

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Three-Month Period Ended June 30, 2021 (IFRS)

Tokyo, August 10, 2021

1. Financial Highlights

(Millions of yen; amounts are rounded to the nearest million yen)

(1) Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2021	¥1,479,134	15.6	¥1,292,478	55.0	¥932,489	(29.2)	¥761,509	(39.4)	¥996,400	(12.3)
Three-month period ended June 30, 2020	¥1,279,973	-	¥834,120	-	¥1,316,421	11.8	¥1,255,712	11.9	¥1,136,007	52.0

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three-month period ended June 30, 2021	¥407.86	¥368.10
Three-month period ended June 30, 2020	¥615.95	¥589.96

Note:

* Net sales and income before income tax are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales and income before income tax for the three-month period ended June 30, 2020 are not presented because corresponding amounts for the three-month period ended June 30, 2020 are revised and presented respectively.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2021	¥47,185,597	¥12,491,107	¥10,725,545	22.7
As of March 31, 2021	¥45,750,453	¥11,955,593	¥10,213,093	22.3

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2021	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecasted)		22.00	-	22.00	44.00

Note:

* Revision of the latest forecasts on the dividends: No

* Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: None

Excluded from consolidation: One entity: Boston Dynamics, Inc.

Notes:

- Please refer to page 47 “(1) Significant Changes in Scope of Consolidation for the Three-Month Period Ended June 30, 2021” under “2. Notes to Summary Information” for details.
- Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) to (iii), is determined by using the financial statements.

On the other hand, for foreign subsidiaries that do not prepare stand-alone financial statements, information on the capital and net assets for those companies is not available. Therefore, Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is used to determine whether the companies are the specified subsidiaries.

The applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is determined based on the percentage of total amount of purchase from SoftBank Group Corp. and dividend paid to SoftBank Group Corp. to total amount of operating revenue of SoftBank Group Corp.

For fund-type subsidiaries, the amount of net assets based on financial statements prepared in accordance with the corresponding laws and practices is used to determine the applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (ii).

(2) Changes in accounting policies and accounting estimates

- Changes in accounting policies required by IFRSs: No
- Changes in accounting policies other than those in [1]: No
- Changes in accounting estimates: Yes

Please refer to page 47 “(2) Changes in Accounting Estimates” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):

As of June 30, 2021:	1,722,953,730 shares
As of March 31, 2021:	2,089,814,330 shares

[2] Number of shares of treasury stock:

As of June 30, 2021:	9,840,813 shares
As of March 31, 2021:	351,297,587 shares

[3] Number of average shares outstanding during three-month period (April-June):

As of June 30, 2021:	1,847,754,990 shares
As of June 30, 2020:	2,026,277,715 shares

*** This condensed interim consolidated financial report is not subject to interim review procedures by certified public accountants or an audit firm.**

*** Note to forecasts on the consolidated results of operations and other items**

Descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point in time and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On August 10, 2021 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company's website in both Japanese and English at <https://group.softbank/en/ir/presentations>. The Data Sheet will also be posted on the website in a few days at the same site.

(Appendix)

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Disclaimer

This material does not constitute an offer to sell, or a solicitation of an offer to buy, limited partnership interests or comparable limited liability equity interests in any fund, including SoftBank Vision Fund 1 and SoftBank Vision Fund 2, managed by a subsidiary of SoftBank Group Corp., including SB Investment Advisers (UK) Limited or its affiliates, or any securities in any jurisdiction, nor should it be relied upon as such in any way.

Notice Regarding PFIC Status

It is possible that SBG and certain subsidiaries of SBG may be a “passive foreign investment company” (“PFIC”) under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. For the fiscal year ended March 31, 2021, we believe that SBG and certain subsidiaries of SBG were PFICs. We recommend that U.S. holders of SBG’s shares consult their tax advisors with respect to the U.S. federal income tax consequences to them if SBG and its subsidiaries are classified as PFICs. SBG is not responsible for any tax treatments or consequences thereof with respect to U.S. holders of SBG’s shares.

Definition of Company Names and Abbreviations Used in This Appendix

Company names and abbreviations used in this appendix, unless 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
<i>*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.</i>	
SB Northstar	SB Northstar LP
SoftBank Vision Fund 1 or SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SoftBank Vision Fund 2 or SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles* ¹
SBIA	SB Investment Advisers (UK) Limited
SBIA US	SB Investment Advisers (US) Inc.* ²
SoftBank Latin America Fund	SoftBank Latin America Fund L.P.
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2021
The first quarter-end	June 30, 2021
The fiscal year	Fiscal year ending March 31, 2022
The previous fiscal year	Fiscal year ended March 31, 2021
The previous fiscal year-end	March 31, 2021

Notes:

- The entities defined as “SoftBank Vision Fund 2” were established for the purpose of holding the investments expected to be owned by “SoftBank Vision Fund 2,” a private fund which is expected to admit third-party investors in the future. As of the first quarter-end, SBG is the sole limited partner investing in SoftBank Vision Fund 2.
- SBIA US is a wholly owned subsidiary of the Company which provides investment advisory services to SBIA.

Exchange Rates Used for Translations

USD / JPY	Fiscal year ended March 31, 2021				Fiscal year ending
	Q1	Q2	Q3	Q4	March 31, 2022
Average rate for the quarter	¥107.74	¥105.88	¥104.45	¥106.24	¥110.00
Rate at the end of the period				¥110.71	¥110.58

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS

Establishment of the Latin America Fund Segment

Latin America Fund, which was previously included within “Other,” is newly presented as an independent reportable segment from the first quarter in light of the greater financial importance. In line with this, “gain on investments at Latin America Fund,” which was previously included in “gain on other investments” in the Consolidated Statement of Income is newly presented as an independent item. Information in the same period of the previous fiscal year has been reclassified and presented accordingly. See “OVERVIEW” under “(e) Latin America Fund Segment” in “b. Results by Segment” in “(1) Overview of Results of Operations” in “1. Results of Operations” for the overview of the segment.

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

◆ Gain on investments of ¥1,263.1 billion

- ¥741.5 billion investment gain at Investment Business of Holding Companies: Unrealized gain on valuation of investments of ¥228.5 billion related to T-Mobile shares, derivative gain of ¥197.8 billion resulting from an increase in the fair value of the Contingent Consideration, and gain on investments in listed stocks and other instruments of ¥210.3 billion were recorded.
- ¥287.9 billion investment gain at SVF1, SVF2, and others
 - SVF1: Realized gain (net) of ¥309.7 billion. Unrealized gain on valuation totaled ¥198.9 billion for listed portfolio companies, where a gain totaling ¥899.4 billion recorded for six companies was partially offset by a loss totaling ¥700.5 billion recorded for nine companies, including Coupang. Unrealized gain on valuation (net) for unlisted portfolio companies totaled ¥97.3 billion.
 - SVF2 recorded realized gain of ¥97.0 billion and unrealized gain on valuation (net) of ¥49.1 billion.
- ¥219.4 billion investment gain at Latin America Fund: Unrealized gain on valuation was recorded due to an increase in the fair value of investments.

◆ Income before income tax of ¥1,292.5 billion (increased ¥458.4 billion yoy)

- Finance cost of ¥82.8 billion*
- Derivative loss (excluding gain (loss) on investments) of ¥111.5 billion*

* recorded as a cost for the first quarter

◆ Net income attributable to owners of the parent of ¥761.5 billion (decreased ¥494.2 billion yoy)

Net income from discontinued operations of ¥734.5 billion was recorded in the same period of the previous fiscal year, primarily reflecting gain relating to loss of control of Sprint.

2. Status of investment activities

◆ SVF1: Further progress with public listings and monetization of investments

- Investments: Made investments totaling \$2.1 billion in the first quarter.
- Portfolio: Held 82 investments (including 15 listed portfolio companies) as of the first quarter-end. Four companies were newly listed in the first quarter.
- Monetization: SVF1 distributed the proceeds from the partial sale of investments in the first quarter, of which the Company received \$1.5 billion.

◆ SVF2: Active new investments

- Investments: SVF2 made new investments in 47 companies, and some follow-on investments for a total of \$13.5 billion in the first quarter, bringing the fund's total cost to \$20.2 billion. SBG increased its committed capital to \$40 billion.
- Portfolio: Held 91 investments (including seven listed portfolio companies) as of the first quarter-end. Four companies were newly listed in the first quarter.
- Monetization: SVF2 distributed \$2.1 billion to the Company with the proceeds from the partial sale and monetization of a listed portfolio company.

◆ SoftBank Latin America Fund

The fund made investments totaling \$0.8 billion in the first quarter, including new investments in 10 companies and follow-on investments in existing portfolio companies. As of the first quarter-end, the fund had 48 investments.*¹

3. Procured funds to meet funding needs in a disciplined yet flexible manner for debt repayment and new investments

In the first quarter, the Company issued domestic hybrid bonds of ¥405.0 billion. In addition, the Company raised \$3.0 billion through prepaid forward contracts using Alibaba shares and \$1.88 billion through borrowings using Alibaba shares (margin loan). In July 2021, foreign currency-denominated corporate bonds of \$3.85 billion and €2.95 billion were also issued.

Note:

1. Includes one investment accounted for as a subsidiary of the Company.

a. Consolidated Results of Operations

	Three months ended June 30		(Millions of yen)	
	2020	2021	Change	Change %
Continuing operations				
Net sales	1,279,973	1,479,134	199,161	15.6% A
Gross profit	697,472	811,971	114,499	16.4%
Gain on investments				
Gain on investments at Investment Business of Holding Companies	650,493	741,526	91,033	14.0% B
Gain on investments at SVF1, SVF2, and others	296,577	287,881	(8,696)	(2.9%) C
Gain on investments at Latin America Fund	23,281	219,368	196,087	842.2% D
Gain on other investments	12,569	14,293	1,724	13.7%
Total gain on investments	982,920	1,263,068	280,148	28.5%
Selling, general and administrative expenses	(504,574)	(593,430)	(88,856)	17.6%
Finance cost	(76,993)	(82,799)	(5,806)	7.5% E
Income on equity method investments	6,573	50,380	43,807	666.3% F
Derivative loss (excluding gain (loss) on investments)	(175,825)	(111,536)	64,289	(36.6%) G
Change in third-party interests in SVF1	(147,643)	(134,093)	13,550	(9.2%)
Other gain	52,190	88,917	36,727	70.4%
Income before income tax	834,120	1,292,478	458,358	55.0%
Income taxes	(252,159)	(359,989)	(107,830)	42.8% H
Net income from continuing operations	581,961	932,489	350,528	60.2%
Discontinued operations				
Net income from discontinued operations	734,460	-	(734,460)	- I
Net income	1,316,421	932,489	(383,932)	(29.2%)
Net income attributable to owners of the parent	1,255,712	761,509	(494,203)	(39.4%)
Total comprehensive income	1,136,007	996,400	(139,607)	(12.3%)
Comprehensive income attributable to owners of the parent	1,073,486	823,095	(250,391)	(23.3%)

The following is an overview of the main and noteworthy components.

A Net Sales

Net sales increased in the SoftBank and Arm segments.

B Gain on Investments at Investment Business of Holding Companies

The Company recorded unrealized gain on valuation of ¥228,463 million related to T-Mobile shares (T-Mobile US, Inc. after merging with Sprint Corporation), derivative gain of ¥197,783 million associated with an increase in the fair value of the right to acquire T-Mobile shares for no additional consideration if certain conditions are met (the “Contingent Consideration”), and gain on investments of ¥210,347 million from investments in listed stocks and other instruments. See “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment” for details.

C Gain on Investments at SVF1, SVF2, and Others

SVF1 recorded realized gain on investments (net) of ¥309,680 million as a result of sales¹ of entire and partial shareholding positions. In addition, SVF1 recorded unrealized gain on valuation (net) totaling ¥198,927 million for listed portfolio companies. This included a gain of ¥899,383 million recorded for six companies, particularly ¥358,344 million recorded for DiDi Global Inc. (“DiDi”) and ¥285,422 million recorded for DoorDash, Inc. (“DoorDash”), which was partially offset by a valuation loss of ¥700,456 million recorded for nine companies, particularly ¥470,604 million recorded for Coupang, Inc. (“Coupang”). SVF1 also recorded unrealized gain on valuation (net) of ¥97,265 million for unlisted portfolio companies, as a result of increases in the fair value of investments.

SVF2 recorded realized gain on investments of ¥96,962 million as a result of the partial sale of its investment in KE Holdings Inc. (“KE Holdings”). SVF2 also recorded unrealized gain on valuation (net) of ¥49,134 million. While the share prices of KE Holdings and of Seer, Inc. (“Seer”) fell, share prices rose for Full Truck Alliance Co. Ltd. (“Full Truck Alliance”) and Dingdong (Cayman) Limited (“Dingdong”) and the fair value of unlisted portfolio companies increased as a result of new funding rounds and other factors. See “(b) SVF1 and Other SBIA-Managed Funds Segment” under “b. Results by Segment” for details.

D Gain on Investments at Latin America Fund

Latin America Fund recorded unrealized gain on valuation of investments (net) totaling ¥219,236 million due to an increase in the share price of Banco Inter S.A., as well as increases in the fair value of unlisted portfolio companies such as QUINTOANDAR, LTD. and VTEX.² See “(e) Latin America Fund Segment” under “b. Results by Segment” for details.

Primarily as a result of B through D, total gain on investments was ¥1,263,068 million.

E Finance Cost

Interest expenses increased ¥6,445 million in the Investment Business of Holding Companies segment.

¹ Includes a share exchange. During the first quarter, SVF1 exchanged all of its shares in PT Tokopedia (“Tokopedia”) for shares in GoTo, a newly formed company as a result of merger between Tokopedia and PT Aplikasi Karya Anak Bangsa. This share exchange is treated as a full exit (entire sale) from investment and acquisition of new investment, with the sale price and acquisition cost being recorded in gross, respectively, and with the difference between the acquisition cost of shares initially held and sale price (acquisition cost of the exchanged shares) being recorded as realized gain and loss on the investments.

² VTEX was listed on the NYSE on July 21, 2021 (U.S. time).

F Income on Equity Method Investments

Income on equity method investments related to Alibaba was ¥58,731 million,³ an improvement of ¥77,203 million year on year. A loss was recorded for Alibaba in the same period of the previous fiscal year mainly due to the recording of an investment loss on its investments classified as financial assets at FVTPL for the three-month period ended March 31, 2020, following the fall in stock markets due to the COVID-19 pandemic.

In addition, Alibaba recorded an expense for the three-month period ended March 31, 2021 for the fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law, which the Company recorded in the fourth quarter of the previous fiscal year as a significant event during the period on a three-month time lag.

G Derivative Loss (Excluding Gain (Loss) on Investments)

Derivative loss of ¥109,662 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in November 2019, from April to August 2020, and in May 2021.

Primarily as a result of A through G, income before income tax was ¥1,292,478 million, an increase of ¥458,358 million (55.0%) year on year.

H Income Taxes

Income taxes were recorded at SoftBank Corp. and at Yahoo Japan Corporation. Meanwhile, deferred tax expenses were recorded due to an increase in the fair value of T-Mobile shares and of the Contingent Consideration.

I Net Income from Discontinued Operations

In the same period of the previous fiscal year, the Company had recorded a gain of ¥736,429 million relating to loss of control of Sprint Corporation in connection with Sprint Corporation ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint Corporation and T-Mobile US, Inc.

Primarily as a result of A through I, net income attributable to owners of the parent was ¥761,509 million, a decrease of ¥494,203 million (39.4%) year on year.

For basic information used to calculate income (loss) on equity method investments related to Alibaba, see the Data Sheets in "Materials" under "Earnings Results Briefing" to be posted in a few days on the Company's website at <https://group.softbank/en/ir/presentations/>.

³ The Company applies the equity method to Alibaba's consolidated financial statements (the Company's economic interests in Alibaba as of March 31, 2021: 25.01%) for a reporting period on a three-month time lag in the past because it is impractical to align reporting periods with Alibaba due to contracts with the company, among others. Necessary adjustments are made to reflect significant transactions and events announced by Alibaba during the period on a three-month time lag.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. In the first quarter, Latin America Fund was added as a new segment. As of the first quarter-end, there are five reportable segments: Investment Business of Holding Companies, SVF1 and Other SBIA-Managed Funds, SoftBank, Arm, and Latin America Fund.

The following is a summary of the reportable segments.

Segments	Main businesses	Core companies
Reportable segments		
Investment Business of Holding Companies	· Investment activities by SBG and its subsidiaries	SoftBank Group Corp. SoftBank Group Capital Limited SoftBank Group Japan Corporation SB Northstar LP
SVF1 and Other SBIA-Managed Funds	· Investment activities by SVF1 and SVF2	SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P. SoftBank Vision Fund II-2 L.P.
SoftBank	· Provision of mobile services, sale of mobile devices, and provision of broadband and other internet services in Japan · Internet advertising and e-commerce business	SoftBank Corp. Z Holdings Corporation Yahoo Japan Corporation LINE Corporation
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools and provision of related services	Arm Limited
Latin America Fund	· Investment activities by SoftBank Latin America Fund	SoftBank Latin America Fund L.P.
Other	· Smartphone payment business · Alternative investment management business · Fukuoka SoftBank HAWKS-related businesses	PayPay Corporation Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp.

(a) Investment Business of Holding Companies Segment

- 1. Recorded unrealized gain of ¥228.5 billion on valuation of T-Mobile shares and derivative gain of ¥197.8 billion resulting from an increase in the fair value of the Contingent Consideration.**
- 2. Recorded gain of ¥210.2 billion^{*1} on investment in listed stocks and other instruments (total investment gain and loss of SBG and SB Northstar). Holdings of stocks, etc. decreased to ¥1.5 trillion from ¥2.2 trillion at the previous fiscal year-end.**

Note:

1. Includes an impact of investment by SB Northstar in SPACs controlled by SBIA US, which is eliminated in consolidation.

OVERVIEW

This segment is led by SBG, which conducts investment activities, either directly or through subsidiaries, as a strategic investment holding company. The segment consists of SBG, SoftBank Group Capital Limited (“SBGC”), SoftBank Group Japan Corporation (“SBGJ”), asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gain and loss on investments at Investment Business of Holding Companies comprises gain and loss on investments held by SBG either directly or through its 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.

The companies comprising this segment hold approximately 120 portfolio companies, including Alibaba, T-Mobile, and WeWork Inc. (“WeWork”),^{*1} as well as investees of SB Northstar. They are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. Regarding 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 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 Statement of Income as “gain (loss) on investments.”

Note:

1. Gain and loss on investments in WeWork shares held by SVF1 is included in the SVF1 and Other SBIA-Managed Funds segment.

Investment in listed stocks and other instruments by the asset management subsidiaries

The Company has been investing in highly liquid listed stocks from the first quarter of the previous fiscal year to diversify assets held by the Company and to manage surplus funds. This has been done while being firmly committed to its stated financial policies on its loan-to-value (LTV) ratio and cash position. These investments were made by SBG in the first quarter of the previous fiscal year, but from the second quarter of the previous fiscal year, 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 its investments in listed stocks and other instruments fluctuates depending on SBG’s funding needs, cash on hand, and the status of the assets held by SBG.

Interests in SB Northstar are indirectly held 67% by SBG and 33% by SBG’s 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; therefore, 67% of the gain and loss on investments impacts net income attributable to owners of the parent. Furthermore, if, at the end of the fund life (12 years + 2-year extension), SB Northstar has any unfunded repayment obligations to SBG, Masayoshi Son will pay his pro rata share of any such unfunded obligations based upon his relative ownership percentage of SB Northstar.

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30		Change	Change %	
	2020	2021			
Gain on investments	650,493	741,380	90,887	14.0%	A
Gain relating to sales of T-Mobile shares	421,863	-	(421,863)	-	
Realized gain on investments at asset management subsidiaries	-	65,416	65,416	-	
Unrealized gain on valuation of investments at asset management subsidiaries	-	17,557	17,557	-	
Derivative gain on investments at asset management subsidiaries	-	119,511	119,511	-	
Realized gain on investments	65,445	91,789	26,344	40.3%	
Unrealized gain on valuation of investments	28,515	288,351	259,836	911.2%	
Derivative gain on investments	133,349	147,277	13,928	10.4%	
Other	1,321	11,479	10,158	768.5%	
Selling, general and administrative expenses	(22,288)	(20,320)	1,968	(8.8%)	
Finance cost	(53,150)	(59,595)	(6,445)	12.1%	B
Income on equity method investments	4,103	54,670	50,567	-	C
Derivative loss (excluding gain (loss) on investments)	(176,190)	(108,105)	68,085	-	D
Other gain	55,929	17,675	(38,254)	(68.4%)	
Segment income (income before income tax)	458,897	625,705	166,808	36.3%	

A Gain on investments: ¥741,380 million

- Realized gain on investments at asset management subsidiaries of ¥65,416 million and unrealized gain on valuation of investments at asset management subsidiaries of ¥17,557 million were recorded. This was a result of investments in listed stocks and other instruments by SB Northstar.
- Derivative gain on investments at asset management subsidiaries of ¥119,511 million was recorded. This was due to recording gains mainly related to long call options on listed stocks at SB Northstar.
- Realized gain on investments of ¥91,789 million and unrealized gain on investments of ¥288,351 million were recorded. The former was mainly due to recording realized gain of ¥57,904 million associated with the sale of InMobi Pte. Ltd. shares by SBG's wholly owned subsidiary to SVF2 (amount reclassified from the amount recorded as unrealized gain on valuation in the previous fiscal year: ¥58,193 million. The sale was eliminated in consolidation as an intercompany transaction). The latter was mainly due to the recording of valuation gain of ¥228,463 million on investment in T-Mobile shares, as well as recording unrealized gain on valuation of investments of ¥49,382 million for SoFi Technologies, Inc., ¥23,764 million for WeWork, and ¥21,460 million for Lemonade, Inc. to reflect increases in their fair value.
- Derivative gain on investments of ¥147,277 million was recorded. This was mainly due to the recording of a derivative loss due to an increase of ¥53,763 million⁴ in the fair value of call options held by Deutsche Telekom AG ("Deutsche Telekom") for T-Mobile shares, while recording a derivative gain due to an increase of ¥197,783

⁴ Includes a derivative gain (loss) related to contingent value rights received on June 26, 2020, in relation to the disposal of T-Mobile shares in a private placement through a trust.

million in the fair value of the Contingent Consideration (the call options held by Deutsche Telekom are defined below).

B Finance cost: ¥59,595 million (increased ¥6,445 million year on year)

- Interest expenses at SB Northstar were ¥5,956 million (not recorded in the same period of the previous fiscal year). This was due to the short-term borrowings for the purpose of acquiring listed stocks and borrowings using Alibaba shares, both of which were made by the company following the commencement of its business in the second quarter of the previous fiscal year.

C Income on equity method investments: ¥54,670 million (increased ¥50,567 million year on year)

- Income on equity method investments related to Alibaba was ¥58,731 million, an improvement of ¥77,203 million year on year. Loss was recorded for Alibaba in the same period of the previous fiscal year mainly due to recording of investment loss on its investments classified as financial assets at FVTPL for the three-month period ended March 31, 2020, following the fall in stock markets due to the COVID-19 pandemic.

In addition, Alibaba recorded an expense for the three-month period ended March 31, 2021 for the fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law, which the Company recorded in the fourth quarter of the previous fiscal year as a significant event during the period on a three-month time lag.

- Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1 to June 25, 2020 was recorded in the same period of the previous fiscal year.

D Derivative loss (excluding gain (loss) on investments): ¥108,105 million

- Derivative loss of ¥109,662 million was recorded in connection with the prepaid forward contracts using Alibaba shares entered into in November 2019, from April to August 2020, and in May 2021.

Contingent Consideration related to T-Mobile shares and Deutsche Telekom Call Options

As consideration for the merger of Sprint Corporation, which had been a U.S. subsidiary of the Company, and T-Mobile US, Inc. on April 1, 2020, the Company received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration 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 from April 1, 2022 and December 31, 2025 (the Contingent Consideration). Subsequently, the Company sold 198,314,426 of its 304,606,049 common shares of T-Mobile during the period from June to August 2020.

In addition, Deutsche Telekom holds call options for the 101,491,623 T-Mobile shares continued to be held by the Company after the abovementioned sale (the "Deutsche Telekom Call Options"). The Deutsche Telekom Call Options will expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

- For a call option over 44,905,479 shares out of the 101,491,623 shares, the strike price is \$101.455 per share.
- For a call option over 56,586,144 shares out of the 101,491,623 shares, the strike price is equal to the average of the daily volume-weighted average prices of the shares of T-Mobile common stock for each of the 20 trading days immediately prior to the date of exercise. Deutsche Telekom can exercise this option for the period from October 2, 2020 to May 22, 2024 only after the full exercise of (i) above, and thereafter regardless of the exercise of (i) above.

INVESTMENT IN LISTED STOCKS AND OTHER INSTRUMENTS BY THE ASSET MANAGEMENT SUBSIDIARIES
Main impact on the financial position and gain (loss) on investments

		Condensed Interim Consolidated Statement of Financial Position		Condensed Interim Consolidated Statement of Income		(Millions of yen)	
Investor	Investment type	Account	Balance at Q1E (Parentheses show liabilities)	Account	Amount recorded Q1	Cumulative gain (loss) from the previous fiscal year	
SBG	Stocks			Realized gain (loss) on investments* ¹	16,026	238,035	
		Investment securities	23,252	Unrealized gain (loss) on valuation of investments* ¹	(8,309)	33,979	
SB Northstar	Stocks, etc.	Investments from asset management subsidiaries	790,564	Realized gain (loss) on investments at asset management subsidiaries	65,416	44,879	
		Securities pledged as collateral in asset management subsidiaries	687,457	Unrealized gain (loss) on valuation of investments at asset management subsidiaries* ³	17,703	151,777	
	Credit transactions	Borrowed securities* ²	-				
Derivatives	Long call options of listed stocks	Derivative financial assets in asset management subsidiaries	235,547				
	Short call options of listed stocks	Derivative financial liabilities in asset management subsidiaries	(14,247)				
	Short stock index futures contracts		-				
	Total return swap contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	11,844				
	Forward contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	6,752	Derivative gain (loss) on invest- ments at asset management subsidiaries	119,511	(491,179)	
			Derivative financial liabilities in asset management subsidiaries	(221)			
Gain (loss) on investments at Investment Business of Holding Companies						210,347	(22,509)
Net income attributable to non-controlling interests* ^{4,*5}						(67,543)	98,174
Impact on net income attributa- ble to owners of the parent*⁵						142,804	75,665

Notes:

- Some of the listed shares acquired by SBG in the first and second quarters of the previous fiscal year were transferred to SB Northstar in the second quarter of the previous fiscal year. For a portion of such listed shares that was sold to third parties by SB Northstar after the transfer, the difference between the acquisition value paid by SBG and the transfer value to SB Northstar is presented as "realized gain (loss) on investments." For a portion of shares that continued to be held by SB Northstar at the first quarter-end, such difference is presented as "unrealized gain (loss) on valuation of investments." When SB Northstar sells such listed shares to third parties, the corresponding difference is reclassified from "unrealized gain (loss) on valuation of investments" to "realized gain (loss) on investments."
- The fair value of the securities borrowed for short credit transactions.
- After elimination of intercompany transactions
- 33% of the gain (loss) on investments at SB Northstar
- Excludes impacts such as selling, general and administrative expenses and tax expenses.

Impact of the asset management subsidiaries on the Company's Condensed Interim Consolidated Statement of Financial Position*¹

As of June 30, 2021

	(Millions of yen)
	June 30, 2021
Cash and cash equivalents	326,698
Investments from asset management subsidiaries	790,564
Securities pledged as collateral in asset management subsidiaries	687,457
Derivative financial assets in asset management subsidiaries	254,143
Other financial assets	84,045
Other	31,947
Total assets	2,174,854
Interest-bearing debt	1,424,509
Derivative financial liabilities in asset management subsidiaries	14,468
Other	41,708
Total liabilities	1,480,685
Investments from Delaware subsidiaries* ²	1,018,643
Equivalent amount of cash investments by SBG in Delaware subsidiaries	39,786
Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management)	958,964
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Retained earnings	(312,730) B
Exchange differences on translating foreign operations	(11,744)
Equity	694,169 C

Notes:

- SB Northstar's statement of financial position, excluding the impact of Alibaba shares contributed in kind to SB Northstar by SBG via Delaware subsidiaries and investments made by SB Northstar in SPACs controlled by SBIA US, is presented for reference to show the impact of SB Northstar on the Condensed Interim Consolidated Statement of Financial Position of the Company.
- Investment from 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"), to the asset management subsidiary, SB Northstar.

(Calculation of non-controlling interests)

	(Millions of yen)
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Cumulative loss attributable to non-controlling interests* ³	(104,209)
Exchange differences on translating foreign operations	(4,479)
Non-controlling interests (interests of Masayoshi Son)	(88,795) D

Note:

- One-third of B in the table

(Interests in equity (C above))

	(Millions of yen)
Interests of SBG	782,964
Non-controlling interests (interests of Masayoshi Son)	(88,795) D
Equity	694,169 C

Status of assets
As of June 30, 2021
a. Stocks, etc.

	(Millions of U.S. dollars)
	Fair value as of June 30, 2021
Stock	
AbCellera Biologics Inc.	216
Adaptive Biotechnologies Corporation	51
Amazon.com, Inc.	5,653
Century Therapeutics, Inc.	59
Graphite Bio, Inc.	31
ironSource Ltd.	53
Lyell Immunopharma, Inc.	57
Pacific Biosciences of California, Inc.	345
PayPal Holdings, Inc.	702
Sana Biotechnology, Inc.	52
Taiwan Semiconductor Manufacturing Company Limited ADR	812
16 SPACs	467
Including three SPACs controlled by SBIA US* ¹	52
Others	3,276
NVIDIA Corporation* ²	210
Others	
Convertible bonds	1,641
Total	13,629

Notes:

- Investments into the three SPACs controlled by SBIA US are eliminated in consolidation as intercompany transactions.
- The NVIDIA shares are held by SBG.

b. Derivatives

	(Millions of U.S. dollars)	
	Fair value as of June 30, 2021* ¹	Notional principal* ²
Long call options of listed stocks	2,130	11,186
Short call options of listed stocks	(129)	(3,699)
Total return swap contracts related to listed stocks	107	1,135
Forward contracts related to listed stocks	59	307
Total	2,167	8,929

Notes:

- Parentheses show liabilities.
- Parentheses show short positions.

MAIN INTEREST-BEARING DEBT AND LEASE LIABILITIES IN THIS SEGMENT

		Balance as of June 30, 2021 in Condensed Interim Consolidated Statement of Financial Position
Borrower	Type	
SBG	Borrowings	¥1,838.7 billion
	Corporate bonds	¥5,152.9 billion
	Lease liabilities	¥13.0 billion
	Commercial paper	¥262.8 billion
Wholly owned subsidiaries conducting fund procurement* ¹		
West Raptor Holdings, LLC		
West Raptor Holdings 2, LLC		
Skybridge LLC	Prepaid forward contracts using Alibaba	
Scout 2020 Holdings Limited	shares (floor contracts and collar con-	¥3,225.5 billion
Tigress 2020 Holdings Limited	tracts)	
Panther I 2021 Holdings Limited		
Panther II 2021 Holdings Limited		
Skywalk Finance GK	Borrowings using Alibaba shares	¥1,100.3 billion
Moonlight Finance GK	Borrowings using SoftBank Corp. shares	¥499.0 billion
Delaware Project 6 L.L.C.	Borrowings using T-Mobile shares	¥481.0 billion
SB Northstar	Borrowings	¥1,424.5 billion
	(of which, borrowings using Alibaba shares: ¥662.5 billion)	

Note:

- Wholly owned subsidiaries conducting fund procurement indicate West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Panther I 2021 Holdings Limited, Panther II 2021 Holdings Limited, Skywalk Finance GK, Moonlight Finance GK, and Delaware Project 6 L.L.C. at the first quarter-end. At the previous fiscal year-end, Skylark 2020 Holdings Limited was also included. Borrowings of these subsidiaries are non-recourse to SBG, except for the borrowing using T-Mobile shares which SBG partially guarantees.

(b) SVF1 and Other SBIA-Managed Funds Segment
1. Gain on investments (net) was ¥391.6 billion. Segment income, after deducting change in third-party interests, was ¥235.6 billion.
◆ SVF1

- Realized gain on investments (net) of ¥309.7 billion: The partial sale of investments in listed portfolio companies including DoorDash, Uber, and Guardant Health, etc.
- Unrealized gain on valuation of investments (net) of ¥380.9 billion from investments held at the first quarter-end
 - ¥198.9 billion valuation gain (net) for listed portfolio companies: Gain totaling ¥899.4 billion recorded for six portfolio companies was partially offset by a loss totaling ¥700.5 billion recorded for nine portfolio companies, including Coupang.
 - ¥181.9 billion valuation gain (net) for unlisted portfolio companies primarily due to increases in the fair values of investments where exits or listings are expected.

◆ SVF2

- Realized gain on investments (net) of ¥97.0 billion
- Unrealized gain on valuation of investments (net) of ¥49.1 billion from investments held at the first quarter-end:
 - ¥35.5 billion valuation loss (net) for listed portfolio companies
 - ¥84.6 billion valuation gain (net) for unlisted portfolio companies

2. Status of investment activities
◆ SVF1

- Investments before exit: Held 82 investments (including 15 listed portfolio companies) as of the first quarter-end at cost totaling \$74.0 billion, with the fair value amounting to \$120.1 billion.
- Cumulative gross gain^{*1} since SVF1's inception reached \$58.3 billion, including cumulative realized gain of \$10.0 billion, cumulative derivative gain of \$1.5 billion, and cumulative dividend income of \$0.7 billion.
- In the first quarter, Compass, Zymergen, Full Truck Alliance, and DiDi were listed.

◆ SVF2

- Held 91 investments (including seven listed portfolio companies) as of the first quarter-end at cost totaling \$19.8 billion, with the fair value amounting to \$23.8 billion.
- SBG increased its committed capital to \$40 billion, of which \$21.5 billion has been contributed to date.
- In the first quarter, JD Logistics, Zhangmen, Full Truck Alliance, and Dingdong were listed.

Note:

1. Cumulative gross gain is before deducting third-party interests, tax, and expenses.

OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund 1 (SVF1) and SoftBank Vision Fund 2 (SVF2). The funds are managed by SBIA, a wholly owned subsidiary of the Company established in the U.K., which is authorized and regulated by the Financial Conduct Authority.

SVF1 aims to maximize returns from a medium- to long-term perspective, through large-scale investments in high-growth-potential 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 SBG, aiming to facilitate the continued acceleration of the AI revolution through investment in market-leading, tech-enabled growth companies across vintage years. As of the first quarter-end, SBG is the sole limited partner investing in SVF2, with a total committed capital of \$40 billion.

In addition, to bridge the Company's private and public investing strategies by enabling it to potentially pursue a wider range of investment opportunities beyond the investment mandate for the private funds, SBIA US makes investments through Special Purpose Acquisition Companies (SPACs). The SPACs controlled by SBIA US, specifically SVF Investment Corp., SVF Investment Corp. 2, and SVF Investment Corp. 3, were listed on the Nasdaq in January, March, and March 2021, respectively, and such SPACs aim to complete their business combinations within two years from the closing of each offering. After such business combinations, SBIA US expects to cease control of the combined companies.

Outline of principal funds in the segment

As of June 30, 2021

	SoftBank Vision Fund 1	SoftBank Vision Fund 2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Total committed capital (Billions of U.S. dollars)	98.6 ----- The Company: 33.1* ¹ Third-party investors: 65.5	40.0 ----- The Company: 40.0
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SVF II GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019	(Investment period and minimum fund life are not presented as they are subject to change following the participation of third-party investors.)
Minimum fund life	Until November 20, 2029 (in principle)	

Note:

- The Company's 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.

For a complete list of SVF1 and SVF2's portfolio companies, see the Data Sheets in "Materials" under "Earnings Results Briefing" to be posted in a few days on the Company's website at <https://group.softbank/en/ir/presentations/>.

Capital deployment

As of June 30, 2021

SVF1

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital ⁵ (B)	86.3	29.6	56.7
Return of capital (non-recallable) (C)	17.9	2.3	15.6
Outstanding capital (D) = (B) – (C)	68.4	27.3	41.1
Remaining committed capital (E) = (A) – (B)	12.3	3.5	8.8

Note: The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is 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.

SVF2

	(Billions of U.S. dollars)
	Total (The Company)
Committed capital (A)	40.0
Drawn capital (B)	21.5
Return of capital (non-recallable) (C)	0.9
Outstanding capital (D) = (B) – (C)	20.6
Remaining committed capital (E) = (A) – (B)	18.5

Note: Remaining committed capital includes recallable return of capital.

⁵ Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.

FINANCIAL RESULTS

	(Millions of yen)			
	Three months ended June 30		Change	Change %
	2020	2021		
Gain on investments at SVF1, SVF2, and others* ¹	296,577	391,562	94,985	32.0% A
Realized gain on investments	111,425	406,642	295,217	264.9%
Unrealized gain (loss) on valuation of investments	178,114	(23,164)	(201,278)	-
Change in valuation for the fiscal year	258,056	429,989	171,933	66.6%
Reclassified to realized gain recorded in the past fiscal year* ²	(79,942)	(453,153)	(373,211)	-
Dividend income from investments	2,888	20,812	17,924	620.7%
Derivative gain (loss) on investments	815	(3,434)	(4,249)	-
Effect of foreign exchange translation	3,335	(9,294)	(12,629)	-
Selling, general and administrative expenses	(14,342)	(16,449)	(2,107)	14.7%
Finance cost	(4,600)	(4,101)	499	(10.8%)
Change in third-party interests in SVF1	(147,643)	(134,093)	13,550	(9.2%) B
Other loss	(362)	(1,369)	(1,007)	-
Segment income (income before income tax)	129,630	235,550	105,920	81.7%

Notes:

1. Since Arm is a subsidiary of the Company, unrealized gain and loss associated with the change in valuation on SVF1's holdings of Arm, as well as dividends income received from Arm (which includes shares of Treasure Data, Inc. received as dividends in kind), are included in segment income as "gain (loss) on investments at SVF1, SVF2, and others," but are eliminated in consolidation and not included in "gain (loss) on investments at SVF1, SVF2, and others" in the Condensed Interim Consolidated Statement of Income.
2. Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments realized in the fiscal year is reclassified as "realized gain on investments."

In the first quarter, SVF1 made a new investment and follow-on investments totaling \$2.1 billion¹ and sold all of its shares in one portfolio company and a portion of its shares in six portfolio companies for a total of \$5.8 billion,^{1,6} of which the initial acquisition costs were \$3.0 billion. SVF2 made new and follow-on investments totaling \$13.5 billion.

Segment income
A Gain on investments at SVF1, SVF2, and others: ¥391,562 million

· SVF1

- Realized gain on investments (net) of ¥309,680 million was recorded as a result of the sale¹ by SVF1 of all of its shares in one portfolio company and a portion of its shares in six listed portfolio companies including DoorDash, Uber, and Guardant Health.
- Unrealized gain on valuation of investments held by SVF1 at the first quarter-end was ¥380,874 million (\$3,462 million, net) (see "SVF1" under "Investment performance" below for a breakdown). Valuation gain (net) totaling \$1,808 million for listed portfolio companies was recorded due to the strong share price performances of DiDi and Full Truck Alliance, which were listed in the first quarter, and DoorDash, more than

⁶ After deducting transaction fees, etc.

offsetting the weak share performance of some listed portfolio companies, particularly Coupang. In addition, valuation gain (net) totaling \$1,654 million was recorded for unlisted portfolio companies primarily due to increases in the fair values of investments where exits or listings are expected.

- Dividend income from investments of ¥20,812 million was recorded mainly as Arm distributed the shares of Treasure Data, Inc. to SVF1 in the form of dividends in kind.

· SVF2

- Realized gain on investments of ¥96,962 million was recorded as a result of the partial sale of KE Holdings.
- Unrealized gain on valuation of investments was ¥49,115 million (\$446 million, net) (see “SVF2” under “Investment performance” below for a breakdown). Valuation loss (net) of \$322 million for listed portfolio companies was recorded, reflecting the share price decreases of KE Holdings and Seer despite the share price increases of Full Truck Alliance and Dingdong following their listings in the first quarter. On the other hand, valuation gain (net) totaling \$769 million was recorded for unlisted portfolio companies, mainly as a result of increases in the fair values of investments that had new funding rounds.

B Change in third-party interests in SVF1: ¥(134,093) million

This indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are 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. For details, see “(2) Third-party interests in SVF1” under “4. SVF1 and other SBIA-managed funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

As of the first quarter-end, SVF2 had only one investor, SBG, and no third-party interests.

Investments transferred from the Company to SVF2

The Company transferred the investments shown below to SVF2 to date through sale or in-kind contribution.

	Transfer month	Transfer method	(Millions of U.S. dollars) Transfer value by the Company to SVF2
Berkshire Grey, Inc.	March 2021	In-kind contribution	115
Cybereason Inc.	June 2021	In-kind contribution	317
InMobi Pte. Ltd.	June 2021	Sale	597
Treasure Data, Inc.	June 2021	Sale	519
Total of four investments			1,548

Note: The value of investments transferred from the Company to SVF2 is based on either the Company’s carrying amount as of the quarter-end immediately prior to the transfer date if the transfer is made by in-kind contribution, or on fair value as of the quarter-end immediately prior to the transfer date if the transfer is made by a sale. Investment gain or loss that occurred prior to the transfer is recorded in the reportable segment to which the investment belonged prior to the transfer.

Investment performance

As of June 30, 2021

SVF1

(Billions of U.S. dollars)

Total ((1) + (2) + (3) + (4) below)					
	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain* ¹	
	95	87.8	146.1	58.3	
(Reference)					
	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain* ¹	
Effects of share exchanges Uber Advanced Technologies Group and Aurora Innovation Inc. PT Tokopedia and GoTo	(2)	(1.7)	(1.7)	0.0	
Effects of dividend in kind Treasure Data, Inc.	(1)	(0.2)	(0.2)	0.0	
Net of effects of share exchanges and dividend in kind ^{2,3}	92	85.9	144.2	58.3	
(1) Investments before exit (investments held at the first quarter-end)					
	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain* ⁴	Unrealized valuation gain recorded for the fiscal year Q1
Listed companies	15	26.1	66.4	40.3	1.8
Unlisted companies	67	47.9	53.7	5.8	1.7
Total	82	74.0	120.1	46.1	3.5
(2) Exited investments					
	Number of investments	Investment cost	Sale price	Cumulative realized gain* ¹	Realized gain recorded for the fiscal year Q1
Partial exit	-	4.5	9.4	4.9	2.6
Full exit* ⁵	13	9.3	14.4	5.1	0.2
Total	13	13.8	23.8	10.0	2.8
(3) Derivative gain and loss relating to investment					
	Derivative cost	Fair value / settlement price	Cumulative derivative gain	Derivative gain recorded for the fiscal year Q1	
Total (settled)	0.0	1.5	1.5	0.0	
(4) Dividend income from investments					
	Dividend income	Cumulative income	Dividend income recorded for the fiscal year Q1		
Total	0.7	0.7	0.2		

Notes:

- Before deducting third-party interests, tax, and expenses
- For investments in which share exchanges occurred, acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. Similarly, for investment acquired through dividends in kind, acquisition cost of the investment and dividend income are deducted.
- In addition to the share exchanges listed above, SVF1 exchanged all shares in two portfolio companies for shares in their affiliated companies, which are also existing portfolio companies. Acquisition costs and disposal prices (sale prices) of these investments are also deducted in this section.
- For a certain investment that was once decided to be transferred from the Company 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.
- Includes disposal (sale) through share exchanges

SVF2

(Billions of U.S. dollars)

Total ((1) + (2) + (3) + (4) below)

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain ^{*1}
Total	91	20.2	25.0	4.8

(1) Investments before exit (investments held at the first quarter-end)

	Number of investments	Investment cost ^{*2}	Fair value ^{*2}	Cumulative unrealized valuation gain	Unrealized valuation gain (loss) recorded for the fiscal year Q1
Listed companies	7	2.5	5.8	3.3	(0.3)
Unlisted companies	84	17.3	18.0	0.7	0.7
Total	91	19.8	23.8	4.0	0.4

(2) Exited investments

	Number of investments	Investment cost	Sale price	Cumulative realized gain ^{*1}	Realized gain recorded for the fiscal year Q1
Partial exit	-	0.4	1.2	0.8	0.9
Total	-	0.4	1.2	0.8	0.9

(3) Derivative gain and loss relating to investment

	Derivative cost	Fair value	Cumulative derivative loss	Derivative loss recorded for the fiscal year Q1
Total	0.0	(0.0)	(0.0)	(0.0)

(4) Dividend income from investments

	Dividend income	Cumulative income	Dividend income recorded for the fiscal year Q1
Total	0.0	0.0	0.0

Notes:

1. Before deducting tax and expenses
2. The investment cost 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.

(Reference) Investments before exit (investments held at the first quarter-end)
As of June 30, 2021
SVF1

(Billions of U.S. dollars)

Sector	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss)	Unrealized valuation gain (loss) recorded for the fiscal year Q1
a Consumer	12	10.8	38.3	27.5	(4.3)
b Edtech	1	0.7	0.8	0.1	(0.3)
c Enterprise	8	1.8	2.7	0.9	0.6
d Fintech	11	4.3	2.7	(1.6)	0.1
e Frontier Tech	9	11.1	12.8	1.7	1.0
f Health Tech	8	2.0	3.7	1.7	(0.3)
g Logistics	14	8.4	21.7	13.3	4.8
h Proptech	9	10.2	5.4	(4.8)	(0.9)
i Transportation	10	24.7	32.0	7.3	2.8
Total	82	74.0	120.1	46.1	3.5
(Reference)					
Listed companies ^{*1}	15	26.1	66.4	40.3	1.8
a Coupang		2.7	23.7	21.0	(4.3)
d OneConnect		0.1	0.1	(0.0)	(0.0)
d ZhongAn Insurance		0.2	0.1	(0.1)	(0.0)
e Zymergen		0.4	1.1	0.7	0.2
f Guardant Health		0.0	0.1	0.1	(0.0)
f Relay Therapeutics		0.3	1.0	0.7	0.1
f Vir Biotechnology		0.2	1.1	0.9	(0.1)
g DoorDash		0.6	9.8	9.2	2.6
g Full Truck Alliance		1.7	4.0	2.3	2.0
h Compass		1.1	1.7	0.6	(0.6)
h Opendoor		0.4	1.3	0.9	(0.3)
h View		1.1	0.5	(0.6)	0.1
i AUTO1		0.7	1.7	1.0	(0.5)
i DiDi		12.1	13.7	1.6	3.2
i Uber		4.5	6.5	2.0	(0.6)
Unlisted companies	67	47.9	53.7	5.8	1.7
Total	82	74.0	120.1	46.1	3.5

Note:

1. The letter corresponding to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

SVF2

					(Billions of U.S. dollars)
Sector	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss)	Unrealized valuation gain (loss) recorded for the fiscal year Q1
a Consumer	21	4.0	4.3	0.3	0.3
b Edtech	5	0.6	0.7	0.1	0.0
c Enterprise	21	3.5	3.6	0.1	0.1
d Fintech	8	2.5	2.2	(0.3)	0.0
e Frontier Tech	7	1.0	1.1	0.1	0.0
f Health Tech	19	1.7	1.7	0.0	(0.0)
g Logistics	6	4.5	4.8	0.3	0.3
h Proptech	1	1.1	3.9	2.8	(0.8)
i Transportation	3	0.9	1.5	0.6	0.5
Total	91	19.8	23.8	4.0	0.4
(Reference)					
Listed companies* ¹	7	2.5	5.8	3.3	(0.3)
a Dingdong		0.3	0.5	0.2	0.2
b Zhangmen		0.1	0.1	0.0	0.0
e Qualtrics		0.0	0.0	0.0	0.0
f Seer		0.2	0.2	(0.0)	(0.1)
g Full Truck Alliance		0.2	0.5	0.3	0.3
g JD Logistics		0.6	0.6	0.0	0.0
h KE Holdings		1.1	3.9	2.8	(0.7)
Unlisted companies	84	17.3	18.0	0.7	0.7
Total	91	19.8	23.8	4.0	0.4

Note:

- The letter corresponding to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

(c) SoftBank Segment

Segment income increased 4.5% yoy as the increased income mainly in the enterprise business and the positive effect of the consolidation of LINE Corporation more than offset a decrease in income in the consumer business.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2020	2021		
Net sales	1,172,322	1,356,570	184,248	15.7%
Segment income (income before income tax)	259,249	270,954	11,705	4.5%
Depreciation and amortization	(173,134)	(184,340)	(11,206)	6.5%
Gain on investments	4,116	15,262	11,146	270.8%
Finance cost	(16,256)	(15,553)	703	(4.3%)
Income (loss) on equity method investments ^{*1}	(9,006)	(12,339)	(3,333)	-
Derivative gain (loss) (excluding gain (loss) on investments)	1	(99)	(100)	-

Note:

- Includes loss on equity method investments related to PayPay Corporation of ¥5,800 million for the first quarter and ¥7,954 million for the same period of the previous fiscal year. At SoftBank Corp., PayPay Corporation is classified as an equity method associate; however, PayPay Corporation has consistently been classified as a subsidiary of SBG since its founding in June 2018 and its financial results are included in "Other." For this reason, loss on equity method investments related to PayPay Corporation recognized in the SoftBank segment is eliminated in "Reconciliations" in segment information.

FINANCIAL RESULTS

Segment income increased ¥11,705 million (4.5%) year on year to ¥270,954 million, reflecting increased income mainly in the enterprise business and the positive impact of the consolidation of LINE Corporation, which more than offset a decrease in income in the consumer business.

Income decreased in the consumer business, reflecting a decrease in mobile revenue, the largest source of revenue and profit, mainly due to an increase in smartphone users switching from *SoftBank* brand to *Y!mobile* brand contracts. Income in the enterprise business increased due to an increase in mobile revenue following growth in demand for remote working, along with an increase in sales of cloud services and security solutions as the digitization of enterprises accelerates. Income also increased at Z Holdings Corporation, mainly due to the positive impact of consolidating LINE Corporation in March 2021, as well as recording gain on revaluation of an investee that was removed as an associate, and an increase in gain on investments associated with an increase in the fair values of investees.

For more information on SoftBank Corp.'s financial results and business operations, please refer to its website at <https://www.softbank.jp/en/corp/ir/>.

(d) Arm Segment

1. Arm reported highest-ever quarterly revenues, resulting in positive segment income.

- ◆ Net sales increased 60.9% yoy.
 - Technology royalty revenue increased 31.6% yoy (U.S. dollar-based) due to record chip sales, and Arm's customers benefiting from both market share gains and higher chip prices.
 - Technology non-royalty revenue increased 106.8% yoy (U.S. dollar-based) due to the availability of Arm's newly developed products combined with increased design activity at Arm's customers which resulted in more licenses being signed.
- ◆ Positive segment income for the first time since the quarter ended March 2017 due to strong revenue growth (excluding a period when a one-time gain was recorded). Arm's investments in R&D, that resulted in the segment losses in prior years, are now driving the segment income gains.

2. Arm continues to expand its product portfolio.

- ◆ In the first quarter, Arm introduced three new processors based on *Armv9* and three new graphics processors, all targeting the smartphone and mobile computing segment. It is expected that these processors will start to appear in next-generation mobile devices in 2022.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2020	2021		
Net sales	46,175	74,278	28,103	60.9%
Segment income (income before income tax)	(6,547)	8,781	15,328	-

Notes:

1. Since the fourth quarter of the previous fiscal year, the Internet-of-Things Services Group (ISG) business is managed separately from the Arm business and its results are therefore included in "Other" instead of the Arm segment.
2. Segment income included amortization expenses of ¥12,472 million for the first quarter and ¥12,215 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

Arm's operations primarily consist of licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or increase its share of the existing markets and expand into new markets.

Industry trends and their impact

Semiconductor industry trends can have a significant impact on Arm's financial results, both positively and negatively. The industry is vulnerable to external factors, including trade disputes and sanctions against specific companies, as well as the impact from changes in economic activity caused by COVID-19. If shipments of consumer electronic devices weaken, it may lead to lower technology royalty revenue, and if customers facing reduced revenues choose to delay licensing decisions, it may lead to lower technology non-royalty revenue. Conversely, Arm benefits during periods of industry expansion as royalty revenue grows with industry sales, and technology non-royalty revenue (technology licensing revenue and software and services revenue) can increase as design activity accelerates. However, it is difficult to anticipate when these events may occur and the impact on the whole semiconductor industry or Arm.

Arm is expecting that, as consumer and enterprise electronics become more advanced, its technology will be further utilized and opportunities will expand over the long term.

FINANCIAL RESULTS

Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based in U.S. dollars.

	(Millions of U.S. dollars)			
	Three months ended June 30		Change	Change %
	2020	2021		
Technology royalty	282	371	89	31.6%
Technology non-royalty	147	304	157	106.8%
Total net sales	429	675	246	57.3%

Net sales increased \$246 million (57.3%) year on year due to increases in both technology royalty revenue and technology non-royalty revenue.

Technology royalty revenue

Technology royalty revenue increased \$89 million (31.6%) year on year. Royalty revenues were driven by the strong ramp in shipments of Arm-based 5G smartphones and the deployment of networking equipment into 5G base stations, and Arm's customers gaining share in multiple markets such as automotive and servers. In addition, Arm's customers are benefitting from the very high demand for computer chips by increasing pricing, and as Arm's royalty revenue is often based on the price of the chips, Arm is also benefiting from higher chip prices.

Technology non-royalty revenue

Technology non-royalty revenue increased \$157 million (106.8%) year on year. This increase is primarily due to the availability of more Arm technology following the period of accelerated R&D spending since Arm has been acquired by the Company. Over the past few years, Arm has increased investment in R&D, which has now resulted in a product portfolio that has expanded the breadth of Arm technology to include processors optimized for servers, automotive electronics, and AI acceleration. This has led to a wider range of customers licensing Arm technology, as well as existing customers having more Arm technology to choose from, both of which are helping to drive licensing revenues. This included licenses for processors used by customers intending to build Arm-based server chips, smartphones, networking equipment and for autonomous systems such as industrial robotics and self-driving vehicles. In addition, over the past year, strong industry demand for Arm-based chips has encouraged Arm's customers to invest in new R&D projects to develop more chips and therefore increased demand for Arm processor licenses. Furthermore, the same period of the previous fiscal year saw a decrease in design activity and licensing as the industry was adjusting to the start of the COVID-19 pandemic.

Segment income

Segment income was ¥8,781 million, improving by ¥15,328 million year on year. This was mainly due to Arm's strong revenue growth exceeding the increase in costs that were mainly in line with headcount growth.

As Arm continues to enhance its R&D capabilities by hiring more employees, mainly technology-related personnel, the number of Arm employees at the first quarter-end increased 2.0% from the previous fiscal year-end.

OPERATIONS

Royalty units⁷

	(Billion)			
	Three-month period ended March 31			
	2020	2021	Change	Change %
Royalty units as reported by Arm's licensees	5.4	6.8	1.4	25.9%

Arm's licensees reported shipments of 6.8 billion Arm-based chips shipped in the three-month period ended March 31, 2021. Arm's unit shipments increased 25.9% year on year, while shipments by the Arm-relevant part of the semiconductor industry increased 11.4%⁸ during the same period.

⁷ This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the period from January 1 to March 31, 2021, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, technology royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

⁸ World Semiconductor Trade Statistics (WSTS) as of July 2021. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.

TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving the technology in both its mobile business and other businesses with strong growth potential.

Arm's primary investment areas and main developments

Mobile computing

- Opportunity : Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
- The first quarter : Arm introduced three new processors, *Cortex-X2*, *Cortex-A710*, and *Cortex-A510*, based on *Armv9*, and three new graphics processors, *Mali-G710*, *Mali-G510*, and *Mali-G310*, all targeting the smartphone and mobile computing segment.

Infrastructure

- Opportunity : Arm has a growing share in networking infrastructure and a nascent share in data center servers.
- The first quarter :
 - Supercomputer Fugaku with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, has retained its number one ranking in the TOP500, a global ranking based on calculation speed of supercomputers.
 - Oracle Corporation announced that Oracle Cloud Infrastructure will include Arm-based servers using chips from Ampere Computing LLC.
 - NVIDIA Corporation and Marvell Technology, Inc. separately announced new 5G networking infrastructure chips based on Arm processor technology.

Automotive

- Opportunity : As vehicles become smarter, they require more computational capability. Arm is well-positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
- The first quarter : Arm and leading automotive companies and technology providers, including Audi AG, DENSO CORPORATION, and NXP Semiconductors N.V., have started a new collaboration to create standards for self-driving vehicles.

IoT

- Opportunity : For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.
- The first quarter : Arm announced an initiative to help reduce the time to develop software for Arm-based microcontrollers by enabling more code-reuse and code-sharing between developers.

Entry into agreement for sale of all shares in Arm

On September 13, 2020 (U.S. time), SBGC, a wholly owned subsidiary of the Company, and SVF1 entered into a Share Purchase Agreement (the “Purchase Agreement”) with NVIDIA Corporation (“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 (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 closing conditions. The Transaction is expected to take approximately 18 months to close following the execution of the Purchase Agreement. The ISG businesses are outside the scope of the Transaction.

Upon the closing 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, Arm will continue to be classified under continuing operations in the Company’s 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 (as discussed below). NVIDIA is not expected to become a subsidiary or an associate of the Company following the completion of the Transaction.

A breakdown of the transaction value is presented below.

(Billions of U.S. dollars)

	Transaction value		Time of receipt
(1) Cash	12.0	(a) 2.0	Received in September 2020 (\$0.75 billion of which was received by Arm as consideration for a license agreement)
		(b) 10.0	Upon closing
(2) NVIDIA shares	21.5 (44.37 million shares* ³)		Upon closing
(3) Earn-out (cash or NVIDIA shares)	Up to 5.0 (or 10.32 million shares* ³)		Upon closing; subject to satisfaction of specific financial performance targets of Arm
Total consideration for the Company	Up to 38.5		
(4) NVIDIA share compensa- tion for Arm employees	1.5		Upon closing; to be received by Arm employees
Total	Up to 40.0		

Notes:

- The consideration described in (1), (2) and, if any, (3) will be allocated to SBGC and SVF1 in accordance with their respective ownership ratios of Arm shares (75.01% to SBGC and 24.99% to SVF1). The proceeds received by SVF1 will be further allocated to SVF1’s limited partners, including the Company, based on a designated waterfall.
- Transaction value of (2) and (3) is calculated based on NVIDIA shares with a price of \$484.6007 per share (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). If (2) and (3) (in case of receiving the consideration in the form of NVIDIA shares) are calculated based on the closing price of NVIDIA common stock on June 30, 2021 (\$800.10), the maximum consideration for the Company would be \$55.8 billion.
- The number of shares before NVIDIA’s stock split on July 20, 2021

(1) \$12.0 billion in cash

(a) \$2.0 billion

Upon the execution of the Purchase Agreement on September 13, 2020, SBGC and Arm received cash totaling \$2.0 billion. Of this amount, \$1.25 billion 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, after which such amount will become non-refundable) and \$0.75 billion was received by Arm as consideration for a license agreement that

Arm and NVIDIA entered into concurrently with the execution of the Purchase Agreement.

(b) \$10.0 billion

Upon the closing of the Transaction, SBGC and SVF1 will receive cash totaling \$10.0 billion.

(2) \$21.5 billion in NVIDIA shares (44.37 million shares)

Upon the closing of the Transaction, SBGC and SVF1 will receive 44,366,423 shares of NVIDIA common stock, which is before NVIDIA's stock split on July 20, 2021 and was determined based on a price of \$484.6007 per share (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 Purchase Agreement.

The shares received will be recorded at their fair value at the closing of the Transaction as financial assets at FVTPL, and thereafter changes in their fair value will be recognized as net income or loss at the end of each quarter.

(3) Earn-out up to \$5.0 billion (cash or 10.32 million NVIDIA shares)

An earn-out of up to \$5.0 billion in cash or up to 10,317,772 shares of NVIDIA common stock, which is the number of shares before NVIDIA's stock split on July 20, 2021, (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)) is payable to SBGC and SVF1 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 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.

If SBGC and SVF1 elect to receive the earn-out in the form of NVIDIA shares, the fair value of those shares will be recorded as financial assets at FVTPL upon the closing of the Transaction, and thereafter changes in their fair value will be recognized as net income or loss at the end of each quarter.

(4) NVIDIA stock awards representing \$1.5 billion to be granted to Arm employees

Upon the closing of the Transaction, Arm employees will receive \$1.5 billion in NVIDIA stock awards from NVIDIA.

For more information about Arm, its business, and its technology, please refer to its website at <https://www.arm.com>.

(e) Latin America Fund Segment

(Millions of yen)

	Three months ended June 30		Change	Change %
	2020	2021		
Gain on investments	23,281	219,368	196,087	842.2%
Unrealized gain on valuation of investments	23,062	219,236	196,174	850.6%
Derivative gain (loss) on investments	219	(44)	(263)	-
Other	-	176	176	-
Selling, general and administrative expenses	(950)	(2,020)	(1,070)	112.7%
Finance cost	(4)	(203)	(199)	-
Derivative loss				
(excluding gain (loss) on investments)	-	(106)	(106)	-
Other loss	-	(680)	(680)	-
Segment income (income before income tax)	22,327	216,359	194,032	869.1%

Note: SoftBank Latin America Fund has invested in one affiliated SPAC through the SPAC's sponsor, which is the Company's subsidiary in this segment. The operating results of the SPAC, as a subsidiary of the Company, are included in this segment.

OVERVIEW

Segment results includes the results of the investments and operational activities of SoftBank Latin America Fund, which conducts investing activities in Latin America, such as Brazil and Mexico.

FINANCIAL RESULTS

Segment income was ¥216,359 million, reflecting gain on investments of ¥219,368 million due to an increase in the share price of its listed portfolio company, Banco Inter S.A., and increases in the fair values of its unlisted portfolio companies such as QUINTOANDAR, LTD. and VTEX. As of the first quarter-end, the fund held 48 investments and had invested a cumulative total of \$3.5 billion, with a fair value of \$6.9 billion. In addition to the Company's committed capital of \$5.0 billion in the fund, a co-investment program of employees involved in the management of the fund has committed \$7 million (the program's interest is deducted as third-party interests) to the fund.

For a list of portfolio companies of SoftBank Latin America Fund, see the Data Sheets in "Materials" under "Earnings Results Briefing" to be posted in a few days on the Company's website at <https://group.softbank/en/ir/presentations/>.

(f) Other

(Millions of yen)

	Three months ended June 30		Change	Change %
	2020	2021		
Net sales	66,427	54,217	(12,210)	(18.4%)
Segment income (income before income tax)	(37,809)	32,848	70,657	-
Depreciation and amortization	(13,313)	(8,930)	4,383	(32.9%)
Gain (loss) on investments	8,453	(974)	(9,427)	-
Finance cost	(3,866)	(4,105)	(239)	6.2%
Income on equity method investments	2,809	2,040	(769)	(27.4%)
Derivative gain (loss) (excluding gain (loss) on investments)	27	(3,479)	(3,506)	-

Note: Since the fourth quarter of the previous fiscal year, the ISG business is managed separately from the Arm business and its operating results are therefore included in “Other” instead of the Arm segment. In June 2021, all of the shares of Treasure Data, Inc. in the ISG business were distributed in kind to SVF1 and SBGC in accordance with their ownership ratios of Arm shares, and subsequently SBGC sold its portion to SVF2. As a result, SVF1 owned 24.99% and SVF2 75.01% of Treasure Data, Inc. shares as of the first quarter-end.

Segment income totaled ¥32,848 million. The Company recorded a gain relating to loss of control of Boston Dynamics, Inc. of ¥72,936 million following the completion of the sale of its shares in the first quarter. See “7. Disposal group classified as held for sale” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

Meanwhile, Fortress Investment Group LLC (“Fortress”) and PayPay Corporation recorded losses before income tax of ¥16,740 million and ¥10,420 million, respectively.

An overview of these results and operations follows.

- Fortress

Fortress recorded loss on investments of ¥8,777 million due to a decrease in the fair value of certain investments, resulting in a loss before income tax of ¥16,740 million. In the first quarter, one of the four SPACs that are subsidiaries of Fortress merged with an operating company and was excluded from the scope of consolidation.

- PayPay Corporation

PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥10,420 million, mainly reflecting its continued marketing promotions aimed at gaining users and driving service usage, along with proactive measures to increase the number of stores using its services. Loss before income tax decreased year on year, mainly due to higher revenue following an increase in affiliated store sales and growth in gross merchandise volume. PayPay Corporation’s payment services continued to see strong growth, with the number of payments for the first quarter reaching 790 million, a 1.8-fold increase year on year.

Results of PayPay Corporation included in “Other”

(Millions of yen)

	Three months ended June 30		Change	Change %
	2020	2021		
Net sales	5,667	11,211	5,544	97.8%
Loss before income taxes	(15,811)	(10,420)	5,391	-

(2) Overview of Financial Position

1. Status of investment assets

- ◆ **Carrying amount of investments from SVF1 and SVF2 of ¥14,792.2 billion, an increase of ¥1,145.4 billion from the previous fiscal year-end*¹**
 - SVF1: Decreased by ¥181.3 billion from the previous fiscal year-end mainly due to the partial sale of investments.
 - SVF2: Increased by ¥1,326.7 billion from the previous fiscal year-end mainly due to active new investments.
- ◆ **Carrying amount of investment securities of ¥4,351.7 billion, an increase of ¥644.9 billion from the previous fiscal year-end**
 - SBG and its subsidiaries: Fair value of T-Mobile shares increased by ¥227.9 billion.
 - SoftBank Latin America Fund: Carrying amount of investments increased by ¥310.3 billion from the previous fiscal year-end.
- ◆ **Holdings of stocks, etc. at asset management subsidiaries decreased from ¥2.2 trillion at the previous fiscal year-end to ¥1.5 trillion.**
 - Carrying amount of investments from asset management subsidiaries was ¥790.6 billion (increased ¥35.3 billion from the previous fiscal year-end).
 - Carrying amount of securities pledged as collateral in asset management subsidiaries was ¥687.5 billion (decreased ¥739.8 billion from the previous fiscal year-end).

2. Procured Funds to meet funding demand for debt repayment and new investments, including issuance of domestic hybrid bonds of ¥405.0 billion: Interest-bearing debt at SBG increased ¥1,109.1 billion from the previous fiscal year-end.

3. Retired 366,860 thousand treasury stock, equivalent to 17.6%⁹ of the total number of issued shares before retirement (the same as the number of shares acquired from March 2020 to May 2021). The carrying amount of ¥2,475.8 billion was deducted from retained earnings.

Note:

1. Investments from SVF1 and SVF2 do not include their investments in the Company's subsidiaries or investments that are transferred from the Company to the funds and are continued to be accounted for using equity methods (and included in "investments accounted for using the equity method") prior to and after the transfer.

	March 31, 2021	June 30, 2021	Change	Change %
Total assets	45,750,453	47,185,597	1,435,144	3.1%
Total liabilities	33,794,860	34,694,490	899,630	2.7%
Total equity	11,955,593	12,491,107	535,514	4.5%

⁹ Proportion to the total number of issued shares as of April 30, 2021

(a) Assets

	(Millions of yen)		
	March 31, 2021	June 30, 2021	Change
Cash and cash equivalents	4,662,725	4,980,062	317,337
Trade and other receivables	2,216,434	2,152,451	(63,983)
Investments from asset management subsidiaries	658,227	609,081	(49,146) A
Securities pledged as collateral in asset management subsidiaries	1,427,286	687,457	(739,829) B
Derivative financial assets in asset management subsidiaries	188,056	254,143	66,087 C
Other financial assets	1,055,222	798,423	(256,799) D
Inventories	126,830	119,902	(6,928)
Other current assets	446,739	499,835	53,096
Assets classified as held for sale	38,647	-	(38,647) E
Total current assets	10,820,166	10,101,354	(718,812)
Property, plant and equipment	1,668,578	1,764,663	96,085
Right-of-use assets	1,147,020	1,082,133	(64,887)
Goodwill	4,684,419	4,691,625	7,206
Intangible assets	2,308,370	2,267,690	(40,680) F
Costs to obtain contracts	246,996	265,972	18,976
Investments accounted for using the equity method	4,349,971	4,498,256	148,285 G
Investments from SVF1 and SVF2 accounted for using FVTPL	13,646,774	14,792,184	1,145,410 H
SVF1	12,403,286	12,221,998	(181,288)
SVF2	1,243,488	2,570,186	1,326,698
Investment securities	3,706,784	4,351,725	644,941 I
Derivative financial assets	908,660	987,267	78,607 J
Other financial assets	1,919,262	2,069,561	150,299 K
Deferred tax assets	206,069	168,367	(37,702)
Other non-current assets	137,384	144,800	7,416
Total non-current assets	34,930,287	37,084,243	2,153,956
Total assets	45,750,453	47,185,597	1,435,144

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<u>Current assets</u>	
A Investments from asset management subsidiaries	Listed stocks held by SB Northstar decreased mainly due to sales.
B Securities pledged as collateral in asset management subsidiaries	Securities pledged as collateral decreased due to SB Northstar's sale of investments and repayment of collateralized debt obligations.
C Derivative financial assets in asset management subsidiaries	The fair values of long call options of listed stocks held by SB Northstar increased.
D Other financial assets	<p>In conjunction with the early termination and repayment in April 2021 of a portion of the collar contract out of the prepaid forward contracts using Alibaba shares, the ¥361,355 million recorded as restricted cash related to the contract termination at the previous fiscal year-end decreased. See "Note 1" under "(1) Components of interest-bearing debt" in "9. Interest-bearing debt" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.</p> <p>In addition, other financial assets increased by ¥143,332 million, reflecting the reclassification from non-current assets of derivative financial assets for the contracts with a remaining term of one year or less.</p>
E Assets classified as held for sale	Boston Dynamics, Inc.'s assets were separately presented in this category at the previous fiscal year-end in conjunction with the classification of the company in the disposal group classified as held for sale; however, these assets were derecognized following the completion of the sale in the first quarter.
<u>Non-current assets</u>	
F Intangible assets	<ul style="list-style-type: none"> · Arm technology decreased due to regular amortization. · LINE Corporation's trademarks and customer relationships decreased due to the revision of the provisional amount recognized in conjunction with its business combination with the company.
G Investments accounted for using the equity method	In addition to recording gain on equity-method investments, the consolidated carrying amount for Alibaba increased due to the weaker yen against the Chinese yuan at the first quarter-end.
H Investments from SVF1 and SVF2 accounted for using FVTPL	<ul style="list-style-type: none"> · At SVF1, the fair value of investments held at the first quarter-end increased, while some investments were sold. · SVF2 made new and follow-on investments totaling \$13.5 billion, as well as selling some investments. <p>For details of the status of investments at SVF1 and SVF2, see "(b) SVF1 and Other SBIA-Managed Funds Segment" under "b. Results by Segment" in "(1) Overview of Results of Operations."</p>

Components	Main reasons for changes from the previous fiscal year-end
I Investment securities	<ul style="list-style-type: none"> · The fair value of T-Mobile shares increased ¥227,936 million (first quarter-end balance: ¥1,702,292 million). · The carrying amount of investments from SoftBank Latin America Fund increased ¥310,270 million due to an increase in the fair value of portfolio companies, as well as new and follow-on investments (first quarter-end balance: ¥751,278 million). · The carrying amount of investments in SoFi Technologies, Inc., WeWork, and Lemonade, Inc. increased ¥45,654 million, ¥41,363 million, and ¥21,428 million, respectively, mainly due to increases in the fair values. Furthermore, the shares of InMobi Pte. Ltd. were reclassified to “investments from SVF1 and SVF2 accounted for using FVTPL” upon transfer from the Company’s subsidiary to SVF2.
J Derivative financial assets	<ul style="list-style-type: none"> · The fair value of the Contingent Consideration related to T-Mobile shares increased by ¥197,783 million (first quarter-end balance: ¥658,492 million). · Of the derivative financial assets related to several prepaid forward contracts using Alibaba shares, assets of ¥143,332 million related to the contracts with a remaining term of one year or less were reclassified to current assets.
K Other financial assets	<ul style="list-style-type: none"> · SB Northstar newly acquired convertible bonds of ¥81,675 million (first quarter-end balance including the convertible bonds acquired in the previous fiscal year: ¥181,483 million). · Long-term loans increased by ¥37,379 million related to unsecured notes of WeWork purchased by the Company’s subsidiary.

(Reference) Cash and cash equivalents by entity

	(Millions of yen)		
	March 31, 2021	June 30, 2021	Change
SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement / SB Northstar			
	2,202,730	2,063,447	(139,283)
SoftBank Group Corp.	1,948,177	1,720,959	(227,218)
Wholly owned subsidiaries conducting fund procurement	33,272	15,790	(17,482)
SB Northstar	221,281	326,698	105,417
SVF1 and Other SBIA-Managed Funds segment			
SVF1	67,580	64,646	(2,934)
SVF2	63,470	319,563	256,093
SBIA	25,895	22,161	(3,734)
SoftBank segment			
SoftBank Corp.	302,539	514,431	211,892
Z Holdings Corporation ^{*1}	420,941	404,976	(15,965)
Others ^{*2}	861,412	804,694	(56,718)
Others	718,158	786,144	67,986
Total	4,662,725	4,980,062	317,337

Notes:

1. Includes Yahoo Japan Corporation and LINE Corporation.

2. Includes PayPay Bank Corporation, whose balance of cash and cash equivalents was ¥330,473 million at the first quarter-end.

(b) Liabilities

	(Millions of yen)		
	March 31, 2021	June 30, 2021	Change
Interest-bearing debt	7,735,239	8,643,697	908,458
Lease liabilities	307,447	291,402	(16,045)
Deposits for banking business	1,109,240	1,184,013	74,773
Trade and other payables	1,970,275	1,695,139	(275,136)
Derivative financial liabilities in asset management subsidiaries	14,673	14,468	(205)
Derivative financial liabilities	322,213	279,627	(42,586) A
Other financial liabilities	51,285	30,089	(21,196)
Income taxes payables	391,930	83,030	(308,900) B
Provisions	24,939	19,740	(5,199)
Other current liabilities	952,443	703,610	(248,833) C
Liabilities directly relating to assets classified as held for sale	11,271	-	(11,271) D
Total current liabilities	12,890,955	12,944,815	53,860
Interest-bearing debt	10,777,736	11,603,726	825,990
Lease liabilities	727,554	694,936	(32,618)
Third-party interests in SVF1	6,601,791	6,450,319	(151,472)
Derivative financial liabilities	32,692	49,187	16,495
Other financial liabilities	415,407	383,769	(31,638)
Provisions	110,586	115,227	4,641
Deferred tax liabilities	2,030,651	2,275,398	244,747 E
Other non-current liabilities	207,488	177,113	(30,375)
Total non-current liabilities	20,903,905	21,749,675	845,770
Total liabilities	33,794,860	34,694,490	899,630

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<u>Current liabilities</u>	
A Derivative financial liabilities	With the completion of the tender offer for WeWork shares in April 2021, the Company reversed a derivative financial liability of ¥76,823 million recorded at the previous fiscal year-end as the difference between the valuation amount of common stock and preferred stock expected to be acquired and the planned acquisition amount. See “(3) Forward contracts” under “10. Financial instruments” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.
B Income taxes payables	SBGJ paid income tax of ¥197,432 million based on taxable income including a gain on sale of shares of SoftBank Corp. generated in the previous fiscal year.
C Other current liabilities	Withholding income tax of ¥245,053 million was paid in relation to dividends paid from SBGJ to SBG in the previous fiscal year.
D Liabilities directly relating to assets classified as held for sale	Boston Dynamics, Inc.’s liabilities were separately presented in this category at the previous fiscal year-end in conjunction with the classification of the company in the disposal group classified as held for sale; however, these liabilities were derecognized following the completion of the sale in the first quarter.
<u>Non-current liabilities</u>	
E Deferred tax liabilities	Deferred tax liabilities increased at SBG.

(Reference) Interest-bearing debt and lease liabilities (total of current liabilities and non-current liabilities)

	(Millions of yen)		
	March 31, 2021	June 30, 2021	Change
SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement*¹ /			
SB Northstar	12,984,650	13,997,677	1,013,027
SoftBank Group Corp.	6,158,350	7,267,433	1,109,083
Borrowings	1,152,934	1,838,718	685,784
Corporate bonds	4,745,549	5,152,873	407,324
Lease liabilities	13,367	13,042	(325)
Commercial paper	246,500	262,800	16,300
Wholly owned subsidiaries conducting fund procurement*¹	4,959,779	5,305,735	345,956
Borrowings	1,874,040	2,080,230	206,190
Financial liabilities relating to sale of shares by prepaid forward contracts	3,085,739	3,225,505	139,766
SB Northstar	1,866,521	1,424,509	(442,012)
Borrowings	1,866,521	1,424,509	(442,012)
SVF1 and Other SBIA-Managed Funds segment			
SVF1	444,227	444,053	(174)
Borrowings	444,227	444,053	(174)
SVF2	-	99,275	99,275
Borrowings	-	99,275	99,275
SBIA	363	313	(50)
Lease liabilities	363	313	(50)
SoftBank segment			
SoftBank Corp.	4,166,323	4,635,959	469,636
Borrowings	3,037,229	3,313,246	276,017
Corporate bonds	260,000	359,620	99,620
Lease liabilities	706,393	671,092	(35,301)
Commercial paper	162,701	292,001	129,300
Z Holdings Corporation*²	1,030,980	1,078,395	47,415
Borrowings	442,406	450,500	8,094
Corporate bonds	543,992	544,074	82
Lease liabilities	44,582	41,321	(3,261)
Commercial paper	-	42,500	42,500
Other	494,747	513,030	18,283
Others			
Other interest-bearing debt	334,917	375,687	40,770
Lease liabilities	91,769	89,372	(2,397)
Total	19,547,976	21,233,761	1,685,785

Notes:

- The interest-bearing debt of wholly owned subsidiaries conducting fund procurement is non-recourse to SBG, except for that 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 SBG to a limit of \$1.99 billion. As a precondition for SBG 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.
- Includes Yahoo Japan Corporation and LINE Corporation.

Reasons for changes from the previous fiscal year-end at core companies**SBG / Wholly owned subsidiaries conducting fund procurement / SB Northstar****SBG**

- Short-term borrowings increased by ¥685,364 million, mainly due to a temporary loan of €2.4 billion procured in June 2021 in conjunction with the issuance of foreign-denominated corporate bonds in July 2021. The loan was repaid in full in July 2021.
- SBG issued domestic hybrid bonds of ¥405.0 billion.

Wholly owned subsidiaries conducting fund procurement

- Borrowings of \$1.88 billion were made using Alibaba shares (margin loan).
- In the prepaid forward contracts using Alibaba shares, a portion of the collar contract of \$2.86 billion was terminated early and repaid, after which a new collar contract was concluded to borrow \$3.0 billion. See “Note 1.” under “(1) Components of interest-bearing debt” in “9. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

SB Northstar

- Short-term borrowings decreased by ¥441,946 million following repayments.

SVF1 and Other SBIA-Managed Funds segment

- SVF2 procured \$0.9 billion through the borrowing made for the purpose of monetizing a portion of certain listed investment (the “Portfolio Financing Facility”).

SoftBank segment**SoftBank Corp.**

- Borrowings increased mainly due to financing through securitization of receivables.
- Domestic straight corporate bonds totaling ¥100.0 billion were issued.
- Commercial paper increased by ¥129.3 billion

Z Holdings Corporation

- Commercial paper increased by ¥42.5 billion at LINE Corporation.

(c) Equity

	March 31, 2021	June 30, 2021	Change	(Millions of yen)
Common stock	238,772	238,772	-	
Capital surplus	2,618,504	2,601,097	(17,407)	
Other equity instruments	496,876	496,876	-	
Retained earnings	8,810,422	7,056,602	(1,753,820)	A
Treasury stock	(2,290,077)	(68,101)	2,221,976	B
Accumulated other comprehensive income	338,329	400,299	61,970	
Accumulated other comprehensive income directly relating to assets classified as held for sale	267	-	(267)	
Total equity attributable to owners of the parent	10,213,093	10,725,545	512,452	
Non-controlling interests	1,742,500	1,765,562	23,062	
Total equity	11,955,593	12,491,107	535,514	

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Retained earnings	<ul style="list-style-type: none"> · Net income attributable to owners of the parent of ¥761,509 million was recorded. · ¥2,475,817 million*¹ was deducted following the retirement of 366,860,600 treasury stock in May 2021 (equivalent to 17.6% of the total number of issued shares as of April 30, 2021).
B Treasury stock	<ul style="list-style-type: none"> · The Company repurchased 25,980,400 of its own shares for ¥257,777 million from April 1 to May 12, 2021 in accordance with a Board resolution on July 30, 2020. · The Company retired treasury stock in May 2021

Note:

1. The number of shares retired is the same as the number of shares acquired from the share repurchase (the “Share Repurchase”) conducted in accordance with respective resolutions of the Board of Directors in March, May, June, and July 2020. However, since the retirement amount is calculated based on the carrying amounts, including the treasury stock held by the Company prior to the Share Repurchase, the retirement amount differs from the total repurchase amount of the Share Repurchase.

(3) Overview of Cash Flows

1. Investing activities

◆ SVF1 and SVF2

- Investment

· Payments for acquisition of investments of ¥1,401.9 billion (cash flows from investing activities)

- Monetization

· Proceeds from sale of investments of ¥646.7 billion (cash flows from investing activities)

· Proceeds of ¥99.0 billion from partial monetization of certain listed investment (at SVF2, cash flows from financing activities)

- Distributions

· Distribution/payment to third-party investors of ¥346.7 billion (at SVF1, cash flows from financing activities)

◆ SoftBank Latin America Fund

· Payments for acquisition of investments of ¥90.0 billion (cash flows from investing activities)

2. Financing activities

◆ SBG issued domestic hybrid bonds of ¥405.0 billion for the purpose of refinancing.

◆ The Company's wholly owned subsidiary procured ¥1.88 billion through borrowings using Alibaba shares (margin loan). In addition, prepaid forward contracts using Alibaba shares amounting to \$2.86 billion were terminated early and repaid, while new prepaid forward contracts were concluded to procure \$3.0 billion.

◆ Proceeds in short-term interest-bearing debt, net was ¥(438,221) million by repaying collateralized debt obligations from SB Northstar.

(Millions of yen)

	Three months ended June 30		Change
	2020	2021	
Cash flows from operating activities	154,024	507,438	353,414
Cash flows from investing activities	1,241,103	(975,819)	(2,216,922)
Cash flows from financing activities	1,415,375	786,091	(629,284)

(a) Cash Flows from Operating Activities

Cash flows from operating activities increased ¥353,414 million year on year. This was mainly due to a cash inflow increase effect of ¥735,019 million resulting mainly from the sale of investments by SB Northstar, while the amount of income taxes paid (cash outflow) increased by ¥358,758 million year on year.

The increase in the amount of income taxes paid was mainly due to payment in the first quarter of corporate taxes on taxable income at SBGJ including the gain on the sale of SoftBank Corp. shares generated in the previous fiscal year, as well as payment of withholding income tax on dividends from SBGJ to SBG.

(b) Cash Flows from Investing Activities
Primary components

Components	Primary details
Payments for acquisition of investments ¥(401,944) million	<ul style="list-style-type: none"> · The Company acquired preferred stocks and common stocks of WeWork by tender offer for ¥101,377 million. · SoftBank Latin America Fund made new and follow-on investments totaling \$0.8 billion. · The unpaid acquisition price of ¥115,174 million for shares of a new company established through the business integration of Z Holdings Corporation and LINE Corporation was paid in the first quarter after the shares were acquired from non-controlling interests in the previous fiscal year.
Payments for acquisition of investments by SVF1 and SVF2 ¥(1,401,868) million	<ul style="list-style-type: none"> · SVF2 made new and follow-on investments totaling \$11.9 billion. · SVF1 made follow-on investments totaling \$0.9 billion.
Proceeds from sales of investments by SVF1 and SVF2 ¥646,663 million	<ul style="list-style-type: none"> · SVF1 sold a portion of its shares in six listed portfolio companies. · SVF2 sold a portion of its shares in KE Holdings.
Purchase of property, plant and equipment, and intangible assets ¥(176,615) million	<ul style="list-style-type: none"> · SoftBank Corp. purchased telecommunications equipment. · Subsidiaries operating a renewable energy power generation business overseas proceeded with construction of power stations.
Proceeds from withdrawal of restricted cash ¥359,099 million	<p>In April 2021, restricted cash (a deposit of \$3.3 billion required for the early termination procedure of a portion of the collar contract out of the prepaid forward contracts using Alibaba shares) recorded at the previous fiscal year-end was withdrawn. That April, a payment of \$2.86 billion was completed for the early termination, and the cash outflow associated with the transaction was recorded as “repayment of interest-bearing debt” (cash flows from financing activities).</p>

(c) Cash Flows from Financing Activities
Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥(112,596) million * ¹	· Short-term borrowings at SB Northstar decreased ¥438,221 million (net). · SoftBank Corp.'s short-term borrowings increased ¥166,518 million (net).
Proceeds from interest-bearing debt ¥2,412,744 million	
Proceeds from borrowings ¥1,577,762 million * ²	· SBG made short-term borrowings of ¥695,754 million. · A wholly owned subsidiary conducting fund procurement borrowed \$1.88 billion using Alibaba shares (margin loan). · SVF2 borrowed \$0.9 billion under the Portfolio Financing Facility. · SoftBank Corp. procured ¥126,400 million through commercial paper and borrowed ¥269,160 million.
Proceeds from issuance of corporate bonds ¥505,130 million	· SBG issued domestic hybrid bonds of ¥405,000 million. · SoftBank Corp. issued domestic straight corporate bonds totaling ¥100,000 million.
Proceeds from procurement by prepaid forward contracts using shares ¥329,852 million	The Company's wholly owned subsidiaries conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured an aggregate amount of \$3.0 billion.
Repayment of interest-bearing debt ¥(691,384) million	
Repayment of borrowings ¥(377,973) million * ²	· SBG repaid commercial paper of ¥26,000 million and short-term borrowings of ¥9,950 million. · SoftBank Corp. repaid commercial paper of ¥48,100 million and borrowings of ¥160,685 million.
Payment of the settlement of the variable prepaid forward contract ¥(313,411) million	In April 2021, the Company paid \$2.86 billion for early termination of a portion of the collar contract out of the prepaid forward contracts using Alibaba shares.
Distribution/repayment from SVF1 to third-party investors ¥(346,746) million	SVF1 made distributions to third-party investors.
Purchase of treasury stock ¥(257,780) million	SBG repurchased its own shares up to May 12, 2021 in accordance with a Board resolution on July 30, 2020.
Cash dividends paid to non-controlling interests ¥(135,820) million	SoftBank Corp. and Z Holdings Corporation paid dividends to non-controlling interests.

Notes:

1. "Proceeds in short-term interest-bearing debt, net" presents cash flows from financing activities that meet the requirement of "Reporting cash flows on a net basis" under IFRSs.
2. "Proceeds from borrowings" and "repayment of borrowings" include proceeds of ¥946,871 million and outlays of ¥188,273 million, respectively, related to borrowings with a contracted term of one year or less.

(4) Forecasts

The Company does not provide forecasts of consolidated results of operations as they are difficult to project due to numerous uncertainties affecting earnings.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three-Month Period Ended June 30, 2021

(Specified subsidiary (one entity) excluded from the scope of consolidation)

On June 21, 2021, the Company sold the majority of shares in Boston Dynamics, Inc. (“Boston Dynamics”) held by the Company through a wholly-owned subsidiary to Hyundai Motor Company and its affiliates (collectively, the “Hyundai Motor Group”) and Euisun Chung, Chairman of Hyundai Motor Group. On the same date, Hyundai Motor Group and Euisun Chung subscribed for additional shares of Boston Dynamics. Upon completion of the transaction, Boston Dynamics, which was a specified subsidiary of the Company, was no longer a subsidiary of the Company. The details are described in “Note 7. Disposal group classified as held for sale” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(2) Changes in Accounting Estimates

(Reversal of impairment losses on equity method investments)

Reversal of impairment losses on equity method investments was recorded for the equity method investment in WeWork Inc., an equity method associate of the Company. The details are described in “Notes 2” in “Note 16. Other gain” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

(Definitions of company names and abbreviations used in the condensed interim consolidated financial statements and primary notes)

Company names and abbreviations used in the condensed interim consolidated financial statements and primary notes, unless otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
* Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SB Northstar	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
Arm	Arm Limited
SoftBank Latin America Fund	SoftBank Latin America Fund L.P.
Fortress	Fortress Investment Group LLC
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Alibaba	Alibaba Group Holding Limited
WeWork	WeWork Inc.

From the three-month period ended June 30, 2021, the account of condensed interim consolidated statement of cash flows has been changed as follows:

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
Proceeds from sales of investments by SVF1	Proceeds from sales of investments by SVF1 and SVF2

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2021	(Millions of yen) As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	4,662,725	4,980,062
Trade and other receivables	2,216,434	2,152,451
Investments from asset management subsidiaries	658,227	609,081
Securities pledged as collateral in asset management subsidiaries	1,427,286	687,457
Derivative financial assets in asset management subsidiaries	188,056	254,143
Other financial assets	1,055,222	798,423
Inventories	126,830	119,902
Other current assets	446,739	499,835
Subtotal	<u>10,781,519</u>	<u>10,101,354</u>
Assets classified as held for sale	38,647	-
Total current assets	<u>10,820,166</u>	<u>10,101,354</u>
Non-current assets		
Property, plant and equipment	1,668,578	1,764,663
Right-of-use assets	1,147,020	1,082,133
Goodwill	4,684,419	4,691,625
Intangible assets	2,308,370	2,267,690
Costs to obtain contracts	246,996	265,972
Investments accounted for using the equity method	4,349,971	4,498,256
Investments from SVF1 and SVF2 accounted for using FVTPL	13,646,774	14,792,184
Investment securities	3,706,784	4,351,725
Derivative financial assets	908,660	987,267
Other financial assets	1,919,262	2,069,561
Deferred tax assets	206,069	168,367
Other non-current assets	137,384	144,800
Total non-current assets	<u>34,930,287</u>	<u>37,084,243</u>
Total assets	<u><u>45,750,453</u></u>	<u><u>47,185,597</u></u>

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Current liabilities		
Interest-bearing debt	7,735,239	8,643,697
Lease liabilities	307,447	291,402
Deposits for banking business	1,109,240	1,184,013
Trade and other payables	1,970,275	1,695,139
Derivative financial liabilities in asset management subsidiaries	14,673	14,468
Derivative financial liabilities	322,213	279,627
Other financial liabilities	51,285	30,089
Income taxes payables	391,930	83,030
Provisions	24,939	19,740
Other current liabilities	952,443	703,610
Subtotal	<u>12,879,684</u>	<u>12,944,815</u>
Liabilities directly relating to assets classified as held for sale	11,271	-
Total current liabilities	<u>12,890,955</u>	<u>12,944,815</u>
Non-current liabilities		
Interest-bearing debt	10,777,736	11,603,726
Lease liabilities	727,554	694,936
Third-party interests in SVF1	6,601,791	6,450,319
Derivative financial liabilities	32,692	49,187
Other financial liabilities	415,407	383,769
Provisions	110,586	115,227
Deferred tax liabilities	2,030,651	2,275,398
Other non-current liabilities	207,488	177,113
Total non-current liabilities	<u>20,903,905</u>	<u>21,749,675</u>
Total liabilities	<u>33,794,860</u>	<u>34,694,490</u>
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	2,618,504	2,601,097
Other equity instruments	496,876	496,876
Retained earnings	8,810,422	7,056,602
Treasury stock	(2,290,077)	(68,101)
Accumulated other comprehensive income	338,329	400,299
Subtotal	<u>10,212,826</u>	<u>10,725,545</u>
Accumulated other comprehensive income directly relating to assets classified as held for sale	267	-
Total equity attributable to owners of the parent	<u>10,213,093</u>	<u>10,725,545</u>
Non-controlling interests	<u>1,742,500</u>	<u>1,765,562</u>
Total equity	<u>11,955,593</u>	<u>12,491,107</u>
Total liabilities and equity	<u><u>45,750,453</u></u>	<u><u>47,185,597</u></u>

(2) Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Comprehensive Income
Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Continuing operations		
Net sales	1,279,973	1,479,134
Cost of sales	(582,501)	(667,163)
Gross profit	697,472	811,971
Gain on investments		
Gain on investments at Investment Business of Holding Companies	650,493	741,526
Gain on investments at SVF1, SVF2, and others	296,577	287,881
Gain on investments at Latin America Fund	23,281	219,368
Gain on other investments	12,569	14,293
Total gain on investments	982,920	1,263,068
Selling, general and administrative expenses	(504,574)	(593,430)
Finance cost	(76,993)	(82,799)
Income on equity method investments	6,573	50,380
Derivative loss (excluding gain (loss) on investments)	(175,825)	(111,536)
Change in third-party interests in SVF1	(147,643)	(134,093)
Other gain	52,190	88,917
Income before income tax	834,120	1,292,478
Income taxes	(252,159)	(359,989)
Net income from continuing operations	581,961	932,489
Discontinued operations		
Net income from discontinued operations	734,460	-
Net income	1,316,421	932,489
Net income attributable to		
Owners of the parent	1,255,712	761,509
Net income from continuing operations	521,143	761,509
Net income from discontinued operations	734,569	-
Non-controlling interests	60,709	170,980
Net income from continuing operations	60,818	170,980
Net income from discontinued operations	(109)	-
	1,316,421	932,489
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	253.43	407.86
Discontinued operations	362.52	-
Total basic earnings per share	615.95	407.86
Diluted earnings per share (Yen)		
Continuing operations	227.93	368.10
Discontinued operations	362.03	-
Total diluted earnings per share	589.96	368.10

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Net income	1,316,421	932,489
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	1,947	12,272
Total items that will not be reclassified to profit or loss	1,947	12,272
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	577	337
Cash flow hedges	28,625	3,198
Exchange differences on translating foreign operations	(219,091)	46,847
Share of other comprehensive income of associates	7,528	1,257
Total items that may be reclassified subsequently to profit or loss	(182,361)	51,639
Total other comprehensive income, net of tax	(180,414)	63,911
Total comprehensive income	1,136,007	996,400
Total comprehensive income		
Comprehensive income from continuing operations	611,638	996,400
Comprehensive income from discontinued operations	524,369	-
Total comprehensive income attributable to		
Owners of the parent	1,073,486	823,095
Comprehensive income from continuing operations	549,008	823,095
Comprehensive income from discontinued operations	524,478	-
Non-controlling interests	62,521	173,305
	1,136,007	996,400

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2020

(Millions of yen)

	Equity attributable to owners of the parent						
	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	-	-	-	1,255,712	-	-	1,255,712
Other comprehensive Income	-	-	-	-	-	23,469	23,469
Total comprehensive income	-	-	-	1,255,712	-	23,469	1,279,181
Transactions with owners and other transactions							
Cash dividends	-	-	-	(45,496)	-	-	(45,496)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	9	-	(9)	-
Purchase and disposal of treasury stock	-	-	-	(62)	(584,881)	-	(584,943)
Changes from business combination	-	-	-	-	-	-	-
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	177,712	-	-	-	-	177,712
Changes in associates' interests in their subsidiaries	-	(3,692)	-	-	-	-	(3,692)
Changes in interests in associates' capital surplus	-	1,277	-	-	-	-	1,277
Share-based payment transactions	-	480	-	-	-	-	480
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	175,777	-	(45,549)	(584,881)	(9)	(454,662)
As of June 30, 2020	<u>238,772</u>	<u>1,666,102</u>	<u>496,876</u>	<u>5,155,983</u>	<u>(686,497)</u>	<u>(338,799)</u>	<u>6,532,437</u>

(Millions of yen)

	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	205,695	5,913,613	1,459,304	7,372,917
Comprehensive income				
Net income	-	1,255,712	60,709	1,316,421
Other comprehensive income	(205,695)	(182,226)	1,812	(180,414)
Total comprehensive income	(205,695)	1,073,486	62,521	1,136,007
Transactions with owners and other transactions				
Cash dividends	-	(45,496)	(92,818)	(138,314)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(584,943)	-	(584,943)
Changes from business combination	-	-	883	883
Changes from loss of control	-	-	(425,889)	(425,889)
Changes in interests in subsidiaries	-	177,712	39,858	217,570
Changes in associates' interests in their subsidiaries	-	(3,692)	-	(3,692)
Changes in interests in associates' capital surplus	-	1,277	-	1,277
Share-based payment transactions	-	480	976	1,456
Other	-	-	(492)	(492)
Total transactions with owners and other transactions	-	(454,662)	(477,482)	(932,144)
As of June 30, 2020	-	6,532,437	1,044,343	7,576,780

For the three-month period ended June 30, 2021

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal
As of April 1, 2021	238,772	2,618,504	496,876	8,810,422	(2,290,077)	338,329	10,212,826
Comprehensive income							
Net income	-	-	-	761,509	-	-	761,509
Other comprehensive income	-	-	-	-	-	61,853	61,853
Total comprehensive income	-	-	-	761,509	-	61,853	823,362
Transactions with owners and other transactions							
Cash dividends	-	-	-	(38,247)	-	-	(38,247)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(117)	-	117	-
Purchase and disposal of treasury stock	-	-	-	(1,148)	(253,841)	-	(254,989)
Retirement of treasury stock	-	-	-	(2,475,817)	2,475,817	-	-
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	(9,788)	-	-	-	-	(9,788)
Changes in associates' interests in their subsidiaries	-	(7,681)	-	-	-	-	(7,681)
Changes in interests in associates' capital surplus	-	(2)	-	-	-	-	(2)
Share-based payment transactions	-	64	-	-	-	-	64
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	(17,407)	-	(2,515,329)	2,221,976	117	(310,643)
As of June 30, 2021	<u>238,772</u>	<u>2,601,097</u>	<u>496,876</u>	<u>7,056,602</u>	<u>(68,101)</u>	<u>400,299</u>	<u>10,725,545</u>

(Millions of yen)

	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, 2021	267	10,213,093	1,742,500	11,955,593
Comprehensive income				
Net income	-	761,509	170,980	932,489
Other comprehensive income	(267)	61,586	2,325	63,911
Total comprehensive income	(267)	823,095	173,305	996,400
Transactions with owners and other transactions				
Cash dividends	-	(38,247)	(138,949)	(177,196)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(254,989)	-	(254,989)
Retirement of treasury stock	-	-	-	-
Changes from loss of control	-	-	(1,055)	(1,055)
Changes in interests in subsidiaries	-	(9,788)	(25,879)	(35,667)
Changes in associates' interests in their subsidiaries	-	(7,681)	-	(7,681)
Changes in interests in associates' capital surplus	-	(2)	-	(2)
Share-based payment transactions	-	64	16,678	16,742
Other	-	-	(1,038)	(1,038)
Total transactions with owners and other transactions	-	(310,643)	(150,243)	(460,886)
As of June 30, 2021	-	10,725,545	1,765,562	12,491,107

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Cash flows from operating activities		
Net income from continuing operations	581,961	932,489
Net income from discontinued operations	734,460	-
Net income	1,316,421	932,489
Depreciation and amortization	206,726	212,914
Gain on investments at Investment Business of Holding Companies	(650,493)	(520,920)
Gain on investments at SVF1, SVF2, and others	(296,577)	(287,881)
Gain on investments at Latin America Fund	(23,281)	(219,368)
Finance cost	78,132	82,799
Income on equity method investments	(6,416)	(50,380)
Derivative loss (excluding (gain) loss on investments)	176,257	111,536
Change in third-party interests in SVF1	147,643	134,093
Gain on other investments and other gain	(64,367)	(103,210)
Income taxes	253,055	359,989
Decrease in investments from asset management subsidiaries	-	48,582
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	-	(66,147)
Decrease in securities pledged as collateral in asset management subsidiaries	-	734,283
Decrease (increase) in trade and other receivables	50,590	(15,285)
(Increase) decrease in inventories	(3,204)	7,661
Decrease in trade and other payables	(27,957)	(181,714)
Gain relating to loss of control over discontinued operations	(736,429)	-
Other	84,100	47,325
Subtotal	504,200	1,226,766
Interest and dividends received	8,584	7,690
Interest paid	(66,486)	(75,673)
Income taxes paid	(292,757)	(651,515)
Income taxes refunded	483	170
Net cash provided by operating activities	154,024	507,438
Cash flows from investing activities		
Payments for acquisition of investments	(1,100,223)	(401,944)
Proceeds from sales/redemption of investments	2,452,522	80,558
Payments for acquisition of investments by SVF1 and SVF2	(120,091)	(1,401,868)
Proceeds from sales of investments by SVF1 and SVF2	197,591	646,663
Payments for acquisition of investments by asset management subsidiaries	-	(81,675)
Proceeds from loss of control over subsidiaries	-	62,700
Payments for acquisition of marketable securities for short-term trading	(18,784)	(30,361)
Proceeds from sales/redemption of marketable securities for short-term trading	88,100	29,602
Purchase of property, plant and equipment, and intangible assets	(149,661)	(176,615)
Payments for loan receivables	(62,062)	(72,746)
Proceeds from withdrawal of restricted cash	11,020	359,099
Payments into trust accounts in SPACs	(36,653)	(5,500)
Other	(20,656)	16,268
Net cash provided by (used in) investing activities	1,241,103	(975,819)

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	268,170	(112,596)
Proceeds from interest-bearing debt	2,143,570	2,412,744
Repayment of interest-bearing debt	(1,017,864)	(691,384)
Repayment of lease liabilities	(110,577)	(94,054)
Contributions into SVF1 from third-party investors	764,660	69,687
Distribution/repayment from SVF1 to third-party investors	(217,367)	(346,746)
Proceeds from non-controlling interests subject to possible redemption	36,653	5,500
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	310,200	458
Purchase of shares of subsidiaries from non-controlling interests	(1)	(41,073)
Purchase of treasury stock	(585,699)	(257,780)
Cash dividends paid	(44,404)	(37,416)
Cash dividends paid to non-controlling interests	(89,719)	(135,820)
Other	(42,247)	14,571
Net cash provided by financing activities	1,415,375	786,091
Effect of exchange rate changes on cash and cash equivalents	1,798	(373)
Increase in cash and cash equivalents	2,812,300	317,337
Cash and cash equivalents at the beginning of the period	3,369,015	4,662,725
Cash and cash equivalents at the end of the period	6,181,315	4,980,062

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements**1. Changes in presentation**

(Condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income)

- a. Brightstar, a subsidiary of the Company, was excluded from the scope of consolidation of the Company following the sale of all shares in Brightstar on October 22, 2020. As a result, operating results related to Brightstar are presented as a discontinued operation, separately from continuing operations for the three-month period ended June 30, 2020. In addition, Sprint was excluded from the scope of consolidation of the Company on April 1, 2020 and ¥736,429 million of gain relating to loss of control over Sprint is included in “Net income from discontinued operations” for the three-month period ended June 30, 2020.
- b. “Gain on investments at Latin America Fund,” which was included in “Gain on other investments” for the three-month period ended June 30, 2020, is separately presented for the three-month period ended June 30, 2021 since the amount increased and became significant. In order to reflect the change in presentation, ¥23,281 million, which was included in “Gain on other investments” for the three-month period ended June 30, 2020, is reclassified as “Gain on investments at Latin America Fund.” The details of Latin America Fund are described in “Note 3. Segment information.”

2. Significant accounting policies

Significant accounting policies applied to the condensed interim consolidated financial statements are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2021. In addition, income taxes for the three-month period ended June 30, 2021 are calculated based on the estimated effective tax rate for the fiscal year.

Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment and for the asset management subsidiary are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2021. The details are described in “(1) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment” and “(2) Significant accounting policies for the asset management subsidiary.”

(1) Significant accounting policies for the SVF1 and Other SBIA-Managed Funds segment

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

a. Consolidation of SVF1 and SVF2 by the Company

SVF1 and SVF2 are limited partnerships established by its general partner which is a wholly-owned subsidiary of the Company, and by its form of organization, qualifies as a structured entity. SVF1 and SVF2 are consolidated by the Company for the following reasons.

SVF1 and SVF2 make investment decisions through each investment committee, which was established in 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 “Consolidated Financial Statements” 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 and SVF2, 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 condensed interim consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1 and SVF2 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 “Investments in Associates and Joint Ventures” and presented as “Investments from SVF1 and SVF2 accounted for using FVTPL” in the condensed interim 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 and SVF2” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

If the investments in associates and joint ventures that were transferred from SoftBank Group Corp. and its subsidiaries to SVF1 or SVF2 were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1 or SVF2 and presented as “Investments accounted for using the equity method” in the condensed interim consolidated statements of financial position. Gain and loss on the investments which were recognized in SVF1 or SVF2 are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as “Income on equity method investments” in the condensed interim consolidated statements of income.

(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 condensed interim consolidated statement of financial position and the condensed interim 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 June 30, 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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.

(2) 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 included under cash flows from operating activities in the condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim consolidated statement of income. In addition, changes in borrowed securities in SB Northstar are included under cash flows from operating activities in the condensed interim consolidated statement of cash flows.

3. 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, 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. The Latin America Fund segment previously included in "Other" has been added to the reportable segments from the three-month period ended June 30, 2021 since the materiality has increased.

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, 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 services, sale of mobile devices, internet services such as broadband services in Japan, and through Yahoo Japan Corporation and Line Corporation, internet advertising and e-commerce business.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, the sale of software tools, and related services.

The Latin America Fund segment conducts, mainly through SoftBank Latin America Fund, investment activities all over the Latin America region. Primarily, gain and loss on investments at Latin America Fund consist of gain and loss arising from investments held by SoftBank Latin America Fund.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly PayPay Corporation, Fortress, 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 three-month period ended June 30, 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.” As in the condensed interim consolidated statement of income, “Gain (loss) on investments” included in segment income includes realized gain and loss from 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 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 three-month period ended June 30, 2020

	Reportable segments				
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm	Latin America Fund
Net sales					
Customers	-	-	1,169,655	45,959	-
Intersegment	-	-	2,667	216	-
Total	-	-	1,172,322	46,175	-
Segment income	458,897	129,630	259,249	(6,547)	22,327
Depreciation and amortization	(455)	(150)	(173,134)	(17,776)	(16)
Gain on investments	650,493	296,577	4,116	-	23,281
Finance cost	(53,150)	(4,600)	(16,256)	(213)	(4)
Income (loss) on equity method investments	4,103	-	(9,006)	713	-
Derivative gain (loss) (excluding gain (loss) on investments)	(176,190)	-	1	337	-
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	1,215,614	64,359	-	1,279,973	
Intersegment	2,883	2,068	(4,951)	-	
Total	1,218,497	66,427	(4,951)	1,279,973	
Segment income	863,556	(37,809)	8,373	834,120	
Depreciation and amortization	(191,531)	(13,313)	-	(204,844)	
Gain on investments	974,467	8,453	-	982,920	
Finance cost	(74,223)	(3,866)	1,096	(76,993)	
Income (loss) on equity method investments	(4,190)	2,809	7,954	6,573	
Derivative gain (loss) (excluding gain (loss) on investments)	(175,852)	27	-	(175,825)	

For the three-month period ended June 30, 2021

	Reportable segments				
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm	Latin America Fund
Net sales					
Customers	-	-	1,354,008	74,017	-
Intersegment	-	-	2,562	261	-
Total	-	-	1,356,570	74,278	-
Segment income	625,705	235,550	270,954	8,781	216,359
Depreciation and amortization	(995)	(137)	(184,340)	(18,473)	(39)
Gain (loss) on investments	741,380	391,562	15,262	6	219,368
Finance cost	(59,595)	(4,101)	(15,553)	(258)	(203)
Income (loss) on equity method investments	54,670	-	(12,339)	209	-
Derivative gain (loss) (excluding gain (loss) on investments)	(108,105)	704	(99)	(451)	(106)
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	1,428,025	51,109	-	1,479,134	
Intersegment	2,823	3,108	(5,931)	-	
Total	1,430,848	54,217	(5,931)	1,479,134	
Segment income	1,357,349	32,848	(97,719)	1,292,478	
Depreciation and amortization	(203,984)	(8,930)	-	(212,914)	
Gain (loss) on investments	1,367,578	(974)	(103,536)	1,263,068	
Finance cost	(79,710)	(4,105)	1,016	(82,799)	
Income (loss) on equity method investments	42,540	2,040	5,800	50,380	
Derivative gain (loss) (excluding gain (loss) on investments)	(108,057)	(3,479)	-	(111,536)	

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 condensed interim consolidated statement of income are described in “Note 4. SVF1 and other SBIA-managed funds business.”

4. 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)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Gain (loss) on investments at SVF1, SVF2, and others		
Realized gain on investments ¹	111,425	406,642
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year ²	258,056	429,989
Reclassified to realized gain recorded in the past fiscal year ³	(79,942)	(453,153)
Dividend income from investments	2,888	20,812
Derivative gain (loss) on investments	815	(3,434)
Effect of foreign exchange translation ⁴	3,335	(9,294)
	296,577	391,562
Selling, general and administrative expenses	(14,342)	(16,449)
Finance cost (interest expenses)	(4,600)	(4,101)
Change in third-party interests in SVF1	(147,643)	(134,093)
Other loss	(362)	(1,369)
Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax)	129,630	235,550

Notes:

1. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by share exchange are included.
2. 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 ¥84,682 million of unrealized gain on valuation for the three-month period ended June 30, 2021 upon the fair value estimation of Arm held by SVF1.

The unrealized gain on valuation 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 on valuation is eliminated in consolidation as Arm is a subsidiary of the Company.

For the three-month period ended June 30, 2021, Arm transferred 75.01% all of the shares of Treasure Data, Inc., a wholly-owned subsidiary of Arm, to the Company’s foreign subsidiary and 24.99% of the shares to SVF1 as dividends in kind. The 75.01% of Treasure Data, Inc. shares were transferred through sales from the Company’s foreign subsidiary to SVF2. As a result, the fair values of Arm shares and Treasure Data, Inc. shares held by SVF1 and SVF2 were separately measured as of June 30, 2021. The fair value of Treasure Data, Inc. shares, which was included in the fair value of Arm shares as of March 31, 2021, is not included in the fair value of Arm shares as of June 30, 2021.

¥19,019 million of shares of Treasure Data, Inc. received as dividends in kind which SVF1 received from Arm is 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 loss on valuation and the dividends, that are eliminated in consolidation, are not included in “Gain (loss) on investments at SVF1, SVF2, and others” in the condensed interim consolidated statement of income.

3. 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 investments due to the realization for the three-month period ended June 30, 2021.
4. Unrealized gain and loss on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation 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 condensed interim consolidated statement of financial position) are as follows:

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2021	6,601,791		
Contributions from third-party investors	69,687	-	69,687
Changes in third-party interests	134,093	(134,093)	-
Attributable to investors entitled to fixed distribution	39,701		
Attributable to investors entitled to performance-based distribution	94,392		
Distribution/repayment to third-party investors	(346,746)	-	(346,746)
Exchange differences on translating third-party interests*	(8,506)	-	-
As of June 30, 2021	<u>6,450,319</u>		

Note:

* Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of June 30, 2021 was \$8.8 billion.

No contributions from Third-Party Investors were made into SVF2 from the inception to June 30, 2021, and there were no third-party interests in SVF2 as of June 30, 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 June 30, 2021, the cumulative amount of performance fees paid to SBIA was \$439 million. For the three-month period ended June 30, 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.

5. Business combinations

For the three-month period ended June 30, 2021

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

(Amendment of provisional amounts)

SoftBank Corp., a subsidiary of the Company, obtained control of LINE Corporation¹, effective February 28, 2021. 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 allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill has provisionally been accounted for. Based on the additional information obtained for the three-month period ended June 30, 2021, the amounts of the provisional accounting treatment have been amended.

The main amendments comprise of decrease in property, plant and equipment of ¥2,762 million, decrease in intangible assets including identifiable intangible assets of ¥15,055 million, decrease in deferred tax liabilities of ¥5,605 million, decrease in non-controlling interests of ¥6,106 million, and increase in goodwill of ¥6,106 million. In addition, amortization of identifiable intangible assets incurred for this business combination was ¥3,401 million, all of which are included in “Selling, general and administrative expenses” in the condensed interim consolidated statement of income for the three-month period ended June 30, 2021.

(1) Consideration transferred and the component

	(Millions of yen)
	Acquisition date (February 28, 2021)
Fair value of common shares in LINE Corporation already held at the time of acquisition of control	172,922
Fair value of common shares in Shiodome Z Holdings G.K. transferred at the time of acquisition of control	689,150
Total consideration transferred	A <u><u>862,072</u></u>

(2) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen)
		Acquisition date (February 28, 2021)
Cash and cash equivalents		312,791
Trade and other receivables		67,553
Other (current)		46,687
Property, plant and equipment		21,905
Right-of-use assets		62,940
Intangible assets		410,346
Investments accounted for using the equity method		168,093
Other (non-current)		104,809
Total assets		<u>1,195,124</u>
Interest-bearing debt (current and non-current)		181,308
Lease liabilities (current and non-current)		62,940
Trade and other payables		233,671
Other (current)		49,169
Deferred tax liabilities		150,251
Other (non-current)		20,745
Total liabilities		<u>698,084</u>
Net assets	B	<u>497,040</u>
Non-controlling interests	C	<u>258,151</u>
Goodwill	A-(B-C)	<u><u>623,183</u></u>

Notes:

- Refers to LINE Corporation, surviving company in the absorption-type merger conducted by Shiodome Z Holdings G.K. LINE Corporation, the acquiree, transferred all business to LINE Split Preparation Corporation (currently, LINE Corporation) and changed its name to A Holdings Corporation, effective February 28, 2021.
- As the allocation of the consideration transferred was not complete as of June 30, 2021, the above amounts are provisionally based on the best estimate at present. Accordingly, the allocation of the consideration transferred 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.

6. Other financial assets (current)

The components of other financial assets (current) are as follows:

	As of March 31, 2021	(Millions of yen) As of June 30, 2021
Derivative financial assets ¹	383,315	522,623
Marketable securities	80,797	87,122
Restricted cash ²	480,100	78,648
Time deposits (maturities of more than three months)	36,315	23,758
Other	85,630	97,888
Allowance for doubtful accounts	(10,935)	(11,616)
Total	1,055,222	798,423

Notes:

- The increase was primarily due to prepaid forward contracts using Alibaba shares. The details are described in “Notes 1” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.”
- On April 13, 2021, the Company paid ¥313,411 million (\$2.9 billion) from ¥361,355 million (\$3.3 billion) of restricted cash which was required to be maintained in a segregated custody account as of March 31, 2021 for the early termination of the prepaid forward contract using Alibaba shares by cash. Accordingly, the Company completed the settlement of the prepaid forward contract using Alibaba shares. Also, ¥47,944 million of the rest of the restricted cash was released from usage limit and transferred to “Cash and cash equivalents” for the three-month period ended June 30, 2021. The details are described in “Notes 1” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.”

7. Disposal group classified as held for sale

As of December 11, 2020, the Company agreed on main terms of a transaction with South Korea-based Hyundai Motor Company and its affiliates (collectively “Hyundai Motor Group”) and Euisun Chung, Chairman of Hyundai Motor Group, pursuant to which (i) the Company would 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 would subscribe for additional shares of Boston Dynamics. Upon this agreement, it was highly probable that Boston Dynamics would 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 for the fiscal year ended March 31, 2021. 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 were ¥38,647 million, ¥11,271 million, and ¥267 million, respectively as of March 31, 2021.

In addition, the transaction was completed following regulatory approval and satisfaction of certain conditions on June 21, 2021. Boston Dynamics is no longer a subsidiary of the Company from the same date and the shares continuously held as a minority shareholder are measured at fair value and accounted for as financial instruments at FVTPL. Accordingly, for the three-month period ended June 30, 2021, the difference between the consideration from the sale transaction (excluding the cost to sell) and the fair value of shares continuously held, and the carrying amount of Boston Dynamics (assets, liabilities, accumulated other comprehensive income, and non-controlling interests) was recorded as a gain relating to loss of control over subsidiaries for ¥72,936 million under “Other gain” in the condensed interim consolidated statement of income.

8. Income taxes

For the three-month period ended June 30, 2021

Due to the enactment of the UK Finance Act of 2021 in June 2021, the corporate tax rate was increased from 19% to 25% on or after April 1, 2023. As a result, the Company reversed a deferred tax liability of ¥38,029 million (translated at the exchange rate as of March 31, 2021). In addition, credits of income taxes (profit) and other comprehensive income (profit) were recorded for ¥31,953 million and ¥5,890 million, respectively. This is primarily due to the fact that certain subsidiaries based in the UK, which were applicable for the calculation of aggregation of income earned by controlled foreign companies in SoftBank Group Corp., will be expected to be exempt on or after April 1, 2023.

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2021	(Millions of yen) As of June 30, 2021
Current		
Short-term borrowings	2,637,401	3,078,983
Commercial paper	409,201	609,301
Current portion of long-term borrowings	2,085,348	2,093,384
Current portion of corporate bonds	804,356	805,022
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts ¹	1,798,701	2,056,793
Current portion of installment payables	232	214
Total	7,735,239	8,643,697
Non-current		
Long-term borrowings	4,745,058	5,182,926
Corporate bonds ²	4,745,184	5,251,674
Financial liabilities relating to sale of shares by prepaid forward contracts ¹	1,287,038	1,168,712
Installment payables	456	414
Total	10,777,736	11,603,726

Notes:

- These are financial liabilities related to the sale of shares by prepaid forward contracts with financial institutions using Alibaba shares, which are held by West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited (“Skylark Limited”), Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited (“Tigress Limited”), Panther I 2021 Holdings Limited (“Panther I Limited”), and Panther II 2021 Holdings Limited (“Panther II Limited”), wholly-owned subsidiaries of the Company (“Entities for fund procurement by using Alibaba shares”).

In the prepaid forward contracts, the number of Alibaba shares settled by the prepaid forward contracts is determined by reference to market price of the shares at the valuation dates prior to the settlement date. The prepaid forward contracts include a floor contract that a floor is set for the price of shares settled and collar contracts that a cap and a floor are set for the price of shares settled. A part of Entities for fund procurement by using Alibaba shares, in addition to the prepaid forward contracts, enter into the call spread (combination of long position of call option and short position of call option with different strike prices) contracts in preparation for Alibaba shares price rise.

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 contracts are measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts, a tax effect is recognized. The ending balance of the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts are described in “(1) Option contracts” under “Note 10. Financial Instruments.”

Entities for fund procurement by using Alibaba shares 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 Entities for fund procurement by using Alibaba shares elect cash settlement, Entities for fund procurement by using Alibaba shares 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 Entities for fund procurement by using Alibaba shares 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 Entities for fund procurement by using Alibaba shares. 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.

Also, for the fiscal year ended March 31, 2021, Skylark Limited had exercised the option to settle the prepaid forward contract by cash and provided a notice to the 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. ¥361,355 million (\$3.3 billion) of the restricted cash is recognized as “Other financial assets (current)” in the condensed interim consolidated statement of financial position as of March 31, 2021.

On April 13, 2021, Skylark Limited paid ¥313,411 million (\$2.9 billion) from restricted cash and completed the settlement of the transactions. ¥285,780 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥28,096 million of “Derivative financial liabilities (current),” which were recognized in the condensed interim consolidated statement of financial position as of March 31, 2021, were derecognized. Accordingly, on the same date, ¥61,633 million of Alibaba shares recognized in the condensed interim consolidated statement of financial position as of March 31, 2021 was released from the collateral.

Further, for the three-month period ended June 30, 2021, Panther I Limited, and Panther II Limited entered into collar contracts and procured ¥164,926 million (\$1.5 billion) and ¥164,926 million (\$1.5 billion), respectively.

As of June 30, 2021, the Company set ¥674,922 million of Alibaba shares, which is recognized as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position, as collateral for ¥2,056,793 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥1,168,712 million of financial liabilities relating to sale of shares by prepaid forward contracts.

2. SoftBank Group Corp. issued the 5th unsecured subordinated bonds with interest deferrable clause and early redeemable option (with a subordination provision) with June 21, 2021, as the due date for payment. As a result, corporate bonds increased by ¥397,628 million.

(2) Components of proceeds in short-term interest-bearing debt, net

The components of “Proceeds in short-term interest-bearing debt, net” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Net increase (decrease) of short-term borrowings	354,170	(247,396)
Net (decrease) increase of commercial paper	(86,000)	134,800
Total	<u>268,170</u>	<u>(112,596)</u>

(3) Components of proceeds from interest-bearing debt

The components of “Proceeds from interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Proceeds from borrowings	461,854	1,577,762
Proceeds from issuance of corporate bonds	200,000	505,130
Proceeds from procurement by prepaid forward contracts using shares*	1,481,716	329,852
Total	<u>2,143,570</u>	<u>2,412,744</u>

Note:

* The amount was procured under the prepaid forward contracts using Alibaba shares. The details are described in “Notes 1” under “(1) Components of interest-bearing debt.”

(4) Components of repayment of interest-bearing debt

The components of “Repayment of interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Repayment of borrowings	(917,864)	(377,973)
Redemption of corporate bonds	(100,000)	-
Repayment of settlement of prepaid forward contracts using shares*	-	(313,411)
Total	<u>(1,017,864)</u>	<u>(691,384)</u>

Note:

* The amount was paid due to the early settlement related to the prepaid forward contract using Alibaba shares. The details are described in “Notes 1” under “(1) Components of interest-bearing debt.”

10. Financial instruments

(1) Option contracts

The details of option contracts are mainly as follows:

Option contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2021		As of June 30, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Long call option of listed stocks in asset management subsidiaries	176,627	-	235,547	-
Short call option of listed stocks in asset management subsidiaries	-	(9,283)	-	(14,247)
Contingent consideration relating to acquisition of T-Mobile shares ¹	460,709	-	658,492	-
Prepaid forward contracts using Alibaba shares ²	661,615	(28,096)	646,660	-
Call spread contracts relating to prepaid forward contracts using Alibaba shares ²	42,059	-	40,419	-
Short call option for T-Mobile shares to Deutsche Telekom ³	-	(204,821)	-	(271,540)

Notes:

1. Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. on April 1, 2020 and the Company has the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met. In addition, "T-Mobile" indicates T-Mobile US, Inc. after merging with Sprint.
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 1" in "(1) Components of interest-bearing debt" under "Note 9. 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 shares conducted for the fiscal year ended March 31, 2021. "Deutsche Telekom" indicates Deutsche Telekom AG.

(2) Swap contracts

The details of swap contracts are mainly as follows:

Swap contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2021		As of June 30, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Total return swap contracts of listed stocks in asset management subsidiaries	7,057	(5,390)	11,844	-

(3) Forward contracts

The details of forward contracts are mainly as follows:

Forward contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2021		As of June 30, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Tender offer for WeWork shares*	-	(76,823)	-	-
Forward contracts of listed stocks in asset management subsidiaries	4,372	-	6,752	(221)

Note:

* In March 2021, a wholly-owned subsidiary of the Company other than SVF1 (hereinafter within “Investments in WeWork,” and 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”) commenced a tender offer to purchase WeWork common shares and preferred shares from certain shareholders other than the Company at a price of \$19.19 per share for the total amount of \$922 million. The tender offer is considered as forward contracts and accounted for as derivatives. The difference between the valuation amount of common shares and preferred shares expected to purchase and the expected acquisition amount was recorded as “Derivative financial liabilities (current)” as of March 31, 2021. The tender offer was completed in April 2021 and the derivative financial liabilities are reversed and reduced from the initially recognized amount of the purchased common shares and preferred shares for the three-month period ended June 30, 2021.

11. Foreign currency exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

(1) Rate at the end of the period

	As of March 31, 2021	As of June 30, 2021
USD	110.71	110.58
CNY	16.84	17.11

(Yen)

(2) Average rate for the quarter

For the three-month period ended June 30, 2020

	Three-month period ended June 30, 2020
USD	107.74
CNY	15.16

(Yen)

For the three-month period ended June 30, 2021

	Three-month period ended June 30, 2021
USD	110.00
CNY	17.01

(Yen)

12. Equity

(1) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes and USD-denominated Undated Subordinated Non-Call 10 years Resetable 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 distribution of residual assets on liquidation.

(2) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Balance at the beginning of the period	21,818	351,298
Increase during the period ¹	121,678	25,980
Decrease during the period ²	(177)	(367,437)
Balance at the end of the period	143,319	9,841

Notes:

- For the three-month period ended June 30, 2021, due to purchases of treasury stock under the resolutions passed at the Board of Directors meetings held on July 30, 2020, the number of treasury stock increased by 25,980 thousand shares (amount purchased ¥257,777 million) 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”). In addition, the purchases of treasury stock up to ¥2 trillion have been completed based on the ¥4.5 trillion program with the completion of purchases of treasury stock under the resolution.
- For the three-month period ended June 30, 2021, the decrease was made mainly under the resolutions passed at the Board of Directors meeting held on April 28, 2021 and May 12, 2021. The Company retired its treasury stock of 366,860 thousand shares in total on May 11, 2021 and May 20, 2021. As a result of the transaction, retaining earnings and treasury stock decreased by ¥2,475,817 million, respectively.

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2021	(Millions of yen) As of June 30, 2021
Equity financial assets at FVTOCI	24,099	36,003
Debt financial assets at FVTOCI	390	412
Cash flow hedges	42,962	46,002
Exchange differences on translating foreign operations	270,878	317,882
Total	<u>338,329</u>	<u>400,299</u>

13. 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)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Gain relating to sales of T-Mobile shares	421,863	-
Realized gain on investments at asset management subsidiaries	-	65,416
Unrealized gain on valuation of investments at asset management subsidiaries	-	17,703
Derivative gain on investments at asset management subsidiaries	-	119,511
Realized gain on investments	64,159	19,265
Unrealized gain on valuation of investments	29,801	360,875
Derivative gain on investments*	133,349	147,277
Other	1,321	11,479
Total	650,493	741,526

Note:

* For the three-month period ended June 30, 2021, ¥197,783 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares. The details of contingent consideration are described in “Notes 1” in “(1) Option contracts” under “Note 10. Financial instruments.”

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

The details are described in “Note 4. SVF1 and other SBIA-managed funds business.”

(3) Gain and loss on investments at Latin America Fund

The components of gain and loss on investments at Latin America Fund are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Unrealized gain on valuation of investments	23,062	219,236
Derivative gain (loss) on investments	219	(44)
Other	-	176
Total	23,281	219,368

14. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Interest expenses	(76,993)	(82,799)

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

For the three-month period ended June 30, 2021, derivative loss of ¥109,662 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares. The details of the contracts are described in “Notes 1” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.”

16. Other gain

The components of other gain and loss are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021
Interest income	2,553	8,720
Foreign exchange loss	(5,563)	(14,874)
Gain relating to loss of control over subsidiaries ¹	-	77,402
Reversal of impairment losses on equity method investments ²	-	13,059
Dilution gain from changes in equity interest	4,967	3,578
Reversal of allowance for loan commitment losses	43,485	-
Reversal of allowance for financial guarantee contract losses	8,076	-
Other	(1,328)	1,032
Total	52,190	88,917

Notes:

- For the three-month period ended June 30, 2021, primarily recorded as Boston Dynamics was no longer a subsidiary of the Company. The details are described in “Note 7. Disposal group classified as held for sale.”
- For the three-month period ended June 30, 2021, ¥13,059 million of reversal of impairment losses was recorded as the fair value of WeWork shares held by the WeWork Investment Subsidiary increased.

17. Supplemental information to the condensed interim consolidated statement of cash flows**(1) Cash flows from discontinued operations**

Cash flows from continuing operations and cash flows from discontinued operations are included in the condensed interim consolidated statement of cash flows.

(2) Income taxes paid

For the three-month period ended June 30, 2021

Payment of withholding income tax related to dividends within the group companies of ¥245,053 million is included in “Income taxes paid.”

In addition, withholding income tax related to dividends within the group companies of ¥245,053 million was refunded in July 2021.

(3) Proceeds from withdrawal of restricted cash

For the three-month period ended June 30, 2021

¥359,038 million of proceeds, which was required to be maintained in a segregated custody account for the early termination of financial liabilities related to the settlement of prepaid forward contracts using Alibaba shares as of March 31, 2021, is included in “Proceeds from withdrawal of restricted cash.” The details are described in “Notes 1” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.”

18. Subsequent events

(1) Issuance of Notes

SoftBank Group Corp. issued USD-denominated Senior Notes due 2025, 2026, 2028, and 2031, and Euro-denominated Senior Notes due 2024, 2027, 2029, and 2032.

a. USD-denominated Senior Notes

	Due 2025	Due 2026	Due 2028	Due 2031
(a) Total amount of issue	\$550 million	\$800 million	\$1,000 million	\$1,500 million
(b) Issue price	100% of the principal amount			
(c) Interest rate	3.125% per annum	4.000% per annum	4.625% per annum	5.250% per annum
(d) Interest payment	Payable semi-annually in arrears on January 6 and July 6 each year			
(e) Term	3.5 years	5 years	7 years	10 years
(f) Maturity date	January 6, 2025	July 6, 2026	July 6, 2028	July 6, 2031
(g) Redemption at maturity	Redemption in whole at maturity date at 100% of the principal amount			
(h) Early redemption	Redemption in whole or in part at 100% of the principal amount at any time on or after the date that is 90 days prior to the maturity date, or in whole or in part at 100% of the principal amount plus a "make-whole" premium at any time prior to the date that is 90 days prior to the maturity date.			
(i) Issue date	July 6, 2021			
(j) Collateral	None			
(k) Guarantee	None			
(l) Use of proceeds	SoftBank Group Corp. plans to use the proceeds 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.			

b. Euro-denominated Senior Notes

	Due 2024	Due 2027	Due 2029	Due 2032
(a) Total amount of issue	€750 million	€800 million	€800 million	€600 million
(b) Issue price	100% of the principal amount			
(c) Interest rate	2.125% per annum	2.875% per annum	3.375% per annum	3.875% per annum
(d) Interest payment	Payable semi-annually in arrears on January 6 and July 6 each year			
(e) Term	3 years	5.5 years	8 years	11 years
(f) Maturity date	July 6, 2024	January 6, 2027	July 6, 2029	July 6, 2032
(g) Redemption at maturity	Redemption in whole at maturity date at 100% of the principal amount			
(h) Early redemption	Redemption in whole or in part at 100% of the principal amount at any time on or after the date that is 90 days prior to the maturity date, or in whole or in part at 100% of the principal amount plus a “make-whole” premium at any time prior to the date that is 90 days prior to the maturity date.			
(i) Issue date	July 6, 2021			
(j) Collateral	None			
(k) Guarantee	None			
(l) Use of proceeds	SoftBank Group Corp. plans to use the proceeds 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.			

(2) Introduction of Co-investment Program with Restricted Right to Receive Distributions and Preferred Equity to SVF2

a. Co-investment Program with Restricted Right to Receive Distributions

The Board of Directors of SoftBank Group Corp. has resolved to introduce a co-investment program with restricted right to receive distributions (“Program”) to SVF2 and principal conditions of the investment have been agreed with SVF II Investment Holdings LLC (“SVF2 LLC”), a subsidiary of SVF2, and MASA USA LLC (“MgmtCo”), a participant in the Program. MgmtCo is wholly-owned by a company controlled by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SoftBank Group Corp., and related party of the Company.

(a) Purpose of the Program

The Program has been introduced for the purpose of enabling Masayoshi Son to make a co-investment in SVF2, creating a shared interest in the success of SVF2, and instilling a sense of ownership leading to enhanced focus on the management of SVF2 investments, which in turn is intended to contribute to increases in the Company’s earnings. In making a co-investment in SVF2 under the terms of the Program, MgmtCo both receives the benefit of profits from SVF2 and assumes the risk of losses from SVF2, and MgmtCo’s right to receive distributions from its investment is subject to certain restrictions.

(b) Overview of the Program

The overview of the Program is as follows.

In July 2021, the Company established SVF2 LLC beneath SVF2. In the future, in principle, investments in unlisted portfolio companies held or to be held by SVF2 as of June 23, 2021 will be transferred to SVF2 LLC.

In July 2021, SVF2 LLC agreed on the principal conditions of an investment with MgmtCo, whereby SVF2 LLC will issue Equity to MgmtCo and the Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries), and the Company will hold 82.75% of the total Equity interests in SVF2 LLC and MgmtCo will hold 17.25% of the total Equity interests in SVF2 LLC. The amount of capital contribution by MgmtCo will be up to \$2.6 billion. The Equity interests held by the Company and MgmtCo are entitled to performance-based distributions that are allocated to each investor based on the proportion of their respective Equity contributions. The MgmtCo's interest in SVF2 LLC will be attributable to Masayoshi Son.

MgmtCo's capital contribution in SVF2 LLC may be paid on a deferred basis in installments. If no cash payment is made at the time of the acquisition of Equity interests in SVF2 LLC, then MgmtCo will be required to pay a premium of 3% per annum on the unpaid amount of the capital contribution until the unpaid amount is paid in full. MgmtCo may, at its discretion, pay outstanding amounts of the investment in whole or in part at any time. Any distributable amount to MgmtCo will be offset against the outstanding debt on the investment until the unpaid amount is paid in full.

As security for the unpaid amount, Equity interests in SVF2 LLC held by MgmtCo will be pledged as collateral for the unpaid obligations of the investment owed by MgmtCo. Masayoshi Son will also provide a personal guarantee of MgmtCo's outstanding debt up to the amount of the outstanding debt. In addition, Masayoshi Son will deposit with SVF2 LLC \$500 million worth of SoftBank Group Corp. shares (as of the issue date of the Equity from SVF2 LLC to MgmtCo).

Distributions from SVF2 LLC to MgmtCo will be fully restricted and will not be implemented until the sum of proceeds received by SVF2 LLC from realized investments plus the aggregate fair market value of all of SVF2 LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SVF2 LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo will be released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions will be released and MgmtCo will be entitled to receive the full amount of the distribution.

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

The Equity interests held by MgmtCo and the Company will be subordinated to the Preferred Equity described in "b. Preferred Equity Contribution by the Company." If there is a shortfall in the amount of return of Preferred Equity contributions and the amount of fixed distributions to be received by the Preferred Equity holders at the time of the final profit distribution by SVF2 LLC, then MgmtCo will be

obligated to pay 17.25% of the shortfall to SVF2 LLC up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

b. Preferred Equity Contribution by the Company

SoftBank Group Corp. resolved at a meeting of its Board of Directors that SVF2 LLC will issue to the Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries) a new class of Preferred Equity interests that will be subject to a new fixed distribution separate from the Equity under the Program. The Preferred Equity interests will have a priority right over the Equity interests held by the Company and MgmtCo under the Program in terms of distributions and return of contributions, and the Company will receive a fixed distribution amount calculated at 8% per annum on amounts of Preferred Equity contributions by the Company.

As of June 30, 2021, the Company has already made Equity contributions as the sole limited partner of SVF2. The purpose of the Company’s contribution in the form of Preferred Equity interests is to secure distributions in priority to holders of Equity interests and to enhance the efficiency of recovery of investment funds.

c. Committed capital

As of June 30, 2021, the total committed capital for SVF2 is \$40 billion. After the introduction of the Program and the Preferred Equity, up to \$2.6 billion will be reduced from the Company’s committed capital and MgmtCo’s committed capital will be increased by such amount. The total committed capital for SVF2 as a whole amount will remain at \$40 billion.

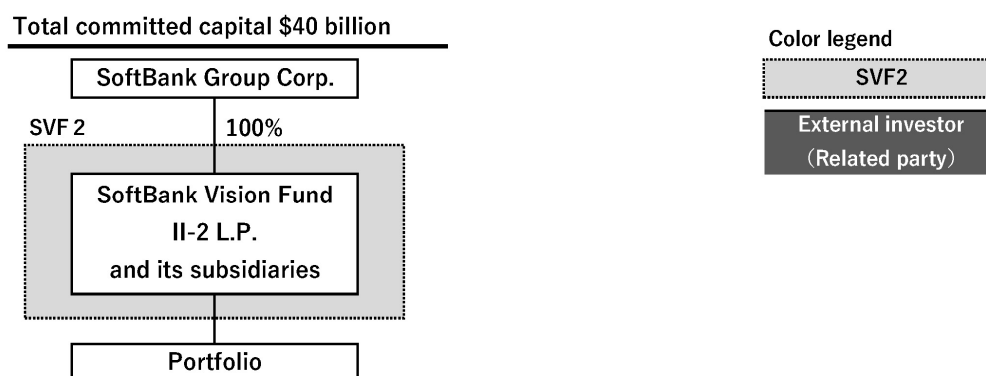
d. Closing conditions

A definitive agreement for the Program is scheduled to be entered into in the future.

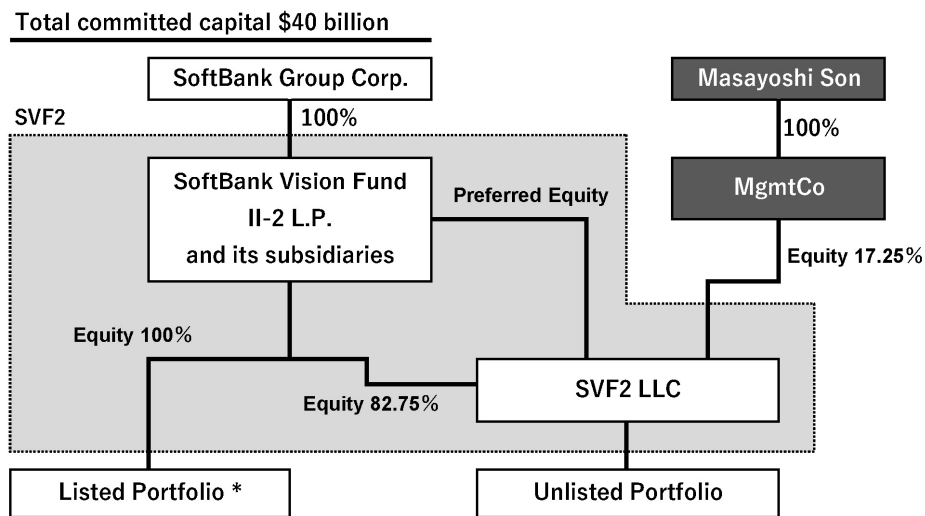
e. Structures

Please refer to the following scheme diagram for “a. Co-investment Program with Restricted Right to Receive Distributions” and “b. Preferred Equity Contribution by the Company.”

(a) Structure of SVF2 as of June 30, 2021



(b) Structure of SVF2 after the introduction of the Program and the Preferred Equity



Note:

* Includes portfolios that were announced to be listed as of June 23, 2021 and portfolios that were approved by the Board of Directors to be excluded from the co-investment program.

f. Estimate of its financial effect

Reasonable estimate of the effect of this program and the introduction of the Preferred Equity on the Company's business performance cannot be made.

Also, in SoftBank Latin America Fund as well, principal conditions of an investment for the similar program have been agreed with MgmtCo. MgmtCo's committed capital is up to \$0.8 billion and MgmtCo will hold approximately 17% of the total Equity interests.