from discontinued operations used in the calculation of basic earnings per share	¥ (49,427)	¥ 711,233	$ 6,424,289
Subtotal	(49,427)	711,233	6,424,289
Total	¥(1,006,675)	¥4,625,789	$41,782,938

	(Thousands of shares)	
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted-average number of ordinary shares	2,074,225	1,892,538
Adjustments		
Stock acquisition rights*3	—	5,385
Total	2,074,225	1,897,923

	(Yen)	(Yen)	(USD)
Diluted earnings per share			
Continuing operations	¥ (461.50)	¥ 2,062.55	$ 18.63
Discontinued operations	(23.83)	374.74	3.39
Total	¥ (485.33)	¥ 2,437.29	$ 22.02

*1 The Company conducted a two-for-one share split effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

*2 Net income not-attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.

*3 For the fiscal year ended March 31, 2020, stock acquisition rights are not included in the calculation for "Diluted earnings per share" as it has an antidilutive effect for the calculation.

48. Supplemental information to the consolidated statement of cash flows

(1) Scope of purchase of property, plant and equipment and intangible assets

"Purchase of property, plant and equipment, and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the consolidated statement of financial position.

(2) Income taxes paid and income taxes refunded

For the fiscal year ended March 31, 2020

Payment of withholding income tax related to dividends within the group companies of ¥470,259 million, payment of income tax mainly related to gain on sales of SoftBank Corp. shares held by SBGJ in December 2018 of ¥321,290 million, and payment of income tax related to deemed dividends on sales of Z Holdings Corporation shares held by SBGJ due to an acquisition of its own shares through the Tender Offer by Z Holdings Corporation of ¥78,801 million are included in "Income taxes paid."

In addition, refunded withholding income tax related to dividends within the group companies of ¥422,648 million is included in “Income taxes refunded.”

For the fiscal year ended March 31, 2021
Payment of withholding income tax related to dividends within the group companies of ¥170,264 million ($1,537,928 thousand) is included in “Income taxes paid.”

In addition, refunded withholding income tax related to dividends within the group companies and deemed dividends of ¥243,602 million ($2,200,361 thousand) is included in “Income taxes refunded.”

(3) Proceeds from sales/redemption of investments

For the fiscal year ended March 31, 2021
¥2,099,746 million ($18,966,182 thousand) of proceeds received from sales of T-Mobile shares is included in “Proceeds from sales/redemption of investments.”

(4) Proceeds from acquisition of control over subsidiaries

For the fiscal year ended March 31, 2021
“Proceeds from acquisition of control over subsidiaries” is cash and cash equivalents held by LINE Group at the time of acquisition of control.

(5) Payments into restricted cash

For the fiscal year ended March 31, 2021
¥346,765 million ($3,132,192 thousand) of payments, which is the amount in a segregated custody account before the expected early termination date for financial liabilities related to the settlement of prepaid forward contracts using Alibaba shares, is included in “Payments into restricted cash.” The details are described in “Notes 5” in “(1) Components of interest-bearing debt” under “Note 25. Interest-bearing debt.”

(6) Payments into trust accounts in SPACs

For the fiscal year ended March 31, 2021
“Payments into trust accounts in SPACs” is the amount held in trust accounts for proceeds from initial public offerings of SPACs sponsored by the Company. The details are described in “Note 8. Special purpose acquisition companies sponsored by the Company.”

(7) Proceeds from non-controlling interests subject to possible redemption

For the fiscal year ended March 31, 2021
“Proceeds from non-controlling interests subject to possible redemption” is proceeds from initial public offerings of SPACs sponsored by the Company. The details are described in “Note 8. Special purpose acquisition companies sponsored by the Company.”

(8) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the fiscal year ended March 31, 2021
“Proceeds from the partial sales of shares of subsidiaries to non-controlling interests” is proceeds received primarily from sales of SoftBank Corp. shares.

(9) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

For the fiscal year ended March 31, 2020

	(Millions of Yen)			
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1
As of April 1, 2019	¥ 15,685,106	¥ —	¥115,470	¥4,136,965
Effect of retrospective adjustments due to adoption of new standards	(892,472)	2,341,798	—	—
As of April 1, 2019 (after adjustments)	¥ 14,792,634	¥2,341,798	¥115,470	¥4,136,965
(a) Changes arising from financing cash flows				
Proceeds in short-term interest-bearing debt, net	133,173	—	—	—
Proceeds from interest-bearing debt	8,601,926	—	—	—
Repayment of interest-bearing debt	(5,646,727)	—	—	—
Repayment of lease liabilities	—	(695,370)	—	—
Contributions into SVF1 from third-party investors	—	—	—	1,843,660
Distribution/repayment from SVF1 to third-party investors	—	—	—	(771,282)
(b) Changes from acquisition or loss of control over subsidiaries and other businesses*1	21,989	21,497	—	—
(c) The effect of changes in foreign exchange rates	(145,545)	(84,075)	—	(83,994)
(d) Changes in fair values	—	—	(27,007)	—
(e) Changes in third-party interests in SVF1	—	—	—	(540,930)
(f) Non-cash transactions*2,3	(715,044)	325,554	—	—
(g) Transfer to liabilities directly relating to assets classified as held for sale	(3,923,658)	(786,091)	—	—
(h) Other changes	13,134	17,013	(9,857)	—
As of March 31, 2020	¥ 13,131,882	¥1,140,326	¥ 78,606	¥4,584,419

*1 Mainly due to the consolidation of ZOZO, Inc. The details are described in “ZOZO, Inc.” under “Note 10. Business combinations.”

*2 The decrease of interest-bearing debt was made due to the delivery of the Alibaba shares for the repayment of current portion of long-term borrowings. The details are described in “(11) Significant non-cash transactions.”

*3 The increase of lease liabilities was mainly as a result of remeasurement of the lease liabilities and the lease transactions executed after the adoption of IFRS 16.

For the fiscal year ended March 31, 2021

	(Millions of Yen)				
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1	Non-controlling interests subject to possible redemption*4
As of April 1, 2020	¥ 13,131,882	¥ 1,140,326	¥ 78,606	¥ 4,584,419	¥ —
(a) Changes arising from financing cash flows					
Proceeds in short-term interest-bearing debt, net	1,575,327	—	—	—	—
Proceeds from interest-bearing debt	7,965,114	—	—	—	—
Repayment of interest-bearing debt	(5,790,901)	—	—	—	—
Repayment of lease liabilities	—	(402,257)	—	—	—
Contributions into SVF1 from third-party investors	—	—	—	979,266	—
Distribution/repayment from SVF1 to third-party investors	—	—	—	(1,362,066)	—
Proceeds from non-controlling interests subject to possible redemption	—	—	—	—	345,466
(b) Changes from acquisition or loss of control over subsidiaries and other businesses*1	170,188	57,349	—	—	(35,999)
(c) The effect of changes in foreign exchange rates	296,246	(10,277)	—	153,755	14,674
(d) Changes in fair values	—	—	(79,454)	—	—
(e) Changes in third-party interests in SVF1	—	—	—	2,246,417	—
(f) Non-cash transactions*2,3	1,095,256	276,250	—	—	—
(g) Transfer to liabilities directly relating to assets classified as held for sale	—	(7,485)	—	—	—
(h) Other changes	69,863	(18,905)	(16,002)	—	(26,049)
As of March 31, 2021	¥ 18,512,975	¥ 1,035,001	¥ (16,850)	¥ 6,601,791	¥ 298,092

	(Thousands of U.S. dollars)				
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SVF1	Non-controlling interests subject to possible redemption*4
As of April 1, 2020	$118,615,139	$10,300,117	$ 710,017	$ 41,409,258	$ —
(a) Changes arising from financing cash flows					
Proceeds in short-term interest-bearing debt, net	14,229,311	—	—	—	—
Proceeds from interest-bearing debt	71,945,750	—	—	—	—
Repayment of interest-bearing debt	(52,306,937)	—	—	—	—
Repayment of lease liabilities	—	(3,633,430)	—	—	—
Contributions into SVF1 from third-party investors	—	—	—	8,845,326	—
Distribution/repayment from SVF1 to third-party investors	—	—	—	(12,303,008)	—
Proceeds from non-controlling interests subject to possible redemption	—	—	—	—	3,120,459
(b) Changes from acquisition or loss of control over subsidiaries and other businesses*1	1,537,241	518,011	—	—	(325,165)
(c) The effect of changes in foreign exchange rates	2,675,874	(92,828)	—	1,388,808	132,544
(d) Changes in fair values	—	—	(717,677)	—	—
(e) Changes in third-party interests in SVF1	—	—	—	20,291,004	—
(f) Non-cash transactions*2,3	9,893,018	2,495,258	—	—	—
(g) Transfer to liabilities directly relating to assets classified as held for sale	—	(67,609)	—	—	—
(h) Other changes	631,044	(170,761)	(144,539)	—	(235,290)
As of March 31, 2021	$167,220,440	$ 9,348,758	$ (152,199)	$ 59,631,388	$2,692,548

*1 The increase of interest-bearing debt and lease liabilities are mainly due to the consolidation of LINE Corporation. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

*2 The increase of interest-bearing debt was made due to the entry into several prepaid forward contracts using Alibaba shares and amendments to certain contracts. The details are described in "Notes 5" in "(1) Components of interest-bearing debt" under "Note 25. Interest-bearing debt."

*3 The increase of lease liabilities was mainly as a result of remeasurement of the lease liabilities and the lease transactions executed during the period.

*4 The details of non-controlling interests subject to possible redemption are described in "Note 8. Special purpose acquisition companies sponsored by the Company."

(10) Cash outflows related to lease

For the fiscal year ended March 31, 2021, the total amount of cash outflows related to lease was ¥417,019 million ($3,766,769 thousand) (for the fiscal year ended March 31, 2020: ¥787,726 million.)

(11) Significant non-cash transactions

Significant non-cash transactions (investing and financing transactions that do not require the use of cash and cash equivalents) are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	**Fiscal year ended March 31, 2021**	**Fiscal year ended March 31, 2021**
Transfer of leased devices from inventories to property, plant and equipment	¥548,375	¥ —	$ —
Increase in right-of-use assets related to lease transactions	332,066	276,167	2,494,508

In addition to the above, the following non-cash transactions were conducted.

For the fiscal year ended March 31, 2020

At June 3, 2019, ¥715,044 million of current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and ¥474,468 million of derivative financial liabilities (current) recognized for sale of Alibaba shares by variable prepaid forward contract were settled with Alibaba shares. The details are described in "Notes 2" in "(1) Gain and loss on investments at Investment Business of Holding Companies" under "Note 41. Gain on investments."

For the fiscal year ended March 31, 2021

a. Offset proceeds from sales of listed shares and payments for acquisition of listed shares

Account payables for acquisition of listed shares and account receivables from sales of listed shares were offset because the counterparty was the same entity and the settlement date was the same date.

In the event that account payables for acquisition of shares are larger than account receivables from sales of shares, the net amount is recognized as "Payments for acquisition of investments," and in the event that account receivables from sales of shares are larger than account payables, the net amount is recognized as "Proceeds from sales/redemption of investments."

For the fiscal year ended March 31, 2021, ¥1,096,868 million ($9,907,578 thousand) of account payables for acquisition of shares and ¥294,780 million ($2,662,632 thousand) of account receivables from sales of shares were offset, and the net amount of ¥802,088 million ($7,244,946 thousand) was recognized as "Payments for acquisition of investments." Also, ¥961,358 million ($8,683,570 thousand) of account receivable from sales of shares and ¥292,573 million ($2,642,697 thousand) of account payables for acquisition of shares were offset, and the net amount of ¥668,785 million ($6,040,873 thousand) was recognized as "Proceeds from sales/redemption of investments."

b. Sprint Merger

The merger between Sprint and T-Mobile US, Inc. and the acquisition of contingent consideration with the merger correspond to significant non-cash transactions. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

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

An absorption-type merger and an absorption-type company split, which were conducted in order to consolidate LINE Corporation by SoftBank Corp., correspond to significant non-cash transactions as these transactions are conducted through in-kind contribution by issuing new shares. The details are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

49. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Company are as follows:

For the fiscal year ended March 31, 2020

a. Incentive program

The Company provides loans to certain executives of the Company as a part of the incentive program, which was designated for use for the purchase of SoftBank Group Corp. shares.

(a) Incentive program approved in April and July 2018

The Company loaned an additional ¥10,992 million in February 2020 as a part of the incentive program that the Board approved in April 2018. Regarding the incentive program approved in April and July 2018, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

			(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Marcelo Claure	Director	Lending of loans receivable (net of receipt)*1,3,4,5	¥ —	¥11,109
		Interest receipt*1,3,4,5	327	274
Katsunori Sago	Director	Lending of loans receivable (net of receipt)*2,3,5	—	5,554
		Interest receipt*2,3,5	81	67
		Repayment of borrowing*2	3,000	—
		Interest payment*2	42	—
Rajeev Misra	Director	Lending of loans receivable (net of receipt)*1,3,4,5	10,992	10,992
		Interest receipt*1,3,4,5	43	43
Ken Miyauchi	Director	Lending of loans receivable (net of receipt)*2,3,5	—	5,555
		Interest receipt*2,3,5	81	67

*1 The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

*2 The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to

May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.

*3 The following assets of the borrower were pledged as collateral in the transactions.

- Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares. Also, when default occurs, SoftBank Group Corp. is entitled to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

*4 When the fair value of the collateral assets is less than 70% of the then-outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to establish a collateral over additional property.

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

Other than the preceding, the Company provides loans to a non-Director executive of the Company based on the same incentive programs. The executive is not a related party who needs to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the executive recognized for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2020	As of March 31, 2020
Nature of transaction	**Amount of transaction**	**Balance at period-end**
Lending of loans receivable (net of receipt)*2,3,5	¥ —	¥5,554
Interest receipt*2,3,5	81	67
Borrowing of loans payable*2	700	700
Interest payment*2	7	7

(b) Incentive program approved in February 2020

As a part of the incentive program that the Board of Directors approved in February 2020, the Company loaned an additional ¥32,976 million in the same month. Regarding the incentive program approved in February 2020, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

			(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
Name of the company or individual	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance at period-end**
Marcelo Claure (Claure Holdings LLC)	Director and related entities of which he holds more than one-half of the voting rights	Lending of loans receivable (net of receipt)*6,7,8,9	¥16,488	¥16,488
		Interest receipt*6,7,8,9	43	43
Rajeev Misra	Director	Lending of loans receivable (net of receipt)*6,7,8,9	16,488	16,488
		Interest receipt*6,7,8,9	43	43

*6 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The borrower is required to pay the outstanding principal amount of the loan in a single payment on the seventh anniversary of the funding date. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

*7 The transfer of SoftBank Group Corp. shares purchased through the loan is restricted for the twelve-month period succeeding the effective date of the agreement. Then, the number of shares available for transfer will increase by 20% every three months, and all shares will become available for transfer after exceeding twenty four months.

*8 When default occurs, SoftBank Group Corp. is entitled to receive future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

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

b. Other related party transactions

Related party transactions of the Company were as follows:

			(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period end
WeWork*1	Associate	Conversion of convertible note into preferred stock*2	¥ 107,700 ($1.0 billion)	¥ —
		Conversion of advance payment for investment into preferred stock*3	161,550 ($1.5 billion)	—
		Investment in preferred stock by advance payment for investment	131,796 ($1.2 billion)	—
		Advance payment for investment*4	141,674 ($1.3 billion)	44,161 ($0.4 billion)
		Credit support for letter of credit facility*5	—	—
		Receipt of WeWork warrants with exercise price of USD 0.01 per share*6	—	—
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	17,230	—
		Advance payment for temporary expense	359	127
		Payment for equipment usage*7	39	—
		Guarantee deposits refunded	—	174
		Guarantee for intergroup loans	*8	—
Ken Miyauchi	Director	Dividend paid from SoftBank Group Corp.	103	—
		Exercise of stock acquisition rights	1,540	—
Taizo Son (SON Financial Inc. and 3 other companies)*9	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	173	—
		Receipt of capital contribution from Mistletoe to a subsidiary*10	75	146*11

*1 As of March 31, 2019, WeWork was an associate of the Company. However, in accordance with the change in WeWork's corporate governance, WeWork was no longer an associate of the Company for the three-months period ended June, 30, 2019. During the three-month period ended December 31, 2019, WeWork became the Company's associate due to the change in WeWork's corporate governance. The table above presents the transactions including the period during which WeWork was not an associate of the Company.

*2 For the fiscal year ended March 31, 2019, the Company provided a loan of $1.0 billion through a convertible note, and it was converted into preferred stock for the fiscal year ended March 31, 2020.

*3 For the fiscal year ended March 31, 2019, the Company provided a loan of $1.5 billion as advance payment for investment, and it was converted into preferred stock for the fiscal year ended March 31, 2020.

*4 The advance payment for investment which is not converted into preferred stock as of March 31, 2020. The outstanding balance is the fair value of the advanced payment for investment as of March 31, 2020.

*5 The Company offers to WeWork the credit support for a $1.75 billion letter of credit facility provided by financial institutions. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(2) Credit guarantees" under "Note 50. Contingency."

*6 WeWork warrants with exercise price of $0.01per share, which the Company has received as a consideration for the purchase of unsecured warrants issued by WeWork and for the credit support for a letter of credit facility. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(b) Price risk, iii. Option contracts" in "(2) Financial risk management, a. Market risk" under "Note 31. Financial instruments."

*7 Equipment usage fees are determined based on the ratio of usage.

*8 Masayoshi Son has given a payment undertaking to a subsidiary of the Company in relation to a loan (the "guaranteed loan") made by such subsidiary to another subsidiary of the Company, which loan is associated with an incentive scheme related to SoftBank Vision Fund. The guaranteed loan is for the principal amount of up to $2 billion, with an interest rate of 3.674% per annum. The balance of the guaranteed loan including accrued interest thereon as of March 31, 2020 is ¥181,215 million. Following the winding up of the incentive scheme, if there is any outstanding balance of the guaranteed loan after other repayment obligations are met, Masayoshi Son will be liable under the terms of the payment undertaking to pay to a subsidiary of the Company the outstanding balance. There is no guarantee fee and no right of reimbursement against the subsidiary of the Company for amounts paid pursuant to the payment undertaking.

*9 Taizo Son, relative of Chairman & CEO Masayoshi Son, holds over half of the voting rights of this company.

*10 This represents the received amount of contribution to DEEPCORE TOKYO 1 by Mistletoe Venture Partners, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.

*11 The balance at period end represents the total investment amount less cumulative investment partnership losses as of March 31, 2020.

For the fiscal year ended March 31, 2021

On November 9, 2020, Marcelo Claure, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors. On the same day, Marcelo Claure was appointed as the Corporate Officer, Executive Vice President and COO, Katsunori Sago was appointed as the Corporate Officer, Executive Vice President and CSO and Rajeev Misra was appointed as the Corporate Officer and Executive Vice President. After resigning from their positions on the Board of Directors, they maintain their position of major Corporate Officers and therefore, are related parties of SoftBank Group Corp.

On March 31, 2021, Katsunori Sago resigned from the position of the Corporate Officer, Executive Vice President and CSO. From April 1, 2021, Katsunori Sago is not a related-party of SoftBank Group Corp.

a. Transfer of T-Mobile shares

As a part of the transaction related to transfer of T-Mobile shares, the Company entered into agreements with certain executives for transferring T-Mobile shares and for loan which was designated for the use for the purchase of T-Mobile shares in June 2020.

Regarding the transactions associated with the transfer of T-Mobile shares, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

			(Millions of Yen)	
			Fiscal year ended March 31, 2021	**As of March 31, 2021**
Name of the company or individual	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance at period-end**
Ronald Fisher (T-Mo Fisher LLC)	Director and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,6	¥ 3,884	¥ —
		Lending of loans receivable*1,3,4,6	3,884	3,991
		Interest receipt*1,3,4,6	57	60
Marcelo Claure (CLAURE MOBILE LLC)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,5,7	54,528	—
		Lending of loans receivable*1,3,4,5,7	54,528	57,016
		Interest receipt*1,3,4,6	754	792
Rajeev Misra (Brightstart Consultants Limited)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,6	49,937	—
		Lending of loans receivable*1,3,4,6	49,937	51,314
		Interest receipt*1,3,4,6	732	768

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021 Amount of transaction*9	As of March 31, 2021 Balance at period-end*9
Ronald Fisher (T-Mo Fisher LLC)	Director and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,6	$ 36,050	$ —
		Lending of loans receivable*1,3,4,6	36,050	36,050
		Interest receipt*1,3,4,6	539	539
Marcelo Claure (CLAURE MOBILE LLC)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,5,7	515,000	—
		Lending of loans receivable*1,3,4,5,7	515,000	515,000
		Interest receipt*1,3,4,6	7,151	7,151
Rajeev Misra (Brightstart Consultants Limited)	Corporate Officer and related entity of which he holds more than one-half of the voting rights	Transfer of T-Mobile shares*1,2,4,6	463,500	—
		Lending of loans receivable*1,3,4,6	463,500	463,500
		Interest receipt*1,3,4,6	6,933	6,933

*1 The borrowers are entities of which certain executives or employees hold more than one-half of the voting rights. The repayment of the loan and interest is secured by a first priority pledge of 100% of the borrower's equity interests. (For Marcelo Claure and Ronald Fisher, this is only if their rights to collateralize equity interests is not prohibited by restrictions imposed by the T-Mobile board and others.) Each executive and employee guarantees the repayment of the loan and interest to full recourse. Also, the purchasers of T-Mobile shares are borrowers.

*2 The purchase price per share is US$103.00, which is the same amount of the purchase price per share for the T-Mobile public offering in the United States.

*3 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity dates are July 1, 2024 for the loan made in June 2020 and September 1, 2024 for the loan made in August 2020, and the borrowers are required to make a single payment at maturity. Prior to the maturity date the borrowers may prepay all or any portion of the loans at any time voluntarily.

*4 Unless the borrowers have received the prior consent of the Company, the borrowers shall hold T-Mobile shares until paid in full except for below;

- The transfer is made by cash consideration with fair market value.
  However, in this case, proceeds from this transfer are not subject to mandatory prepayment but, prior to maturity, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

*5 Unless the borrower has received the prior consent of the Company, the borrower has no ability to pledge T-Mobile shares as collateral until the loans are paid in full.

*6 If certain conditions are met, such as entering into an intercreditor agreement with the Company, each borrower can borrow additional funds from third parties up to a certain amount with T-Mobile shares and others as collateral. Proceeds from this additional debt will not be subject to mandatory prepayment but, prior to maturity, the borrowers are prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

*7 CLAURE MOBILE LLC can choose limited recourse if certain conditions are met, such as the transfer restrictions being lifted without Marcelo Claure being appointed as a director of T-Mobile. And full recourse to Marcelo Claure will be canceled. In addition, when the limited recourse is selected, the Company will place the first lien on the T-Mobile shares purchased by CLAURE MOBILE LLC, if the T-Mobile shares can be directly collateralized. (However, if the security interest cannot be set to the T-Mobile shares due to legal restrictions such as the Federal Reserve System, the security interest will be set to a first priority pledge of 100% equity interests of CLAURE MOBILE LLC.)

Settlement of the loan and accrued interest with the transfer of T-Mobile shares when the limited recourse is selected is as follows;

a. If the T-Mobile share price at the time of transfer is less than 50% of the loan principal balance and accrued interest, CLAURE MOBILE LLC will fulfill payment obligations up to only the proceeds from the transfer of T-Mobile shares. Marcelo Claure will be obliged to pay the difference between the repayment amount and 50% of the loan balance and accrued interest.

b. If the T-Mobile share price at the time of transfer is 50% or more and 100% or less of the loan principal balance and accrued interest, CLAURE MOBILE LLC will fulfill payment obligations up to only the proceeds from the transfer of T-Mobile shares.

c. If the T-Mobile share price at the time of transfer exceeds 100% of the loan principal balance and accrued interest, proceeds from T-Mobile share transfer will be used to repay the loan and accrued interest, and CLAURE MOBILE LLC will receive remaining balance. However, if the T-Mobile share price at the time of transfer exceeds $150 per share, the transfer price after tax for the portion exceeding $150 per share will belong to the Company.

Other than the above, the Company entered into agreements with 1 employee for transferring T-Mobile shares and with 3 employees for a loan which was designated for the use for the purchase of T-Mobile shares. These employees are not related parties who need to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the employees recognized for the fiscal year ended March 31, 2021 and the outstanding balance were as follows. As one of the employees resigned on November 30, 2021, transactions with the person after the resignation and the balance at period-end for the person are not included in the following table.

	(Millions of yen)	
	Fiscal year ended March 31, 2021	As of March 31, 2021
Nature of transaction	**Amount of transaction**	**Balance at period-end**
Transfer of T-Mobile shares*[1,2,4,6]	¥1,665	¥ —
Lending of loans receivable*[1,3,4,8]	6,572	5,131
Interest receipt*[1,3,4,8]	73	62

	(Thousands of U.S. dollars)	
	Fiscal year ended March 31, 2021	As of March 31, 2021
Nature of transaction	**Amount of transaction*[9]**	**Balance at period-end*[9]**
Transfer of T-Mobile shares*[1,2,4,6]	$15,450	$ —
Lending of loans receivable*[1,3,4,8]	61,795	46,345
Interest receipt*[1,3,4,8]	690	559

*8 If certain conditions are met, such as entering into an intercreditor agreement with the Company, the borrower can borrow additional funds from third parties up to a certain amount with T-Mobile shares and such as collateral for $15 million of the loan. Proceeds from this additional debt will not be subject to mandatory prepayment but, prior to maturity, the borrower is prohibited from using such proceeds other than to invest in marketable securities or to voluntarily prepay the loan.

*9 The amounts represent the original transaction amounts recorded in U. S. Dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.

b. Incentive program

The Company provides loans to certain executives of the Company as a part of the incentive program, which was designated for use for the purchase of SoftBank Group Corp. shares.

(a) Incentive program approved in April and July 2018

Regarding the incentive program approved in April and July 2018, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

			(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Name of the company or individual	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance at period-end**
Yoshimitsu Goto	Director	Lending of loans receivable*[1,3,4]	¥ —	¥ 5,554
		Interest receipt*[1,3,4]	80	67
		Borrowing of loans payable*[1]	—	700
		Interest payment*[1]	10	8
Ken Miyauchi	Director	Lending of loans receivable*[1,3,4]	—	5,555
		Interest receipt*[1,3,4]	80	67
Marcelo Claure	Corporate Officer	Lending of loans receivable*[2,3,4,5]	—	11,109
		Interest receipt*[2,3,4,5]	327	272
Katsunori Sago	Corporate Officer	Receipt of loans receivable*[1,3,4]	5,554	—
		Interest receipt*[1,3,4]	53	—
Rajeev Misra	Corporate Officer	Receipt of loans receivable*[2,3,4,5]	0	10,992
		Interest receipt*[2,3,4,5]	323	269

			(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Name of the company or individual	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance at period-end**
Yoshimitsu Goto	Director	Lending of loans receivable*[1,3,4]	$ —	$ 50,167
		Interest receipt*[1,3,4]	723	605
		Borrowing of loans payable*[1]	—	6,323
		Interest payment*[1]	90	72
Ken Miyauchi	Director	Lending of loans receivable*[1,3,4]	—	50,176
		Interest receipt*[1,3,4]	723	605
Marcelo Claure	Corporate Officer	Lending of loans receivable*[2,3,4,5]	—	100,343
		Interest receipt*[2,3,4,5]	2,954	2,457
Katsunori Sago	Corporate Officer	Receipt of loans receivable*[1,3,4]	50,167	—
		Interest receipt*[1,3,4]	479	—
Rajeev Misra	Corporate Officer	Receipt of loans receivable*[2,3,4,5]	0	99,286
		Interest receipt*[2,3,4,5]	2,918	2,430

*1 The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then- outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.

*2 The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

*3 The following assets of the borrower were pledged as collateral in the transactions.

- Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares.

Also, when default occurs, SoftBank Group Corp. is entitled to receive the part of future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

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

*5 When the fair value of the collateral assets is less than 70% of the then-outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to establish a collateral over additional property.

(b) Incentive program approved in February 2020

Regarding the incentive program approved in February 2020, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2021 and the outstanding balance were as follows.

			(Millions of yen)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Marcelo Claure (Claure Holdings LLC)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable*6,7,8,9	¥ 0	¥16,488
		Interest receipt*6,7,8,9	318	361
Rajeev Misra (Giantstep Holdings Limited)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable*6,7,8,9	0	16,488
		Interest receipt*6,7,8,9	318	361

			(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2021	As of March 31, 2021
Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Marcelo Claure (Claure Holdings LLC)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable*6,7,8,9	$ 0	$148,930
		Interest receipt*6,7,8,9	2,872	3,261
Rajeev Misra (Giantstep Holdings Limited)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Receipt of loans receivable*6,7,8,9	0	148,930
		Interest receipt*6,7,8,9	2,872	3,261

*6 The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The borrower is required to pay the outstanding principal amount of the loan in a single payment on the seventh anniversary of the funding date. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

*7 The transfer of SoftBank Group Corp. shares purchased through the loan is restricted for the twelve-month period succeeding the effective date of the agreement. Then, the number of shares available for transfer will increase by 20% every three months, and all shares will become available for transfer after exceeding twenty four months.

*8 When default occurs, SoftBank Group Corp. is entitled to receive future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries, as repayment of the loan.

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

c. Other related party transactions

Related party transactions of the Company were as follows:

			(Millions of yen)	
			Fiscal year ended March 31, 2021	**As of March 31, 2021**
Name of the company or individual	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance at period end**
WeWork	Associate	Investment in preferred stock by advance payment for investment*[1]	¥140,062	¥ —
		Exchange of WeWork Asia shares for preferred stock of WeWork*[2]	13,453	—
		Exercise of WeWork warrants with exercise price of USD 0.01 per share*[3]	138	—
		Purchase of unsecured notes*[4]	189,942	129,887
		Credit support for letter of credit facility*[5]	—	—
		Purchase of senior secured notes*[6]	—	—
T-Mobile US, Inc.	Associate*[7]	Acquisition of the conditional consideration*[8]	—	—
		Indemnification against any losses incurred by Sprint*[9]	26,362	870
Masayoshi Son (Son Asset Management LLC and 5 other companies)	Representative Director of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	22,427	—
		Receipt of capital contribution to a subsidiary*[10,11,12]	19,893	—
		Exercise of stock acquisition rights of SoftBank Corp.	498	—
		Advance payment for temporary expense	177	—
		Guarantee deposits refunded	174	—
		Sales of goods*[13,14]	66	—
		Payment for equipment usage*[15]	24	—
Yoshimitsu Goto	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	1,882	—
Ken Miyauchi	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	2,396	—
		Exercise of stock acquisition rights of SoftBank Corp.	498	—
		Dividend paid from SoftBank Group Corp.	125	—
Yutaka Matsuo (AI & Company, Inc.)	Director	Receipt of capital contribution to a subsidiary*[16]	13	41*[17]
Marcelo Claure (Claure Group LLC and 2 other companies)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	243	—
		Advance payment for temporary expense	42	—
Rajeev Misra	Corporate Officer	Dividend paid from SoftBank Group Corp.	222	—
Taizo Son (SON Financial Inc. and 2 other companies*[18])	Relative of Representative Director of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	247	—
		Receipt of capital contribution to a subsidiary*[19]	75	246*[17]

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars) Fiscal year ended March 31, 2021 Amount of transaction	(Thousands of U.S. dollars) As of March 31, 2021 Balance at period end
WeWork	Associate	Investment in preferred stock by advance payment for investment*[1]	$1,300,000*[20]	$ —
		Exchange of WeWork Asia shares for preferred stock of WeWork*[2]	121,516	—
		Exercise of WeWork warrants with exercise price of USD 0.01 per share*[3]	1,246	—
		Purchase of unsecured notes*[4]	1,800,000*[20]	1,173,218
		Credit support for letter of credit facility*[5]	—	—
		Purchase of senior secured notes*[6]	—	—
T-Mobile US, Inc.	Associate*[7]	Acquisition of the conditional consideration*[8]	—	—
		Indemnification against any losses incurred by Sprint*[9]	238,118	7,858
Masayoshi Son (Son Asset Management LLC and 5 other companies)	Representative Director of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	202,574	—
		Receipt of capital contribution to a subsidiary*[10,11,12]	179,686	—
		Exercise of stock acquisition rights of SoftBank Corp.	4,498	—
		Advance payment for temporary expense	1,599	—
		Guarantee deposits refunded	1,572	—
		Sales of goods*[13,14]	596	—
		Payment for equipment usage*[15]	217	—
Yoshimitsu Goto	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	16,999	—
Ken Miyauchi	Director	Exercise of stock acquisition rights of SoftBank Group Corp.	21,642	—
		Exercise of stock acquisition rights of SoftBank Corp.	4,498	—
Yutaka Matsuo (AI & Company, Inc.)	Director	Dividend paid from SoftBank Group Corp.	1,129	—
		Receipt of capital contribution to a subsidiary*[16]	117	370*[17]
Marcelo Claure (Claure Group LLC and 2 other companies)	Corporate Officer and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	2,195	—
		Advance payment for temporary expense	379	—
Rajeev Misra	Corporate Officer	Dividend paid from SoftBank Group Corp.	2,005	—
Taizo Son (SON Financial Inc. and 2 other companies*[18])	Relative of Representative Director of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	2,231	—
		Receipt of capital contribution to a subsidiary*[19]	677	2,222*[17]

*1 For the fiscal year ended March 31, 2021, the Company acquired preferred stock of WeWork by converting advance payment of $1.3 billion made for the fiscal year ended March 31, 2020. The fair value of the preferred stock of WeWork at the point in time of acquisition was ¥43,719 million ($0.4 billion.) The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*2 The shares of WeWork Asia held by SVF1 were exchanged for preferred stock of WeWork. The fair value of preferred stock of WeWork at the point in time of exchange is presented as amount of transaction. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*3 WeWork warrants with exercise price of $0.01per share, which the Company received as a consideration for the purchase of unsecured notes issued by WeWork and for the credit support for a letter of credit facility provided by financial institutions. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(b) Price risk, iii. Option contracts" in "(2) Financial risk management, a. Market risk" under "Note 31. Financial instruments."

*4 The Company is obliged to purchase up to $2.2 billion in unsecured notes to be issued by WeWork. Amount of transaction represents the amounts of unsecured notes which the Company purchased for the fiscal year ended March 31, 2021. The balance sheet amount of unsecured notes as of March 31, 2021 is presented as balance at period end. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*5 The Company provides to WeWork the credit support for a $1.75 billion letter of credit facility provided by financial institutions. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method" and in "(2) Credit guarantees" under "Note 50. Contingency."

*6 The Company is obliged to purchase up to $1.1 billion in senior secured notes to be issued by WeWork. As of March 31, 2021, none of the senior secured notes had been purchased by the Company. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

*7 As a result of the transfer of T-Mobile shares held by the Company on June 26, 2020, T-Mobile was no longer considered as an associate of the Company. The details are described in "(The transfer of T-Mobile shares)" under "Note 52. Additional information." The amount of transaction represents the indemnification to T-Mobile recorded by the Company for the fiscal year ended March 31, 2021, which includes the amount recorded during the period T-Mobile was not an associate of the Company.

*8 As consideration for the Merger of Sprint and T-Mobile US, Inc., the Company received the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met. The details are described in "(1) Sprint" under "Note 6. Discontinued operations."

*9 The Company may indemnify T-Mobile and its subsidiaries against any losses, including monetary losses resulting from certain specified matters, incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstance. The details are described in "Notes 2" in "(1) Sprint" under "Note 6. Discontinued operations."

*10 This represents the received amount of contribution to the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C ("Delaware subsidiaries") by Son Asset Management LLC in July 2020. Each Delaware subsidiary received ¥6,631 million ($59,895 thousand). Then Delaware subsidiaries invested in the asset management subsidiary, SB Northstar.

*11 All indebtedness occurred by November 10, 2020 including indebtedness for or in respect of borrowed money, stock or securities lending, and any other guarantees and indemnities which Delaware subsidiaries, SB Northstar and its subsidiaries ("guaranteed subsidiaries") owe to the Company are guaranteed and indemnified by Masayoshi Son and Son Asset Management LLC as principal obligor, in proportion to the ownership interest against SB Northstar at the time the relevant guaranteed obligations were incurred. At the time of winding up of SB Northstar, Masayoshi Son and Son Asset Management LLC indemnify guaranteed obligations not being recoverable for any reason or any failure of guaranteed subsidiaries to perform any of its obligations or liabilities in proportion to the ownership interest against SB Northstar at the time the relevant guaranteed obligations were incurred.

Regarding any indebtedness occurred after November 11, 2020, it will be subject to this guarantee and indemnity agreement, to the extent that Masayoshi Son's prior consent has been obtained.

*12 In the event that Masayoshi Son is unable to perform, on a prolonged or permanent basis, his role with involvement in the investment management decisions of the SB Northstar, the Company has a call option to cause Masayoshi Son and Son Asset Management LLC to sell all of their interests in the Delaware subsidiaries at the fair market value. If the call option is exercised, SoftBank Group Corp. will discuss the termination of the guarantee and indemnity agreement mentioned above with Masayoshi Son and Son Asset Management LLC.

*13 Softbank Corp. sold the masks to Masayoshi Son. The transaction amount does not include consumption taxes.

*14 The amount is determined based on the Company's acquisition cost.

*15 Equipment usage fees are determined based on the ratio of usage.

*16 This represents the received amount of contribution to DEEPCORE TOKYO 1 by AI & Company, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.

*17 The balance at period end represents the total investment amount less cumulative investment partnership losses and added cumulative investment partnership gains as of March 31, 2021.

*18 Taizo Son, relative of Representative Director Masayoshi Son, holds over half of the voting rights of this company.

*19 This represents the received amount of contribution to DEEPCORE TOKYO 1 by Mistletoe Venture Partners, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.

*20 The amounts represent the original contract amounts recorded in U. S. Dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.

(2) Remuneration for executives
Remuneration for executives is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Short-term benefits	¥6,077	¥7,405	$66,886
Share-based payments	6	1,017	9,186
Retirement benefits	16	19	172
Total	¥6,099	¥8,441	$76,244

* Remuneration for major executives represents remuneration for the directors of SoftBank Group Corp. (including external directors), Marcelo Claure as Corporate Officer, Executive Vice President and COO, Katsunori Sago as Corporate Officer, Executive Vice President and CSO, and Rajeev Misra as Corporate Officer, Executive Vice President. Although Marcelo Claure, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors of SoftBank Group Corp on November 9, 2020, they continue to be major executives of the Company and their remuneration during the term of office of directors and after resignation are included in the table above. Remuneration for Marcelo Claure, Katsunori Sago and Rajeev Misra included in the table above are ¥2,389 million ($21,579 thousand), ¥387 million ($3,496 thousand) and ¥1,536 million ($13,874 thousand), respectively.

Katsunori Sago resigned from his position of Corporate Officer, Executive Vice President and CSO on March 31, 2021. He is not an executive of the Company from April 1, 2021.

Other than the above, certain executives of SoftBank Group Corp. have each, as a limited partner, participated in a fund (an associate of the Company) which is managed by SBIA. Under the limited partnership agreement of the fund, these executives are exempt from paying any management or performance fees that are payable by the other limited partners of the fund.

With regard to the distributions made by the fund for the fiscal year ended March 31 2021, the executives were each exempt from paying any performance fees which were, in aggregate, equivalent to ¥137 million ($1,237 thousand) (for the fiscal year ended March 31, 2020: ¥964 million). The fund, an associate of the Group, was dissolved in December 2020.

50. Contingency

(1) Lending commitments

The lending commitments that the Company is engaged in are mainly shopping and cashing credit limits provided to the credit card members in the SoftBank segment.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Lending commitments	¥5,083,157	¥5,964,876	$53,878,385
Funded	511,092	701,749	6,338,623
Unfunded	¥4,572,065	¥5,263,127	$47,539,762

Due to the nature of the credit limits, that they are the maximum amounts which the credit card members are allowed to spend any time within the range but are not necessarily fully spent, and because the Company can arbitrarily increase or decrease the limits, the amounts included in outstanding unfunded balance are not expected to be funded in full amounts. Also, maturities of unfunded lending commitments are within 1 year because they are payable on demand.

Expected credit loss that could arise resulting from the execution of the above loan commitments are described in "b. Credit risk" in "(2) Financial risk management" under "Note 31. Financial instruments."

(2) Credit guarantees

Guarantees that the Company provides are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Total amount of financial guarantee contract	¥304,478	¥211,978	$1,914,714
Guarantee balance	244,482	154,265	1,393,415

The Company has provided credit support (financial guarantee contract) for a $1.75 billion letter of credit facility to WeWork by financial institutions. As of March 31, 2021, the Company recorded ¥193,743 million ($1,750,005 thousand) (as of March 31, 2020: ¥190,453 million) of the total amount of the guarantee contract related to the financial guarantee contract and ¥145,640 million ($1,315,509 thousand) (as of March 31, 2020: ¥145,338 million) of the guarantee balance. In addition, as of March 31, 2021, the Company recorded allowance for financial guarantee contract losses of ¥24,381 million ($220,224 thousand) (as of March 31, 2020: ¥89,202 million) under "Other financial liabilities (current)" in the consolidated statement of financial position. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

Also, maturities of guarantee balance for credit guarantee are within 1 year because they are payable on demand.

(3) Litigation

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

a. WeWork Tender Offer Litigation

On April 7, 2020, a special committee of the board of directors of WeWork Inc. (formally The We Company) (herein after referred to as "WeWork"), filed a complaint in the Court of Chancery of the State of Delaware on behalf of WeWork against SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P., entitled The We Company v. SoftBank Group Corp. et al., alleging breach of contract and breach of fiduciary duty arising from SoftBank Group Corp.'s termination of a tender offer to purchase up to $3 billion of shares of WeWork held by WeWork stockholders other than the Company (herein after referred to as the "WW Tender Offer"). SoftBank Group Corp. previously terminated the WW Tender Offer on April 2, 2020 in accordance with the terms of the Master Transaction Agreement, dated October 22, 2019, by and among WeWork, SoftBank Group Corp., SoftBank Vision Fund (AIV M1) L.P., Adam Neumann and We Holdings LLC (for which Adam Neumann served as the managing member), because certain conditions to the closing of the WW Tender Offer were not satisfied.

On May 4, 2020, Adam Neumann and We Holdings LLC also filed a complaint in the Court of Chancery of the State of Delaware against SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P., entitled Neumann, et al. v. SoftBank Group, Corp. et al., alleging breach of contract and breach of fiduciary arising from SoftBank Group Corp.'s termination of the WW Tender Offer.

On May 5, 2020, Adam Neumann and We Holdings LLC filed a motion to consolidate its May 4, 2020 action against SoftBank Group Corp. with the April 7, 2020 action brought by the special committee of the board of directors of WeWork.

The plaintiffs sought declaratory relief, specific performance to close the WW Tender Offer (or, in the alternate, compensatory damages) and an award of attorneys' fees and costs.

On February 26, 2021, SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P. entered into a settlement agreement with WeWork, Adam Neumann and We Holdings LLC to resolve all pending claims in the consolidated action. The details of the settlement agreement are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 22. Investments accounted for using the equity method."

The conditions of the settlement agreement were satisfied and as a result, the claims brought by Adam Neumann and We Holdings LLC against the defendants were dismissed with prejudice on March 1, 2021 and the claims brought by WeWork against the defendants were dismissed with prejudice on April 15, 2021.

b. Litigation in which SoftBank Corp. is involved as a Party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (herein after referred to as "JPiT"), claiming for payment of remuneration, for additional services provided in connection with the installation of telecommunication lines, that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET. Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group's business sites existing countrywide. SoftBank Corp. performed such services, and upon JPiT's request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract. Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration, (approximately ¥14.9 billion), for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (herein after referred to as "NRI") as co-defendants. In such lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages. SoftBank Corp. intends to fully contest JPiT's claims in this lawsuit.

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015.

As a result of close inspection of the remuneration with respect to additional services provided in relation to lawsuit (a) above, SoftBank Corp. modified the amount of the claim from approximately ¥14.9 billion to approximately ¥20.4 billion on November 13, 2015. SoftBank Corp. further modified the amount of claim from approximately ¥20.4 billion to approximately ¥22.3 billion on October 12, 2016 and from approximately ¥22.3 billion to approximately ¥24.0 billion on September 7, 2017, in response to matters such as the change of a purchase price of telecommunication line provided to JPiT.

JPiT filed an additional petition on June 24, 2020 in relation to the lawsuit (b) above, and modified the amount of the claim for SoftBank Corp. from approximately ¥16.15 billion ($146 million) to approximately ¥16.81 billion ($152 million).

51. Purchase commitments

For the fiscal year ended March 31, 2020, the WeWork Investment Subsidiary launched the tender offer worth up to $3.0 billion (¥326,490 million) from shareholders of WeWork other than the Company, but as several of the closing conditions were not satisfied by the deadline of April 1, 2020, the Company withdrew and terminated the tender offer at that time.

For the fiscal year ended March 31, 2021, the WeWork Investment Subsidiary commenced a tender offer to purchase WeWork common shares and preferred shares from certain shareholders other than the Company for the total amount of $922 million (¥102,032 million) in March 2021, and completed it in April 2021.

The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "22. Investments accounted for using the equity method."

In addition, SoftBank Corp., NAVER Corporation, Z Holdings Corporation, a consolidated subsidiary of SoftBank Corp., and LINE Corporation, a consolidated subsidiary of NAVER entered into a business integration agreement on December 23, 2019, which is the legally-binding agreement regarding the Business Integration between Z Holdings Corporation and its subsidiaries and LINE and its subsidiaries ("Business Integration"). The Company and NAVER Corporation entered into a legally-binding transaction agreement regarding the Definitive Integration Agreement and joint venture agreement.

As one step in the series of transactions to realize the Business Integration, SoftBank Corp. and NAVER or its wholly owned subsidiary implemented the Joint Tender Offer for the purpose of taking LINE private, and an absorption-type merger was conducted between Shiodome Z Holdings G.K.* as the company ceasing to exist in the Merger and LINE as the surviving company, and 180,882,293 new LINE Shares was issued in consideration of the Merger, all of which was allocated to SoftBank Corp.

The details of Business Integration are described in "Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation" under "Note 10. Business combinations."

* Shiodome Z Holdings G.K. made an organizational change and transitioned to a limited liability company on March 31, 2020.

Other than the above, the Company had commitments to purchase services and goods of ¥1,617,788 million ($14,612,844 thousand) as of March 31, 2021 (¥1,244,242 million as of March 31, 2020). Purchase commitments are mainly outstanding contracts related to investments, purchases of telecommunications equipment, and purchases of mobile devices. The amount of leases not yet commenced to which the Company is committed is not included in the balance of purchase commitment above. The details are described in "(4) Leases not yet commenced to which the Company is committed" under "Note 20. Leases"

52. Additional information

(The transfer of T-Mobile shares)

(1) Outline of the Transfer

The Company, as part of the "¥4.5 trillion program," of 304,606,049 shares of T-Mobile common stock held, transferred 173,564,426 shares on June 26, 2020 (a. and b. described in (2)), 5,000,000 shares on July 16, 2020 (c. described in (2)), and 19,750,000 shares on August 3, 2020 (d. described in (2)), to T-Mobile through its subsidiary (the "Transfer").

T-Mobile disposed of the shares transferred from its subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a rights offering* and a sale to Marcelo Claure, one of its directors, with the proceeds being transferred to the Company's subsidiary (collectively, the "Related Transactions").

In connection with the consummation of the Transfer and Related Transactions, the Company paid $300 million to T-Mobile.

The aggregate transaction price for the Transfer is equal to the proceeds received by T-Mobile in the Related Transactions.

* The Company, Deutsche Telekom, Marcelo Claure and certain of their respective affiliates have agreed to waive their rights to participate in the rights offering.

(2) Number of shares to be transferred and transaction price

a. Shares to be transferred in the U.S. public offering by T-Mobile and transaction price thereof	154,147,026 shares Transaction price per share $103.00 Aggregate transaction price $15,877 million
b. Shares to be transferred to the Trust from T-Mobile in a private offering through the Trust and transaction price thereof	19,417,400 shares Aggregate transaction price $1,667 million
c. Shares to be transferred to Marcelo Claure, a director of T-Mobile and transaction price thereof	5,000,000 shares Transaction price per share $103.00 Aggregate transaction price $515 million
d. Shares to be transferred to the shareholders in the rights offering by T-Mobile and transaction price thereof	19,750,000 shares Transaction price per share $103.00 Aggregate transaction price $2,034 million

(3) Grant of call options to Deutsche Telekom

The Company granted to Deutsche Telekom call options (the “Call Options”) over 101,491,623 shares of T-Mobile which the Company holds through its subsidiary.

a. For the Call Options over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is $103.00 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.

b. For the Call options over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20 trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above a. or October 2, 2020.

* The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

(4) Number of shares to be transferred, number of shares subject to the Call Options and number of shares held by the Company before/after the transactions

a. Number of shares held before the Transfer	304,606,049 shares
b. Number of the released shares	198,314,426 shares
c. Number of shares held after the Transfer	106,291,623 shares
d. Number of shares subject to the Call Options	101,491,623 shares
e. Number of shares held after the Call Options are exercised*	4,800,000 shares

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

(Sell of all shares in Arm)

On September 13, 2020 (U.S. time), SoftBank Group Capital Limited, a wholly owned subsidiary (“SBGC”), and SVF1 have entered into a definitive agreement with NVIDIA Corporation (“NVIDIA”), a U.S.-based semiconductor manufacturer, whereby the Company will sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA in a transaction value up to $40 billion (the “Transaction”).

The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other customary closing conditions. The Transaction is expected to take approximately 18 months from signing to close.

Upon completion of the Transaction, Arm will cease to be a subsidiary of the Company and will no longer be consolidated into the Company’s financial results; however, as the Transaction is subject to regulatory approvals, including those of the U.K., China, the European Union, and the U.S., Arm continues to be treated as a continuing operation in the Company’s consolidated statement of income until the closing of the Transaction is considered highly probable.

(1) Purpose of the Transaction

Since the acquisition in September 2016 for $31.0 billion, Arm has been one of the most important assets of the Company. After consideration of its original plan to relist Arm on a stand-alone basis as compared to a combination with NVIDIA, the Company concluded that the latter approach is better suited to realize Arm’s potential and will help increase the Company’s shareholder value. The Company expects the combination will create the world’s leading computing company for the age of artificial intelligence, accelerating innovation while expanding into large, high-growth markets – bringing together NVIDIA, the premier AI computing company, and Arm, the world’s most pervasive computing platform. The Company will remain committed to Arm’s long-term success as a significant strategic shareholder in NVIDIA, working to enhance NVIDIA’s and, consequently, the Company’s shareholder value.

(2) Summary of the Transaction

- The Company will sell all of its shares in Arm held by SBGC and SVF1 to NVIDIA

- The transaction value is up to $40 billion. Of the $40 billion, $2 billion was paid in cash to SBGC and Arm at signing, and $10 billion in cash and $21.5 billion in NVIDIA common stock (44,366,423 shares, of which $1 billion in NVIDIA stock (2,063,554 shares) will be subject to an escrow to satisfy certain indemnification obligations of SBGC and SVF1 in the definitive agreement for the Transaction) will be paid to SBGC and SVF1 at closing. An earn-out of up to $5 billion is payable to SBGC and SVF1 subject to satisfaction of specific financial performance targets of Arm in the definitive agreement, and, if earned, the Company has the option to elect for the earn-out to be paid either in NVIDIA common stock or cash.

- An additional $1.5 billion in NVIDIA stock awards will be granted to Arm employees.

- The number of NVIDIA shares representing $21.5 billion (44,366,423 shares) was determined based on a price of $484.6007 per share (the average of the daily closing prices of NVIDIA common shares for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points).

- Upon closing of the Transaction, SBGC and SVF1 expect to receive in the aggregate approximately 6.7-8.1% of the outstanding NVIDIA shares (excluding treasury stock), depending on the final amount of the earn-out (if any). NVIDIA is not expected to become a subsidiary or affiliate of the Company following the completion of the Transaction.

- Arm’s Internet-of-Things Services Group (ISG) business is carved out from Arm prior to the closing of the Transaction. Accordingly, the ISG business is not within the scope of the Transaction.

- Concurrently with the definitive agreement, NVIDIA and Arm entered into a license agreement. The consideration for the license agreement of $0.75 billion is included in $2 billion paid in cash to SBGC and Arm at signing.

53. Subsequent events

(Retirement of treasury stock)

SoftBank Group Corp., at the Board of Directors meeting held on April 28, 2021, resolved the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan and subsequently the retirement was conducted as follows.

(1)	Reason of the retirement	To increase shareholder profit by decreasing the number of issued and outstanding shares
(2)	Method for the retirement	Reduction from retained earnings
(3)	Class of shares retired	Common stock of SoftBank Group Corp.
(4)	Number of shares retired	340,880,200 shares (16.31% of number of issued and outstanding shares prior to the retirement)
(5)	Retirement date	May 11, 2021
(6)	Number of issued and outstanding shares after the retirement	1,748,934,130 shares

In addition, SoftBank Group Corp., at the Board of Directors meeting held on May 12, 2021, resolved the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan and subsequently the retirement was conducted as follows.

(1) Reason of the retirement	To increase shareholder profit by decreasing the number of issued and outstanding shares
(2) Method for the retirement	Reduction from retained earnings
(3) Class of shares retired	Common stock of SoftBank Group Corp.
(4) Number of shares retired	25,980,400 shares (1.49% of number of issued and outstanding shares prior to the retirement)
(5) Retirement date	May 20, 2021
(6) Number of issued and outstanding shares after the retirement	1,722,953,730 shares

54. Approval of consolidated financial statements

The consolidated financial statements have been approved by the Company’s Representative Director, Corporate Officer, Chairman & CEO, Masayoshi Son, as of June 22, 2021.

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The information in this offering memorandum is current only as of the date on its cover page, and may change after that date. For any time after the cover date of this offering memorandum, we do not represent that our affairs are the same as described or that the information in this offering memorandum is correct—nor do we imply those things by delivering this offering memorandum or selling Notes to you.

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OFFERING MEMORANDUM

SoftBank Group

SOFTBANK GROUP CORP.

$550,000,000
3⅛% Senior Noted due 2025

$800,000,000
4% Senior Noted due 2026

$1,000,000,000
4⅝% Senior Noted due 2028

$1,500,000,000
5¼% Senior Noted due 2031

€750,000,000
2⅛% Senior Noted due 2024

€800,000,000
2⅞% Senior Noted due 2027

€800,000,000
3⅜% Senior Noted due 2029

€600,000,000
3⅞% Senior Noted due 2032

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank **Barclays** **HSBC**

Joint Bookrunners

BofA Securities **J.P. Morgan** **Nomura**

Mizuho Securities **Crédit Agricole CIB** **Citigroup** **Goldman Sachs International** **ING**

Co-Managers

BNP PARIBAS **Daiwa Capital Markets Europe** **Natixis**

SMBC NIKKO **UBS Investment Bank**

ICBC **Société Générale Corporate & Investment Banking**

The date of this offering memorandum is June 30, 2021