

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 Nine-Month Period Ended December 31, 2021 (IFRS)

Tokyo, February 8, 2022

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	%
Nine-month period ended December 31, 2021	¥4,580,840	10.7	¥1,234,724	(63.3)	¥649,294	(79.0)	¥392,617	(87.1)	¥1,591,055	(37.4)
Nine-month period ended December 31, 2020	¥4,138,038	6.1	¥3,361,504	133.0	¥3,096,695	371.7	¥3,055,162	541.1	¥2,543,236	398.1

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine-month period ended December 31, 2021	¥214.73	¥207.57
Nine-month period ended December 31, 2020	¥1,572.09	¥1,476.17

Note:

* Net sales and income before income tax are presented based on the amounts from continuing operations only.

(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 December 31, 2021	¥48,242,890	¥12,846,067	¥11,114,707	23.0
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	-	22.00	-		
Fiscal year ending March 31, 2022 (Forecasted)				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 49 “(1) Significant Changes in Scope of Consolidation for the Nine-Month Period Ended December 31, 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

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

Please refer to page 49 “(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 December 31, 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 December 31, 2021:	21,032,966 shares
As of March 31, 2021:	351,297,587 shares

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

As of December 31, 2021:	1,716,056,144 shares
As of December 31, 2020:	1,929,114,012 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 February 8, 2022 (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 funds (including SoftBank Vision Fund 1, SoftBank Vision Fund 2, and SoftBank Latin America Funds) managed by any of the subsidiaries of SBG including SB Global Advisers Limited, SB Investment Advisers (UK) Limited, SBLA Advisers Corp. or their respective 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
SVF2 LLC	SVF II Investment Holdings LLC
SBIA	SB Investment Advisers (UK) Limited
SBIA US	SB Investment Advisers (US) Inc.
SBGA	SB Global Advisers Limited
SoftBank Latin America Fund 1 or SBLAF1 ^{*1}	SBLA Holdings (Cayman) L.P. and SBLA Latin America Fund (Cayman) L.P.
SoftBank Latin America Fund 2 or SBLAF2 ^{*1}	SBLA Holdings II DE LLC and SLA Holdco I LLC
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
MgmtCo	MASA USA LLC
The first quarter	Three-month period ended June 30, 2021
The second quarter	Three-month period ended September 30, 2021
The third quarter	Three-month period ended December 31, 2021
The period	Nine-month period ended December 31, 2021
The third quarter-end	December 31, 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

Note:

1. SoftBank Latin America Fund 1 and SoftBank Latin America Fund 2 are collectively referred to as SoftBank Latin America Funds.

Exchange Rates Used for Translations

USD / JPY	Fiscal year ended March 31, 2021				Fiscal year ending March 31, 2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Average rate for the quarter	¥107.74	¥105.88	¥104.45	¥106.24	¥110.00	¥110.47	¥113.60
Rate at the end of the period				¥110.71			¥115.02

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS

Establishment of the Latin America Funds Segment

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

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

◆ Loss on investments of ¥551.8 billion

- ¥16.0 billion investment gain at Investment Business of Holding Companies: Gain related to settlement of prepaid forward contracts using Alibaba shares of ¥68.1 billion was recorded, along with realized and unrealized gains totaling ¥103.4 billion (net) on a number of other investments. Unrealized valuation losses totaling ¥121.2 billion on T-Mobile and Deutsche Telekom shares, and loss of ¥47.1 billion on investments in listed stocks and other instruments were recorded.
- ¥767.7 billion investment loss at SVF1, SVF2, and others
 - SVF1: Realized gain (net) of ¥1,016.7 billion, of which ¥1,052.1 billion (net) had been recorded as unrealized gain on investments in past fiscal years, was recorded mainly due to partial exits of listed portfolio companies. Unrealized gain on valuation (net) totaled ¥1,154.3 billion for unlisted portfolio companies while unrealized loss on valuation (net) totaled ¥1,967.6 billion for listed portfolio companies, mainly due to a loss of ¥1,123.4 billion for Coupang and ¥630.2 billion for DiDi.
 - SVF2: Recorded realized gain of ¥111.0 billion, of which ¥146.9 billion (net) had been recorded as unrealized gain on investments in past fiscal years, and unrealized gain on valuation (net) of ¥106.5 billion.
- ¥136.7 billion investment gain at Latin America Funds: Unrealized gain on valuation (net) was recorded due to an increase in the fair value of investments.

◆ Income before income tax of ¥1,234.7 billion (decrease of ¥2,126.8 billion yoy)

Recorded finance cost of ¥282.8 billion and derivative gain (excluding gain (loss) on investments) of ¥1,104.2 billion, which was mainly related to prepaid forward contracts using Alibaba shares.

◆ Net income attributable to owners of the parent of ¥392.6 billion (decrease of ¥2,662.5 billion yoy)

Net income from discontinued operations of ¥711.5 billion was recorded in the same period of the previous fiscal year, primarily reflecting a gain related 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 \$2.9 billion in the period.
- Portfolio: Held 83 investments^{*1} (including 22 listed portfolio companies) as of the third quarter-end. 11 companies were newly listed in the period.
- Monetization: SVF1 distributed proceeds mainly from the partial sale and monetization of investments, of which the Company received \$6.1 billion.

◆ SVF2: Steady progress in new investments

- Investments: SVF2 made new and follow-on investments totaling \$36.3 billion in the period, bringing the fund's total cost to \$42.6 billion.
- Portfolio: Held 208 investments^{*2} (including 13 listed portfolio companies) as of the third quarter-end. 10 companies were newly listed in the period.
- Monetization: SVF2 distributed proceeds mainly from the partial sale and monetization of investments, of which the Company received \$7.0 billion.

◆ SoftBank Latin America Funds

The funds invested \$3.4 billion in the period, including new investments in 48 companies. As of the third quarter-end, the funds collectively held 84 investments.^{*3}

3. Procured funds in an agile manner to meet funding needs for debt repayment and new investments while managing SBG's LTV¹ below 25%

- SBG issued domestic hybrid bonds of ¥405.0 billion, domestic subordinated bonds of ¥500.0 billion, and foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion, getting on the right track to refinancing its bonds maturing in the fiscal year. SBG redeemed domestic hybrid bonds of ¥455.6 billion in September 2021 and domestic subordinated bonds of ¥361.6 billion in December 2021.
- \$9.04 billion (net) was raised through prepaid forward contracts using Alibaba shares, through the execution of new contracts and the rolling over and early termination of existing contracts.
- Of the margin loans using Alibaba shares, \$10.0 billion was repaid while \$6.0 billion was newly borrowed in December 2021.

Note:

1. Includes two investments accounted for as subsidiaries of the Company.
2. Includes one investment accounted for as a subsidiary of the Company.
3. Includes one investment accounted for as a subsidiary of the Company.

a. Consolidated Results of Operations

(Millions of yen)

	Nine months ended December 31		Change	Change %	
	2020	2021			
Continuing operations					
Net sales	4,138,038	4,580,840	442,802	10.7%	A
Gross profit	2,168,300	2,476,969	308,669	14.2%	
Gain on investments					
Gain on investments at Investment Business of Holding Companies	846,477	15,954	(830,523)	(98.1%)	B
Gain (loss) on investments at SVF1, SVF2, and others	2,728,778	(767,736)	(3,496,514)	-	C
Gain on investments at Latin America Funds	124,933	136,734	11,801	9.4%	D
Gain on other investments	99,268	63,280	(35,988)	(36.3%)	
Total gain (loss) on investments	3,799,456	(551,768)	(4,351,224)	-	
Selling, general and administrative expenses	(1,575,206)	(1,849,385)	(274,179)	17.4%	E
Finance cost	(224,322)	(282,764)	(58,442)	26.1%	F
Income on equity method investments	379,431	203,742	(175,689)	(46.3%)	G
Derivative gain (loss) (excluding gain (loss) on investments)	(480,665)	1,104,221	1,584,886	-	H
Change in third-party interests in SVF1 and SVF2	(956,736)	172,451	1,129,187	-	
Other gain (loss)	251,246	(38,742)	(289,988)	-	
Income before income tax	3,361,504	1,234,724	(2,126,780)	(63.3%)	
Income taxes	(975,983)	(585,430)	390,553	(40.0%)	I
Net income from continuing operations	2,385,521	649,294	(1,736,227)	(72.8%)	
Discontinued operations					
Net income from discontinued operations	711,174	-	(711,174)	-	J
Net income	3,096,695	649,294	(2,447,401)	(79.0%)	
Net income attributable to owners of the parent	3,055,162	392,617	(2,662,545)	(87.1%)	
Total comprehensive income	2,543,236	1,591,055	(952,181)	(37.4%)	
Comprehensive income attributable to owners of the parent	2,488,577	1,322,083	(1,166,494)	(46.9%)	

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

Investment gain of ¥15,954 million was recorded. The Company recorded gain related to settlement of prepaid forward contracts using Alibaba shares of ¥68,050 million, along with realized and unrealized valuation gains totaling ¥103,440 million (net) on a number of other investments. The Company recorded unrealized valuation losses of ¥65,466 million on T-Mobile (after merging with Sprint Corporation, T-Mobile US, Inc.) and ¥55,697 million on Deutsche Telekom AG (“Deutsche Telekom”) shares. In addition, the Company recorded a loss of ¥47,119 million on investments in listed stocks and other instruments. See “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment” for details.

C Loss on Investments at SVF1, SVF2, and Others

Investment loss of ¥767,736 million was recorded. SVF1 recorded realized gain on investments (net) of ¥1,016,664 million, of which ¥1,052,103 million (net) had been recorded as unrealized gains on investments in past fiscal years, mainly as a result of sales² of entire or partial shareholding positions of certain investments. In addition, SVF1 recorded unrealized losses on valuation (net) totaling ¥1,967,600 million for listed portfolio companies. This was due to losses totaling ¥2,379,335 million recorded for 15 portfolio companies, including losses of ¥1,123,398 million recorded for Coupang, Inc. (“Coupang”) and ¥630,163 million recorded for DiDi Global Inc. (“DiDi”). In contrast, gains totaling ¥411,734 million was recorded for seven companies including SenseTime Group, Inc. (“SenseTime”) and One97 Communications Limited (“PayTM”). For unlisted portfolio companies, SVF1 recorded unrealized gains on valuation (net) totaling ¥1,154,294 million, mainly reflecting an increase in fair values of certain portfolio companies.

SVF2 recorded realized gain on investments of ¥110,960 million, of which ¥146,919 million (net) had been recorded as unrealized gains on investments in past fiscal years, mainly as a result of the partial sale of its investment in KE Holdings Inc. (“KE Holdings”). SVF2 recorded unrealized gain on valuation (net) of ¥106,511 million mainly due to strong share price performance of AutoStore Holdings Ltd. (“AutoStore”), which was newly listed in the third quarter, and an increase in fair values of unlisted portfolio companies. These were partially offset by a decline in the share price of KE Holdings. See “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” for details.

D Gain on Investments at Latin America Funds

Gain on investments at Latin America Funds was ¥136,734 million. SoftBank Latin America Fund 1 recorded unrealized gain on valuation of investments (net) totaling ¥144,795 million, mainly due to an increase in fair values of unlisted portfolio companies, such as Kavak Holdings Limited, QUINTOANDAR, LTD., and Creditas Financial Solutions, Ltd. See “(e) Latin America Funds Segment” under “b. Results by Segment” for details.

Primarily as a result of B through D, total loss on investments was ¥551,768 million.

E Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥267,089 million in the SoftBank segment. This was mainly due to the impact of the consolidation of LINE Corporation in March 2021 and an increase in sales promotion expenses at Yahoo Japan Corporation.

F Finance Cost

Interest expenses increased by ¥51,420 million in the Investment Business of Holding Companies segment. This mainly reflected increases in interest expenses at SBG³.

G Income on Equity Method Investments

Income on equity method investments related to Alibaba was ¥232,401 million,⁴ a decrease of ¥107,639 million year on year. This was mainly due to the recording of an investment loss on Alibaba's investments classified as financial assets at FVTPL.

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. The Company had already recorded the expense in the fourth quarter of the previous fiscal year as a significant event during the applicable period on a three-month time lag.

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

Derivative gain of ¥1,058,206 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in the fiscal years ended March 31, 2020 and March 31, 2021, as well as in the period.

Within derivative gain (loss), gains and losses related to investing activities, such as the acquisition and sale of shares, are included in "gain (loss) on investments." For example, this applies to derivative gains and losses arising from long call options of listed stocks held by asset management subsidiaries. Conversely, those related to non-investing activities, particularly gains and losses arising from derivatives used in fund procurement, are included in "derivative gain (loss) (excluding gain (loss) on investments)." For example, this applies to derivative gains and losses related to prepaid forward contracts using Alibaba shares and T-Mobile shares. However, in cases where the prepaid forward contracts are settled using shares rather than cash, gains and losses arising from the reversal of derivative financial assets or derivative financial liabilities at settlement are included in "investment gain (loss)" as part of gains and losses related to settlement of prepaid forward contracts using shares.

Primarily as a result of A through H, income before income tax was ¥1,234,724 million, a decrease of ¥2,126,780 million (63.3%) year on year.

I Income Taxes

Income taxes were recorded at SoftBank Corp. and Yahoo Japan Corporation. Meanwhile, deferred tax expenses were recorded due to recording derivative gain related to prepaid forward contracts using Alibaba shares.

J Net Income from Discontinued Operations

In the same period of the previous fiscal year, the Company recorded a gain of ¥721,068 million related 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 J, net income attributable to owners of the parent was ¥392,617 million, a decrease of ¥2,662,545 million (87.1%) year on year.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessments of performance are made. In the first quarter, the "Latin America Funds segment" was newly established. In the second quarter, the "SoftBank Vision Funds segment" was renamed from "SVF1 and Other SBIA-Managed Funds segment" due to change in the manager of SVF2 to SBGA. As of the third quarter-end, there are five reportable segments: Investment Business of Holding Companies, SoftBank Vision Funds, SoftBank, Arm, and Latin America Funds.

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
SoftBank Vision Funds	· Investment activities by SVF1 and SVF2	SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P. SB Global Advisers Limited SoftBank Vision Fund II-2 L.P.
SoftBank	· Provision of mobile services, sale of mobile devices, and provision of broadband 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 Funds	· Investment activities by SoftBank Latin America Fund 1 and SoftBank Latin America Fund 2	SBLA Advisers Corp. SBLA Latin America Fund (Cayman) L.P. SBLA Holdings (Cayman) L.P. SBLA Holdings II DE LLC SLA Holdco I LLC
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. Gain on investments of ¥15.8 billion: Recorded ¥68.1 billion gain related to settlement of prepaid forward contracts using Alibaba shares and a total of ¥103.4 billion (net)^{*1} realized and unrealized valuation gains on a number of other investments. Meanwhile, unrealized valuation losses totaling ¥121.2 billion for T-Mobile and Deutsche Telekom shares and investment losses totaling ¥47.2 billion^{*2} for listed stocks and other instruments were recorded.

2. Segment income of ¥973.7 billion, as a result of recording ¥1.1 trillion derivative gain (excluding investment gains) related to prepaid forward contracts using Alibaba shares.

Notes:

1. Includes income of ¥12.5 billion related to effects of foreign exchange translation, which arose from the difference in exchange rates used to translate unrealized valuation gains and losses and realized gains and losses when transferring unrealized gains and losses recorded in past fiscal years to realized gains and losses in the current fiscal year. During the third quarter, this occurred mainly as a result of intercompany transactions related to the shares of WeWork Inc. as described below.
2. Includes the impact of investments by SB Northstar in special purpose acquisition companies (SPACs) controlled by SBIA US, which has been eliminated from the scope of consolidation.

OVERVIEW

This segment is led by SBG, which conducts investment activities, either directly or through its 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 gains and losses on investments held by SBG either directly or through its subsidiaries but does not include gains and losses on investments pertaining to subsidiaries’ shares, such as dividend income from subsidiaries or impairment losses related to the subsidiaries’ shares.

The companies comprising this segment hold approximately 120 portfolio companies, including Alibaba, T-Mobile, and Deutsche Telekom, 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 losses 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.”

Investment in listed stocks and other instruments by asset management subsidiaries

SB Northstar acquires and sells listed stocks and other instruments and engages in derivative and credit transactions related to listed stocks, using surplus funds of SBG. The balance of its investments^{*1} as of the previous fiscal year-end stood at ¥2.2 trillion; as of the third quarter-end, the amount decreased to ¥517.1 billion due to the reallocation of funds to investments in SVF2, which is currently the primary focus of the Company. SBG indirectly holds 67% and SBG’s Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son indirectly holds 33% of interests in SB Northstar. Masayoshi Son’s interest is deducted from the gains and losses on investments at SB Northstar as a non-controlling interest; therefore, 67% of the gains and losses 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.

Note:

1. Includes NVIDIA Corporation shares held by SBG of ¥15.5 billion as of the previous fiscal year-end and ¥35.6 billion as of the third-quarter end.

FINANCIAL RESULTS

(Millions of yen)

	Nine months ended December 31		Change	Change %	
	2020	2021			
Gain on investments at Investment Business of Holding Companies	846,477	15,846	(830,631)	(98.1%)	A
Gain relating to settlement of prepaid forward contracts using Alibaba shares	-	68,050	68,050	-	
Gain relating to sales of T-Mobile shares	421,755	3,149	(418,606)	(99.3%)	
Realized gain (loss) on investments at asset management subsidiaries	(92,459)	68,315	160,774	-	
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	105,658	(259,294)	(364,952)	-	
Derivative gain (loss) on investments at asset management subsidiaries	(577,602)	123,726	701,328	-	
Realized gain (loss) on investments	206,233	(272,022)	(478,255)	-	
Unrealized gain on valuation of investments	532,146	261,788	(270,358)	(50.8%)	
Change in valuation for the fiscal year	533,432	(177,639)	(711,071)	-	
Reclassified to realized gain (loss) recorded in the past fiscal year ^{*1}	(1,286)	439,427	440,713	-	
Derivative gain (loss) on investments	248,558	(4,211)	(252,769)	-	
Effect of foreign exchange translation ^{*2}	-	12,486	12,486	-	
Other	2,188	13,859	11,671	533.4%	
Selling, general and administrative expenses	(74,094)	(62,322)	11,772	(15.9%)	
Finance cost	(157,769)	(209,189)	(51,420)	32.6%	B
Income on equity method investments	363,660	221,680	(141,980)	(39.0%)	C
Derivative gain (loss) (excluding gain (loss) on investments)	(482,668)	1,106,568	1,589,236	-	D
Other gain (loss)	267,379	(98,841)	(366,220)	-	
Segment income (income before income tax)	762,985	973,742	210,757	27.6%	

Notes:

- Unrealized gains and losses on valuation of investments recorded in past fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."
- Unrealized gains and losses on valuation of investments are translated using the average exchange rate for the quarter in which the gains and losses incurred, while realized gains and losses on investments are translated using the average exchange rate for the quarter in which the shares were disposed of. Effect of foreign exchange translation arises from the different foreign currency exchange rates used for these unrealized gains and losses on valuation and realized gains and losses.

A Gain on investments at Investment Business of Holding Companies: ¥15,846 million

- Gain relating to settlement of prepaid forward contracts using Alibaba shares of ¥68,050 million was recorded due to the in-kind settlement of a portion of the contract through the delivery of Alibaba shares.
- Gain relating to sales of T-Mobile shares of ¥3,149 million was recorded in conjunction with a partial sale of T-Mobile shares in September 2021. See "Partial Sale of T-Mobile Shares in September 2021" for details of the sale transaction. Cumulative losses pertaining to the 45.4 million T-Mobile shares that were the subject of this sale were ¥13,447 million. This is the difference between the fair value of the 45.4 million shares as of June 26, 2020, when T-Mobile was excluded from the Company's equity method associates, and the fair value of the 225.0 million Deutsche Telekom shares received as consideration upon completion of such sale.
- Realized gain of ¥68,315 million and unrealized valuation loss of ¥259,294 million were recorded on investments at asset management subsidiaries. This was a result of investments in listed stocks and other instruments by SB Northstar.

- Derivative gain on investments at asset management subsidiaries of ¥123,726 million was recorded. This was due to recording gains at SB Northstar mainly related to long call options on listed stocks.
- Realized loss on investments of ¥272,022 million and unrealized gain on valuation of investments of ¥261,788 million were recorded. This was mainly due to the sale of shares of a wholly owned subsidiary that held the shares of WeWork Inc. (“WeWork”) from SBG to SVF2. Following the sale, the Company recorded a realized loss of ¥458,716 million in this segment, while also reclassifying a ¥478,059 million unrealized valuation loss recorded in past fiscal years as a realized gain. These gains and losses related to the sale are eliminated in consolidation as an intercompany transaction. From the acquisition of the WeWork shares to the sale of such shares, the Company recorded a cumulative loss of ¥636,135 million (\$5,924 million) in the segment, which includes the abovementioned investment gains and losses as well as gains and losses related to investments accounted for using the equity method. Recording of unrealized loss on valuation resulting from changes in valuation for the fiscal year also included a ¥65,466 million loss on investments in T-Mobile and a ¥55,697 million loss on those in Deutsche Telekom.
- Derivative loss on investments of ¥4,211 million was recorded. This was mainly due to a loss of ¥30,260 million recorded pertaining to the right to acquire T-Mobile shares for no additional consideration if certain conditions are met. This was partly offset by a gain of ¥17,743 million recorded related to call options for T-Mobile shares that the Company continues to hold.

B Finance cost: ¥209,189 million (increase of ¥51,420 million year on year)

Interest expenses increased by ¥45,765 million year on year at SBG³ to ¥200,357 million, due to an increase in interest-bearing debt mainly resulting from the issuance of bonds, and borrowings made through margin loans.

C Income on equity method investments: ¥221,680 million (decrease of ¥141,980 million year on year)

Income on equity method investments related to Alibaba was ¥232,401 million,⁴ a decrease of ¥107,639 million year on year, mainly due to recording an investment loss on its investments classified as financial assets at FVTPL.

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

D Derivative gain (excluding gain (loss) on investments): ¥1,106,568 million

Derivative gain of ¥1,058,206 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in the fiscal years ended March 31, 2020 and March 31, 2021, and in the current period.

Partial sale of T-Mobile shares in September 2021

On September 6, 2021, the Company entered into a master framework agreement (the “Agreement”) with Deutsche Telekom, pursuant to which Deutsche Telekom agreed to partially exercise its right to acquire the shares of T-Mobile in accordance with the terms of the fixed and floating call options (“Deutsche Telekom Call Options”) granted by the Company to Deutsche Telekom in June 2020, and to amend certain execution conditions associated with the floating call options. Following the exercise of Deutsche Telekom Call Options, the Company sold 45,366,669 of its 106,291,623 T-Mobile shares to Deutsche Telekom and received 225,000,000 Deutsche Telekom shares (the reference price: €20 per share; 4.5% of Deutsche Telekom’s outstanding shares) as consideration. Under the Agreement, Deutsche Telekom also provided its consent for the Company to have additional flexibility to pledge its T-Mobile shares in connection with entry into margin loans and other monetization transactions and agreed that it will prioritize the use of cash proceeds from certain divestitures to exercise additional Deutsche Telekom Call Options for cash up to an aggregate of \$2.4 billion of the total exercise price, subject to certain conditions. Following entry into the Agreement, the Company carried out the following monetization transactions using T-Mobile shares and Deutsche Telekom shares.

Transaction	Procured amount	Execution timing	Number of shares held	
			T-Mobile shares (millions)	Deutsche Telekom shares (millions)
a Borrowings made using 106,291,623 T-Mobile shares pledged as collateral (margin loan)	\$4.38 billion	Jul 2020		
Number of shares held as of June 30, 2021			106.3	-
b Fund procurement through prepaid forward contracts using 17,935,000 T-Mobile shares	\$1.81 billion			
c Borrowings made using 42,989,954 T-Mobile shares pledged as collateral (margin loan)	\$2.65 billion			
d Repayment of borrowings in “a” using funds acquired in “b” and “c”	\$(4.38) billion	Sep 2021		
e 60-day loan using 45,366,669 T-Mobile shares pledged as collateral (bridge loan)	\$1.25 billion			
f Sale of 45,366,669 T-Mobile shares to Deutsche Telekom, receiving 225,000,000 Deutsche Telekom shares as consideration	-		(45.4)	225.0
Number of shares held as of September 30, 2021			60.9	225.0
g Fund procurement through collar transactions using 225,000,000 Deutsche Telekom shares	\$3.04 billion*	Oct 2021		
h Repayment of borrowings in “e” using part of the funds acquired in “g”	\$(1.25) billion			
Number of shares held as of December 31, 2021			60.9	225.0

*The euro equivalent of the amount procured is €2.64 billion.

As described above, the Company plans to sell an additional approximately 20 million shares of the 60,924,954 T-Mobile shares continued to be held through Deutsche Telekom’s exercise of additional Deutsche Telekom Call Options for cash using its proceeds from certain divestitures for up to \$2.4 billion of the total exercise price. Approximately half of these proceeds will be used to repay the proportional margin loan which these shares underlie.

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

	(Millions of yen)
	December 31, 2021
Cash and cash equivalents	216,272
Investments from asset management subsidiaries	386,987
Securities pledged as collateral in asset management subsidiaries	94,560
Derivative financial assets in asset management subsidiaries	154,887
Other financial assets	167,218
Other	11,678
Total assets	1,031,602
Interest-bearing debt	275,355
Derivative financial liabilities in asset management subsidiaries	63
Other financial liabilities	201,459
Other	2,939
Total liabilities	479,816
Investments from Delaware subsidiaries ^{*2}	1,110,916
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)	1,051,237
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Retained earnings	(573,237) B
Exchange differences on translating foreign operations	14,107
Equity	551,786 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.
- Investments 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}	(190,994)
Exchange differences on translating foreign operations	3,316
Non-controlling interests (interests of Masayoshi Son)	(167,785) D

Note:

- One-third of B in the table

(Interests in equity (C above))

	(Millions of yen)
Interests of SBG	719,571
Non-controlling interests (interests of Masayoshi Son)	(167,785) D
Equity	551,786 C

MAIN INTEREST-BEARING DEBT AND LEASE LIABILITIES IN THIS SEGMENT

Borrower	Type	Balance as of December 31, 2021 in Condensed Interim Consolidated Statement of Financial Position
SBG	Borrowings	¥1,397.5 billion
	Corporate bonds	¥5,674.7 billion
	Lease liabilities	¥12.4 billion
	Commercial paper	¥288.1 billion
Wholly owned subsidiaries conducting fund procurement	Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts)	¥4,034.6 billion
	Borrowings using Alibaba shares (margin loan)	¥686.8 billion
	Borrowings using SoftBank Corp. shares (margin loan)	¥499.7 billion
	Prepaid forward contracts using T-Mobile shares (collar contracts)	¥236.2 billion
	Borrowings using T-Mobile shares (margin loan)	¥303.6 billion
	Collar transactions using Deutsche Telekom shares	¥396.2 billion
SB Northstar	Borrowings	¥275.4 billion

Note:

- Borrowings of wholly owned subsidiaries conducting fund procurement are non-recourse to SBG, except for borrowings using T-Mobile shares which SBG partially guarantees.

(b) SoftBank Vision Funds Segment

1. Loss on investments (net) was ¥579.7 billion. Segment loss was ¥480.6 billion, after deducting change in third-party interests

◆ **SVF1**

- ¥1,016.7 billion realized gain on investments (net), of which ¥1,052.1 billion (net) had been recorded as unrealized valuation gains in past fiscal years, mainly due to a partial sale of its interests in listed portfolio companies including DoorDash, Uber, and Coupang
- ¥658.8 billion unrealized valuation loss (net) on investments held at the third quarter-end
 - ¥1,967.6 billion valuation loss (net) for listed portfolio companies: Losses totaling ¥2,379.3 billion were recorded for 15 portfolio companies including Coupang, DiDi, and Auto1, while gains totaling ¥411.7 billion were recorded for seven portfolio companies including SenseTime, PayTM, and DoorDash
 - ¥1,308.8 billion valuation gain (net) for unlisted portfolio companies mainly due to an increase in the fair value of those with subsequent funding rounds, those that are expected to be listed or exited and whose performance is progressing faster than expected

◆ **SVF2**

- ¥111.0 billion realized gain on investments. Of this, ¥146.9 billion (net) had been recorded as unrealized gains on investments in past fiscal years
- ¥121.0 billion unrealized valuation gain on investments (net) held at the third quarter-end
 - ¥42.7 billion valuation loss (net) for listed portfolio companies
 - ¥163.7 billion valuation gain (net) for unlisted portfolio companies

2. Status of investment activities

◆ **SVF1**

- Investments before exit: Held 83 investments (including 22 listed portfolio companies) as of the third quarter-end at investment cost totaling \$71.6 billion, with fair value amounting to \$101.6 billion
- Cumulative gross gain ^{*1} since SVF1's inception reached \$49.3 billion, including cumulative realized gain of \$16.4 billion, cumulative derivative gain of \$2.2 billion, and cumulative dividend income of \$0.7 billion

◆ **SVF2**

- Held 208 investments (including 13 listed portfolio companies) as of the third quarter-end at investment cost totaling \$42.6 billion, with fair value amounting to \$46.8 billion
- Committed capital totaled \$51.0 billion as of the third quarter-end

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).

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 is 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'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. While SVF2 was previously managed by SBIA, since the second quarter, the fund has been managed by SBGA, a wholly owned subsidiary of the Company established in the U.K. Investment management decisions of SVF2 are made through an investment committee established in SBGA. SBGA is headed by Rajeev Misra, CEO of SBIA, who is also a member of the investment committee. SBGA outsources the majority of its investment and operating functions to SBIA and SBIA continues to support the management of SVF2 under a service agreement. In addition, MASA USA LLC (“MgmtCo”), an investment entity for the co-investment program, newly participated in the fund in the second quarter.⁵ The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. As of the third quarter-end, SVF2’s total committed capital is \$51.0 billion.

In addition, SBIA US uses SPACs to complement its investments in listed and unlisted companies and to pursue a wider range of investment opportunities beyond the investment mandates for the private funds. In the third quarter, SVF Investment Corp. 3, a SPAC controlled by SBIA US, announced a definitive merger agreement with Symbotic LLC, a US developer of automated fulfillment solutions for retailers and distributors. SVF Investment Corp. 3 raised \$320 million at the time of its initial public offering on NASDAQ in March 2021 and is expected to raise additional funds from SVF2 and PIPE investors as a result of this merger. Upon completion of the merger, which is expected in the first half of 2022, the combined company will operate under the “Symbotic Inc.” name and will trade on NASDAQ under the ticker symbol “SYM.”

Co-investment program of SVF2

In the second quarter, SVF2 introduced a co-investment program with restricted rights to receive distributions (the “Program”). Under the Program, the Company’s management makes joint investments with the Company and shares both the profits and risks associated with the investments. The Program aims for the Company’s management to further focus on SVF2 and contribute to the Company’s earnings growth.

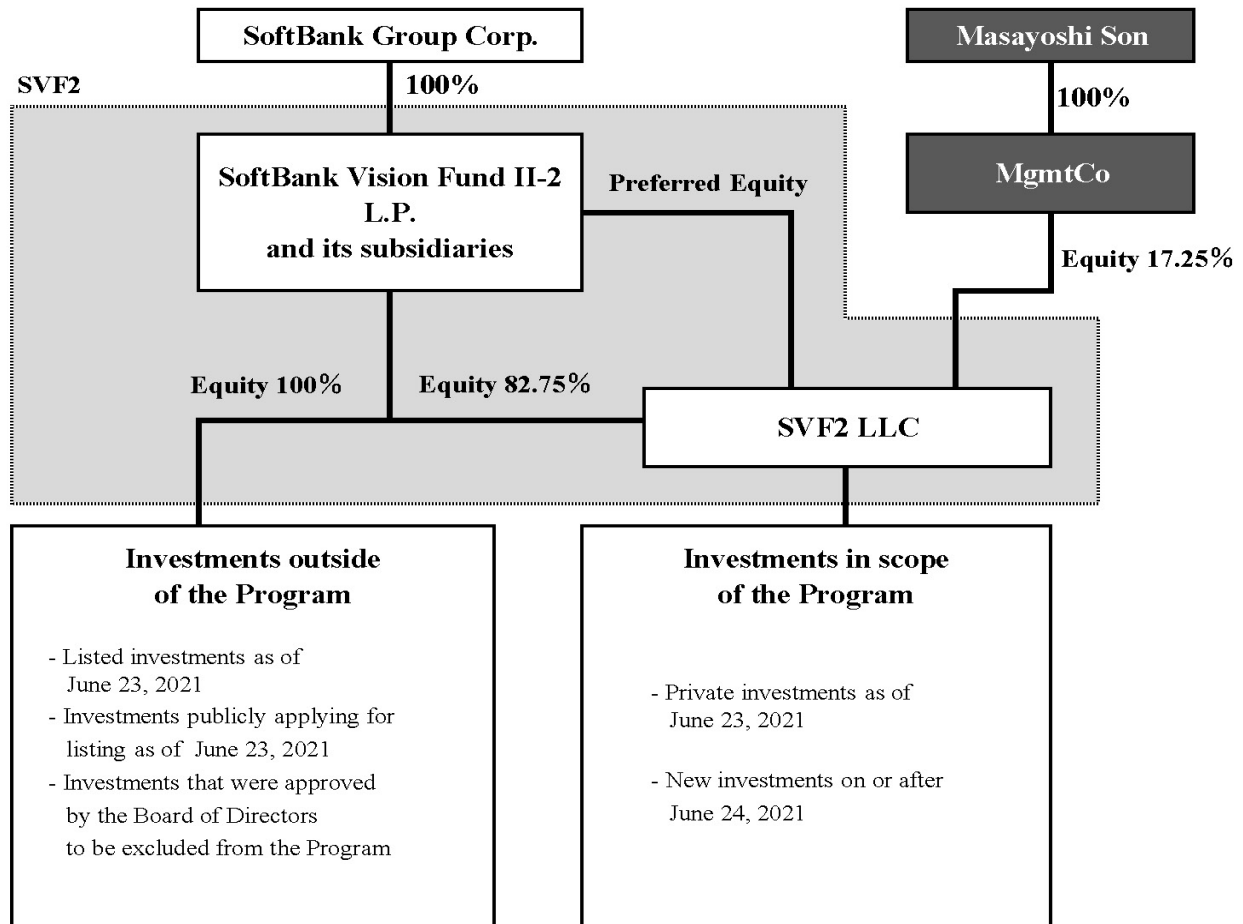
The Program targets an approved selection of SVF2’s investments, including investments in private portfolio companies held or intended to be held by SVF2 as of June 23, 2021, and any new investments executed on or after June 24, 2021 (excluding any follow-on investments in the portfolio companies outside the Program’s scope). Target investments are indirectly held by SVF II Investment Holdings LLC (“SVF2 LLC”), a subsidiary of the Company established beneath SVF2. SVF2 LLC issued equity⁶ to the Company and MgmtCo. Accordingly, the Company holds 82.75% and MgmtCo holds 17.25% of the total equity interests. These equity interests are entitled to performance-based distributions that are allocated based on the proportion of respective equity contributions.

Distributions from SVF2 LLC to MgmtCo are subject to certain restrictions. Specifically, distribution will not be made to MgmtCo 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%. When the ratio reaches 200%, all restrictions will be released and MgmtCo will be entitled to receive the full amount of the distribution.

MgmtCo is entitled to make full or partial payment of its capital contribution in SVF2 LLC at any point in time and is required to pay a premium calculated at 3% per annum on the outstanding receivables of SVF2 LLC.⁷ Any distributable amount from SVF2 LLC to MgmtCo is offset against receivables at the time of the distribution notice and no distribution payment will be made to MgmtCo until SVF2 LLC’s receivables are paid in full.⁸ Furthermore, in the event that, upon the liquidation of SVF2 LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied

throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

In parallel with the introduction of the Program, the Company has decided to invest in SVF2 LLC in the form of preferred equity,⁶ which generates a fixed distribution of 8% per annum, to enhance the efficiency of recovery of investment funds. The preferred equity interests 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. The Company continues to hold 100% of the equity for the investments in portfolio companies outside of the Program's scope.⁹



For details, see “(1) Introduction of Co-investment Program with Restricted Right to Receive Distributions and Preferred Equity to SVF2” under “4. SoftBank Vision Funds business” together with “19. Related party transactions” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Outline of principal funds in the segment

As of December 31, 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	51.0
	The Company: 33.1 ^{*1}	The Company: 48.4
	Third-party investors: 65.5	Third-party investor (MgmtCo): 2.6
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	Not disclosed
Minimum fund life	Until November 20, 2029 (in principle)	Not disclosed

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 to be used for 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" on the Company's website at <https://group.softbank/en/ir/presentations/>.

Capital deployment

As of December 31, 2021

SVF1

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital ¹⁰ (B)	87.1	29.8	57.3
Return of capital (non-recallable) (C)	27.6	7.0	20.6
Outstanding capital (D) = (B) – (C)	59.5	22.8	36.7
Remaining committed capital (E) = (A) – (B)	11.5	3.3	8.2

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 to be used for an incentive scheme related to SVF1.

SVF2

	(Billions of U.S. dollars)
	Total
Committed capital (A)	51.0
Drawn capital (B)	43.3
Remaining committed capital (C) = (A) – (B)	7.7

Note: Remaining committed capital includes recallable return of capital.

(Reference: Breakdown of committed capital as of December 31, 2021)

Total committed capital	51.0
The Company's equity commitment to investments outside the scope of the Program	8.0
The Company's preferred equity commitment to SVF2 LLC	28.0
The Company's equity commitment to SVF2 LLC	12.4
MgmtCo's equity commitment to SVF2 LLC	2.6

Note: As of the third quarter-end, no capital has been paid by MgmtCo.

FINANCIAL RESULTS

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2020	2021		
Gain (loss) on investments at SVF1, SVF2, and others ^{*1}	2,767,257	(579,740)	(3,346,997)	- A
Realized gain on investments	205,274	1,127,624	922,350	449.3%
Unrealized gain (loss) on valuation of investments	2,545,550	(1,736,841)	(4,282,391)	-
Change in valuation for the fiscal year	2,652,701	(537,819)	(3,190,520)	-
Reclassified to realized gain recorded in the past fiscal year ^{*2}	(107,151)	(1,199,022)	(1,091,871)	-
Interest and dividend income from investments	8,219	24,555	16,336	198.8%
Derivative gain on investments	1,091	51,450	50,359	-
Effect of foreign exchange translation	7,123	(46,528)	(53,651)	-
Selling, general and administrative expenses	(45,199)	(53,920)	(8,721)	19.3%
Finance cost	(7,634)	(18,657)	(11,023)	144.4%
Derivative gain (excluding gain (loss) on investments)	-	1,013	1,013	-
Change in third-party interests in SVF1 and SVF2	(956,736)	172,451	1,129,187	- B
Other gain (loss)	429	(1,726)	(2,155)	-
Segment income (income before income tax)	1,758,117	(480,579)	(2,238,696)	-

Notes:

1. Unrealized gains and losses associated with the change in valuation of SoftBank Vision Funds' investment in shares in Arm and PayPay Corporation, subsidiaries of the Company, as well as dividend income received from such investment are included in segment income of the SoftBank Vision Funds segment 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 gains and losses on valuation of investments recorded in past fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."

During the period, SVF1 made new and follow-on investments totaling \$2.9 billion² and sold all of its shares in one portfolio company and a portion of its shares in 14 portfolio companies for a total of \$15.3 billion,¹¹ of which the initial acquisition cost was \$6.1 billion.² SVF2 made new and follow-on investments totaling \$36.3 billion and sold all of its shares in one portfolio company and a portion of its shares in another portfolio company for a total of \$1.4 billion, of which the initial acquisition cost was \$0.4 billion.

Segment income
A Loss on investments at SVF1, SVF2, and others: ¥(579,740) million

· SVF1

- Realized gain on investments (net) of ¥1,016,664 million was recorded, mainly due to the sale² of all of its interests in one portfolio company and a portion of its interests in 14 portfolio companies including DoorDash, Uber Technologies, Inc. ("Uber"), and Coupang. Of the gain for the period, ¥1,052,103 million (net) had been recorded as unrealized gains on investments in past fiscal years.
- Unrealized loss on valuation of investments held by SVF1 at the third quarter-end was ¥658,781 million (\$5,956 million, net) (see "SVF1" under "Investment performance" below for a breakdown). Valuation loss (net) totaling \$17,647 million for listed portfolio companies was recorded due to declines in the share prices of 15 portfolio companies, including Coupang, DiDi, and Auto1 Group GmbH ("Auto1") despite an increase in the share prices of seven portfolio companies including SenseTime and PayTM, which were newly listed in the third quarter, as

well as DoorDash. In contrast, valuation gain (net) totaling \$11,691 million was recorded for unlisted portfolio companies mainly due to an increase in the fair value of those with subsequent funding rounds, those that are expected to be listed or exited and whose performance is progressing faster than expected.

· SVF2

- Realized gain on investments of ¥110,960 million was recorded, as a result of an entire sale of its interest in one portfolio company and a partial sale of its interest in KE Holdings. Of the gain for the period, ¥146,919 million (net) had been recorded as unrealized gain on investments in past fiscal years.
- Unrealized gain on valuation of investments was ¥120,963 million (\$1,075 million, net) (see “SVF2” under “Investment performance” below for a breakdown). Valuation loss (net) of \$393 million for listed portfolio companies was recorded. This was mainly due to a decline in the share price of KE Holdings, which offset an increase in the share price of AutoStore, which was newly listed in the third quarter. On the other hand, valuation gain (net) of \$1,468 million was recorded for unlisted portfolio companies, mainly due to an increase in the fair value from subsequent funding rounds.

B Change in third-party interests in SVF1 and SVF2: ¥172,451 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 gains and losses on investments at SVF1 and SVF2, net of management and performance fees payable to each manager and operating and other expenses of SVF1 and SVF2. For details, see “(4) Third-party interests in SVF1 and SVF2” under “4. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Investments transferred from the Company to SVF2

The Company has established a policy for handling the investment portfolio of SBG and its major investment subsidiaries, and in accordance with this policy, is proceeding with the transfer of unlisted investments to SVF2 in principle. The Company transferred the investments shown below to SVF2 through sale or in-kind contribution as of the third quarter-end.

(Millions of U.S. dollars)			
	Transfer month	Transfer method	Transfer value by the Company to SVF2
UPSIDE Foods, Inc.	November 2020	Sale	51
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
WeWork Inc.	August 2021	Sale	2,444
Ola Electric Mobility Private Limited	November 2021	Sale	556
PayPay Corporation	December 2021	Sale	1,467
Total of 8 investments			6,066

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 available at the time of the transfer if the transfer is made by a sale. Investment gains and losses that occurred prior to the transfer are recorded in the reportable segment to which the investment belonged prior to the transfer.

Investment performance
As of December 31, 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}
	97	88.6	137.9	49.3

(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 dividends in kind Treasure Data, Inc.	(1)	-	-	-
Net of effects of share exchanges and dividends in kind ^{*2,3}	94	86.9	136.2	49.3

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

	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain ^{*4}	Unrealized valuation gain (loss) recorded for the fiscal year Q1-Q3
Listed companies	22	33.7	47.7	14.0	(17.6)
Unlisted companies	61	37.9	53.9	16.0	11.7
Total	83	71.6	101.6	30.0	(6.0)

(2) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain ^{*1}	Realized gain recorded for the fiscal year Q1-Q3
Partial exit	-	7.7	18.9	11.2	8.9
Full exit ^{*5}	14	9.3	14.4	5.1	0.3
Total	14	17.0	33.3	16.4	9.2

(3) Derivative gain and loss related to investment

	Derivative cost	Fair value / settlement price	Cumulative derivative gain	Derivative gain recorded for the fiscal year Q1-Q3
Unsettled	-	0.8	0.8	0.8
Settled	0.0	1.5	1.5	-
Total	0.0	2.3	2.2	0.8

(4) Interest and dividend income from investments

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year Q1-Q3
Total	0.7	0.7	0.2

Notes:

* The total and the sum of the breakdown in the table may not match as the amount of each item is rounded to the nearest unit.

- 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, investments acquired through dividends in kind from existing portfolio companies are deducted from investment count.
- 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.

4. For a certain investment that was initially determined to be transferred from the Company to SVF1 but later canceled, any unrealized valuation gains and losses incurred for the period leading up to the decision to cancel the transfer are not included in the presentation.
5. 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}
	209	43.1	48.0	4.9

(1) Investments before exit (investments held at the third 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-Q3
Listed companies	13	8.7	11.5	2.8	(0.4)
Unlisted companies	195	33.9	35.3	1.4	1.5
Total	208	42.6	46.8	4.2	1.1

(2) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain ^{*1}	Realized gain recorded for the fiscal year Q1-Q3
Partial exit	-	0.5	1.4	0.9	1.0
Full exit	1	0.0	0.1	0.1	0.0
Total	1	0.5	1.5	1.0	1.0

(3) Derivative gain and loss related to investment

	Derivative cost	Fair value	Cumulative derivative loss	Derivative loss recorded for the fiscal year Q1-Q3
Total	-	(0.3)	(0.3)	(0.3)

(4) Interest and dividend income from investments

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year Q1-Q3
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 third quarter-end)
As of December 31, 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-Q3
a Consumer	14	10.6	36.4	25.8	(3.4)
b Edtech	1	0.7	0.1	(0.6)	(1.0)
c Enterprise	7	1.6	2.5	0.9	0.5
d Fintech	11	4.0	3.8	(0.2)	1.4
e Frontier Tech	10	11.1	14.4	3.3	2.4
f Health Tech	8	2.0	3.4	1.4	(0.5)
g Logistics	13	8.6	16.9	8.3	2.4
h Proptech	9	10.0	4.4	(5.6)	(1.2)
i Transportation	10	23.0	19.7	(3.3)	(6.6)
Total	83	71.6	101.6	30.0	(6.0)
(Reference)					
Listed companies ^{*1}	22	33.7	47.7	14.0	(17.6)
a Coupang		2.4	15.0	12.6	(10.2)
d One97 Communications (PayTM)		1.4	2.0	0.6	0.7
d OneConnect		0.1	0.0	(0.1)	(0.0)
d PB Fintech (Policybazaar)		0.1	0.6	0.5	0.4
d ZhongAn Insurance		0.0	0.0	(0.0)	(0.0)
e SenseTime		1.4	3.3	1.9	1.7
e Zymergen		0.4	0.2	(0.2)	(0.7)
f Guardant Health		0.0	0.1	0.1	(0.0)
f Relay Therapeutics		0.3	0.9	0.6	(0.1)
f Roivant Sciences		0.9	1.0	0.1	(0.2)
f Vir Biotechnology		0.2	0.9	0.7	(0.2)
g DoorDash		0.4	5.0	4.6	0.6
g Full Truck Alliance		1.7	1.6	(0.1)	(0.4)
h Compass		1.1	1.2	0.1	(1.2)
h Opendoor		0.3	0.6	0.3	(0.3)
h View		1.2	0.3	(0.9)	(0.2)
h WeWork		3.2	0.8	(2.4)	0.1
i Aurora Innovation		0.3	0.4	0.1	0.1
i Auto1		0.7	0.9	0.2	(1.3)
i DiDi		12.1	4.8	(7.3)	(5.6)
i Grab		3.0	5.0	2.0	0.1
i Uber		2.5	3.1	0.6	(0.9)
Unlisted companies	61	37.9	53.9	16.0	11.7
Total	83	71.6	101.6	30.0	(6.0)

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.

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-Q3
a Consumer	52	9.7	10.2	0.5	0.5
b Edtech	10	1.2	1.2	(0.0)	(0.1)
c Enterprise	43	5.8	5.9	0.1	0.1
d Fintech	27	7.9	7.8	(0.1)	0.3
e Frontier Tech	15	2.1	2.2	0.1	0.0
f Health Tech	30	3.3	3.4	0.1	(0.0)
g Logistics	12	5.1	7.0	1.9	2.0
h Proptech	7	5.3	6.4	1.1	(2.0)
i Transportation	9	2.1	2.6	0.5	0.3
j Other	3	0.1	0.1	0.0	0.0
Total	208	42.6	46.8	4.2	1.1
(Reference)					
Listed companies ^{*1}	13	8.7	11.5	2.8	(0.4)
a Dingdong		0.3	0.2	(0.1)	(0.1)
b Zhangmen		0.1	0.0	(0.1)	(0.1)
e IonQ		0.1	0.1	0.0	0.0
e Qualtrics		0.0	0.0	0.0	0.0
f Exscientia		0.3	0.4	0.1	0.1
f Pear Therapeutics		0.1	0.1	0.0	0.0
f Seer		0.2	0.1	(0.1)	(0.1)
g AutoStore		2.8	5.2	2.4	2.4
g Berkshire Grey		0.6	0.4	(0.2)	(0.3)
g Full Truck Alliance		0.3	0.2	(0.1)	(0.0)
g JD Logistics		0.6	0.4	(0.2)	(0.2)
h KE Holdings		0.9	1.4	0.5	(2.7)
h WeWork		2.4	3.0	0.6	0.6
Unlisted companies	195	33.9	35.3	1.4	1.5
Total	208	42.6	46.8	4.2	1.1

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 decreased by 3.0% yoy mainly due to a decrease in income in the consumer business partly caused by a mobile service communications rate cut, despite an increase in income in the enterprise and the Yahoo! JAPAN/ LINE businesses.

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2020	2021		
Net sales	3,805,561	4,173,561	368,000	9.7%
Segment income (income before income tax)	746,219	724,199	(22,020)	(3.0%)
Depreciation and amortization	(537,640)	(550,625)	(12,985)	2.4%
Gain (loss) on investments	(4,496)	21,506	26,002	-
Finance cost	(48,849)	(46,452)	2,397	(4.9%)
Loss on equity method investments ^{*1}	(26,205)	(49,236)	(23,031)	-
Derivative gain (loss)				
(excluding gain (loss) on investments)	(135)	289	424	-

Note:

1. Includes losses on equity method investments related to PayPay Corporation of ¥23,415 million for the period and ¥20,634 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.

OVERVIEW

Segment results include the results of business activities conducted by SoftBank Corp., such as provision of mobile services and sale of mobile devices, as well as provision of broadband and e-commerce services, mainly inside Japan. Under its *Beyond Carrier* strategy, SoftBank Corp. aims to strengthen its earnings base by going beyond the confines of a conventional telecommunications carrier, while further growing the telecommunications business, and expanding its businesses in three fields: telecommunications business, Yahoo! JAPAN/ LINE business, and new businesses.

FINANCIAL RESULTS

Segment income was ¥724,199 million, a decrease of ¥22,020 million (3.0%) year on year. This was mainly due to a decrease in income in the consumer business, despite an increase in income in the enterprise and Yahoo! JAPAN/ LINE businesses. While the revenue increase was mainly driven by the consolidation of LINE Corporation and an increase in sales of mobile devices, their contribution to segment income was tempered by corresponding increases in cost of sales and selling, general and administrative expenses.

Income in the consumer business decreased due to a fall in mobile service charges. On the other hand, income in the enterprise business increased, reflecting growth in mobile revenue following greater demand for remote working and growth in sales of cloud and digital marketing advertising services as the digitization of enterprises accelerated. Moreover, in the Yahoo! JAPAN/ LINE business, income grew due to an increase in sales centered on advertising-related services mainly associated with the consolidation of LINE Corporation.

Impairment loss on equity method investments of ¥18,379 million was recorded in relation to Demae-can Co., Ltd. The loss had a negative impact of ¥1,673 million on net income attributable to owners of the parent at the Company.

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. Continuing strong revenue growth, positive segment income

◆ Net sales increased by 46.9% yoy.

- Technology royalty revenue increased by 21.7% yoy (U.S. dollar-based) due to strong industry growth and market share gains.
- Technology non-royalty revenue increased by 73.4% yoy (U.S. dollar-based) due to the availability of Arm's newly developed products enabling existing customers to upgrade to the latest Arm technology, as well as new customers licensing their first ever Arm processor.

◆ Following years of planned investments, increasing segment income is due to current strong revenue growth combined with an ongoing disciplined approach to further investment.

2. Arm's latest technology in chips for next generation products and services

In the third quarter, more Arm customers have introduced *Armv9* for server and smartphone chips.

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2020	2021		
Net sales	154,749	227,370	72,621	46.9%
Segment income (income before income tax)	(24,204)	31,088	55,292	-

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 ¥37,877 million for the period and ¥36,063 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 semiconductor industry has grown very strongly due to long-term trends such as more products and services depending on increasing amounts of embedded intelligence, such as cars providing more driver information and assistance, and smartphones improving camera technology generation after generation for better photography. Some markets have shown particularly strong growth in the period including 5G smartphones and networking equipment as well as embedded and automotive applications, where Arm has good exposure. This growth has benefited Arm's technology royalty revenue as it grows with industry sales. Industry growth also accelerated Arm's customers' design activity, creating new opportunities for Arm to license its latest technologies and thus driving non-royalty revenue (technology licensing revenue and software and services revenue). The industry is vulnerable to other external factors, including trade disputes and sanctions against specific companies, as well as the impact of temporary component shortages; for example, some automotive manufacturers and smartphone OEMs could not source sufficient numbers of chips resulting in delays in the production of cars and phones. If shipments of consumer electronic devices weaken, it may lead to lower Arm's technology royalty revenue, and if customers facing reduced revenues choose to delay licensing decisions, it may lead to lower technology non-royalty revenue.

However, it is difficult to anticipate when these events may occur and the impact on the semiconductor industry in general or Arm specifically.

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)				
	Nine months ended December 31			
	2020	2021	Change	Change %
Technology royalty	944	1,149	205	21.7%
Technology non-royalty	517	896	379	73.4%
Total net sales	1,461	2,045	584	40.0%

Net sales increased by \$584 million (40.0%) year on year due to increases in both technology royalty revenue and technology non-royalty revenue.

Technology royalty revenue

Technology royalty revenue increased by \$205 million (21.7%) year on year. Royalty revenues were driven by the strong ramp in shipments of Arm-based 5G smartphones, 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 enabling prices to increase, and as Arm's royalty revenue is often based on the price of the chips, Arm is also benefitting from higher chip prices.

Technology non-royalty revenue

Technology non-royalty revenue increased by \$379 million (73.4%) 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 was 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 and PC chips, smartphones, networking equipment, autonomous systems such as industrial robotics and self-driving vehicles and for AI enabled microcontrollers. 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.

Segment income

Segment income was ¥31,088 million, improving by ¥55,292 million year on year due to strong revenue growth.

OPERATIONS

Royalty units¹²

(Billion)

	Nine-month period ended September 30			
	2020	2021	Change	Change %
Royalty units as reported by Arm's licensees	17.7	21.0	3.3	18.6%

Arm's licensees reported shipments of 21.0 billion Arm-based chips in the nine-month period ended September 30, 2021. Arm's unit shipments increased by 18.6% year on year, at a similar rate to shipments by the Arm-relevant part of the semiconductor industry which increased by 19.3%¹³ during the same period.

TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving 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.
- The third quarter : Mediatek Inc., Qualcomm Technologies, Inc. and Samsung Electronics Co., Ltd. announced their first chips for smartphones based on Arm CPUs developed with the *Armv9* architecture. These chips should start to appear in smartphones in 2022.

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.
- The second quarter :
 - Cloudflare, Inc. announced a blueprint for a zero-emissions internet, assisted by the deployment of low-power Arm-based technology. Cloudflare reported that it "achieved more than 50% improvement in requests per watt by deploying Arm *Neoverse*-based processors in its edge servers."
- The third quarter :
 - Alibaba announced Yitian 710, their first Arm-based chip for the data center, featuring 128 *Armv9* cores.
 - Amazon Web Services Inc. announced Graviton3, their next generation of Arm-based chip for the data center, claiming 2-3x higher performance for certain workloads, including cryptographic and machine learning, compared to Graviton2.

Automotive

- Opportunity : As vehicles become smarter, they require more computational capability. Arm is well-positioned to gain market 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.
- The second quarter : Arm introduced a new automotive design platform to enable the development of software-defined cars in the future; software can be downloaded to modify the performance and functionality of a car.

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.
- The second quarter : Arm announced *Total Solutions for IoT*, an initiative which includes virtual development boards hosted on AWS, allowing software to be developed in parallel to a new chip design. This initiative could help reduce the time needed to develop an IoT product by up to two years.

<p>For more information about Arm, its business, and its technology, please refer to its website at https://www.arm.com.</p>
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(e) Latin America Funds Segment

- 1. Recorded gain on investments (net) of ¥136.7 billion due to increases in the fair values of unlisted portfolio companies.**
- 2. As of the third quarter-end, SBLAF1 and SBLAF2 held a total of 84 investments, including five listed portfolio companies. The investment cost totaled \$5.9 billion with a fair value amounting to \$8.7 billion.**

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2020	2021		
Gain on investments at Latin America Funds	124,933	136,734	11,801	9.4%
Realized loss on investments	-	(9,114)	(9,114)	-
Unrealized gain on valuation of investments	124,643	144,795	20,152	16.2%
Change in valuation for the fiscal year	124,643	136,761	12,118	9.7%
Reclassified to realized loss recorded in the past fiscal year ^{*1}	-	8,034	8,034	-
Derivative gain (loss) on investments	219	(127)	(346)	-
Effect of foreign exchange translation	-	364	364	-
Other	71	816	745	-
Selling, general and administrative expenses	(3,135)	(7,068)	(3,933)	125.5%
Finance cost	(251)	(1,155)	(904)	360.2%
Derivative gain (excluding gain (loss) on investments)	-	89	89	-
Other loss	(43)	(1,088)	(1,045)	-
Segment income (income before income tax)	121,504	127,512	6,008	4.9%

Notes:

* SoftBank Latin America Fund 1 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.

1. Unrealized gains and losses on valuation of investments recorded in past fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."

OVERVIEW

Segment results include the results of the investments and operational activities of SoftBank Latin America Fund 1 (SBLAF1) and SoftBank Latin America Fund 2 (SBLAF2), which are managed by the Company's wholly owned U.S. subsidiary SBLA Advisers Corp.

SBLAF1 and SBLAF2 were established with the objective of investing in companies using technologies in all industries within rapidly developing Latin America. As of December 31, 2021, the Company has committed \$5.0 billion¹⁴ to SBLAF1 and \$2.0 billion to SBLAF2.

In the second quarter, SoftBank Latin America Funds introduced¹⁵ a co-investment program with restricted rights to receive distributions and preferred equity in the same way as SVF2. See "19. Related party transactions" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

FINANCIAL RESULTS

Unrealized gain on valuation of investments (net) totaling ¥144,795 million was recorded mainly due to an increase in the fair value of unlisted portfolio companies, such as Kavak Holdings Limited, QUINTOANDAR, LTD., and Creditas Financial Solutions, Ltd. In contrast, SBLAF1 recorded realized loss on investments of ¥9,114 million due

to the liquidation of two portfolio companies in the second quarter. These resulted in gain on investments of ¥136,734 million and segment income of ¥127,512 million. As of the third quarter-end, SBLAF1 and SBLAF2 held a combined total of 84 investments and invested a cumulative total of \$5.9 billion, with a fair value of \$8.7 billion.

For a list of portfolio companies of SoftBank Latin America Funds, 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)

	Nine months ended December 31		Change	Change %
	2020	2021		
Net sales	192,665	201,237	8,572	4.4%
Segment income (income before income tax)	13,690	25,613	11,923	87.1%
Depreciation and amortization	(31,301)	(23,683)	7,618	(24.3%)
Gain on investments	103,709	41,530	(62,179)	(60.0%)
Finance cost	(11,992)	(10,194)	1,798	(15.0%)
Income on equity method investments	19,489	19,524	35	0.2%
Derivative gain (loss) (excluding gain (loss) on investments)	681	(3,479)	(4,160)	-

Note: Since the fourth quarter of the previous fiscal year, the ISG business (including Treasury Data, Inc.) is managed separately from the Arm business and its operating results are therefore included in “Other” instead of the Arm segment. In the third quarter, SBG’s shares of PayPay Corporation were transferred to SVF2. As PayPay Corporation continues to be a subsidiary of the Company, its operating results are included in “Other.”

Fortress Investment Group LLC (“Fortress”) and PayPay Corporation recorded losses before income tax of ¥48,321 million and ¥46,406 million, respectively. This was offset by a gain of ¥72,936 million relating to the loss of control of Boston Dynamics, Inc. following its sale in June 2021 and investment gain of ¥49,153 million that was recorded mainly due to an increase in the fair value of an investee of a U.K. subsidiary engaged in the renewable energy business, resulting from its listing and subsequent strong share price performance. As such, segment income stood at ¥25,613 million.

For details regarding the gain on loss of control of Boston Dynamics, Inc., 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.”

An overview of these results and operations follows.

·Fortress

Fortress recorded loss on investments of ¥23,839 million due to a decrease in the fair value of certain investments, resulting in a loss before income tax of ¥48,321 million.

·PayPay Corporation

PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥46,406 million. Although revenue increased mainly as a result of growth in gross merchandise volume and an increase in payment fees following the introduction of payment fees to small and medium-sized merchants in October 2021, expenses also increased due to campaigns aimed at acquiring users and promoting their use, as well as for the retention and expansion of stores where the service is available. PayPay Corporation’s payment services continued to see strong growth, with the number of payments for the period reaching 2,630 million, a 1.8-fold increase year on year.

Results of PayPay Corporation included in “Other”

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2020	2021		
Net sales	19,790	44,735	24,945	126.0%
Loss before income taxes	(40,920)	(46,406)	(5,486)	-

(2) Overview of Financial Position

1. Status of investment assets

- ◆ **Carrying amount of investments from SVF1 and SVF2 totaled ¥15,698.2 billion, an increase of ¥2,051.4 billion from the previous fiscal year-end^{*1}**
 - Decrease at SVF1 by ¥1,865.1 billion: The balance decreased by \$16.0 billion mainly due to sales of investments and \$7.3 billion due to decreases in the fair value of investments held at the third quarter-end, which was partially offset by an increase of \$2.7 billion due to new and follow-on investments.
 - Increase at SVF2 by ¥3,916.6 billion: The balance increased by \$34.0 billion due to new and follow-on investments.
- ◆ **Carrying amount of investment securities of ¥3,871.7 billion, an increase of ¥164.9 billion from the previous fiscal year-end**
 - T-Mobile shares: The balance decreased by ¥661.6 billion from the previous fiscal year-end mainly due to the sale to Deutsche Telekom. Deutsche Telekom shares were received in return for the sale (third quarter-end balance: ¥479.7 billion).
 - SoftBank Latin America Funds: The balance increased by ¥535.7 billion from the previous fiscal year-end, mainly due to new investments.
- ◆ **Carrying amount of stocks and other instruments held at asset management subsidiaries decreased to ¥481.5 billion mainly due to sales, from ¥2,182.5 billion at the previous fiscal year-end.**
 - The balance of investments from asset management subsidiaries was ¥387.0 billion, a decrease of ¥368.3 billion from the previous fiscal year-end.
 - The balance of securities pledged as collateral in asset management subsidiaries was ¥94.6 billion, a decrease of ¥1,332.7 billion from the previous fiscal year-end.

2. Procured funds in an agile manner to meet funding needs for debt repayment and new investments while keeping SBG's LTV¹ below 25%

- ◆ **Interest-bearing debt of SBG increased by ¥1,214.4 billion from the previous fiscal year-end**
 - The Company issued domestic hybrid bonds of ¥405.0 billion, domestic subordinated bonds of ¥500.0 billion, and foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion. Meanwhile, the Company also redeemed domestic hybrid bonds of ¥455.6 billion and domestic subordinated bonds of ¥361.6 billion.
- ◆ **Financial liabilities related to sale of shares by prepaid forward contracts increased by ¥1,185.0 billion from the previous fiscal year-end. Borrowings at SVF2 increased by ¥534.3 billion from the previous fiscal year-end, due to loans to be used to manage its liquidity.**

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 continue to be accounted for using the equity method (and included in "investments accounted for using the equity method") prior to and after the transfer.

	March 31, 2021	December 31, 2021	Change	Change %
Total assets	45,750,453	48,242,890	2,492,437	5.4%
Total liabilities	33,794,860	35,396,823	1,601,963	4.7%
Total equity	11,955,593	12,846,067	890,474	7.4%

(a) Assets

	(Millions of yen)		
	March 31, 2021	December 31, 2021	Change
Cash and cash equivalents	4,662,725	4,618,766	(43,959)
Trade and other receivables	2,216,434	2,299,480	83,046
Investments from asset management subsidiaries	658,227	198,584	(459,643) A
Securities pledged as collateral in asset management subsidiaries	1,427,286	94,560	(1,332,726) B
Derivative financial assets in asset management subsidiaries	188,056	154,887	(33,169) C
Derivative financial assets	383,315	1,218,721	835,406 D
Other financial assets	671,907	606,862	(65,045)
Inventories	126,830	154,262	27,432
Other current assets	446,739	242,184	(204,555) E
Assets classified as held for sale	38,647	–	(38,647) F
Total current assets	10,820,166	9,588,306	(1,231,860)
Property, plant and equipment	1,668,578	1,771,180	102,602
Right-of-use assets	1,147,020	961,619	(185,401)
Goodwill	4,684,419	4,720,884	36,465
Intangible assets	2,308,370	2,402,830	94,460 G
Costs to obtain contracts	246,996	295,003	48,007
Investments accounted for using the equity method	4,349,971	4,908,746	558,775 H
Investments from SVF1 and SVF2 accounted for using FVTPL	13,646,774	15,698,201	2,051,427 I
SVF1	12,403,286	10,538,143	(1,865,143)
SVF2	1,243,488	5,160,059	3,916,571
Investment securities	3,706,784	3,871,726	164,942 J
Derivative financial assets	908,660	1,238,329	329,669 K
Other financial assets	1,919,262	2,472,121	552,859
Deferred tax assets	206,069	173,469	(32,600)
Other non-current assets	137,384	140,476	3,092
Total non-current assets	34,930,287	38,654,584	3,724,297
Total assets	45,750,453	48,242,890	2,492,437

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 primarily 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.
C Derivative financial assets in asset management subsidiaries	The fair value of long call options of listed stocks held by SB Northstar decreased.
D Derivative financial assets	Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥847,298 million, due to recording derivative gains, reclassifying derivative financial assets with a remaining term of one year or less from non-current assets, and newly concluded prepaid forward contracts.
E Other current assets	Withholding income tax in relation to dividends paid from SBGJ to SBG in the previous fiscal year was refunded in July 2021, resulting in a decrease of ¥246,667 million.
F Assets classified as held for sale	Boston Dynamics, Inc.'s assets were 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>	
G Intangible assets	Yahoo Japan Corporation entered into an agreement with Oath Holdings Inc. and other parties, with whom it had previously entered into a license agreement, to acquire trademarks in Japan related to <i>Yahoo!</i> , <i>Yahoo! JAPAN</i> , etc. for ¥178.5 billion. Intangible assets increased as a result of this acquisition.
H 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 Chinese yuan at the third quarter-end.

Components	Main reasons for changes from the previous fiscal year-end
I Investments from SVF1 and SVF2 accounted for using FVTPL	<ul style="list-style-type: none"> · The carrying amount of investments at SVF1 decreased by ¥1,865.1 billion. This reflected a decrease of \$16.0 billion due to the sale of investments and a decrease of \$7.3 billion due to decreases in the fair values of portfolio companies held at the third quarter-end. These were partially offset by an increase of \$2.7 billion due to new and follow-on investments in existing portfolio companies. · The carrying amount of investments at SVF2 increased by ¥3,916.6 billion. This reflected an increase of \$34.0 billion due to new and follow-on investments in existing portfolio companies and \$0.9 billion due to increases in the fair value of portfolio companies held at the third quarter-end. These were partially offset by a decrease of \$1.8 billion due to the sale of investments. <p>For details of the status of investments at SVF1 and SVF2, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p>
J Investment securities	<ul style="list-style-type: none"> · The carrying amount of T-Mobile shares decreased by ¥661,616 million from the previous fiscal year-end. This mainly reflected the sale to Deutsche Telekom of 45.4 million T-Mobile shares held by the Company due to Deutsche Telekom’s partial exercise of call options for T-Mobile shares. · The Company received 225 million Deutsche Telekom shares as consideration for the sale of T-Mobile shares (third quarter-end balance: ¥479,741 million). · The carrying amount of investments from SoftBank Latin America Funds increased by ¥535,670 million due to new and follow-on investments, as well as increases in the fair values of portfolio companies (third quarter-end balance: ¥976,678 million). · The shares of WeWork, InMobi Pte. Ltd., Cybereason Inc., and Ola Electric Mobility Private Limited were transferred to SVF2 and reclassified as “investments from SVF1 and SVF2 accounted for using FVTPL.” See “Investments transferred from the Company to SVF2” under “FINANCIAL RESULTS” in “(b) SoftBank Vision Funds Segment” in “b. Results by Segment” in “(1) Overview of Results of Operations.”
K Derivative financial assets	<ul style="list-style-type: none"> · Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥125,666 million due to recording of derivative gains and newly concluded prepaid forward contracts, while assets with a remaining term of one year or less were reclassified as current assets.

(Reference) Cash and cash equivalents by entity

	(Millions of yen)		
	March 31, 2021	December 31, 2021	Change
SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement			
/ SB Northstar	2,202,778	2,128,759	(74,019)
SoftBank Group Corp.	1,948,177	1,896,718	(51,459)
Wholly owned subsidiaries conducting fund procurement	33,320	15,769	(17,551)
SB Northstar	221,281	216,272	(5,009)
SoftBank Vision Funds segment			
SVF1	67,580	56,677	(10,903)
SVF2	63,470	83,213	19,743
SBIA, SBGA	25,895	24,478	(1,417)
SoftBank segment			
SoftBank Corp.	302,539	314,725	12,186
Z Holdings Corporation ^{*1}	420,941	453,256	32,315
Others ^{*2}	861,412	895,243	33,831
Others	718,110	662,415	(55,695)
Total	4,662,725	4,618,766	(43,959)

Notes:

1. Includes Yahoo Japan Corporation and LINE Corporation.

2. Includes PayPay Bank Corporation, whose balance of cash and cash equivalents was ¥386,985 million at the third quarter-end.

(b) Liabilities

	March 31, 2021	December 31, 2021	(Millions of yen) Change
Interest-bearing debt	7,735,239	7,262,345	(472,894)
Lease liabilities	307,447	257,072	(50,375)
Deposits for banking business	1,109,240	1,279,748	170,508
Trade and other payables	1,970,275	1,901,154	(69,121)
Derivative financial liabilities	322,213	86,456	(235,757) A
Other financial liabilities	65,958	263,381	197,423
Income taxes payables	391,930	96,474	(295,456) B
Provisions	24,939	23,119	(1,820)
Other current liabilities	952,443	786,846	(165,597) C
Liabilities directly relating to assets classified as held for sale	11,271	-	(11,271) D
Total current liabilities	12,890,955	11,956,595	(934,360)
Interest-bearing debt	10,777,736	13,401,456	2,623,720
Lease liabilities	727,554	653,046	(74,508)
Third-party interests in SVF1 and SVF2	6,601,791	6,122,880	(478,911)
Derivative financial liabilities	32,692	120,794	88,102
Other financial liabilities	415,407	441,007	25,600
Provisions	110,586	113,476	2,890
Deferred tax liabilities	2,030,651	2,400,177	369,526 E
Other non-current liabilities	207,488	187,392	(20,096)
Total non-current liabilities	20,903,905	23,440,228	2,536,323
Total liabilities	33,794,860	35,396,823	1,601,963

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
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*See “(Reference)” on the following page for a breakdown of interest-bearing debt.

Current liabilities

A Derivative financial liabilities	<ul style="list-style-type: none"> · Derivative financial liabilities decreased by ¥130,592 million mainly due to the partial exercise of call options for T-Mobile shares by Deutsche Telekom (the third quarter-end balance: ¥74,229 million). · 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 “(1) Option contracts” and “(3) Forward contracts” under “11. 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 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.

Non-current liabilities

E Deferred tax liabilities	Deferred tax liabilities increased due to an increase in the fair value of derivative financial assets related to prepaid forward contracts using Alibaba shares concluded in the fiscal years ended March 31, 2020 and March 31, 2021, as well as in the period.
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(Reference) Interest-bearing debt and lease liabilities (total of current liabilities and non-current liabilities)

	(Millions of yen)		
	March 31, 2021	December 31, 2021	Change
SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement /			
SB Northstar	12,984,650	13,805,201	820,551
SoftBank Group Corp.	6,158,350	7,372,704	1,214,354
Borrowings	1,152,934	1,397,487	244,553
Corporate bonds	4,745,549	5,674,731	929,182 A
Lease liabilities	13,367	12,386	(981)
Commercial paper	246,500	288,100	41,600
Wholly owned subsidiaries conducting fund procurement	4,959,779	6,157,142	1,197,363
Borrowings ^{*1}	1,874,040	1,886,371	12,331 B
Financial liabilities relating to sale of shares by prepaid forward contracts	3,085,739	4,270,771	1,185,032 C
SB Northstar	1,866,521	275,355	(1,591,166)
Borrowings	1,866,521	275,355	(1,591,166) D
SoftBank Vision Funds segment			
SVF1	444,227	665,604	221,377
Borrowings	444,227	665,604	221,377
SVF2	-	534,329	534,329
Borrowings	-	534,329	534,329 E
SBIA	363	315	(48)
Lease liabilities	363	315	(48)
SoftBank segment			
SoftBank Corp.	4,166,323	4,382,573	216,250
Borrowings	3,037,229	3,210,317	173,088
Corporate bonds	260,000	439,349	179,349
Lease liabilities	706,393	596,506	(109,887)
Commercial paper	162,701	136,401	(26,300)
Z Holdings Corporation^{*2}	1,030,980	1,189,116	158,136
Borrowings	442,406	482,598	40,192
Corporate bonds	543,992	618,892	74,900
Lease liabilities	44,582	37,626	(6,956)
Commercial paper	-	50,000	50,000
Other	494,747	596,268	101,521
Others			
Other interest-bearing debt	334,917	310,204	(24,713)
Lease liabilities	91,769	90,309	(1,460)
Total	19,547,976	21,573,919	2,025,943

Notes:

- The interest-bearing debt of wholly owned subsidiaries conducting fund procurement is non-recourse to SBG. However, \$2.65 billion of borrowings made using T-Mobile shares is exceptionally guaranteed by SBG to a limit of \$0.7 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

Components	Details
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SBG / Wholly owned subsidiaries conducting fund procurement / SB Northstar
SBG

- A Corporate bonds**
- Domestic hybrid bonds of ¥405.0 billion were issued in the first quarter, while ¥455.6 billion was redeemed in the second quarter.
 - Foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion were issued in the second quarter.
 - Domestic subordinated bonds of ¥500.0 billion were issued in the first quarter, while ¥361.6 billion was redeemed in the third quarter.

Wholly owned subsidiaries conducting fund procurement
B Borrowings
Through Alibaba shares

- \$1.88 billion was borrowed through margin loans in the first quarter.
- \$10.0 billion was repaid and \$6.0 billion was newly borrowed in margin loans in the third quarter.

Through T-Mobile shares

- In the second quarter, \$2.65 billion was borrowed through a margin loan, and in the same quarter, \$4.38 billion, which was borrowed through a margin loan in the previous fiscal year, was repaid early.

Through Deutsche Telekom shares

- €2.64 billion was raised in the third quarter through collar transactions.
- See “Note 3” and “Note 5” 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.

C Financial liabilities *Through Alibaba shares*

- relating to sale of shares by prepaid forward contracts
- Certain collar contracts, among prepaid forward contracts, were terminated early and \$2.86 billion was settled in cash in the first quarter. In addition, \$3.0 billion was newly raised by concluding new collar contracts.
 - Certain details of collar contracts, among prepaid forward contracts, were amended in the second quarter. In addition, \$7.35 billion was newly raised by concluding new collar and forward contracts.
 - Certain prepaid forward contracts were settled in kind by delivering Alibaba shares. Consequently, financial liabilities of ¥179,309 million related to sale of shares by prepaid forward contracts was derecognized.
 - \$2.21 billion was newly raised in the third quarter by concluding prepaid forward contracts (forward contracts).
 - See “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” 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.

Through T-Mobile shares

- \$1.81 billion was raised in the second quarter through prepaid forward contracts (collar contracts).

SB Northstar
D Borrowings

- Short-term borrowings decreased by ¥935,709 million.
- Repaid \$6.0 billion in margin loans using Alibaba shares.

Components	Details
SoftBank Vision Funds segment	
SVF2	
E Borrowings	<ul style="list-style-type: none"> ·Borrowed \$3.69 billion in the private credit market secured through indirect pledges over its portfolio (the “Term Loan Facility”). This facility provides a liquidity management tool for SVF2. ·Borrowings made for the purpose of monetizing investments (the “Portfolio Financing Facility”) increased by \$1.0 billion.

(c) Equity

	March 31, 2021	December 31, 2021	Change
			(Millions of yen)
Common stock	238,772	238,772	-
Capital surplus	2,618,504	2,611,538	(6,966)
Other equity instruments	496,876	496,876	-
Retained earnings	8,810,422	6,633,108	(2,177,314) A
Treasury stock	(2,290,077)	(133,566)	2,156,511 B
Accumulated other comprehensive income	338,329	1,267,979	929,650 C
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	11,114,707	901,614
Non-controlling interests	1,742,500	1,731,360	(11,140)
Total equity	11,955,593	12,846,067	890,474

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 ¥392,617 million was recorded. ·¥2,475,817 million*¹ was deducted following the retirement of 366,860,600 shares of 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"> ·SBG 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, completing the share repurchase under that resolution. Moreover, SBG repurchased 11,949,400 of its own shares for ¥70,676 million from November 10 to December 23, 2021 in accordance with a Board resolution on November 8, 2021 to repurchase the Company’s own shares up to a maximum amount of ¥1 trillion. ·The Company retired treasury stock in May 2021.
C Accumulated other comprehensive income	<ul style="list-style-type: none"> ·Exchange differences from the translation of foreign operations, which arise from translating overseas subsidiaries and associates into yen, increased by ¥914,299 million due to a weaker yen against the U.S. dollar and Chinese yuan compared to the previous fiscal year-end.

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, because the retirement amount is calculated based on the carrying amounts, including 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. Cash flows from operating activities

Increase in cash inflows of ¥1,907.4 billion mainly due to sale of investments by SB Northstar

2. Cash flows from investing activities

◆ **Cash outflow totaled ¥2,843.6 billion (net) from investing activities mainly as a result of new investments by SVF2 and sale of investments by SVF1.**

- Payments for acquisition of investments by SVF1 and SVF2: ¥3,533.0 billion
- Payments for acquisition of investments by SVF2 of ¥3,359.7 billion
- Proceeds from sale of investments by SVF1 and SVF2: ¥1,734.2 billion
- Proceeds from sale of investments by SVF1 of ¥1,575.6 billion due to partial sale of shares of 14 portfolio companies including Uber, DoorDash, and Coupang

3. Cash flows from financing activities

◆ **Cash inflow of ¥311.0 billion (net) from financing activities through various actions taken for debt repayment and new investments**

- Proceeds from issuance of corporate bonds and payments for redemption of corporate bonds
- SBG issued domestic hybrid bonds of ¥405.0 billion, foreign currency-denominated straight bonds of ¥814.7 billion (\$3.85 billion and €2.95 billion) respectively, and domestic subordinated bonds of ¥500.0 billion.
- SBG redeemed domestic hybrid bonds of ¥455.6 billion and domestic subordinated bonds of ¥361.6 billion.
- Proceeds from procurement using Alibaba shares
- Raised a total of \$12.56 billion through new prepaid forward contracts.
- Raised a total of \$1.88 billion through margin loans in the second quarter. Repaid existing margin loans of \$10.0 billion and newly raised \$6.0 billion in the third quarter, settling \$4.0 billion (net)
- Proceeds from borrowings by SVF1 and SVF2 and distribution/repayment from SVF1 to third-party investors
- SVF2 borrowed \$5.59 billion and SVF1 borrowed \$3.0 billion through the Term Loan Facility and the Portfolio Financing Facility.*¹
- SVF1 distributed ¥976.0 billion to third-party investors.
- Repayment of borrowings by SB Northstar
- Repaid ¥942.2 billion (net) in short-term borrowings and \$6.0 billion in margin loans

Note:

1. See “E Borrowings” under “SVF2” in “SoftBank Vision Fund segment” in “(Reference) Interest-bearing Debt and Lease Liabilities (Total of Current Liabilities and Non-current Liabilities)” in (b) Liabilities in “(2) Overview of Financial Position” for details of each facility.

(Millions of yen)

	Nine months ended December 31		Change
	2020	2021	
Cash flows from operating activities	(72,971)	2,408,979	2,481,950
Cash flows from investing activities	(805,934)	(2,843,565)	(2,037,631)
Cash flows from financing activities	2,055,659	311,028	(1,744,631)

(a) Cash Flows from Operating Activities

Cash flows from operating activities improved by ¥2,481,950 million year on year, from net cash used to net cash provided. This is mainly due to sale of investments by SB Northstar, which had an incremental impact on cash inflows of ¥1,907,441 million for the period.

The amount of income taxes paid (cash outflow) increased by ¥300,090 million year on year. This was mainly due to payment in the first quarter of corporate taxes on taxable income at SBGJ including gains 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. Of this, the withholding income tax was refunded in the second quarter.

(b) Cash Flows from Investing Activities
Primary components

Components	Primary details
Payments for acquisition of investments ¥(830,231) million	<ul style="list-style-type: none"> ·SoftBank Latin America Funds made new and follow-on investments totaling ¥363,497 million (\$3.29 billion). ·The Company acquired preferred stock and common stock of WeWork by tender offer, completed in April 2021, for ¥101,377 million. ·The unpaid acquisition price of ¥115,249 million for shares of a new company established through the business integration of Z Holdings Corporation and LINE Corporation was paid after the shares were acquired from non-controlling interests in the previous fiscal year.
Payments for acquisition of investments by SVF1 and SVF2 ¥(3,533,015) million	<ul style="list-style-type: none"> ·SVF2 made new and follow-on investments totaling ¥3,359,738 million (\$30.26 billion). ·SVF1 made follow-on investments totaling ¥173,277 million (\$1.56 billion).
Proceeds from sales of investments by SVF1 and SVF2 ¥1,734,173 million	<ul style="list-style-type: none"> ·SVF1 sold a portion of its shares in 14 portfolio companies, including Uber, DoorDash, and Coupang. ·SVF2 sold all of its shares in one portfolio company and a portion of its shares in KE Holdings.
Purchase of property, plant and equipment and intangible assets ¥(690,535) million	<ul style="list-style-type: none"> ·Yahoo Japan Corporation purchased intangible assets following an execution of an agreement with Oath Holdings Inc. and other parties, with whom it had previously entered into a license agreement, to acquire trademarks in Japan related to <i>Yahoo!</i> and <i>Yahoo! JAPAN</i> etc. and paid ¥178.5 billion. ·SoftBank Corp. purchased telecommunications equipment.
Proceeds from withdrawal of restricted cash ¥359,038 million	In April 2021, restricted cash (a deposit of \$3.3 billion required for the early termination of a portion of the collar contracts out of the prepaid forward contracts using Alibaba shares) recorded at the previous fiscal year-end was withdrawn. In the same month, a payment of ¥313,411 million (\$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).

(c) Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥(913,287) million ^{*2} (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities)	<ul style="list-style-type: none"> ·Short-term borrowings at SB Northstar decreased by ¥942,150 million (net). ·SoftBank Corp.'s short-term borrowings decreased by ¥98,396 million (net). ·PayPay Card Corporation and LINE Corporation issued commercial paper of ¥71,500 million (net) and ¥50,000 million (net), respectively.
Proceeds from interest-bearing debt (total of A through C below) ¥9,453,135 million	
A Proceeds from borrowings ¥5,859,639 million ^{*3}	<ul style="list-style-type: none"> ·SBG made short-term borrowings of ¥2,120,650 million. ·The Company's wholly owned subsidiaries conducting fund procurement borrowed a total of ¥205,594 million (\$1.88 billion) through margin loans using Alibaba shares; ¥292,494 million (\$26.5 billion) through margin loans and ¥138,088 million (\$1.25 billion) through a bridge loan using T-Mobile shares; and ¥346,265 million (€2.64 billion) through collar transactions using Deutsche Telekom shares. ·SVF2 borrowed ¥419,070 million (\$3.69 billion) through the Term Loan Facility ^{*1} and ¥209,470 million (\$1.90 billion) through the Portfolio Financing Facility. ^{*1} SVF1 borrowed ¥332,036 million (\$3.0 billion) through the Portfolio Financing Facility. ^{*1} ·SoftBank Corp. issued commercial paper of ¥137,400 million and procured ¥875,095 million mainly through the securitization of installment sales receivables and sale-and-leaseback transactions. ·Z Holdings Corporation borrowed ¥114,200 million as short-term borrowings and a further ¥150,000 million in other borrowings.
B Proceeds from issuance of corporate bonds ¥2,000,245 million	<ul style="list-style-type: none"> ·SBG issued domestic hybrid bonds of ¥405,000 million, foreign currency-denominated straight bonds totaling ¥814,745 million (\$3.85 billion and €2.95 billion), and domestic subordinated bonds of ¥500,000 million. ·SoftBank Corp. issued domestic straight bonds of ¥180,000 million. ·Z Holdings Corporation issued domestic straight corporate bonds of ¥100,000 million.
C Proceeds from procurement by prepaid forward contracts using shares ¥1,593,251 million	The Company's wholly owned subsidiaries conducting fund procurement raised an aggregate amount of ¥1,393,400 million (\$12.56 billion) through prepaid forward contracts using Alibaba shares. An aggregate amount of ¥199,851 million (\$1.81 billion) was also raised through prepaid forward contracts using T-Mobile shares.

Components	Primary details
Repayment of interest-bearing debt (total of D through F below) ¥(6,381,610) million	
D Repayment of borrowings ¥(5,219,906) million ^{*3}	<ul style="list-style-type: none"> ·SBG repaid short-term borrowings of ¥1,882,638 million. ·SB Northstar repaid a margin loan using Alibaba shares of ¥662,820 million (\$6.0 billion). ·The Company's wholly owned subsidiaries conducting fund procurement repaid existing borrowings of \$10.0 billion and newly borrowed \$6.0 billion in the third quarter. As the settlement was made on a net basis, ¥454,680 million (\$4.0 billion) was recorded as a cash outflow for repayment of borrowings. In addition, they also repaid a margin loan early using T-Mobile shares of ¥483,772 million (\$4.38 billion), which was borrowed in the previous fiscal year. A bridge loan of ¥142,000 million (\$1.25 billion) borrowed in the second quarter, was also repaid. ·SVF1 and SVF2 repaid ¥139,552 million (\$1.24 billion) and ¥99,174 million (\$0.9 billion), respectively, in borrowings made under the Portfolio Financing Facility. ^{*1} ·SoftBank Corp. repaid ¥112,700 million in commercial paper and ¥604,641 million in borrowings made mainly through the securitization of installment sales receivables and sale-and-leaseback transactions. ·LINE Corporation repaid ¥153,272 million of borrowings.
E Redemption of corporate bonds ¥(842,217) million	SBG redeemed domestic hybrid bonds of ¥455,600 million and domestic subordinated bonds of ¥361,617 million.
F Payment of settlement of prepaid forward contracts ¥(319,487) million	The Company paid ¥313,411 million (\$2.86 billion) in connection with early termination of a portion of the collar contracts among the prepaid forward contracts using Alibaba shares in April 2021.
Distribution/repayment from SVF1 to third-party investors ¥(975,999) million	SVF1 made distributions to third-party investors.
Purchase of treasury stock ¥(328,463) million	SBG 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, completing the share repurchase under that resolution. Moreover, SBG repurchased 11,949,400 of its own shares for ¥70,676 million from November 10 to December 23, 2021 in accordance with a Board resolution on November 8, 2021 to repurchase the Company's own shares up to a maximum amount of ¥1 trillion.
Cash dividends paid to non-controlling interests ¥(271,052) million	SoftBank Corp. and Z Holdings Corporation paid dividends to non-controlling interests.

Notes:

1. See "E Borrowings" under "SVF2" in "SoftBank Vision Fund segment" in "(Reference) Interest-bearing Debt and Lease Liabilities (Total of Current Liabilities and Non-current Liabilities)" in (b) Liabilities in "(2) Overview of Financial Position" for details of each facility.
2. "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.
3. "Proceeds from borrowings" and "repayment of borrowings" include proceeds of ¥3,115,054 million and outlays of ¥2,578,723 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.

Notes regarding “1. Overview of Results of Operations”

- 1 The ratio of liabilities to holding assets, calculated as adjusted net interest-bearing debt divided by equity value of holdings. The Company strives to maintain this ratio below 25% in normal times in financial markets, with an upper threshold of 35% in times of emergency. Equity value of holdings and adjusted net interest-bearing debt each exclude amounts to be settled at maturity or borrowings that are part of asset-backed finance. The calculation of adjusted net interest-bearing debt also excludes, from the Company’s consolidated figures, interest-bearing debt and cash and cash equivalents, etc. attributable to listed subsidiaries such as SoftBank Corp. and Z Holdings Corporation, as well as entities managed on a self-financing basis, such as SoftBank Vision Fund 1, SoftBank Vision Fund 2, SoftBank Latin America Funds, Arm, PayPay Corporation, and Fortress Investment Group, along with SB Northstar.
- 2 Includes a share exchange. In 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 the investment and an acquisition of a 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.
- 3 Interest expenses of SBG include interest expenses of its wholly owned subsidiaries conducting fund procurement.
- 4 The Company applied the equity method to Alibaba’s consolidated financial statements (the Company’s economic interests in Alibaba as of September 30, 2021: 24.90%) for each reporting period on a three-month time lag 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.
- 5 As of the third quarter-end, only Masayoshi Son, SBG’s Representative Director, Corporate Officer, Chairman & CEO, invests in MgmtCo. Participation by members of management other than Masayoshi Son was undecided as of January 31, 2022; however, such participation is planned for the future.
- 6 For the nature of equity and preferred equity, see “(1) Introduction of Co-investment Program with Restricted Right to Receive Distributions and Preferred Equity to SVF2” under “4. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”
- 7 As of the third quarter-end, none of the investment amounts from MgmtCo has been paid.
- 8 SVF2 LLC’s receivables include the transaction amounts incurred in connection with the acceptance of MgmtCo’s capital contribution. Such transaction amounts include (i) MgmtCo’s interest of 17.25% of the aggregate of the initial acquisition cost of investments held by SVF2 LLC and amounts of contributions made by the Company to SVF2 to meet other costs, (ii) increase in fair market value of the investments from its initial acquisition cost at SVF2 to June 30, 2021 multiplied by MgmtCo’s interest of 17.25% and (iii) adjustments equivalent to the interest incurred for the period from the Company’s contribution to SVF2 until June 30, 2021.
- 9 For investments outside the scope of the co-investment program, see the Data Sheets in “Materials” under “Earnings Results Briefing” on the Company’s website at <https://group.softbank/en/ir/presentations/>.
- 10 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 11 After deducting transaction fees, etc.
- 12 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the nine-month period ended September 30, 2021, as reported by licensees in royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the royalty unit analysis for the period is based on chips shipped for the nine-month period ended September 30, 2021. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.
- 13 World Semiconductor Trade Statistics (WSTS) as of November 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.
- 14 In addition to the Company’s commitment, 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.
- 15 For SBLAF1, investments in unlisted companies made on or after June 24, 2021 are subject to these.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Nine-Month Period Ended December 31, 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 3” in “Note 17. Other gain (loss)” 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
SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles
SVF2 LLC	SVF II Investment Holdings LLC
SBIA	SB Investment Advisers (UK) Limited
SBGA	SB Global Advisers Limited
Arm	Arm Limited
SoftBank Latin America Funds	SBLA Latin America Fund LLC
Fortress	Fortress Investment Group LLC
Sprint	Sprint Corporation
Alibaba	Alibaba Group Holding Limited
WeWork	WeWork Inc.
MgmtCo	MASA USA LLC

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

From the three-month period ended September 30, 2021, the names of accounts and a reportable segment have been changed as follows:

Condensed Interim Consolidated Statement of Financial Position

Previous	Current
Third-party interests in SVF1	Third-party interests in SVF1 and SVF2

Condensed Interim Consolidated Statement of Income

Previous	Current
Change in third-party interests in SVF1	Change in third-party interests in SVF1 and SVF2

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
Change in third-party interests in SVF1	Change in third-party interests in SVF1 and SVF2

Segment information

Previous	Current
SVF1 and Other SBIA-Managed Funds segment	SoftBank Vision Funds segment

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2021	(Millions of yen) As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	4,662,725	4,618,766
Trade and other receivables	2,216,434	2,299,480
Investments from asset management subsidiaries	658,227	198,584
Securities pledged as collateral in asset management subsidiaries	1,427,286	94,560
Derivative financial assets in asset management subsidiaries	188,056	154,887
Derivative financial assets	383,315	1,218,721
Other financial assets	671,907	606,862
Inventories	126,830	154,262
Other current assets	446,739	242,184
Subtotal	<u>10,781,519</u>	<u>9,588,306</u>
Assets classified as held for sale	38,647	-
Total current assets	<u>10,820,166</u>	<u>9,588,306</u>
Non-current assets		
Property, plant and equipment	1,668,578	1,771,180
Right-of-use assets	1,147,020	961,619
Goodwill	4,684,419	4,720,884
Intangible assets	2,308,370	2,402,830
Costs to obtain contracts	246,996	295,003
Investments accounted for using the equity method	4,349,971	4,908,746
Investments from SVF1 and SVF2 accounted for using FVTPL	13,646,774	15,698,201
Investment securities	3,706,784	3,871,726
Derivative financial assets	908,660	1,238,329
Other financial assets	1,919,262	2,472,121
Deferred tax assets	206,069	173,469
Other non-current assets	137,384	140,476
Total non-current assets	<u>34,930,287</u>	<u>38,654,584</u>
Total assets	<u><u>45,750,453</u></u>	<u><u>48,242,890</u></u>

	As of March 31, 2021	(Millions of yen) As of December 31, 2021
Liabilities and equity		
Current liabilities		
Interest-bearing debt	7,735,239	7,262,345
Lease liabilities	307,447	257,072
Deposits for banking business	1,109,240	1,279,748
Trade and other payables	1,970,275	1,901,154
Derivative financial liabilities	322,213	86,456
Other financial liabilities	65,958	263,381
Income taxes payables	391,930	96,474
Provisions	24,939	23,119
Other current liabilities	952,443	786,846
Subtotal	<u>12,879,684</u>	<u>11,956,595</u>
Liabilities directly relating to assets classified as held for sale	11,271	-
Total current liabilities	<u>12,890,955</u>	<u>11,956,595</u>
Non-current liabilities		
Interest-bearing debt	10,777,736	13,401,456
Lease liabilities	727,554	653,046
Third-party interests in SVF1 and SVF2	6,601,791	6,122,880
Derivative financial liabilities	32,692	120,794
Other financial liabilities	415,407	441,007
Provisions	110,586	113,476
Deferred tax liabilities	2,030,651	2,400,177
Other non-current liabilities	207,488	187,392
Total non-current liabilities	<u>20,903,905</u>	<u>23,440,228</u>
Total liabilities	<u>33,794,860</u>	<u>35,396,823</u>
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	2,618,504	2,611,538
Other equity instruments	496,876	496,876
Retained earnings	8,810,422	6,633,108
Treasury stock	(2,290,077)	(133,566)
Accumulated other comprehensive income	338,329	1,267,979
Subtotal	<u>10,212,826</u>	<u>11,114,707</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>11,114,707</u>
Non-controlling interests	<u>1,742,500</u>	<u>1,731,360</u>
Total equity	<u>11,955,593</u>	<u>12,846,067</u>
Total liabilities and equity	<u><u>45,750,453</u></u>	<u><u>48,242,890</u></u>

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

For the nine-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Continuing operations		
Net sales	4,138,038	4,580,840
Cost of sales	(1,969,738)	(2,103,871)
Gross profit	2,168,300	2,476,969
Gain on investments		
Gain on investments at Investment Business of Holding Companies	846,477	15,954
Gain (loss) on investments at SVF1, SVF2, and others	2,728,778	(767,736)
Gain on investments at Latin America Funds	124,933	136,734
Gain on other investments	99,268	63,280
Total gain on investments	3,799,456	(551,768)
Selling, general and administrative expenses	(1,575,206)	(1,849,385)
Finance cost	(224,322)	(282,764)
Income on equity method investments	379,431	203,742
Derivative gain (loss) (excluding gain (loss) on investments)	(480,665)	1,104,221
Change in third-party interests in SVF1 and SVF2	(956,736)	172,451
Other gain (loss)	251,246	(38,742)
Income before income tax	3,361,504	1,234,724
Income taxes	(975,983)	(585,430)
Net income from continuing operations	2,385,521	649,294
Discontinued operations		
Net income from discontinued operations	711,174	-
Net income	3,096,695	649,294
Net income attributable to		
Owners of the parent	3,055,162	392,617
Net income from continuing operations	2,343,703	392,617
Net income from discontinued operations	711,459	-
Non-controlling interests	41,533	256,677
Net income from continuing operations	41,818	256,677
Net income from discontinued operations	(285)	-
Net income	3,096,695	649,294
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	1,203.29	214.73
Discontinued operations	368.80	-
Total basic earnings per share	1,572.09	214.73
Diluted earnings per share (Yen)		
Continuing operations	1,108.32	207.57
Discontinued operations	367.85	-
Total diluted earnings per share	1,476.17	207.57

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Net income	3,096,695	649,294
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	9,424	28,625
Total items that will not be reclassified to profit or loss	9,424	28,625
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	863	80
Cash flow hedges	34,682	(2,787)
Exchange differences on translating foreign operations	(577,126)	931,351
Share of other comprehensive income of associates	(21,302)	(15,508)
Total items that may be reclassified subsequently to profit or loss	(562,883)	913,136
Total other comprehensive income, net of tax	(553,459)	941,761
Total comprehensive income	2,543,236	1,591,055
Total comprehensive income		
Comprehensive income from continuing operations	2,034,854	1,591,055
Comprehensive income from discontinued operations	508,382	-
Total comprehensive income attributable to		
Owners of the parent	2,488,577	1,322,083
Comprehensive income from continuing operations	1,979,909	1,322,083
Comprehensive income from discontinued operations	508,668	-
Non-controlling interests	54,659	268,972
Total comprehensive income	2,543,236	1,591,055

For the three-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended December 31, 2020	Three-month period ended December 31, 2021
Continuing operations		
Net sales	1,507,507	1,597,336
Cost of sales	(759,019)	(755,400)
Gross profit	748,488	841,936
Gain on investments		
Gain (loss) on investments at Investment Business of Holding Companies	266,863	(263,974)
Gain on investments at SVF1, SVF2, and others	1,392,140	111,450
Gain (loss) on investments at Latin America Funds	61,465	(56,964)
Gain on other investments	45,677	52,955
Total gain on investments	1,766,145	(156,533)
Selling, general and administrative expenses	(563,905)	(662,713)
Finance cost	(70,514)	(97,165)
Income (loss) on equity method investments	178,601	(61,589)
Derivative gain (excluding gain (loss) on investments)	280,892	483,262
Change in third-party interests in SVF1 and SVF2	(499,199)	(22,728)
Other gain (loss)	79,524	(136,717)
Income before income tax	1,920,032	187,753
Income taxes	(703,701)	(128,584)
Net income from continuing operations	1,216,331	59,169
Discontinued operations		
Net income from discontinued operations	987	-
Net income	1,217,318	59,169
Net income attributable to		
Owners of the parent	1,171,951	29,048
Net income from continuing operations	1,170,966	29,048
Net income from discontinued operations	985	-
Non-controlling interests	45,367	30,121
Net income from continuing operations	45,365	30,121
Net income from discontinued operations	2	-
Net income	1,217,318	59,169
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	626.58	12.07
Discontinued operations	0.53	-
Total basic earnings per share	627.11	12.07
Diluted earnings per share (Yen)		
Continuing operations	575.02	11.43
Discontinued operations	0.53	-
Total diluted earnings per share	575.55	11.43

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended December 31, 2020	Three-month period ended December 31, 2021
Net income	1,217,318	59,169
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	3,938	15,860
Total items that will not be reclassified to profit or loss	3,938	15,860
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	38	(120)
Cash flow hedges	3,960	(6,288)
Exchange differences on translating foreign operations	(212,291)	628,187
Share of other comprehensive income of associates	(32,046)	2,086
Total items that may be reclassified subsequently to profit or loss	(240,339)	623,865
Total other comprehensive income, net of tax	(236,401)	639,725
Total comprehensive income	980,917	698,894
Total comprehensive income		
Comprehensive income from continuing operations	974,985	698,894
Comprehensive income from discontinued operations	5,932	-
Total comprehensive income attributable to		
Owners of the parent	924,908	657,359
Comprehensive income from continuing operations	918,977	657,359
Comprehensive income from discontinued operations	5,931	-
Non-controlling interests	56,009	41,535
Total comprehensive income	980,917	698,894

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 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	-	-	-	3,055,162	-	-	3,055,162
Other comprehensive Income	-	-	-	-	-	(360,890)	(360,890)
Total comprehensive income	-	-	-	3,055,162	-	(360,890)	2,694,272
Transactions with owners and other transactions							
Cash dividends	-	-	-	(86,841)	-	-	(86,841)
Distribution to owners of other equity instruments	-	-	-	(15,339)	-	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,199	-	(1,199)	-
Purchase and disposal of treasury stock	-	-	-	(650)	(1,585,779)	-	(1,586,429)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	909,691	-	-	-	-	909,691
Changes in associates' interests in their subsidiaries	-	1,486	-	-	-	-	1,486
Changes in interests in associates' capital surplus	-	1,243	-	-	-	-	1,243
Share-based payment transactions	-	(962)	-	-	-	-	(962)
Transfer of accumulated other comprehensive income held for sale	-	-	-	-	-	1,582	1,582
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	911,458	-	(101,631)	(1,585,779)	383	(775,569)
As of December 31, 2020	<u>238,772</u>	<u>2,401,783</u>	<u>496,876</u>	<u>6,899,351</u>	<u>(1,687,395)</u>	<u>(722,766)</u>	<u>7,626,621</u>

(Millions of yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total		
As of April 1, 2020	205,695	5,913,613	1,459,304	7,372,917
Comprehensive income				
Net income	-	3,055,162	41,533	3,096,695
Other comprehensive income	(205,695)	(566,585)	13,126	(553,459)
Total comprehensive income	(205,695)	2,488,577	54,659	2,543,236
Transactions with owners and other transactions				
Cash dividends	-	(86,841)	(219,314)	(306,155)
Distribution to owners of other equity instruments	-	(15,339)	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(1,586,429)	-	(1,586,429)
Changes from loss of control	-	-	(427,985)	(427,985)
Changes in interests in subsidiaries	-	909,691	133,066	1,042,757
Changes in associates' interests in their subsidiaries	-	1,486	-	1,486
Changes in interests in associates' capital surplus	-	1,243	-	1,243
Share-based payment transactions	-	(962)	(775)	(1,737)
Transfer of accumulated other comprehensive income held for sale	(1,582)	-	-	-
Other	-	-	(1,688)	(1,688)
Total transactions with owners and other transactions	(1,582)	(777,151)	(516,696)	(1,293,847)
As of December 31, 2020	(1,582)	7,625,039	997,267	8,622,306

For the nine-month period ended December 31, 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	-	-	-	392,617	-	-	392,617
Other comprehensive income	-	-	-	-	-	929,733	929,733
Total comprehensive income	-	-	-	392,617	-	929,733	1,322,350
Transactions with owners and other transactions							
Cash dividends	-	-	-	(75,947)	-	-	(75,947)
Distribution to owners of other equity instruments	-	-	-	(15,676)	-	-	(15,676)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	83	-	(83)	-
Purchase and disposal of treasury stock	-	-	-	(2,574)	(319,306)	-	(321,880)
Retirement of treasury stock	-	-	-	(2,475,817)	2,475,817	-	-
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	(1,991)	-	-	-	-	(1,991)
Changes in associates' interests in their subsidiaries	-	(4,443)	-	-	-	-	(4,443)
Changes in interests in associates' capital surplus	-	(1)	-	-	-	-	(1)
Share-based payment transactions	-	(666)	-	-	-	-	(666)
Other	-	135	-	-	-	-	135
Total transactions with owners and other transactions	-	(6,966)	-	(2,569,931)	2,156,511	(83)	(420,469)
As of December 31, 2021	<u>238,772</u>	<u>2,611,538</u>	<u>496,876</u>	<u>6,633,108</u>	<u>(133,566)</u>	<u>1,267,979</u>	<u>11,114,707</u>

(Millions of yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total		
As of April 1, 2021	267	10,213,093	1,742,500	11,955,593
Comprehensive income				
Net income	-	392,617	256,677	649,294
Other comprehensive income	(267)	929,466	12,295	941,761
Total comprehensive income	(267)	1,322,083	268,972	1,591,055
Transactions with owners and other transactions				
Cash dividends	-	(75,947)	(273,103)	(349,050)
Distribution to owners of other equity instruments	-	(15,676)	-	(15,676)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(321,880)	-	(321,880)
Retirement of treasury stock	-	-	-	-
Changes from loss of control	-	-	(15,861)	(15,861)
Changes in interests in subsidiaries	-	(1,991)	(654)	(2,645)
Changes in associates' interests in their subsidiaries	-	(4,443)	-	(4,443)
Changes in interests in associates' capital surplus	-	(1)	-	(1)
Share-based payment transactions	-	(666)	10,580	9,914
Other	-	135	(1,074)	(939)
Total transactions with owners and other transactions	-	(420,469)	(280,112)	(700,581)
As of December 31, 2021	-	11,114,707	1,731,360	12,846,067

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Cash flows from operating activities		
Net income from continuing operations	2,385,521	649,294
Net income from discontinued operations	711,174	-
Net income	3,096,695	649,294
Depreciation and amortization	628,486	633,501
Gain on investments at Investment Business of Holding Companies	(1,410,871)	(11,448)
(Gain) loss on investments at SVF1, SVF2, and others	(2,728,778)	767,736
Gain on investments at Latin America Funds	(124,933)	(136,734)
Finance cost	226,366	282,764
Income on equity method investments	(379,176)	(203,742)
Derivative loss (gain) (excluding (gain) loss on investments)	480,598	(1,104,221)
Change in third-party interests in SVF1 and SVF2	956,736	(172,451)
Gain on other investments and other (gain) loss	(335,121)	(24,538)
Income taxes	978,066	585,430
Decrease in investments from asset management subsidiaries	1,195,610	463,563
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	(114,332)	23,937
(Increase) decrease in securities pledged as collateral in asset management subsidiaries	(1,241,711)	1,329,563
Increase in borrowed securities in asset management subsidiaries	5,874	135,176
Increase in trade and other receivables	(286,893)	(332,818)
Increase in inventories	(26,932)	(27,152)
Increase in trade and other payables	163,701	243,275
Gain relating to loss of control over discontinued operations	(722,231)	-
Other	9,566	123,567
Subtotal	370,720	3,224,702
Interest and dividends received	19,579	25,161
Interest paid	(187,476)	(259,894)
Income taxes paid	(538,873)	(838,963)
Income taxes refunded	263,079	257,973
Net cash (used in) provided by operating activities	(72,971)	2,408,979

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Cash flows from investing activities		
Payments for acquisition of investments	(3,092,052)	(830,231)
Proceeds from sales/redemption of investments	2,953,239	339,662
Payments for acquisition of investments by SVF1 and SVF2	(576,756)	(3,533,015)
Proceeds from sales of investments by SVF1 and SVF2	399,204	1,734,173
Payments for acquisition of investments by asset management subsidiaries	-	(155,515)
Proceeds from loss of control over subsidiaries	29,905	131,575
Payments for acquisition of marketable securities for short-term trading	(78,290)	(86,824)
Proceeds from sales/redemption of marketable securities for short-term trading	227,683	88,800
Purchase of property, plant and equipment, and intangible assets	(488,852)	(690,535)
Payments for loan receivables	(210,460)	(118,787)
Collection of loan receivables	27,761	54,350
Proceeds from withdrawal of restricted cash	13,282	359,038
Payments into trust accounts in SPACs	(73,306)	(5,500)
Other	62,708	(130,756)
Net cash used in investing activities	(805,934)	(2,843,565)
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	1,421,556	(913,287)
Proceeds from interest-bearing debt	5,090,846	9,453,135
Repayment of interest-bearing debt	(4,017,518)	(6,381,610)
Repayment of lease liabilities	(308,875)	(254,785)
Contributions into SVF1 from third-party investors	774,726	138,976
Distribution/repayment from SVF1 to third-party investors	(602,731)	(975,999)
Proceeds from non-controlling interests subject to possible redemption	73,306	5,500
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	1,552,957	458
Purchase of shares of subsidiaries from non-controlling interests	(68,063)	(42,700)
Distribution to owners of other equity instruments	(15,339)	(15,676)
Purchase of treasury stock	(1,607,840)	(328,463)
Cash dividends paid	(86,509)	(75,691)
Cash dividends paid to non-controlling interests	(148,726)	(271,052)
Other	(2,131)	(27,778)
Net cash provided by financing activities	2,055,659	311,028
Effect of exchange rate changes on cash and cash equivalents	(87,890)	79,599
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale	(5,780)	-
Increase (decrease) in cash and cash equivalents	1,083,084	(43,959)
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	4,452,099	4,618,766

(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 financial position)

“Derivative financial assets (current),” which was included in “Other financial assets (current)” in the past fiscal year, is separately presented from the three-month period ended September 30, 2021 since the amount increased and became significant. In order to reflect the change in presentation, ¥383,315 million, which was included in “Other financial assets (current)” as of March 31, 2021, is reclassified as “Derivative financial assets (current).”

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

“Gain on investments at Latin America Funds,” which was included in “Gain on other investments” in the past fiscal year, is separately presented from the three-month period ended June 30, 2021 since the amount increased and became significant. In order to reflect the change in presentation, ¥124,933 million and ¥61,465 million, which were included in “Gain on other investments” for the nine-month period ended December 31, 2020 and the three-month period ended December 31, 2020, are reclassified as “Gain (loss) on investments at Latin America Funds.” The details of Latin America Funds 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 nine-month period ended December 31, 2021 are calculated based on the estimated effective tax rate for the fiscal year.

Significant accounting policies for the SoftBank Vision 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 SoftBank Vision Funds segment” and “(2) Significant accounting policies for the asset management subsidiary.”

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

As of December 31, 2021, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF2 was previously managed by SBIA and has been managed by SBGA since September 2021. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA and SBGA receive 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 and SBGA 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 (loss) 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 in SVF1 and SVF2 and investors in SVF2 LLC (collectively “SVF Investors”)

The Company introduced a co-investment program with restricted rights to receive distributions to SVF2 in August 2021. Accordingly, SVF Investors other than the Company have invested in SVF2 for the purpose of the program since the three-month period ended September 30, 2021. The details are described in “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2” under “Note 4. SoftBank Vision Funds business.”

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

The interests attributable to Third-Party Investors in SVF1 and SVF2 are classified as financial liabilities, “Third-party interests in SVF1 and SVF2” in the condensed interim consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of Third-Party Investors at the end of the finite life within the constitutional agreements relating to SVF1 and SVF2. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the constitutional agreements in a theoretical liquidation scenario at the end of each quarter.

Third-Party Investor in SVF2 is entitled to make full or partial payment of their investment and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC to the end of company life of SVF2 LLC, and as of December 31, 2021, the Company has recognized receivables from Third-Party Investor. The receivables are included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position.

“Third-party interests in SVF1 and SVF2” fluctuates due to the results of SVF1 and SVF2 in addition to contributions from Third-Party Investors, and distributions and repayments of investments to Third-Party Investors, respectively. The fluctuations due to the results of SVF1 and SVF2 are presented as “Change in third-party interests in SVF1 and SVF2” 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. No cash contributions into SVF2 from Third-Party Investor and no cash distribution/repayment from SVF2 to Third-Party Investor were made as of December 31, 2021.

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 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 condensed interim 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 accounted for using the equity method) 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. Of the investments in associates of the Company made by SB Northstar, investments in associates accounted for using the equity method are included in “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position.

The investments in convertible bonds and others 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 and others 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 condensed interim 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 (loss) 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 SoftBank Vision Funds segment, the SoftBank segment, and the Arm segment. The Latin America Funds 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 SVF1 and Other SBIA-Managed Funds segment was renamed to the SoftBank Vision Funds segment from the three-month period ended September 30, 2021.

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

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, and WeWork, an equity method associate, and others, which are included in segment income of the SoftBank Vision Funds segment, and an elimination of income and loss on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the SoftBank segment.

Segment information for the nine-month period ended December 31, 2020 and the three-month period ended December 31, 2020 is presented based on the reportable segments after the aforementioned change.

(2) Net sales and income of reportable segments

Income of reportable segments is defined as “Income before income tax.” 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 nine-month period ended December 31, 2020

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm	Latin America Funds
Net sales					
Customers	-	-	3,798,193	154,094	-
Intersegment	-	-	7,368	655	-
Total	-	-	3,805,561	154,749	-
Segment income	762,985	1,758,117	746,219	(24,204)	121,504
Depreciation and amortization	(1,550)	(396)	(537,640)	(53,139)	(77)
Gain (loss) on investments	846,477	2,767,257	(4,496)	55	124,933
Finance cost	(157,769)	(7,634)	(48,849)	(620)	(251)
Income (loss) on equity method investments	363,660	-	(26,205)	1,852	-
Derivative gain (loss) (excluding gain (loss) on investments)	(482,668)	-	(135)	1,457	-
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	3,952,287	185,751	-	4,138,038	
Intersegment	8,023	6,914	(14,937)	-	
Total	3,960,310	192,665	(14,937)	4,138,038	
Segment income	3,364,621	13,690	(16,807)	3,361,504	
Depreciation and amortization	(592,802)	(31,301)	-	(624,103)	
Gain (loss) on investments	3,734,226	103,709	(38,479)	3,799,456	
Finance cost	(215,123)	(11,992)	2,793	(224,322)	
Income (loss) on equity method investments	339,307	19,489	20,635	379,431	
Derivative gain (loss) (excluding gain (loss) on investments)	(481,346)	681	-	(480,665)	

For the nine-month period ended December 31, 2021

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Funds*	SoftBank	Arm	Latin America Funds
Net sales					
Customers	-	-	4,164,197	226,836	-
Intersegment	-	-	9,364	534	-
Total	-	-	4,173,561	227,370	-
Segment income	973,742	(480,579)	724,199	31,088	127,512
Depreciation and amortization	(2,912)	(423)	(550,625)	(55,746)	(112)
Gain (loss) on investments	15,846	(579,740)	21,506	244	136,734
Finance cost	(209,189)	(18,657)	(46,452)	(733)	(1,155)
Income (loss) on equity method investments	221,680	-	(49,236)	(400)	-
Derivative gain (loss) (excluding gain (loss) on investments)	1,106,568	1,013	289	(259)	89
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	4,391,033	189,807	-	4,580,840	
Intersegment	9,898	11,430	(21,328)	-	
Total	4,400,931	201,237	(21,328)	4,580,840	
Segment income	1,375,962	25,613	(166,851)	1,234,724	
Depreciation and amortization	(609,818)	(23,683)	-	(633,501)	
Gain (loss) on investments	(405,410)	41,530	(187,888)	(551,768)	
Finance cost	(276,186)	(10,194)	3,616	(282,764)	
Income (loss) on equity method investments	172,044	19,524	12,174	203,742	
Derivative gain (loss) (excluding gain (loss) on investments)	1,107,700	(3,479)	-	1,104,221	

Note:

* The details of the difference between “Gain (loss) on investments” in the SoftBank Vision 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. SoftBank Vision Funds business.”

For the three-month period ended December 31, 2020

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm	Latin America Funds
Net sales					
Customers	-	-	1,375,149	54,416	-
Intersegment	-	-	2,645	329	-
Total	-	-	1,377,794	54,745	-
Segment income	737,637	844,128	212,935	(13,383)	59,643
Depreciation and amortization	(575)	(130)	(189,631)	(17,417)	(45)
Gain on investments	266,863	1,355,690	1,547	55	61,465
Finance cost	(49,594)	(1,406)	(15,929)	(201)	(143)
Income (loss) on equity method investments	169,053	-	(9,076)	175	-
Derivative gain (loss) (excluding gain (loss) on investments)	279,749	-	(93)	305	-
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	1,429,565	77,942	-	1,507,507	
Intersegment	2,974	2,523	(5,497)	-	
Total	1,432,539	80,465	(5,497)	1,507,507	
Segment income	1,840,960	36,550	42,522	1,920,032	
Depreciation and amortization	(207,798)	(8,957)	-	(216,755)	
Gain on investments	1,685,620	44,075	36,450	1,766,145	
Finance cost	(67,273)	(4,095)	854	(70,514)	
Income (loss) on equity method investments	160,152	12,581	5,868	178,601	
Derivative gain (loss) (excluding gain (loss) on investments)	279,961	931	-	280,892	

For the three-month period ended December 31, 2021

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm	Latin America Funds
Net sales					
Customers	-	-	1,446,140	65,743	-
Intersegment	-	-	3,064	272	-
Total	-	-	1,449,204	66,015	-
Segment income	(42,311)	108,957	192,074	(2,906)	(60,430)
Depreciation and amortization	(977)	(146)	(182,873)	(19,151)	(36)
Gain (loss) on investments	(263,842)	163,424	1,222	232	(56,964)
Finance cost	(70,774)	(8,978)	(15,348)	(244)	(677)
Income (loss) on equity method investments	(45,309)	-	(20,982)	478	-
Derivative gain (loss) (excluding gain (loss) on investments)	482,671	(411)	287	718	(3)
	Total	Other	Reconciliations	Consolidated	
Net sales					
Customers	1,511,883	85,453	-	1,597,336	
Intersegment	3,336	4,171	(7,507)	-	
Total	1,515,219	89,624	(7,507)	1,597,336	
Segment income	195,384	42,275	(49,906)	187,753	
Depreciation and amortization	(203,183)	(7,565)	-	(210,748)	
Gain (loss) on investments	(155,928)	51,502	(52,107)	(156,533)	
Finance cost	(96,021)	(2,626)	1,482	(97,165)	
Income (loss) on equity method investments	(65,813)	38	4,186	(61,589)	
Derivative gain (loss) (excluding gain (loss) on investments)	483,262	-	-	483,262	

4. SoftBank Vision Funds business

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

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

The Board of Directors of SoftBank Group Corp. resolved to introduce a co-investment program with restricted rights to receive distributions to SVF2. In July 2021, based on the resolution, the Company established SVF2 LLC, a wholly-owned subsidiary of the Company, beneath SVF2 for the program. SVF2 LLC has entered into a definitive agreement in August 2021 with the Company and MgmtCo, a participant in the program, which resulted in MgmtCo becoming an investor in SVF2 LLC.

MgmtCo is a company controlled by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SoftBank Group Corp., and a related party of the Company. The details of the related party transactions between the Company and MgmtCo are described in “Note 19. Related party transactions.”

(a) Purpose of the program

The program has been introduced for the purpose of enabling Masayoshi Son to make a co-investment in SVF2, sharing risk of losses as well as benefit of profits in the success of SVF2, and 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

Contributions by SVF Investors are classified as “Equity” and “Preferred Equity” depending on the terms and conditions of distribution. Overview of the program is as follows:

i. Investment in SVF2 LLC

Based on the definitive agreement entered into in August 2021, SVF2 LLC has issued Equity to the Company and MgmtCo. The Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries) holds 82.75% of the total Equity interests in SVF2 LLC and MgmtCo holds 17.25% of the total Equity interests in SVF2 LLC. 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.

ii. Transfer of portfolio companies

After the definitive agreement signed in August 2021, for the purpose of the program, unlisted portfolio companies that were held or planned to be held by SVF2 as of June 23, 2021 have in principle been transferred to SVF2 LLC. As a result, the transfers of the portfolio companies had been conducted sequentially, and as of December 31, 2021, the transfers have been completed.

iii. Investment from MgmtCo

Upon the completion of the transfers of the relevant portfolio companies from SVF2 to SVF2 LLC, the Equity for each portfolio company is issued from SVF2 LLC to the Company and MgmtCo. As a result, as of December 31, 2021, the total amount of capital contribution made by MgmtCo was \$2.6 billion and the total amount after adding the related adjustments to the capital contribution (the “Equity Acquisition Amount”) was \$2.9 billion, respectively.

iv. Receivables and premiums accrued on Equity Acquisition Amount

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time, at its discretion, from the date it became an investor in SVF2 LLC to the end of the company life of SVF2 LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion on the same terms and conditions as Equity Acquisition Amount. As of December 31, 2021, no cash payment has been made from MgmtCo for the Equity Acquisition Amount and the premium. The details of the receivables related to the Equity Acquisition Amount and the premium as of December 31, 2021 are described in “(b) Third-party interests in SVF2 and receivables” in “b. Changes in interests attributable to Third-Party Investors” under “(4) Third-party interests in SVF1 and SVF2.” Any distributable amount from SVF2 LLC to MgmtCo is offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until SVF2 LLC’s receivables are paid in full.

v. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC, all of the Equity interests in SVF2 LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of December 31, 2021, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

vi. Restrictions on rights to receive distributions to MgmtCo

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

vii. Nature of the Equity contribution by the Company and MgmtCo

The Equity interests held by the Company and MgmtCo are subordinated to the Preferred Equity of SVF2 LLC described in "b. Preferred Equity Contribution to SVF2 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 is obligated to pay the shortfall proportional to Equity interests' ratio up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

viii. Management fee and performance fees to be charged to MgmtCo

The terms of the management fee and performance fees to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SVF2 LLC. The details of the management fee and performance fees to be charged to MgmtCo is described in "b. Management fees and performance fees in SVF2" under "(5) Management fees and performance fees."

b. Preferred Equity Contribution to SVF2 by the Company

SoftBank Group Corp. has resolved at a meeting of its Board of Directors that SVF2 LLC issues to the Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries) a new class of Preferred Equity interests that is subject to fixed distribution separate from the Equity under the program. The purpose of issuing the Preferred Equity is to enhance the efficiency of recovery of investment funds. The Preferred Equity interests in the amount of \$19.6 billion have been issued to the Company from the introduction of Preferred Equity to December 31, 2021. The Preferred Equity interests have a priority right over the Equity interests held by the Company and MgmtCo under the program in terms of its distributions and return of the contributions, and the Company receives a fixed distribution amount calculated at 8% per annum on the amount of Preferred Equity contributions by the Company. The Company's contributions to SVF2 LLC for new investments on and after June 24, 2021 are Preferred Equity contributions.

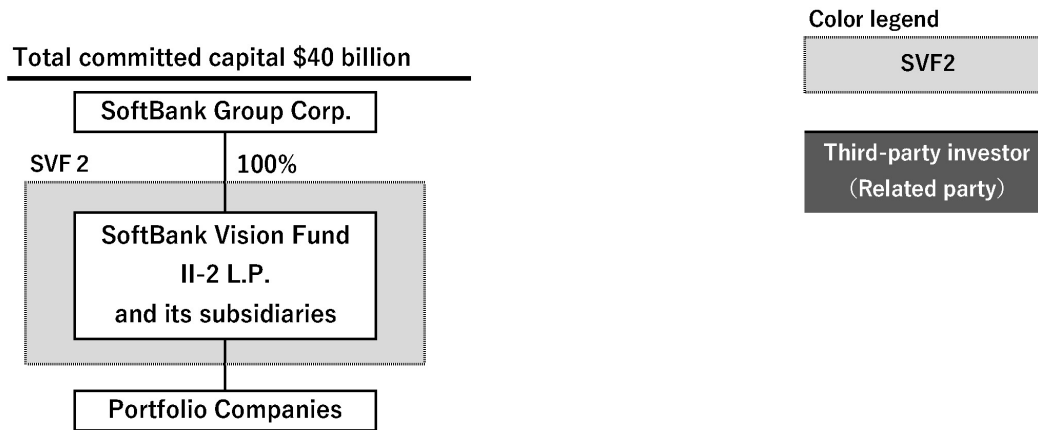
c. Committed capital

After the introduction of the program and Preferred Equity, \$2.6 billion was reduced from the Company's committed capital and MgmtCo's committed capital was increased by the same amount. As a result, the total committed capital for SVF2 as a whole amount after the introduction of the program was \$40 billion.

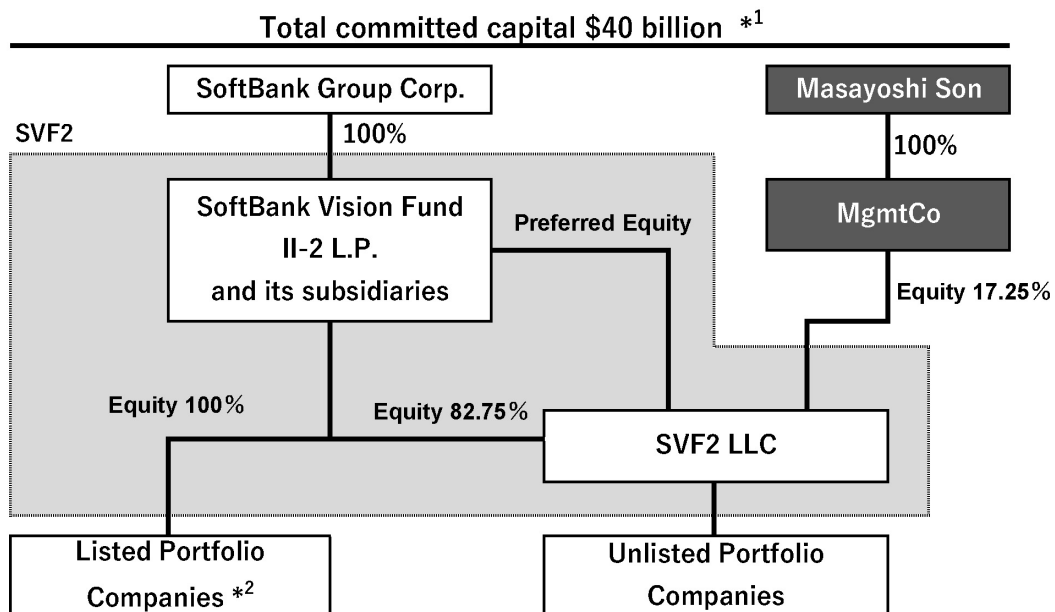
d. Structure

Please refer to the following scheme diagram for “a. Co-investment Program with Restricted Rights to Receive Distributions” and “b. Preferred Equity Contribution to SVF2 by the Company.”

(a) Structure prior to the introduction of the program and Preferred Equity



(b) Structure after the introduction of the program and Preferred Equity



Notes:

1. From the introduction of the program and Preferred Equity to December 31, 2021, the committed capital for SVF2 was increased by \$11.0 billion, which is attributable to the Company as an investor in SVF2. As a result, the total commitment capital for SVF2 as a whole was \$51.0 billion as of December 31, 2021.
2. Includes portfolio companies publicly filing for listing as of June 23, 2021, and portfolio companies that were approved by the Board of Directors to be excluded from the program. The Company continues to hold 100% of Equity for investments in the portfolio companies that are outside of the program’s scope.

(2) Change of a manager of SVF2

SVF2 was previously managed by SBIA and has been managed by SBGA, which is a wholly-owned subsidiary of the Company, since September 2021. SBGA outsources most of its operations to SBIA and SBIA continues to support the management of SVF2 as an outsourced service provider.

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

a. Overview

Segment income arising from the SoftBank Vision Funds business (income before income tax) represents the net profits of the SoftBank Vision Funds business, after deducting the net profits attributable to Third-Party Investors. The net profits attributable to Third-Party Investors are the amount after deducting management fees and performance fees that SBIA and SBGA receive from SVF1 and SVF2, respectively.

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 and SVF2.”

b. Segment income arising from the SoftBank Vision Funds business

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

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Gain (loss) on investments at SVF1, SVF2, and others		
Realized gain on investments ¹	205,274	1,127,624
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year ²	2,652,701	(537,819)
Reclassified to realized gain recorded in the past fiscal year ³	(107,151)	(1,199,022)
Interest and dividend income from investments	8,219	24,555
Derivative gain on investments	1,091	51,450
Effect of foreign exchange translation ⁴	7,123	(46,528)
Subtotal	2,767,257	(579,740)
Selling, general and administrative expenses	(45,199)	(53,920)
Finance cost (interest expenses)	(7,634)	(18,657)
Derivative gain (excluding gain (loss) on investments)	-	1,013
Change in third-party interests in SVF1 and SVF2	(956,736)	172,451
Other gain (loss)	429	(1,726)
Segment income arising from the SoftBank Vision Funds business (income before income tax)	1,758,117	(480,579)

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. SVF1 recorded ¥154,525 million of unrealized gain on valuation for the nine-month period ended December 31, 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% of the shares of Treasure Data, Inc. to the Company’s wholly-owned 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 wholly-owned foreign subsidiary to SVF2. As a result, 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 December 31, 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 Interest and dividend income from investments) in the above-mentioned segment income, however, the dividends are eliminated in consolidation.

For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. ¥11,062 million of the unrealized gain on valuation after the transfer date arising from WeWork common shares held by SVF2 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 WeWork is an equity method associate of the Company.

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 (loss) on investments” due to the realization for the nine-month period ended December 31, 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. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.

(4) Third-party interests in SVF1 and SVF2

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

Contributions by SVF Investors are classified as “Equity” and “Preferred Equity” depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

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

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December. The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 are described in “a. Co-investment Program with Restricted Rights to Receive Distributions” under “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2.

In the following table, Third-Party Investors contributing Equity are defined as “Investors entitled to performance-based distribution” and Third-Party Investors contributing Preferred Equity are defined as “Investors entitled to fixed distribution.”

b. Changes in interests attributable to Third-Party Investors

(a) Third-party interests in SVF1

Changes in interests attributable to Third-Party Investors in SVF1 (included in “Third-party interests in SVF1 and SVF2” in the condensed interim consolidated statement of financial position) are as follows:

	(Millions of yen)		
	(For reference purposes only)		
	Links with the condensed interim consolidated financial statements		
	Third-party interests in SVF1 (Total of current liabilities and non-current liabilities)	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	138,976	-	138,976
Changes in third-party interests	(176,901)	176,901	-
Attributable to investors entitled to fixed distribution	115,158		
Attributable to investors entitled to performance-based distribution	(292,059)		
Distribution/repayment to third-party investors	(975,999)	-	(975,999)
Exchange differences on translating third-party interests*	215,835	-	-
As of December 31, 2021	<u>5,803,702</u>		

Note:

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

(b) Third-party interests in SVF2 and receivables

Changes in interests attributable to Third-Party Investor in SVF2 (included in “Third-party interests in SVF1 and SVF2” in the condensed interim consolidated statement of financial position) are as follows: Third-party Investor in SVF2 is the investor entitled to performance-based distribution.

	(Millions of yen)	
	(For reference purposes only)	
	Links with the condensed interim consolidated financial statements	
Third-party interests in SVF2 (Total of current liabilities and non-current liabilities)	Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2021	-	
Acquisition of interest by third-party investor	325,292	-
Changes in third-party interests	4,450	(4,450)
Distribution/repayment to the third-party investor (Offsetting against the receivables)	(19,104)	-
Exchange differences on translating third-party interests*	8,540	-
As of December 31, 2021	<u>319,178</u>	

Note:

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

The Company has receivables from Third-party Investor in SVF2. The changes in the receivables from Third-Party Investor in SVF2 (included in “Other financial assets (non-current)” in the condensed interim consolidated statements of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “a. Co-investment Program with Restricted Rights to Receive Distributions” under “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2.”

	(Millions of yen)
	Receivables from third-party investor in SVF2
As of April 1, 2021	-
Increase of receivables from Equity Acquisition Amount and accrued premiums charged to third-party investor	330,246
Reduction of receivables by offsetting distribution/repayment to third-party investor	(19,104)
Exchange differences on receivables	8,547
As of December 31, 2021	<u>319,689</u>

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of December 31, 2021 was \$8.2 billion.

(5) Management fees and performance fees

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

a. Management fees and performance fees in SVF1

Management fees to SBIA from SVF1 are, in accordance with the limited partnership agreement, calculated by multiplying 1% per annum by Equity contributions used to fund investments and paid to SBIA by SVF1 quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

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

From the inception of SVF1 to December 31, 2021, the cumulative amount of performance fees paid to SBIA was \$439 million. For the nine-month period ended December 31, 2021, no performance fees were paid to SBIA.

In addition, the performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

b. Management fees and performance fees in SVF2

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

Same as the performance-based distributions, the amount of the performance fees to SBGA from SVF2 is calculated using the allocation method as specified in the constitutional agreement. SBGA is entitled to receive the performance fees when SVF2 receives cash through disposition, dividend and monetization of an investment.

From the inception of SVF2 to December 31, 2021, no performance fees were paid to SBIA or SBGA.

5. Business combinations

For the nine-month period ended December 31, 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. The consideration for acquisition is allocated to the acquired assets and the assumed liabilities based on the fair value on the acquisition date. For the three-month period ended September 30, 2021, the allocation of the consideration for acquisition has been completed.

The main effects of the adjustments from the provisional amounts comprise of decrease in property, plant and equipment of ¥2,762 million, decrease in intangible assets including identifiable intangible assets of ¥14,092 million, decrease in deferred tax liabilities of ¥5,352 million, decrease in non-controlling interests of ¥5,861 million, and increase in goodwill of ¥5,861 million.

(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>862,072</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 ²		395,947
Investments accounted for using the equity method		167,873
Other (non-current)		104,809
Total assets		<u>1,180,505</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		150,504
Other (non-current)		20,745
Total liabilities		<u>698,337</u>
Net assets	B	<u>482,168</u>
Non-controlling interests ³	C	<u>250,760</u>
Goodwill ⁴	A-(B-C)	<u><u>630,664</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.
- The amount of intangible assets includes ¥394,413 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The estimated useful lives of customer relationships and technology assets are from 12 to 18 years and 8 years, respectively. The trademarks are classified as intangible assets with indefinite useful lives. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)
	Acquisition date (February 28, 2021)
Intangible assets with indefinite useful lives	
Trademarks	160,116
Intangible assets with definite useful lives	
Customer relationships	232,019
Technology assets	2,278
Total	<u><u>394,413</u></u>

3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

6. Other financial assets

The components of other financial assets are as follows:

	As of March 31, 2021	(Millions of yen) As of December 31, 2021
Current		
Restricted cash ¹	480,100	301,837
Marketable securities	80,797	112,895
Time deposits (maturities of more than three months)	36,315	54,531
Other	85,630	153,632
Allowance for doubtful accounts	(10,935)	(16,033)
Total	671,907	606,862
Non-current		
Installment receivables	481,943	472,527
Loan receivables	390,073	435,290
Deposits for banking business	384,394	413,890
Receivables from MgmtCo ²	-	399,809
Trust accounts in SPACs	327,569	269,600
Investments from asset management subsidiaries	97,023	188,403
Lease and guarantee deposits	73,355	54,324
Other	247,504	299,094
Allowance for doubtful accounts	(82,599)	(60,816)
Total	1,919,262	2,472,121

Notes:

1. 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 nine-month period ended December 31, 2021. The details are described in "(2) Transactions for sale of Alibaba shares by prepaid forward contracts" under "Note 9. Interest-bearing debt."
2. Receivables from MgmtCo is outstanding balance of the receivables in relation to the Equity Acquisition Amount and accrued premiums from MgmtCo as a Third-Party Investor of SVF2 and SoftBank Latin America Funds. The receivables of SVF2 and SoftBank Latin America Funds are ¥319,689 million and ¥80,120 million, respectively. The details of receivables are described in "(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2" under "Note 4. SoftBank Vision Funds business" and "Note 19. Related party transactions."

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 nine-month period ended December 31, 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 (loss)” in the condensed interim consolidated statement of income.

8. Income taxes

For the nine-month period ended December 31, 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 from the calculation 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 December 31, 2021
Current		
Short-term borrowings	2,637,401	2,190,346
Commercial paper	409,201	572,001
Current portion of long-term borrowings ¹	2,085,348	1,077,403
Current portion of corporate bonds	804,356	924,478
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts ²	1,798,701	2,497,944
Current portion of installment payables	232	173
Total	7,735,239	7,262,345
Non-current		
Long-term borrowings ³	4,745,058	5,819,293
Corporate bonds ⁴	4,745,184	5,808,994
Financial liabilities relating to sale of shares by prepaid forward contracts ^{2,5}	1,287,038	1,772,827
Installment payables	456	342
Total	10,777,736	13,401,456

Notes:

- SB Northstar had made a borrowing by using Alibaba shares pledged as collateral. For the nine-month period ended December 31, 2021, SB Northstar repaid all of its borrowing of \$6.0 billion before the maturity date and the collateral for Alibaba shares was released. The carrying amount of current portion of long-term borrowings is ¥662,596 million and the carrying amount of Alibaba shares pledged as collateral, on a consolidation basis, which are included in “Investments accounted for using the equity method” is ¥302,048 million in the condensed interim consolidated financial position as of March 31, 2021.
- These are primarily financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares. The details of contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”
- For the nine-month period ended December 31, 2021, long-term borrowings decreased by ¥481,260 million as an early repayment was made for all of its borrowings of \$4.38 billion using T-Mobile shares held by a wholly-owned subsidiary and Alibaba shares held by the Company pledged as collateral. Accordingly, on the same date, the collaterals for T-Mobile shares and Alibaba shares were released. T-Mobile shares pledged as collateral are recorded for ¥1,474,356 million as “Investment securities” in the condensed interim consolidated statement of financial position as of March 31, 2021. In addition, Alibaba shares pledged as collateral are recorded for ¥42,381 million as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of March 31, 2021. In addition, “T-Mobile” indicates T-Mobile US, Inc. after merging with Sprint.

For the nine-month period ended December 31, 2021, the wholly-owned subsidiary of the Company made a borrowing of \$2.65 billion by using T-Mobile shares held as collateral. As of December 31, 2021, ¥573,487 million of T-Mobile shares is pledged as collateral for ¥303,636 million of the long-term borrowing. T-Mobile shares pledged as collateral are included in “Investment securities” in the condensed interim consolidated statement of financial position as of December 31, 2021. In addition, related to the transaction, Alibaba shares held by the Company are pledged as collateral. Alibaba shares pledged as

collateral are recorded for ¥22,871 million as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of December 31, 2021.

For the nine-month period ended December 31, 2021, the wholly-owned subsidiary of the Company procured €2.64 billion by collar transactions using Deutsche Telekom AG (“Deutsche Telekom”) shares held. As of December 31, 2021, ¥479,741 million of Deutsche Telekom shares is pledged as collateral for ¥396,248 million of the long-term borrowings. Deutsche Telekom shares pledged as collateral are included in “Investment securities” in the condensed interim consolidated statement of financial position as of December 31, 2021. The details of the acquisition of Deutsche Telekom shares are described in “Note 20. Additional information.” In addition, the collar contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

4. Primarily, 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. Also, 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 with July 6, 2021, as the due date for payment, and issued the 4th unsecured subordinated corporate bond (with a subordination provision) with September 16, 2021, as the due date for payment, and the 3rd unsecured subordinated corporate bond (with a subordination provision) with September 30, 2021, as the due date for payment. As a result, corporate bonds increased by ¥1,695,937 million.
5. For the nine-month period ended December 31, 2021, a wholly-owned subsidiary entered into prepaid forward contracts by using T-Mobile shares and procured \$1.81 billion. As of December 31, 2021, the Company pledges ¥239,253 million of T-Mobile shares held as collateral for ¥236,196 million of financial liabilities relating to sale of shares by prepaid forward contracts. The shares pledged as collateral are included in “Investment securities” in the condensed interim consolidated statement of financial position as of December 31, 2021.

The number of T-Mobile shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition, the prepaid forward contracts are collar contracts and classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

(2) Transactions for sale of Alibaba shares by prepaid forward contracts

Wholly-owned subsidiaries of the Company entered into prepaid forward contracts with financial institutions to procure funds using Alibaba shares, which are held by the subsidiaries.

In the prepaid forward contracts, the number of Alibaba shares settled by the prepaid forward contracts is fixed regardless of changes in market share price in the future in a forward contract or determined by reference to market price of the shares at the valuation dates prior to the settlement date. The latter type of contracts include Floor contract that a floor is set for the price of shares settled and collar contract that a cap and a floor are set for the price of shares settled. A part of wholly-owned subsidiaries of the Company entering into prepaid forward contracts with financial institutions to procure funds using Alibaba shares (“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. The Company accounts for the contracts by bifurcating the main contracts and embedded derivatives, and the main contracts are recognized as financial liabilities relating to sale of shares by prepaid forward contracts then measured at amortized cost and the embedded derivatives are measured at fair value. Also, 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” and “(3) Forward contracts” under “Note 11. 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 a certain contract, 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.

(For the fiscal year ended March 31, 2021)

For the fiscal year ended March 31, 2021, Entities for fund procurement by using Alibaba shares 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, Entities for fund procurement by using Alibaba shares are 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, Entities for fund procurement by using Alibaba shares 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.

(For the nine-month period ended December 31, 2021)

Entities for fund procurement by using Alibaba shares procured ¥329,852 million (\$3.0 billion) in total entering into collar contracts for the three-month period ended June 30, 2021, ¥812,502 million (\$7.4 billion) in total entering into collar contracts and a forward contract for the three-month period ended September 30, 2021, and ¥251,045 million (\$2.2 billion) entering into a collar contract for the three-month period ended December 31, 2021.

Also, for the three-month period ended September 30, 2021, a part of prepaid forward contracts has been amended in terms of the cap and floor for the price of shares settled and the term of the contracts. The amendments of the contracts are applicable for as exchanges of debt instruments with substantially different terms under IFRS 9 “Financial Instruments,” and accounted for as extinguishments of the original financial

liabilities relating to sale of shares by prepaid forward contracts and the recognition of new financial liabilities relating to sale of shares by prepaid forward contracts.

As a result of the amendments, upon the extinguishment of the original contracts, ¥776,580 million of financial liabilities relating to sale of shares by prepaid forward contracts and ¥235,475 million of derivative financial assets are derecognized. On the other hand, ¥514,172 million of new financial liabilities relating to sale of shares by prepaid forward contracts and ¥45,476 million of derivative financial assets are newly recognized and ¥72,616 million of cash is paid as a difference in exchange value between the original and new contracts. Further, along with the fluctuation of derivative financial assets, ¥62,674 million of deferred tax liabilities is decreased and the same amount of income taxes is recognized as a gain, representing the tax effect.

Further, for the three-month period ended December 31, 2021, the settlement date of a part of prepaid forward contracts arrived and was settled by Alibaba shares. As a result, ¥179,309 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts, ¥78,312 million of “Derivative financial assets (current)” and ¥34,695 million of Alibaba shares included in “Investments accounted for using the equity method” were derecognized from the condensed interim consolidated statement of financial position, and ¥68,050 million of “Gain on investments at Investment Business of Holding Companies” was recorded in the condensed interim consolidated statement of income. Alibaba continues to be an equity method associate of the Company after the completion of this transaction because the Company still has significant influence over Alibaba via voting rights.

As of December 31, 2021, the Company set ¥1,146,209 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 ¥2,497,944 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥1,536,631 million of financial liabilities relating to sale of shares by prepaid forward contracts.

(3) 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)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Net increase (decrease) of short-term borrowings	1,353,056	(1,008,687)
Net increase of commercial paper	68,500	95,400
Total	<u>1,421,556</u>	<u>(913,287)</u>

(4) 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)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Proceeds from borrowings	3,009,894	5,859,639
Proceeds from issuance of corporate bonds	420,000	2,000,245
Proceeds from procurement by prepaid forward contracts using shares*	1,660,952	1,593,251
Total	5,090,846	9,453,135

Note:

* The amount was procured under the prepaid forward contracts using Alibaba shares and T-Mobile shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” and in “Notes 5” under “(1) Components of interest-bearing debt.”

(5) 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)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Repayment of borrowings	(3,689,332)	(5,219,906)
Redemption of corporate bonds	(328,186)	(842,217)
Repayment of settlement of prepaid forward contracts using shares*	-	(319,487)
Total	(4,017,518)	(6,381,610)

Note:

* Primarily, the amount was paid due to the early settlement related to the prepaid forward contract using Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

10. Other financial liabilities (current)

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

	As of March 31, 2021	(Millions of yen) As of December 31, 2021
Borrowed securities in asset management subsidiaries*	8,713	145,631
Non-controlling interests subject to possible redemption	-	37,153
Allowance for financial guarantee contract losses	24,381	18,702
Derivative financial liabilities in asset management subsidiaries	14,673	63
Other	18,191	61,832
Total	65,958	263,381

Note:

* The details are described in “e. Borrowed securities” in “(2) Significant accounting policies for the asset management subsidiary” under “Note 2. Significant accounting policies.”

11. 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 December 31, 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	-	154,800	-
Short call option of listed stocks in asset management subsidiaries	-	(9,283)	-	-
Contingent consideration relating to acquisition of T-Mobile shares ¹	460,709	-	434,705	-
Prepaid forward contracts using Alibaba shares ²	661,615	(28,096)	1,554,153	-
Call spread contracts relating to prepaid forward contracts using Alibaba shares ²	42,059	-	3,243	-
Short call option for T-Mobile shares to Deutsche Telekom ³	-	(204,821)	-	(74,229)

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 shares of T-Mobile for no additional consideration if certain conditions are met.
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 “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
3. The decrease was primarily due to the partial exercise of the call options by Deutsche Telekom. The details are described in “Note 20. Additional information.”

(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 December 31, 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)	-	(3)

(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 December 31, 2021	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Forward contracts of listed stocks and others in asset management subsidiaries	4,372	-	87	(60)
Prepaid forward contracts using Alibaba shares ¹	-	-	119,241	-
Tender offer for WeWork shares ²	-	(76,823)	-	-

Notes:

- The details of prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- In March 2021, a wholly-owned subsidiary of the Company other than SVF1 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 nine-month period ended December 31, 2021.

12. 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 December 31, 2021	(Yen)
USD	110.71	115.02	
CNY	16.84	18.06	

(2) Average rate for the quarter

For the nine-month period ended December 31, 2020

	Three-month period ended June 30, 2020	Three-month period ended September 30, 2020	Three-month period ended December 31, 2020	(Yen)
USD	107.74	105.88	104.45	
CNY	15.16	15.27	15.71	

For the nine-month period ended December 31, 2021

	Three-month period ended June 30, 2021	Three-month period ended September 30, 2021	Three-month period ended December 31, 2021	(Yen)
USD	110.00	110.47	113.60	
CNY	17.01	17.09	17.75	

13. Equity

(1) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years Resettable Notes (collectively, the “Hybrid Notes”).

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

(2) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Balance at the beginning of the period	21,818	351,298
Increase during the period ¹	270,476	37,931
Decrease during the period ²	(4,125)	(368,196)
Balance at the end of the period	<u>288,169</u>	<u>21,033</u>

Notes:

- For the nine-month period ended December 31, 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. Moreover, due to purchases of treasury stock under the resolutions passed at the Board of Directors meeting held on November 8, 2021, the number of treasury stock increased by 11,949 thousand shares (amount purchased ¥70,676 million.)
- For the nine-month period ended December 31, 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 December 31, 2021
Equity financial assets at FVTOCI	24,099	42,911
Debt financial assets at FVTOCI	390	394
Cash flow hedges	42,962	39,497
Exchange differences on translating foreign operations*	270,878	1,185,177
Total	338,329	1,267,979

Note:

* The increase was primarily due to a weaker yen against the major currencies such as the U.S. dollar and Chinese yuan compared with the exchange rates as of March 31, 2021.

14. 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)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Gain relating to settlement of prepaid forward contracts using Alibaba shares ¹	-	68,050
Gain relating to sales of T-Mobile shares ²	421,755	3,149
Realized gain (loss) on investments at asset management subsidiaries	(92,459)	68,315
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	105,658	(259,186)
Derivative gain (loss) on investments at asset management subsidiaries	(577,602)	123,726
Realized gain on investments	204,947	82,036
Unrealized gain (loss) on valuation of investments	533,432	(79,733)
Derivative gain (loss) on investments ³	248,558	(4,211)
Other	2,188	13,808
Total	846,477	15,954

Notes:

- A part of prepaid forward contracts using Alibaba shares was settled by Alibaba shares. The details of contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- On September 23, 2021, Deutsche Telekom partially exercised the call options over 45,366,669 shares out of 101,491,623 shares of T-Mobile held through a wholly-owned subsidiary of the Company and the wholly-owned subsidiary acquired newly issued 225,000,000 shares of Deutsche Telekom as its consideration. As a result, ¥3,149 million of gain relating to sales of T-Mobile shares was recorded for the nine-month period ended December 31, 2021. Cumulative losses on T-Mobile shares and the call options associated with the transaction are ¥13,447 million. Of this, ¥16,596 million of loss was recorded for the fiscal year ended March 31, 2021. The details are described in “Note 20. Additional information.”
- For the nine-month period ended December 31, 2021, ¥30,260 million of derivative loss on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of contingent consideration are described in “Notes 1” in “(1) Option contracts” under “Note 11. Financial instruments.”

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

The details are described in “Note 4. SoftBank Vision Funds business.”

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

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

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Realized loss on investments	-	(9,114)
Unrealized gain on valuation of investments		
Change in valuation for the fiscal year	124,643	136,761
Reclassified to realized loss recorded in the past fiscal year ¹	-	8,034
Derivative gain (loss) on investments	219	(127)
Effect of foreign exchange translation ²	-	364
Other	71	816
Total	<u>124,933</u>	<u>136,734</u>

Notes:

1. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at Latin America Funds” in the past fiscal years, which are reclassified to “Realized gain (loss) on investments” due to the realization for the nine-month period ended December 31, 2021.
2. 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. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.

Also, in SoftBank Latin America Funds, SoftBank Group Corp. introduced a co-investment program with restricted right to receive distributions in September 2021. The details are described in “Note 19. Related party transactions.”

15. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Interest expenses	(224,322)	(282,764)

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

For the nine-month period ended December 31, 2021, derivative gain of ¥1,058,206 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The details of the contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

17. Other gain (loss)

The components of other gain and loss are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021
Interest income	11,422	27,094
Foreign exchange gain (loss)	87,110	(277,372)
Gain relating to loss of control over subsidiaries ¹	-	115,835
Dilution gain from changes in equity interest ²	45,631	55,859
Reversal of impairment losses on equity method investments ³	-	39,993
Reversal of allowance for loan commitment losses	46,918	-
Gain on liquidation of subsidiaries	42,603	-
Reversal of allowance for financial guarantee contract losses	35,528	-
Other	(17,966)	(151)
Total	251,246	(38,742)

Notes:

- 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.”
- Primarily represents the dilution gain arising from changes in Alibaba’s equity interest held by the Company due to the exercise of stock options in Alibaba.
- ¥39,993 million of reversal of impairment losses was recorded as the fair value of WeWork shares accounted for using the equity method increased.

18. 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 and income taxes refunded

For the nine-month period ended December 31, 2021

Payment of withholding income tax related to dividends within the group companies of ¥270,867 million is included in “Income taxes paid.”

In addition, refunded withholding income tax related to dividends within the group companies of ¥247,259 million is included in “Income taxes refunded.”

(3) Proceeds from withdrawal of restricted cash

For the nine-month period ended December 31, 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 “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

(4) Significant non-cash transactions

For the nine-month period ended December 31, 2021

Deutsche Telecom partially exercised the call option over T-Mobile shares which the Company granted in June 2020. Accordingly, the Company sold 45,366,669 shares of T-Mobile held, through a wholly-owned subsidiary, to Deutsche Telecom and received newly issued 225,000,000 shares of Deutsche Telecom as its consideration. The transaction corresponds to a non-cash transaction. The details are described in “Note 20. Additional information.”

In addition, for the three-month period ended December 31, 2021, the settlement date of a part of prepaid forward contracts arrived, and ¥179,309 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥78,312 million of “Derivative financial assets (current)” were settled by Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

19. Related party transactions

The Board of Directors of SoftBank Group Corp. has resolved to introduce a co-investment program with restricted rights to receive distributions to SVF2 and SoftBank Latin America Funds. As such, for the three-month period ended September 30, 2021, SVF2 LLC, a subsidiary of SVF2 and a subsidiary of the Company, and SLA Holdco II LLC (“SLA LLC”), a subsidiary of SoftBank Latin America Funds, and a subsidiary of the Company, have each entered into a definitive agreement with the Company and MgmtCo, a participant in the program, which resulted in MgmtCo becoming an investor in SVF2 LLC and SLA LLC.

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

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

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			For the nine-month period ended December 31, 2021	As of December 31, 2021
			Amount of transaction	Balance at period end
		Receipt of capital contribution and related adjustments to SVF2 ^{1,2,3}	326,942 ⁴ (\$2,923 million)	319,689 ^{6,7} (\$2,779 million)
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	The premium received on SVF2 LLC's receivables	3,304 ⁴ (\$29 million)	
		Offsetting settlement of distributions (return of contribution) from SVF2 LLC and receivables ⁵	19,104 (\$173 million)	
		MgmtCo's Equity interests in SVF2 LLC ⁸	-	319,178 (\$2,775 million)
		Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) ⁹		511 (\$4 million)

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

3. Management fee and performance fees to be charged to MgmtCo

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.

4. The amount of transaction with MgmtCo related to receipt of capital contribution

The amount of the transaction for “Receipt of capital contribution and related adjustments in SVF2 LLC” is MgmtCo’s Equity Acquisition Amount in SVF2 LLC, which consists of ¥290,142 million (\$2,594 million) calculated based on MgmtCo’s Equity interests of 17.25% in the SVF2’s initial acquisition costs of the relevant portfolio companies held by SVF2 LLC and ¥35,150 million (\$314 million) of related adjustments calculated based on 17.25% interest in the increase in the portfolio companies’ fair value from the initial acquisition costs at SVF2 to June 30, 2021, and ¥1,650 million (\$15 million) of the adjustment equivalent to interests for the period from the Company’s contribution to SVF2 until June 30, 2021. As of December 31, 2021, capital contribution with respect to MgmtCo’s committed capital and related adjustments to SVF2 LLC under the Program have been completed.

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

5. Offsetting settlement between distributions from SVF2 LLC and receivables

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

6. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments

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

7. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of December 31, 2021, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

8. MgmtCo’s Equity interest in SVF2 LLC

The amount represents SVF2 LLC’s net assets attributable to MgmtCo (before deduction of receivables), which is included in “Third-party interests in SVF1 and SVF2” in the condensed interim consolidated statement of financial position.

9. Net balance at period end

Net balance at period end is the balance of receivables held by SVF2 LLC of ¥319,689 million (\$2,779 million) less MgmtCo’s Equity interest in SVF2 LLC of ¥319,178 million (\$2,775 million).

(2) Transactions between SoftBank Latin America Funds and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			For the nine-month period ended December 31, 2021	As of December 31, 2021
			Amount of transaction	Balance at period end
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution in SLA LLC and related adjustments ^{1, 2, 3}	76,367 ⁴ (\$691 million)	80,120 ^{5, 6} (\$696 million)
		The premium received on SLA LLC's receivables	600 ⁴ (\$5 million)	
		MgmtCo's Equity interests in SLA LLC ⁷	-	80,120 (\$696 million)
		Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) ⁸		-

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

3. Management fee and performance fees to be charged to MgmtCo

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 SLA LLC.

4. The amount of transaction with MgmtCo related to receipt of capital contribution

The amount of the transaction for “Receipt of capital contribution and related adjustments in SLA LLC” is MgmtCo’s Equity Acquisition Amount in SoftBank Latin America Funds, which consists of ¥45,060 million (\$408 million) calculated based on MgmtCo’s Equity interests of 17.25% in the SoftBank Latin America Funds’ initial acquisition costs of the portfolio companies held by SoftBank Latin America Funds and ¥30,535 million (\$276 million) of related adjustments calculated based on 17.25% interest in the increase in the portfolio companies’ fair value from the initial acquisition costs at SoftBank Latin America Funds to June 30, 2021, and ¥772 million (\$7 million) of the adjustment equivalent to interests for the period from the Company’s contribution to SoftBank Latin America Funds until June 30, 2021. As of September 30, 2021, capital contribution with respect to MgmtCo’s committed capital and related adjustments to SLA LLC under the Program have been completed.

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

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

5. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments

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

6. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SLA LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of December 31, 2021, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

7. MgmtCo’s Equity interest in SLA LLC

The amount represents SLA LLC’s net assets attributable to MgmtCo (before deduction of receivables), which is included in “Other financial liabilities (non-current)” in the condensed interim consolidated statements of financial position.

8. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC of ¥80,120 million (\$696 million) less MgmtCo’s Equity interest in SLA LLC of ¥80,120 million (\$696 million).

20. Additional information

(Partial sale of T-Mobile shares for the nine-month period ended December 31, 2021)

On September 6, 2021, the Company entered into a master framework agreement (“the Agreement”) with Deutsche Telekom, pursuant to which Deutsche Telekom agreed to partially exercise its right to acquire the shares of T-Mobile in accordance with the terms of the call options (the “Call Options”) granted by the Company to Deutsche Telekom in June 2020, and to amend certain execution conditions. Following the exercise of the Call Options, the Company sold 45,366,669 shares of T-Mobile held, though a wholly-owned subsidiary of the Company, to Deutsche Telekom and received newly issued 225,000,000 shares of Deutsche Telekom as its consideration. Under the Agreement, Deutsche Telekom also provided its consent for the Company to have additional flexibility to pledge its T-Mobile shares in connection with the entry into margin loans and other monetization transactions and agreed that it will prioritize the use of cash proceeds from certain divestitures to exercise the additional Call Options for cash up to an aggregate of \$2.4 billion of total exercise price, subject to certain conditions. Following entry into the Agreement, the Company carried out the monetization transactions using T-Mobile shares and Deutsche Telekom shares.

(1) Outline of the Call Options to Deutsche Telekom

In June 2020, the Company granted to Deutsche Telekom the Call Options over 101,491,623 shares of T-Mobile.

- a. For the Call Options over 44,905,479 shares (the “Fixed Call Options”), a strike price of the call option is \$101.455 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.
- b. For the Call options over 56,586,144 shares (the “Floating Call Options”), a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20 trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above a. from October 2, 2020 to May 22, 2024 and, after May 22, 2024, can exercise any time regardless of the exercise of rights described in the above a.

Note:

* The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

(2) Partial exercise of the Call Options

On September 23, 2021, Deutsche Telekom exercised the Fixed Call Options for 26,348,874 shares and the Floating Call Options for 19,017,795 shares and a wholly-owned subsidiary of the Company received newly issued 225,000,000 shares of Deutsche Telekom as its consideration. Adjustments were made for a strike price of the Floating Call Options to be equal to the acquired 225,000,000 shares of Deutsche Telekom from the partial exercise of the Call Options.

(3) Change in conditions for the unexercised Call Options

A strike price of the Floating Call Options was changed to the lesser of the following a. and b.

- a. The average of the daily volume weighted average prices of T-Mobile shares for the 20 scheduled trading days beginning on, and including, the Scheduled Trading Day immediately following the date of delivery of the Notice of Exercise.
- b. The average of the daily volume weighted average prices of T-Mobile shares for (a) the period of 20 Trading Days ending with the date of delivery of the Notice of Exercise (or ending on the immediately preceding Trading Day if the date of delivery of the Notice of Exercise is not a Trading Day) and (b) the 20 Scheduled Trading Days beginning on, and including, the Scheduled Trading Day immediately following the date of delivery of the Notice of Exercise.

In addition, the expiration time for the unexercised Call Options is May 28, 2024 and the Call Options can be exercised at any time.

- (4) Number of T-Mobile shares to be sold by partial exercise of the Call Options, number of shares subject to the unexercised Call Options and number of the shares held by the Company before/after the transactions

a. Number of shares held before the partial exercise	106,291,623 shares
b. Number of the sold shares by the partial exercise	45,366,669 shares
c. Number of shares held after the partial exercise	60,924,954 shares
d. Number of shares subject to the unexercised Call Options	56,124,954 shares
e. Number of shares held after the Call Options are exercised*	4,800,000 shares

Note:

* Calculated on the assumption that the Call Options are fully exercised.

- (5) Outline of the monetization

For the nine-month period ended December 31, 2021, a wholly-owned subsidiary of the Company procured \$1.81 billion through prepaid forward contracts by using 17,935,000 shares of T-Mobile and \$2.65 billion through a new margin loan by using 42,989,954 shares of T-Mobile pledged as collateral, and made an early repayment of \$4.38 billion of the previous margin loan by using 106,291,623 shares of T-Mobile pledged as collateral. In addition, €2.64 billion was procured through collar transactions by using 225,000,000 shares of Deutsche Telekom. The details are described in “Notes 3 and 5” in “(1) Components of interest-bearing debt” under “Note 9. Interest bearing debts.”

21. Subsequent events

(1) Issuance of the Bond

SoftBank Group Corp. issued the 5th unsecured subordinated corporate bond (the “Bond”) and the terms and conditions are as follows:

	The 5th Unsecured Subordinated Corporate Bond
(a) Total amount of issue	¥550,000 million
(b) Denomination per bond	¥1 million
(c) Interest rate	2.48% per annum
(d) Issue price	100% of the denomination per bond
(e) Redemption price	100% of the denomination per bond
(f) Term	7 years
(g) Maturity date	February 2, 2029
(h) Redemption	The Bond will be redeemed in full upon maturity. The Bond may also be repurchased and redeemed at any time commencing from the first day following the closing date, subject to requirements of the book-entry transfer institution.
(i) Interest payment dates	February 4 and August 4 of each year
(j) Issue date	February 4, 2022
(k) Collateral	No collaterals are set up for the Bond and no assets are specifically reserved to secure the Bond.
(l) Guarantee	None
(m) Covenants	None
(n) Use of proceeds	Allocated to cash reserves which have decreased due to the repayment of borrowing in December 2021, the redemption of the domestic subordinated bond that will reach the maturity in February 2022 and a part of the redemption of the domestic senior bond that will reach the maturity in December 2022.

(2) Termination of Agreement to sell Arm shares

On September 13, 2020 (U.S. time), SoftBank Group Capital Limited, a wholly-owned subsidiary (“SBGC”), and SVF1 entered into a definitive agreement (the “Agreement”) with NVIDIA Corporation (“NVIDIA”), a U.S.-based semiconductor manufacturer, whereby the Company would sell all of its shares in Arm, a wholly-owned subsidiary, held by SBGC and SVF1 to NVIDIA (the “Transaction”).

However, NVIDIA and the Company have agreed to terminate the Agreement on February 8, 2022, because of significant regulatory challenges preventing the consummation of the Transaction, despite good faith efforts by the parties.

In accordance with the terms of the Agreement, the deposit of \$1.25 billion* received by SBGC at the time of signing is non-refundable and therefore such amount will be recognized as profit for the three-month period ending March 31, 2022.

Note:

* 24.99% is attributable to SVF1 in accordance with the ownership ratio of Arm shares.