

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 2 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Three-Month Period Ended June 30, 2022 (IFRS)

Tokyo, August 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	%
Three-month period ended June 30, 2022	¥1,572,030	6.3	¥(3,292,455)	-	¥(3,096,321)	-	¥(3,162,700)	-	¥(1,043,151)	-
Three-month period ended June 30, 2021	¥1,479,134	15.6	¥1,292,478	55.0	¥932,489	(29.2)	¥761,509	(39.4)	¥996,400	(12.3)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three-month period ended June 30, 2022	¥(1,949.55)	¥(1,950.29)
Three-month period ended June 30, 2021	¥437.45	¥394.73

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2022	¥46,976,341	¥10,174,598	¥8,562,413	18.2
As of March 31, 2022	¥47,544,670	¥11,707,762	¥9,975,674	21.0

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2022	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecasted)		22.00	-	22.00	44.00

Note:

* Revision of the latest forecasts on the dividends: No

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No

Newly consolidated: None

Excluded from consolidation: None

Note:

* 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: No

(3) Number of shares issued (common stock)

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

As of June 30, 2022: 1,722,953,730 shares

As of March 31, 2022: 1,722,953,730 shares

[2] Number of shares of treasury stock:

As of June 30, 2022: 132,229,718 shares

As of March 31, 2022: 76,163,508 shares

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

As of June 30, 2022: 1,627,687,814 shares

As of June 30, 2021: 1,722,780,500 shares

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

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

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

On August 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>. 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, 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, 2022, 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 or asset management subsidiaries	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.
SVF2 LLC	SVF II Investment Holdings LLC
SoftBank Latin America Funds or LatAm Funds	SBLA Latin America Fund LLC
SoftBank Vision Funds or SVF	SVF1, SVF2, and LatAm Funds
SBIA	SB Investment Advisers (UK) Limited
SBIA US	SB Investment Advisers (US) Inc.
SBGA	SB Global Advisers Limited
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
MgmtCo	MASA USA LLC
The first quarter	Three-month period ended June 30, 2022
The first quarter-end	June 30, 2022
The fiscal year	Fiscal year ending March 31, 2023
The previous fiscal year	Fiscal year ended March 31, 2022
The previous fiscal year-end	March 31, 2022

Exchange Rates Used for Translations

USD / JPY	Fiscal year ended March 31, 2022				Fiscal year ending
	Q1	Q2	Q3	Q4	March 31, 2023
Average rate for the quarter	¥110.00	¥110.47	¥113.60	¥117.10	¥129.04
Rate at the end of the period				¥122.39	¥136.68

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND REPORTABLE SEGMENTS

Integration of the Latin America Funds Segment into the SoftBank Vision Funds Segment

From the first quarter, the Latin America Funds segment has been integrated into the SoftBank Vision Funds segment, following a review of the segment management classification after SBGA, the manager of SVF2, began managing the LatAm Funds. In line with this, gain and loss on investments at LatAm Funds, which were presented as “Gain (loss) on investments at Latin America Funds” in the past fiscal year, are now included in “Gain (loss) on investments at SoftBank Vision Funds.” Also, the change in third-party interests in LatAm Funds, which was included in “Other gain (loss)” in the past fiscal year, is now included in “Change in third-party interests in SVF.” Information for the same period of the previous fiscal year has been reclassified and presented accordingly. Presentations in Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows have also been changed. For details, see “1. Changes in presentation” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

◆ Loss on investments of ¥2,834.4 billion

- ¥2,919.1 billion investment loss at SoftBank Vision Funds (of which ¥631.4 billion was attributable to third-party interests)

· SVF1: Realized loss (net) of ¥30.5 billion was recorded mainly due to monetization of investments in public portfolio companies. ^{*1} Unrealized loss on valuation (net) totaled ¥1,215.6 billion mainly due to the decline in the share prices of public portfolio companies, which reflected the global downward trend in share prices due to growing concerns over economic recession driven by inflation and rising interest rates, as well as the decline in the fair value of private portfolio companies, ^{*1} reflecting share price declines in market comparable companies.

· SVF2: Recorded realized gain of ¥3.3 billion. Unrealized loss on valuation (net) totaled ¥1,326.0 billion mainly due to declines in the share prices of public portfolio companies as well as declines in fair value in a wide range of private portfolio companies, reflecting mark-downs of those with recent funding rounds and/or weaker performance, as well as share price declines in market comparable companies.

◆ Loss before income tax of ¥3,292.5 billion (deterioration of ¥4,584.9 billion yoy)

Recorded finance cost of ¥114.1 billion. Foreign exchange loss of ¥820.0 billion was recorded due to the impact of an increase in U.S. dollar-denominated net liabilities of domestic Group companies in yen terms reflecting the weaker yen. Derivative loss (excluding gain (loss) on investments) of ¥259.3 billion was also recorded related to prepaid forward contracts using Alibaba shares, due to an increase in the Alibaba share price.

◆ Net loss attributable to owners of the parent of ¥3,162.7 billion (deterioration of ¥3,924.2 billion yoy)

2. Prudent defensive financial management, including continued monetization and heightened investment discipline, resulted in a large improvement in LTV*²

◆ Continued monetization

- \$10.49 billion was raised through prepaid forward contracts using Alibaba shares.
- 21.2 million T-Mobile shares were sold for \$2.40 billion.

◆ Heightened investment discipline

- SVF1 made follow-on investments in existing portfolio companies totaling \$0.06 billion in the first quarter and held 80 investments¹ as of the first quarter-end.
- SVF2 made new and follow-on investments totaling \$2.11 billion in the first quarter, bringing the fund's total cost to \$49.65 billion. SVF2 held 269 investments² as of the first quarter-end.
- LatAm Funds invested \$0.15 billion in total in the first quarter and held 88 investments as of the first quarter-end.

3. Continued share repurchase

- SBG acquired shares totaling ¥293.5 billion in the first quarter. This brought the cumulative repurchase total to ¥638.1 billion as of June 30, 2022, of the up to ¥1 trillion share repurchase program authorized in November 2021. As of July 31, 2022, SBG had acquired the cumulative total of ¥704.8 billion worth of shares.

Notes:

1. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
2. The ratio of liabilities to holding assets, which is calculated as adjusted net interest-bearing debt divided by equity value of holdings. 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 excludes interest-bearing debt and cash and cash equivalents, etc. attributable to entities managed on a self-financing basis such as SoftBank Corp. (including its subsidiaries such as Z Holdings Corporation), SVF1, SVF2, LatAm Funds, Arm, and PayPay Corporation, as well as SB Northstar.

a. Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30		Change	Change %	
	2021	2022			
Net sales	1,479,134	1,572,030	92,896	6.3%	A
Gross profit	811,971	883,791	71,820	8.8%	
Gain on investments					
Gain on investments at Investment Business of Holding Companies	741,527	111,223	(630,304)	(85.0%)	B
Gain (loss) on investments at SoftBank					
Vision Funds	507,303	(2,919,130)	(3,426,433)	-	C
Gain (loss) on other investments	14,238	(26,533)	(40,771)	-	
Total gain (loss) on investments	1,263,068	(2,834,440)	(4,097,508)	-	
Selling, general and administrative expenses	(593,430)	(626,513)	(33,083)	5.6%	
Finance cost	(82,799)	(114,139)	(31,340)	37.9%	D
Foreign exchange loss	(14,874)	(819,969)	(805,095)	-	E
Income (loss) on equity method investments	50,380	(158,370)	(208,750)	-	F
Derivative loss (excluding gain (loss) on investments)	(111,536)	(259,250)	(147,714)	-	G
Change in third-party interests in SoftBank					
Vision Funds	(134,551)	631,367	765,918	-	
Other gain	104,249	5,068	(99,181)	(95.1%)	
Income before income tax	1,292,478	(3,292,455)	(4,584,933)	-	
Income taxes	(359,989)	196,134	556,123	-	H
Net income	932,489	(3,096,321)	(4,028,810)	-	
Net income attributable to owners of the parent	761,509	(3,162,700)	(3,924,209)	-	
Total comprehensive income	996,400	(1,043,151)	(2,039,551)	-	
Comprehensive income attributable to owners of the parent	823,095	(1,094,795)	(1,917,890)	-	

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 ¥111,223 million was recorded at Investment Business of Holding Companies. Of this, the Company recorded a gain of ¥154,547 million on investments in T-Mobile U.S. Inc. (“T-Mobile”) and Deutsche Telekom AG (“Deutsche Telekom”) shares (derivative gain related to investments, unrealized valuation gain, and gain on sales of T-Mobile shares), and a gain of ¥97,263 million related to settlement of prepaid forward contracts using Alibaba shares. On the other hand, the Company recorded a loss of ¥67,559 million on investments at asset management subsidiaries. See “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment” for details.

C Loss on Investments at SoftBank Vision Funds

Investment loss of ¥2,919,130 million was recorded by the SoftBank Vision Funds, of which ¥631,367 million was attributable to third-party interests. SVF1 recorded realized loss on investments (net) of ¥30,466 million, mainly due to the monetization of investments in public portfolio companies. In addition, SVF1 recorded unrealized losses on valuation (net) totaling ¥919,608 million for public portfolio companies, reflecting a decline in the fair value due to the global downward trend in share prices due to growing concerns over economic recession driven by inflation and rising interest rates. This included losses of ¥293,373 million recorded for Coupang, Inc. (“Coupang”), ¥235,888 million for SenseTime Group Inc. (“SenseTime”), and ¥220,718 million for DoorDash Inc. (“DoorDash”). For private portfolio companies, SVF1 recorded unrealized loss on valuation (net) totaling ¥295,966 million, due to a decline in fair value, reflecting share price declines in market comparable companies.

SVF2 recorded realized gain on investments of ¥3,257 million, as a result of the entire sale of its interest in KE Holdings Inc. (“KE Holdings”). In addition, SVF2 recorded unrealized loss on valuation (net) of ¥1,325,967 million. For public portfolio companies, the loss was mainly due to share price declines of AutoStore Holdings Ltd. (“AutoStore”) and WeWork Inc. (“WeWork”). For private portfolio companies, the fair value decreased in a wide range of investments, reflecting mark-downs of those with recent funding rounds and/or weaker performance, as well as share price declines in market comparable companies. See “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” for details.

Primarily as a result of B through C, total loss on investments was ¥2,834,440 million.

D Finance Cost

Interest expenses increased by ¥20,435 million in the Investment Business of Holding Companies segment. This mainly reflected increases in interest expenses at SBG.³

E Foreign Exchange Loss

Foreign exchange loss of ¥819,969 million (net) was recorded due to the weaker yen, mainly because the U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated straight bonds) of SBG and fund procurement subsidiaries in Japan exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

For foreign subsidiaries and associates whose functional currency is not Japanese yen (primarily U.S. dollars), such as SoftBank Vision Funds, the yen value of their net assets increased due to the weaker yen. However, this positive impact is not included in foreign exchange gains; instead, it is included in the increase in exchange differences from the translation of foreign operations of ¥2,096,694 million, which is listed under accumulated other comprehensive income in equity of the Condensed Interim Consolidated Statement of Financial Position.

F Loss on Equity Method Investments

Loss on equity method investments related to Alibaba was ¥135,517 million,⁴ a deterioration of ¥194,248 million year on year, mainly due to recording investment loss on Alibaba’s investments classified as financial assets at FVTPL.

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

Derivative loss of ¥333,588 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into between the fiscal year ended March 31, 2020 and the first quarter, due to an increase in the price of Alibaba shares.

Within derivative gain (loss), gains and losses related to investing activities, such as 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 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 G, loss before income tax was ¥3,292,455 million, a deterioration of ¥4,584,933 million year on year.

H Income Taxes

Income taxes were negative ¥196,134 million (profit). This mainly reflected the reversal of deferred tax liabilities in conjunction with recording derivative loss related to prepaid forward contracts using Alibaba shares, although income taxes were recorded at SoftBank Corp. and Yahoo Japan Corporation.

Primarily as a result of A through H, net loss attributable to owners of the parent was ¥3,162,700 million, a deterioration of ¥3,924,209 million 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. From the first quarter, the Latin America Funds segment has been integrated into the SoftBank Vision Funds segment, following a review of the segment management classification after SBGA, the manager of SVF2, began managing the LatAm Funds. As of the first quarter-end, there are four reportable segments: Investment Business of Holding Companies, SoftBank Vision Funds, SoftBank, and Arm.

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, SVF2, and LatAm Funds	SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P. SB Global Advisers Limited SoftBank Vision Fund II-2 L.P. SBLA Latin America Fund LLC
SoftBank	<ul style="list-style-type: none"> ·Consumer business: Provision of mobile services, sale of mobile devices, and provision of broadband services to retail customers in Japan ·Enterprise business: Provision of mobile communications and solutions services to enterprise customers in Japan ·Distribution business: Provision of ICT services products to enterprise customers and provision of communication device-related products and IoT equipment to retail customers ·Yahoo! JAPAN/LINE business: Provision of Internet advertising and e-commerce services 	SoftBank Corp. Z Holdings Corporation Yahoo Japan Corporation LINE Corporation
Arm	<ul style="list-style-type: none"> ·Design of microprocessor intellectual property and related technology ·Sale of software tools and provision of related services 	Arm Limited
Other	<ul style="list-style-type: none"> ·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 ¥111.2 billion: Recorded ¥154.5 billion investment gain on T-Mobile and Deutsche Telekom (a total of derivative gain on investments, unrealized valuation gain, gain on sales of T-Mobile shares) and ¥97.3 billion gain related to settlement of prepaid forward contracts using Alibaba shares. An investment loss of ¥67.5 billion^{*1} was recorded at asset management subsidiaries.**
- 2. Segment loss was ¥1,198.1 billion, as a result of the recording of foreign exchange loss of ¥822.0 billion and derivative loss of ¥245.0 billion.**

Note:

1. Includes the impact of investments by SB Northstar in special purpose acquisition companies (SPACs) controlled by SBIA US, which has been eliminated in consolidation as an intercompany transaction.

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, 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 Profit or Loss 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. However, its business scale is being downsized to reallocate funds to investments under SVF2, which is currently the primary focus of the Company. The balance of SB Northstar’s shareholdings decreased from ¥315.9 billion as of the previous fiscal year-end to ¥207.0 billion as of the first quarter-end. 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. 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.

Investment decisions of SB Northstar were made by the Company’s wholly owned subsidiary SB MANAGEMENT LIMITED up until March 31, 2022; however, in conjunction with the downsizing of SB Northstar’s business, SB Northstar’s investment decisions have been made by its general partner, a wholly owned subsidiary of the Company, since April 1, 2022.

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30		Change	Change %	
	2021	2022			
Gain on investments at Investment Business of Holding Companies	741,381	111,233	(630,148)	(85.0%)	A
Gain relating to settlement of prepaid forward contracts using Alibaba shares	-	97,263	97,263	-	
Gain relating to sales of T-Mobile shares	-	24,842	24,842	-	
Realized gain on investments at asset management subsidiaries	65,416	7,176	(58,240)	(89.0%)	
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	17,557	(69,479)	(87,036)	-	
Derivative gain (loss) on investments at asset management subsidiaries	119,511	(5,246)	(124,757)	-	
Realized gain (loss) on investments	91,789	(400)	(92,189)	-	
Unrealized gain (loss) on valuation of investments	288,351	(27,605)	(315,956)	-	
Change in valuation for the fiscal year	360,875	(27,941)	(388,816)	-	
Reclassified to realized gain (loss) recorded in the past fiscal years ^{*1}	(72,524)	336	72,860	-	
Derivative gain on investments	147,277	73,609	(73,668)	(50.0%)	
Other	11,480	11,073	(407)	(3.5%)	
Selling, general and administrative expenses	(20,370)	(16,657)	3,713	(18.2%)	
Finance cost	(59,594)	(80,029)	(20,435)	34.3%	B
Foreign exchange loss	(12,661)	(822,035)	(809,374)	-	C
Income (loss) on equity method investments	54,670	(139,782)	(194,452)	-	D
Derivative loss (excluding gain (loss) on investments)					
<i>Mainly due to prepaid forward contracts using Alibaba shares</i>	(108,211)	(244,986)	(136,775)	-	E
Other gain (loss)	30,112	(5,797)	(35,909)	-	
Segment income (income before income tax)	625,327	(1,198,053)	(1,823,380)	-	

Note:

1. Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the first quarter are reclassified as “realized gain (loss) on investments.”

A Gain on investments at Investment Business of Holding Companies: ¥111,233 million

- Gain relating to settlement of prepaid forward contracts using Alibaba shares of ¥97,263 million was recorded due to the settlement of a portion of the contracts through the delivery of Alibaba shares.
- Gain relating to sales of T-Mobile shares of ¥24,842 million was recorded. This was due to the sale of 21.2 million T-Mobile shares held by the Company to Deutsche Telekom as Deutsche Telekom exercised a portion of its call options in April 2022.
- Realized gain of ¥7,176 million and unrealized valuation loss of ¥69,479 million were recorded in investments at asset management subsidiaries. This was a result of investments in listed stocks and other instruments by SB Northstar.
- Unrealized loss of ¥27,605 million was recorded on valuation of investments. This was mainly due to recording unrealized losses on valuation of ¥51,372 million for SoFi Technologies, Inc., ¥13,325 million for NVIDIA Corporation, and ¥12,541 million for Lemonade, Inc. Unrealized gains on valuation of ¥31,768 million were

recorded for T-Mobile and ¥27,604 million for Deutsche Telekom.

- Derivative gain of ¥73,609 million on investments was recorded, mainly due to a gain of ¥71,201 million recorded pertaining to the right to acquire T-Mobile shares for no additional consideration if certain conditions are met.

B Finance cost: ¥80,029 million (increase of ¥20,435 million year on year)

Interest expenses increased by ¥25,698 million year on year at SBG³ to ¥79,287 million, due to an increase in interest-bearing debt mainly resulting from borrowings made through asset-backed finance and the issuance of bonds.

C Foreign exchange loss: ¥822,035 million

Foreign exchange loss of ¥822,035 million (net) was recorded due to the weaker yen, mainly because the U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated straight bonds) of SBG and fund procurement subsidiaries in Japan exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

D Loss on equity method investments: ¥139,782 million (deterioration of ¥194,452 million year on year)

Loss on equity method investments related to Alibaba was ¥135,517 million, a deterioration of ¥194,248 million⁴ year on year. This was mainly due to recording a loss on investments classified as financial assets at FVTPL.

E Derivative loss (excluding gain (loss) on investments): ¥244,986 million

Derivative loss of ¥333,588 million was recorded due to an increase in the price of Alibaba shares, in connection with prepaid forward contracts using Alibaba shares entered into between the fiscal year ended March 31, 2020 and the first quarter.

Monetization of T-Mobile shares

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. Following entry into the Agreement, the Company carried out the following monetization transactions using T-Mobile and Deutsche Telekom shares.

On April 12, 2022, Deutsche Telekom exercised additional Deutsche Telekom Call Options, upon which the Company sold an additional 21,153,145 of its T-Mobile shares to Deutsche Telekom for consideration of \$2.4 billion. Of this amount, approximately \$1.2 billion was used to partially prepay the margin loan which these shares underlie. Following the transaction, the Company owns 39,771,809 T-Mobile 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 ^{*1}	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
i Fund procurement through prepaid forward contracts using 6,865,000 T-Mobile shares	\$0.68 billion	Mar 2022		
j Partial repayment of borrowings in “c” using part of the funds acquired in “i”	\$(0.59) billion			
Number of shares held as of March 31, 2022			60.9	225.0
k Sale of 21,153,145 T-Mobile shares to Deutsche Telekom, receiving \$2.4 billion as consideration	\$2.40 billion	Apr 2022	(21.2)	
l Partial repayment of borrowings in “c” using part of the funds acquired in “k”	\$(1.20) billion			
Number of shares held as of June 30, 2022			39.8	225.0

Note:

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

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

	(Millions of yen)
	June 30, 2022
Cash and cash equivalents	14,196
Investments from asset management subsidiaries	207,048
Derivative financial assets in asset management subsidiaries	100
Other financial assets	4,216
Other	30
Total assets	225,590
Interest-bearing debt	4,216
Derivative financial liabilities in asset management subsidiaries	185
Other	135
Total liabilities	4,536
Investments from Delaware subsidiaries ^{*2}	962,577
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)	902,898
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Retained earnings	(821,157) B
Exchange differences on translating foreign operations	79,634
Equity	221,054 C

Notes:

- SB Northstar's statement of financial position (excluding the impact of investments made by SB Northstar in SPACs controlled by SBIA US) is presented for reference to show the impact of SB Northstar on the 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}	(274,598)
Exchange differences on translating foreign operations	31,938
Non-controlling interests (interests of Masayoshi Son)	(222,767) D

Note:

- One-third of B in the table

(Interests in equity (C above))

	(Millions of yen)
Interests of SBG	443,821
Non-controlling interests (interests of Masayoshi Son)	(222,767) D
Equity	221,054 C

MAIN INTEREST-BEARING DEBT AND LEASE LIABILITIES IN THIS SEGMENT

		Balance as of June 30, 2022 in Condensed Interim Consolidated Statement of Financial Position
Borrower	Type	
SBG	Borrowings	¥699.4 billion
	Corporate bonds	¥6,020.4 billion
	Lease liabilities	¥11.7 billion
	Commercial paper	¥237.5 billion
Wholly owned subsidiaries conducting fund procurement ^{*1}	Borrowings using Arm shares (asset-backed finance)	¥1,144.3 billion
	Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts)	¥5,425.7 billion
	Borrowings using Alibaba shares (margin loan)	¥817.7 billion
	Borrowings using SoftBank Corp. shares (margin loan)	¥499.0 billion
	Prepaid forward contracts using T-Mobile shares (collar contracts)	¥381.4 billion
	Borrowings using T-Mobile shares (margin loan)	¥117.7 billion
	Collar transactions using Deutsche Telekom shares	¥433.6 billion
	SB Northstar	Borrowings

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 ¥2,933.8 billion. Segment loss was ¥2,330.8 billion, after deducting change in third-party interests.

◆ SVF1

- ¥30.5 billion realized loss on investments (net), mainly due to monetization of investments in public portfolio companies^{*1}
- ¥1,215.3 billion unrealized valuation loss on investments (net) held at the first quarter-end
 - ¥919.6 billion valuation loss (net) for public portfolio companies: Share prices declined in a wide range of portfolio companies, including Coupang, SenseTime, and DoorDash, mainly caused by the global downward trend in share prices due to growing concerns over economic recession driven by inflation and rising interest rates.
 - ¥295.7 billion valuation loss (net) for private portfolio companies^{*1}: The fair value decreased for a wide range of companies, mainly reflecting a decline in the share prices of market comparable companies.

◆ SVF2

- ¥3.3 billion realized gain on investments
- ¥1,341.0 billion unrealized valuation loss on investments (net) held at the first quarter-end
 - ¥495.4 billion valuation loss (net) for public portfolio companies mainly due to a decline in the share prices of AutoStore and WeWork
 - ¥845.6 billion valuation loss (net) for private portfolio companies: The fair value decreased for a wide range of companies, reflecting mark-downs of those with recent funding rounds and/or weaker performance, as well as share price declines in market comparable companies.

◆ LatAm Funds

- ¥324.9 billion loss on investments (net). ¥325.2 billion unrealized valuation loss (net) on investments held at the first quarter-end.

2. Status of investment activities

◆ SVF1

- Investments before exit: Held 80 investments (including 23 public portfolio companies) as of the first quarter-end with a fair value amounting to \$66.35 billion, at an investment cost totaling \$68.09 billion.
- Cumulative gross gain^{*2} since inception was \$18.58 billion, including cumulative realized gain of \$17.90 billion, cumulative derivative gain of \$1.48 billion, and cumulative dividend income of \$0.94 billion.

◆ SVF2

- Investments before exit: Held 269 investments (including 14 public portfolio companies) as of the first quarter-end with a fair value amounting to \$37.24 billion, at an investment cost totaling \$48.22 billion.
- Cumulative gross loss^{*2} since inception was \$9.97 billion, including cumulative realized gain of \$1.14 billion, cumulative derivative loss of \$0.13 billion.

◆ LatAm Funds

- Investments before exit: Held 88 investments (including 7 public portfolio companies⁵) as of the first quarter-end with fair value amounting to \$6.93 billion, at an investment cost totaling \$6.92 billion. In the first quarter, 12 early-stage portfolio companies were spun out to an external fund.
- Cumulative gross loss^{*2} since inception was \$0.07 billion.

Note:

1. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
2. Cumulative gross gain and proceeds from realized investments are before deducting third-party interests, taxes, and expenses

OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund 1 (SVF1), SoftBank Vision Fund 2 (SVF2), and SoftBank Latin America Funds (LatAm Funds), as well as Special Purpose Acquisitions Companies (SPACs) sponsored by SBIA US, and SB Opportunity Fund, which supports underrepresented entrepreneurs.

Outline of principal funds in the segment

As of June 30, 2022

SVF1 and SVF2

SVF1 and SVF2 aim to maximize returns from a medium- to long-term perspective through large-scale investments in high-growth-potential companies leveraging AI, particularly in “unicorns.”⁶ SVF1’s investment period has ended and 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.

	SVF1	SVF2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Total committed capital (Billions of U.S. dollars)	98.6 ----- The Company: 33.1 ^{*1} Third-party investors: 65.5	56.0 ----- The Company: 53.4 Third-party investor (MgmtCo): 2.6 ^{*2}
Manager	SBIA (The Company’s wholly owned U.K. subsidiary)	SBGA (The Company’s wholly owned U.K. subsidiary)
Investment period	Ended on September 12, 2019	To be determined by the manager
Fund life	Until November 20, 2029 + Up to two 1-year extension option by SBIA	Until October 4, 2032 + Up to two 1-year extension option by SBGA

Notes:

1. 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.
2. A co-investment program has been introduced for SVF2 for the Company’s management. MASA USA LLC (“MgmtCo”), an investment entity for the co-investment program, participates in this fund. The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. For details, see “14. Related party transactions regarding a co-investment program with restricted rights to receive distributions” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

LatAm Funds

LatAm Funds invest in companies harnessing the power of data and technology to redefine industries within rapidly developing Latin America.

LatAm Funds	
Major limited liability company	SBLA Latin America Fund LLC
Total committed capital (Billions of U.S. dollars)	7.6 ^{*1}
Manager	SBGA (The Company’s wholly owned U.K. subsidiary)
Investment period	To be determined by the manager
Fund life	Until October 4, 2032 + Up to two 1-year extensions option by SBGA

Note:

1. A co-investment program has been introduced for LatAm Funds for the Company’s management. MgmtCo participates in this fund. The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. For details, see “14. Related party transactions regarding a co-investment program with restricted rights to receive distributions” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Financing at SVF

SVF1, SVF2, and LatAm Funds may independently make borrowings that are non-recourse to SBG, for the purpose of leveraging and maintaining liquidity. Types of borrowings include asset-backed financing, which utilizes assets held to enhance returns and distribute to limited partners, and fund-level facility, which provides bridge funding by way of a revolving loan for the period between capital calls and arrivals of funds, thereby allowing a quick execution of investment after the investment decision is made.

Fair value measurement of investments

SVF1, SVF2, and LatAm Funds calculate the fair value of their investments at each quarter-end in accordance with IFRS 13 Fair Value Measurement and based on the SBIA Global Valuation Policy and the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). For public portfolio companies, fair values of portfolio companies which are traded on stock exchanges are determined using quoted prices, while fair values of those traded on over-the-counter markets are determined using single or multiple factors such as quoted prices and other observable inputs. For private portfolio companies, one or more valuation methods are used, including the market approach using figures of market comparable companies, the income approach using estimated future cash flows, and the recent transactions method using prices of recent funding rounds and similar transactions.

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30		Change	Change %
	2021	2022		
Gain (loss) on investments at SoftBank Vision Funds* ¹	610,938	(2,933,845)	(3,544,783)	- A
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds	610,881	(2,935,030)	(3,545,911)	-
Realized gain (loss) on investments	406,642	(26,722)	(433,364)	-
Unrealized gain (loss) on valuation of investments	195,918	(2,915,895)	(3,111,813)	-
Change in valuation for the fiscal year	649,071	(2,881,472)	(3,530,543)	-
Reclassified to realized gain recorded in the past fiscal years* ²	(453,153)	(34,423)	418,730	-
Interest and dividend income from investments	20,985	415	(20,570)	(98.0%)
Derivative gain (loss) on investments	(3,370)	37,650	41,020	-
Effect of foreign exchange translation	(9,294)	(30,478)	(21,184)	-
Other gain on investments	57	1,185	1,128	-
Selling, general and administrative expenses	(18,786)	(18,904)	(118)	0.6%
Finance cost	(4,304)	(15,401)	(11,097)	257.8%
Derivative gain (excluding gain (loss) on investments)	704	499	(205)	(29.1%)
Change in third-party interests in SVF	(134,551)	631,367	765,918	- B
Other gain (loss)	(2,071)	5,534	7,605	-
Segment income (income before income tax)	451,930	(2,330,750)	(2,782,680)	-

(Reference)

(Millions of yen)

Gain (loss) on investments at SVF1	362,141	(1,313,041)	(1,675,182)	-
Gain (loss) on investments at SVF2	29,420	(1,297,053)	(1,326,473)	-
Gain (loss) on investments at LatAm Funds	219,320	(324,936)	(544,256)	-

Notes:

- Unrealized gains and losses associated with the change in valuation of SoftBank Vision Funds' investment in shares in Arm and PayPay Corporation, which are subsidiaries of the Company, and dividend income received from such investments are included in segment income of the SoftBank Vision Funds segment as "gain (loss) on investments at SoftBank Vision Funds," but are eliminated in consolidation and not included in "gain (loss) on investments at SoftBank Vision Funds" in the Consolidated Statement of Profit or Loss.
- Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."

Investments and disposals by SVF1 and SVF2

(Billions of U.S. dollars)

	Investments made during the first quarter	Disposals ⁷ made during the first quarter
SVF1	0.06	2.10
SVF2	2.11	0.51

Note: Investments and disposals by SVF1 and SVF2 include those through share exchanges. Investments include new and follow-ons.

Segment income

A Loss on investments at SoftBank Vision Funds: ¥2,933,845 million

Recorded investments losses of ¥1,313,041 million at SVF1, ¥1,297,053 million at SVF2, and ¥324,936 million at LatAm Funds. Details of realized and unrealized gains/losses on investments in each fund (U.S. dollar-based) are as follows.

SVF1

(Millions of U.S. dollars)	
Three-month period ended June 30, 2022	
Realized loss on investments (net)	(236)
Unrealized loss on valuation of investments (net)	(9,939)
Change in valuation for the fiscal year	(9,418)
Reclassified to realized gain recorded in the past fiscal years	(521)

- Realized loss on investments was ¥30,466 million (\$236 million, net), mainly due to the monetization of public portfolio companies.
- Unrealized loss on valuation of investments held at the first quarter-end was ¥1,215,309 million (\$9,418 million, net). For public portfolio companies, valuation loss (net) totaled \$7,127 million due to a decline in the share prices of a wide range of portfolio companies, mainly caused by the global downward trend in share prices due to growing concerns over economic recession driven by inflation and rising interest rates. Of the loss, \$2,274 million was attributable to Coupang, \$1,828 million to SenseTime, and \$1,710 million to DoorDash. For private portfolio companies, valuation loss (net) totaled \$2,292 million due to an overall decrease in the fair value of a wide range of portfolio companies, mainly reflecting share price declines in market comparable companies.

As of the first quarter-end, SVF1's cumulative gross gain since inception was \$18.58 billion. See "SVF1" under "Investment performance" below for a breakdown.

SVF2

(Millions of U.S. dollars)	
Three-month period ended June 30, 2022	
Realized gain on investments	25
Unrealized loss on valuation of investments (net)	(10,372)
Change in valuation for the fiscal year	(10,392)
Reclassified to realized loss recorded in the past fiscal years	20

- Realized gain on investments was ¥3,257 million (\$25 million), as a result of the entire sale of its interest in KE Holdings.
- Unrealized loss on valuation of investments held at the first quarter-end was ¥1,341,008 million (\$10,392 million, net). For public portfolio companies, valuation loss (net) totaled \$3,839 million mainly due to a decline in the share prices of AutoStore and WeWork. For private portfolio companies, valuation loss (net) totaled \$6,553 million mainly reflecting mark-downs of those with recent funding rounds and/or weaker performance, as well as share price declines in market comparable companies.

As of the first quarter-end, SVF2's cumulative gross loss since inception was \$9.97 billion. See "SVF2" under

“Investment performance” below for a breakdown.

LatAm Funds

- Realized gain on investments was ¥487 million (\$4 million).
- Unrealized loss on valuation of investments held at the first quarter-end totaled ¥325,155 million (\$2,520 million, net). This was mainly due to a decline in the share prices of Inter & Co, Inc.⁸ and other public portfolio companies, as well as a decrease in the fair value of private portfolio companies, which reflected a decline in the share prices of market comparable companies.

As of the first quarter-end, LatAm Funds’ cumulative gross loss since inception was \$0.07 billion.

B Change in third-party interests in SVF: ¥631,367 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 each fund, net of (i) management and performance fees payable to SBIA from SVF1 and payable to SBGA from LatAm Funds, (ii) management and performance-linked management fees payable to SBGA from SVF2, and (iii) operating and other expenses of SVF. For details, see “(2) Third-party interests in SVF” under “4. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Investment performance

As of June 30, 2022

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}
	98	89.2	107.8	18.6

(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)	-
Effects of dividends in kind Treasure Data, Inc. Acetone Limited (Equity interest in Arm China JV)	(2)	-	-	-
Net of effects of share exchanges and dividends in kind ^{*2, 3}	94	87.5	106.1	18.6

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

	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss) ^{*5}	Unrealized valuation loss recorded for the fiscal year Q1
Public companies ^{*4}	23	32.5	24.2	(8.3)	(7.1)
Private companies	57	35.6	42.1	6.6	(2.3)
Total	80	68.1	66.3	(1.7)	(9.4)

(2) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain ^{*1}	Realized gain (loss) recorded for the fiscal year Q1
Partial exit	-	9.8	19.3	9.5	(0.4)
Full exit ^{*6}	18	11.3	19.7	8.4	0.2
Total	18	21.1	39.0	17.9	(0.2)

(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
Unsettled	-	-	-	-
Settled	0.0	1.5	1.5	-
Total	0.0	1.5	1.5	-

(4) Interest and dividend income from investments

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year Q1
Total	0.9	0.9	-

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.

1. Before deducting third-party interests, taxes, and expenses

2. 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 the investment count.

3. In addition to the public share exchanges 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. Includes DiDi Global Inc., which is traded in the over-the-counter market, with its fair value measured using quoted prices and other observable inputs.
5. 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.
6. 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 loss ^{*1}
	271	49.6	39.7	(10.0)

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

	Number of investments	Investment cost ^{*3}	Fair value ^{*3}	Cumulative unrealized valuation loss	Unrealized valuation loss recorded for the fiscal year Q1
Public companies ^{*2}	14	8.2	5.0	(3.2)	(3.8)
Private companies	255	40.0	32.2	(7.8)	(6.6)
Total	269	48.2	37.2	(11.0)	(10.4)

(2) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain (loss) ^{*1}	Realized gain recorded for the fiscal year Q1
Partial exit	-	0.0	0.0	(0.0)	-
Full exit	2	1.4	2.6	1.2	0.0
Total	2	1.4	2.6	1.1	0.0

(3) Derivative gain and loss related to investment

	Derivative cost	Fair value / settlement price	Cumulative derivative loss	Derivative gain (loss) recorded for the fiscal year Q1
Unsettled	-	(0.1)	(0.1)	0.3
Settled	-	(0.0)	(0.0)	(0.0)
Total	-	(0.1)	(0.1)	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
Total	0.0	0.0	0.0

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.

1. Before deducting taxes and expenses
2. Includes Zhangmen Education Inc., which is traded in the over-the-counter market, with its fair value measured using quoted prices and other observable inputs.
3. 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.

Capital deployment

As of June 30, 2022

SVF1

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital ⁹ (B)	87.1	29.8	57.3
Return of capital (non-recallable) (C)	31.8	8.9	22.9
Outstanding capital (D) = (B) – (C)	55.3	20.9	34.4
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)	56.0
Drawn capital (B)	49.6
Remaining committed capital (C) = (A) – (B)	6.4

Note: Remaining committed capital includes recallable return of capital.

(Reference: Breakdown of committed capital as of June 30, 2022)

Total committed capital	56.0
The Company's equity commitment to investments outside the scope of the Program	8.4
The Company's preferred equity commitment to SVF2 LLC ^{*1}	32.6
The Company's equity commitment to SVF2 LLC	12.4
MgmtCo's equity commitment to SVF2 LLC	2.6

Notes:

*As of the first quarter-end, no capital has been paid by MgmtCo.

1. SVF2 LLC (SVF II Investment Holdings LLC) is a subsidiary of the Company established under SVF2 and indirectly holds investments subject to the co-investment program.

As of the first quarter-end, total committed capital for SoftBank Latin America Funds is \$7.6 billion, with drawn capital totaling \$7.1 billion.

For a complete list of portfolio companies and historical quarterly results of SVF1, SVF2 and LatAm Funds, see the Data Sheets under "Earnings Results Briefing" on the Company's website at <https://group.softbank/en/ir/presentations/>.

(c) SoftBank Segment

Segment income decreased by 16.8% yoy mainly due to decreases in income in the consumer, enterprise, and Yahoo! JAPAN/ LINE businesses, as well as a decline in gain on investments.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2021	2022		
Net sales	1,356,570	1,362,121	5,551	0.4%
Segment income (income before income tax)	270,954	225,389	(45,565)	(16.8%)
Depreciation and amortization	(184,340)	(183,311)	1,029	(0.6%)
Gain on investments	15,262	1,133	(14,129)	(92.6%)
Finance cost	(15,553)	(15,341)	212	(1.4%)
Loss on equity method investments ^{*1}	(12,339)	(13,536)	(1,197)	-
Derivative gain (loss) (excluding gain (loss) on investments)	(99)	901	1,000	-

Note:

1. Includes losses on equity method investments related to PayPay Corporation of ¥3,185 million for the first quarter and ¥5,800 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 with its financial results 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 the segment information. See "(e) Other" for the treatment of financial results of PayPay Corporation from the three months ending December 31, 2022.

OVERVIEW

Segment results include the results of business activities conducted by SoftBank Corp. mainly in Japan, such as provision of mobile services and sale of mobile devices, as well as provision of broadband and e-commerce services. 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 ¥225,389 million, a decrease of ¥45,565 million (16.8%) year on year. This was mainly due to decreases in income in the consumer, enterprise, and Yahoo! JAPAN/ LINE businesses, and a decline in gain on investments.

Income in the consumer business decreased mainly due to the impact of a fall in mobile service charges. Income in the enterprise business decreased mainly reflecting a decline following a reversal of one-time expenses in the same period of the previous fiscal year, despite an increase in sales for cloud services and the like as digitization of enterprises accelerated in the first quarter. Income in the Yahoo! JAPAN/ LINE business fell, mainly due to an increase in personnel expenses associated with a reinforcement of its workforce for further growth, despite an increase in sales centered on commerce and advertising-related services.

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 revenue and segment income growth

◆ **Net sales increased by 24.9% yoy (including impact of the weaker yen. 6.4% of U.S. dollar-based growth).**

- Technology royalty revenue increased by 22.0% yoy (U.S. dollar-based) due to strong industry growth and Arm's customers' market share gains.
- Technology non-royalty revenue decreased by 12.5% yoy (U.S. dollar-based) primarily due to the very strong product licensing revenue reported in the same period of the previous fiscal year. Nevertheless, Arm saw robust licensing activity during the first quarter including the signing of multiple agreements for *Armv9* technologies.

◆ **The increase in segment income is due to the revenue growth combined with improved operational efficiency following a recent restructuring.**

2. Arm makes progress in its mobile and server strategy.

- To maintain its more than 95% share of the smartphone market, Arm announced its next generation CPU and GPU IP for smartphones and mobile computers.
- Google joined Alibaba, Amazon and Microsoft in deploying server chips based on Arm's *Neoverse* technology for servers.

3. Arm continued its preparations for a potential public offering.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2021	2022		
Net sales	74,278	92,751	18,473	24.9%
Segment income (income before income tax) ^{*1}	8,781	29,846	21,065	239.9%

Note:

1. Segment income included amortization expenses of ¥14,630 million for the first quarter and ¥12,472 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. Since its acquisition by the Company in 2016, Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm is developing new technologies that may 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 first quarter 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. If shipments of consumer electronic devices weaken, it may lead to lower Arm's technology royalty revenue, and if Arm's 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)			
	Three months ended June 30			
	2021	2022	Change	Change %
Technology royalty	371	453	82	22.0%
Technology non-royalty	304	266	(38)	(12.5%)
Total net sales	675	719	44	6.4%

Net sales increased by \$44 million (6.4%) year on year due to an increase in technology royalty revenue while technology non-royalty revenue decreased.

Technology royalty revenue

Technology royalty revenue increased by \$82 million (22.0%) year on year. Royalty revenues were driven by the strong shipments of Arm-based 5G high-end smartphones, deployment of networking equipment into 5G base stations, and Arm's customers gaining share in multiple markets such as automotive, IoT, 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 decreased by \$38 million (12.5%) year on year. This decrease is primarily due to a very strong technology non-royalty revenue in the same period of the previous fiscal year, related to some high-value deals that were signed in the period. Nevertheless, Arm continued to see very robust licensing activity due to the availability of more Arm technology following the 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 servers 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 increased by ¥21,065 million (239.9%) year on year, to ¥29,846 million. This was due to the

combination of revenue growth and improved operational efficiency, including a headcount reduction, following the global business restructuring of its non-engineering functions announced last quarter.

OPERATIONS

Royalty units¹⁰

(Billion)

	Three-month period ended March 31			
	2021	2022	Change	Change %
Royalty units as reported by Arm's licensees	6.9	7.4	0.5	6.8%

Arm's licensees reported shipments of 7.4 billion Arm-based chips in the three-month period ended March 31, 2022. Arm's unit shipments increased by 6.8% year on year.

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. |
| Main developments | · Arm announced its annual update of technology for smartphones in June 2022, including the <i>Arm Cortex-X3</i> and <i>Cortex-A715</i> CPUs, both based on <i>Armv9</i> technology, and <i>Arm Immortalis-G715</i> GPU which brings hardware-based ray tracing support to mobile devices, delivering more realistic and immersive gaming experiences. |

Infrastructure

- | | |
|-------------------|---|
| Opportunity | · Arm has a growing share in networking infrastructure and a nascent share in data center servers. |
| Main developments | · Arm announced adoption of <i>Arm Neoverse</i> -based chips by Google Cloud servers in July 2022. Google Cloud customers can now run workloads on the Ampere Altra chip, based on <i>Arm Neoverse N1</i> CPU. Google joins Alibaba, Amazon, and Microsoft in deploying server chips based on Arm technology. |

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. |
| Main developments | · Arm announced in July 2022 that it is working with Cruise LLC to scale out their autonomous driving platform. |

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. |
| Main developments | · Arm announced in June 2022 the <i>Arm Mali-C55 Image Signal Processor (ISP)</i> , its smallest and most configurable image signal processor designed for IoT devices such as home security camera and drones, and which is already seeing success with licensees such as Renesas Electronics Corp. |

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

(e) Other

	(Millions of yen)			
	Three months ended June 30			
	2021	2022	Change	Change %
Net sales	54,217	125,419	71,202	131.3%
Segment income (income before income tax)	33,158	(25,635)	(58,793)	-
Depreciation and amortization	(8,930)	(14,957)	(6,027)	67.5%
Loss on investments	(1,030)	(27,705)	(26,675)	-
Finance cost	(4,105)	(4,166)	(61)	1.5%
Income (loss) on equity method investments	2,040	(3,707)	(5,747)	-
Derivative loss (excluding gain (loss) on investments)	(3,479)	(14,362)	(10,883)	-

Segment loss was ¥25,635 million. A U.K. subsidiary engaged in the renewable energy business recorded a loss before income tax of ¥18,722 million, mainly due to a decrease in the fair value of one of its investees, and PayPay Corporation recorded a loss before income tax of ¥6,242 million. On the other hand, Fortress Investment Group LLC recorded income before income tax of ¥1,288 million.

An overview and business results of PayPay Corporation are as follows.

PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥6,242 million. This was mainly due to recording expenses associated with campaigns aimed at acquiring users and promoting their use, as well as for the retention and expansion of stores where the service is available. Nonetheless, loss before income tax narrowed year on year as revenues increased, mainly due to an increase in payment fees, following the introduction of payment fees to small and medium-sized merchants in October 2021, and growth in gross merchandise volume. PayPay Corporation's payment services continued to see strong growth, with the number of payments for the first quarter reaching 1.11 billion, a 1.4-fold increase year on year.

Results of PayPay Corporation included in "Other"

	(Millions of yen)			
	Three months ended June 30			
	2021	2022	Change	Change %
Net sales	11,211	23,923	12,712	113.4%
Loss before income tax	(10,420)	(6,242)	4,178	-

Note: In the fourth quarter of the previous fiscal year, a lump-sum deduction of ¥6,399 million was made from net sales, including a portion of marketing costs for stores, which had been recorded as expenses in the first three quarters of the previous fiscal year. Since no retrospective adjustments have been made to the net sales for the first three quarters of the previous fiscal year, ¥145 million of the abovementioned expenses are included in net sales for the same period of the previous fiscal year.

Since PayPay Corporation is expected to become a subsidiary of SoftBank Corp. and Z Holdings Corporation in October 2022, the results of PayPay Corporation will be accounted for in the SoftBank segment instead of Other segment starting from the three months ending December 31, 2022, and the results for the previous fiscal year will be retroactively adjusted and presented. PayPay Corporation has been consolidated by SBG as a subsidiary since its founding in June 2018 and will continue as such.

(2) Overview of Financial Position

1. Status of investment assets

◆ **Carrying amount of investments from SVF (FVTPL) totaled ¥13,471.1 billion, a decrease of ¥1,438.6 billion from the previous fiscal year-end^{*1}**

- Decrease at SVF1 of ¥693.9 billion^{*2}: The balance decreased by \$9.42 billion due to a decrease in the fair value of investments held at the first quarter-end and by \$2.86 billion due to sales of investments. These were partially offset by an increase of \$0.06 billion due to follow-on investments in existing portfolio companies.
- Decrease at SVF2 of ¥548.5 billion^{*2}: The balance decreased by \$10.28 billion due to a decrease in the fair value of investments held at the first quarter-end and by \$0.46 billion due to sales of investments. These were partially offset by an increase of \$2.11 billion due to new and follow-on investments.
- Decrease at LatAm Funds of ¥196.2 billion^{*2}

◆ **Carrying amount of investment securities of ¥2,939.8 billion, a decrease of ¥145.6 billion from the previous fiscal year-end**

- The balance of T-Mobile shares decreased by ¥225.7 billion mainly due to the sales of shares to Deutsche Telekom.

2. Changes in liabilities associated with fund procurement

◆ **Interest-bearing debt increased by ¥1,425.9 billion from the previous fiscal year-end at wholly owned subsidiaries conducting fund procurement.**

- Financial liabilities relating to sale of shares by prepaid forward contracts increased by ¥1,270.5 billion.

◆ **Borrowings at SVF1 increased by ¥274.0 billion from the previous fiscal year-end, due to asset-backed finance.**

3. Changes in equity

◆ **Total equity decreased by ¥1,533.2 billion from the previous fiscal year-end.**

- ¥3,162.7 billion net loss attributable to owners of the parent reduced retained earnings.
- Continued share repurchase: ¥293.5 billion worth of shares were repurchased in the first quarter.
- ¥2,096.7 billion increase in exchange differences from the translation of foreign operations due to the weaker yen

◆ **Ratio of equity attributable to owners of the parent (equity ratio) was 18.2% at the first quarter-end, down from 21.0% at the previous fiscal year-end.**

Notes:

1. Investments from SVF (FVTPL) 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.
2. Includes increases in the carrying amount of investments at SVF1, SVF2, and LatAm Funds due to an 11.7% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.

(Millions of yen)

	March 31, 2022	June 30, 2022	Change	Change %
Total assets	47,544,670	46,976,341	(568,329)	(1.2%)
Total liabilities	35,836,908	36,801,743	964,835	2.7%
Total equity	11,707,762	10,174,598	(1,533,164)	(13.1%)

(a) Assets

	(Millions of yen)		
	March 31, 2022	June 30, 2022	Change
Cash and cash equivalents	5,169,001	6,070,664	901,663
Trade and other receivables	2,361,149	2,349,103	(12,046)
Derivative financial assets	1,050,446	722,335	(328,111) A
Other financial assets	971,125	744,241	(226,884) B
Inventories	142,767	142,221	(546)
Other current assets	334,101	369,647	35,546
Total current assets	10,028,589	10,398,211	369,622
Property, plant and equipment	1,842,749	1,897,474	54,725
Right-of-use assets	914,743	927,491	12,748
Goodwill	4,897,913	5,241,966	344,053 C
Intangible assets	2,427,580	2,467,706	40,126
Costs to obtain contracts	330,899	344,558	13,659
Investments accounted for using the equity method	5,234,519	5,282,289	47,770
Investments from SVF (FVTPL)	14,909,614	13,471,055	(1,438,559) D
SVF1	8,365,274	7,671,376	(693,898)
SVF2	5,401,117	4,852,612	(548,505)
LatAm Funds	1,143,223	947,067	(196,156)
Investment securities	3,085,369	2,939,798	(145,571) E
Derivative financial assets	1,333,787	1,491,976	158,189 F
Other financial assets	2,230,615	2,211,645	(18,970)
Deferred tax assets	163,255	148,342	(14,913)
Other non-current assets	145,038	153,830	8,792
Total non-current assets	37,516,081	36,578,130	(937,951)
Total assets	47,544,670	46,976,341	(568,329)

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<u>Current assets</u>	
A Derivative financial assets	Derivative financial assets related to prepaid forward contracts using Alibaba shares decreased by ¥351,175 million, mainly due to the recording of derivative loss and settling in kind by delivering Alibaba shares.
B Other financial assets	At SB Northstar, with the downsizing of the business, restricted cash decreased by ¥127,258 million, investments from asset management subsidiaries decreased by ¥49,366 million, and derivative financial assets in asset management subsidiaries decreased by ¥48,366 million.
<u>Non-current assets</u>	
C Goodwill	Goodwill of Arm increased by ¥338,379 million due to the weaker yen against the U.S. dollar.
D Investments from SVF (FVTPL)	<ul style="list-style-type: none"> · The carrying amount of investments at SVF1 decreased by ¥693.9 billion. This reflected a decrease of \$9.42 billion due to a decrease in the fair value of portfolio companies held at the first quarter-end and a decrease of \$2.86 billion due to the sale of investments. These were partially offset by an increase of \$0.06 billion due to follow-on investments in existing portfolio companies. · The carrying amount of investments at SVF2 decreased by ¥548.5 billion. This reflected a decrease of \$10.28 billion due to a decrease in the fair value of portfolio companies held at the first quarter-end and a decrease of \$0.46 billion due to the sale of investments. These were partially offset by an increase of \$2.11 billion due to new investments and follow-on investments in existing portfolio companies. · The carrying amount of investments at LatAm Funds decreased by ¥196.2 billion. This reflected a decrease of \$2.52 billion due to a decrease in the fair value of portfolio companies held at the first quarter-end and a decrease of \$0.04 billion due to the sale of investments. These were partially offset by an increase of \$0.15 billion due to follow-on investments in existing portfolio companies. <p>The first quarter-end balance also included an increase in the carrying amount at each fund due to an 11.7% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.</p> <p>For details of the status of investments at SVF1, SVF2, and LatAm Funds, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p>

Components	Main reasons for changes from the previous fiscal year-end
E Investment securities	<ul style="list-style-type: none"> · The carrying amount of T-Mobile shares decreased by ¥225,694 million (balance at the first quarter-end: ¥731,361 million). This mainly reflected the sale to Deutsche Telekom of 21.2 million T-Mobile shares held by the Company due to Deutsche Telekom's partial exercise of call options for T-Mobile shares. · The carrying amount of Deutsche Telekom shares increased by ¥89,714 million (balance at the first quarter-end: ¥607,674 million). <p>During the first quarter, the Latin America Funds segment was integrated into the SoftBank Vision Funds segment. As a result, the carrying amount of investments from SoftBank Latin America Funds is included in investments from SVF (FVTPL). For details, see "1. Changes in presentation" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "2. Condensed Interim Consolidated Financial Statements and Primary Notes."</p>
F Derivative financial assets	The fair value of the contingent consideration related to T-Mobile shares increased by ¥144,470 million (balance at the first quarter-end: ¥735,899 million).

(Reference) Cash and cash equivalents by entity

Consolidated cash and cash equivalents increased by ¥901.7 billion to ¥6,070.7 billion from the previous fiscal year-end. Of this, cash and cash equivalents of SBG increased by ¥1,075.4 billion to ¥3,578.0 billion. For details, see "(3) Overview of Cash Flows."

	(Millions of yen)		
	March 31, 2022	June 30, 2022	Change
SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement, etc.			
SoftBank Group Corp.	2,502,626	3,578,016	1,075,390
Wholly owned subsidiaries conducting fund procurement	26,271	23,077	(3,194)
SB Northstar	40,458	14,196	(26,262)
SoftBank Vision Funds segment			
SVF1	47,754	54,537	6,783
SVF2	150,462	16,922	(133,540)
LatAm Funds	1,890	1,701	(189)
SBIA, SBGA, SBLA Advisers Corp.	24,340	32,600	8,260
SoftBank segment			
SoftBank Corp.	318,661	287,144	(31,517)
Z Holdings Corporation ^{*1}	383,093	443,406	60,313
Others ^{*2}	845,038	856,658	11,620
Others	828,408	762,407	(66,001)
Total	5,169,001	6,070,664	901,663

Notes:

1. Includes Yahoo Japan Corporation and LINE Corporation.

2. Includes PayPay Bank Corporation, whose balance of cash and cash equivalents was ¥347,185 million at the first quarter-end.

(b) Liabilities

	(Millions of yen)		
	March 31, 2022	June 30, 2022	Change
Interest-bearing debt	7,328,862	6,587,844	(741,018)
Lease liabilities	240,241	231,875	(8,366)
Deposits for banking business	1,331,385	1,418,494	87,109
Trade and other payables	1,968,864	1,787,154	(181,710)
Derivative financial liabilities	119,592	69,722	(49,870)
Other financial liabilities	554,814	399,699	(155,115)
Income taxes payable	183,388	125,433	(57,955)
Provisions	34,056	38,572	4,516
Other current liabilities	620,260	547,915	(72,345)
Total current liabilities	12,381,462	11,206,708	(1,174,754)
Interest-bearing debt	14,128,570	16,386,221	2,257,651
Lease liabilities	625,907	644,935	19,028
Third-party interests in SVF	5,640,498	5,368,114	(272,384)
Derivative financial liabilities	174,003	452,808	278,805 A
Other financial liabilities	129,849	158,235	28,386
Provisions	107,961	99,988	(7,973)
Deferred tax liabilities	2,436,034	2,246,312	(189,722) B
Other non-current liabilities	212,624	238,422	25,798
Total non-current liabilities	23,455,446	25,595,035	2,139,589
Total liabilities	35,836,908	36,801,743	964,835

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.

Non-current liabilities

A Derivative financial liabilities Derivative financial liabilities related to prepaid forward contracts using Alibaba shares increased by ¥308,747 million, mainly due to the recording of derivative loss.

B Deferred tax liabilities Deferred tax liabilities related to prepaid forward contracts using Alibaba shares decreased due to a decrease in the fair value of derivative financial assets and an increase in the fair value of derivative financial liabilities.

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

(Millions of yen)

	March 31, 2022	June 30, 2022	Change
SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement, etc.			
SoftBank Group Corp.	7,442,237	6,968,959	(473,278)
Borrowings	1,255,116	699,351	(555,765) A
Corporate bonds	5,918,265	6,020,384	102,119 B
Lease liabilities	12,056	11,724	(332)
Commercial paper	256,800	237,500	(19,300)
Wholly owned subsidiaries conducting fund procurement			
Borrowings ^{*1}	2,857,000	3,012,402	155,402 C
Financial liabilities relating to sale of shares by prepaid forward contracts	4,536,573	5,807,074	1,270,501 D
SB Northstar	33,515	4,216	(29,299)
Borrowings	33,515	4,216	(29,299)
SoftBank Vision Funds segment			
SVF1	336,535	610,524	273,989
Borrowings	336,535	610,524	273,989 E
SVF2	731,540	792,632	61,092
Borrowings	731,540	792,632	61,092
LatAm Funds	9,179	10,251	1,072
Borrowings	9,179	10,251	1,072
SBIA, SBLA Advisers Corp.	759	894	135
Lease liabilities	759	894	135
SoftBank segment			
SoftBank Corp.	4,236,453	4,341,917	105,464
Borrowings	3,085,954	3,100,580	14,626
Corporate bonds	469,252	469,282	30
Lease liabilities	559,846	542,054	(17,792)
Commercial paper	121,401	230,001	108,600
Z Holdings Corporation^{*2}	1,170,856	1,252,402	81,546
Borrowings	481,678	544,615	62,937
Corporate bonds	603,977	604,063	86
Lease liabilities	35,201	59,724	24,523
Commercial paper	50,000	44,000	(6,000)
Other	592,116	625,845	33,729
Others			
Other interest-bearing debt	286,988	323,937	36,949
Lease liabilities	89,829	99,822	9,993
Total	22,323,580	23,850,875	1,527,295

Notes:

- The interest-bearing debt of wholly owned subsidiaries conducting fund procurement is non-recourse to SBG. However, \$0.87 billion of borrowings made using T-Mobile shares is exceptionally guaranteed by SBG up to a limit of \$0.26 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 and wholly owned subsidiaries conducting fund procurement, etc.
SBG

A Borrowings	SBG repaid borrowings of \$4.5 billion made using commitment lines.
B Corporate bonds	<ul style="list-style-type: none"> · Foreign currency-denominated straight bonds of \$0.27 billion (face value) and €0.22 billion (face value) were repurchased. · The carrying amount of foreign currency-denominated straight bonds increased due to an 11.7% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.

Wholly owned subsidiaries conducting fund procurement

C Borrowings	<p><i>Through Arm shares</i></p> <ul style="list-style-type: none"> · \$0.5 billion (net) was borrowed through asset-backed finance. <p><i>Through T-Mobile shares</i></p> <ul style="list-style-type: none"> · Borrowings of \$1.2 billion made through a margin loan in the previous fiscal year was repaid.
D Financial liabilities relating to sale of shares by prepaid forward contracts	<p><i>Through Alibaba shares</i></p> <ul style="list-style-type: none"> · \$10.49 billion was raised by concluding prepaid forward contracts (forward contracts). · Certain prepaid forward contracts were settled in kind by delivering Alibaba shares. Consequently, financial liabilities relating to sale of shares by prepaid forward contracts of ¥604,888 million were derecognized. <p>For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “5. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”</p>

SoftBank Vision Funds segment^{*3}
SVF1

E Borrowings	Borrowings made through asset-backed finance increased by \$1.72 billion. In addition, the balance of the borrowings increased due to an 11.7% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.
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Note:

3. For details of borrowings at SVF1, SVF2, and LatAm Funds, see “Financing at SVF” under “OVERVIEW” in “(b) SoftBank Vision Funds Segment” in “b. Results by Segment” in “(1) Overview of Results of Operations” in “1. Results of Operations.”

(c) Equity

	(Millions of yen)		
	March 31, 2022	June 30, 2022	Change
Common stock	238,772	238,772	-
Capital surplus	2,634,574	2,644,872	10,298
Other equity instruments	496,876	496,876	-
Retained earnings	4,515,704	1,318,266	(3,197,438) A
Treasury stock	(406,410)	(698,662)	(292,252) B
Accumulated other comprehensive income	2,496,158	4,562,289	2,066,131 C
Total equity attributable to owners of the parent	9,975,674	8,562,413	(1,413,261)
Non-controlling interests	1,732,088	1,612,185	(119,903)
Total equity	11,707,762	10,174,598	(1,533,164)

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Retained earnings	Net loss attributable to owners of the parent of ¥3,162,700 million was recorded.
B Treasury stock	SBG acquired 56,297,800 of its own shares for ¥293,484 million in the first quarter in accordance with a Board resolution on November 8, 2021 to repurchase up to ¥1 trillion of its own shares.
C Accumulated other comprehensive income	Exchange differences from the translation of foreign operations, which arose from translating foreign subsidiaries and associates into yen, increased by ¥2,096,694 million due to the weaker yen against the U.S. dollar and the Chinese yuan.

(3) Overview of Cash Flows

1. Cash flows from investing activities

- ◆ **Net cash inflow of ¥286.1 billion from investing activities (net cash outflows of ¥975.8 billion in the same period of the previous fiscal year); due to significant curbs on new investments at SVF2 and further sales of SVF1 investments and T-Mobile shares, etc.**
- Payments for acquisition of investments by SVF: ¥306.4 billion
of which ¥279.6 billion was by SVF2
- Proceeds from sale of investments by SVF: ¥344.2 billion
of which ¥270.2 billion was by SVF1; mainly due to partial sales of public portfolio companies
- Proceeds from sales/redemption of investments: ¥364.5 billion
of which ¥309.7 billion was from sale of T-Mobile shares; due to partial sale of the shares as a result of Deutsche Telekom's partial exercise of call options

2. Cash flows from financing activities

- ◆ **Net cash inflow of ¥175.9 billion from financing activities; due to continued monetization through asset-backed finance, share repurchases and dividends, and distribution and repayments to third-party investors at SVF.**
- Proceeds from interest-bearing debt: ¥2,728.9 billion
of which proceeds from borrowings through asset-backed finance: ¥2,115.0 billion
 - Procured \$10.49 billion using Alibaba shares, \$1.4 billion using Arm shares, and \$4.5 billion through asset-backed finance at SVF1.
- Payments for interest-bearing debt: ¥1,732.6 billion
of which repayment of borrowings made through asset-backed finance: ¥650.1 billion
 - Repaid margin loan of \$1.2 billion borrowed through T-Mobile shares in the previous fiscal year, borrowings of \$0.9 billion made through asset-backed finance using Arm shares, and borrowings of \$2.94 billion at SVF1 and SVF2 made through asset-backed finance.
- Repurchase of treasury stock of ¥293.5 billion
- Cash dividends and cash dividends paid to non-controlling interests of ¥174.6 billion
- Distribution and repayments to third-party investors at SVF of ¥255.3 billion

3. Net increase in cash and cash equivalents at the first quarter-end

- ◆ **The balance of cash and cash equivalents at the first quarter-end stood at ¥6,070.7 billion, an increase of ¥901.7 billion yoy; due to cash inflows from each of operating, investing, and financing activities, as well as the effect of exchange rate changes on cash and cash equivalents of ¥298.8 billion.**

(Millions of yen)

	Three months ended June 30		Change
	2021	2022	
Cash flows from operating activities	507,438	140,805	(366,633)
Cash flows from investing activities	(975,819)	286,098	1,261,917
Cash flows from financing activities	786,091	175,926	(610,165)
Effect of exchange rate changes on cash and cash equivalents	(373)	298,834	299,207
Increase in cash and cash equivalents	317,337	901,663	584,326
Cash and cash equivalents at the beginning of the period	4,662,725	5,169,001	506,276
Cash and cash equivalents at the end of the period	4,980,062	6,070,664	1,090,602

(a) Cash Flows from Operating Activities

Cash flows from operating activities resulted in a net inflow of ¥140,805 million, a ¥366,633 million decrease year on year. This was mainly due to a decrease in cash inflows from sales of investments in conjunction with the downsizing of the business of SB Northstar, among others, from ¥735,019 million to ¥71,784 million, while the amount of income taxes paid decreased from ¥651,515 million to ¥201,600 million. In the same period of the previous fiscal year, the Company recorded payment of corporate taxes on taxable income at SBGJ, which included gains on sale of SoftBank Corp. shares in the fiscal year ended March 31, 2021, as well as payment of withholding income tax on dividends from SBGJ to SBG.

(b) Cash Flows from Investing Activities

Primary components

Components	Primary details
Proceeds from sales/redemption of investments ¥364,526 million	In the first quarter, the Company sold 21.2 million shares of T-Mobile for ¥309,696 million (\$2.4 billion) to Deutsche Telekom due to Deutsche Telekom's partial exercise of its call options for the shares.
Payments for acquisition of investments by SVF ¥(306,365) million	<ul style="list-style-type: none"> · SVF2 made investments totaling ¥279,572 million (\$2.17 billion). · LatAm Funds made investments totaling ¥19,696 million (\$0.15 billion). · SVF1 made investments totaling ¥7,097 million (\$0.06 billion).
Proceeds from sales of investments by SVF ¥344,210 million	<ul style="list-style-type: none"> · SVF1 sold a portion of its interests in public portfolio companies for ¥270,160 million (\$2.09 billion). · SVF2 sold all of its shares in KE Holdings for ¥73,595 million (\$0.57 billion).
Purchase of property, plant and equipment, and intangible assets ¥(170,156) million	SoftBank Corp. purchased property, plant and equipment, such as telecommunications equipment, and intangible assets such as software.

(c) Cash Flows from Financing Activities
Primary components

Components	Primary details
Proceeds (repayment) in short-term interest-bearing debt, net ¥15,630 million ^{*1} (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities)	SoftBank Corp. issued commercial paper of ¥63,000 million, while SBG and PayPay Card Corporation repaid commercial paper of ¥34,800 million (net) and ¥16,000 million (net), respectively.
Proceeds from interest-bearing debt (total of A through C below) ¥2,728,946 million	
A Proceeds from borrowings ¥1,375,246 million ^{*2}	<ul style="list-style-type: none"> · SBG made short-term borrowings of ¥111,350 million. · Wholly owned subsidiaries conducting fund procurement borrowed ¥180,656 million (\$1.4 billion) through asset-backed finance using Arm shares. · SVF1 borrowed ¥580,680 million (\$4.5 billion) through asset-backed finance. · SoftBank Corp. procured ¥183,338 million mainly through the securitization of installment sales receivables and sale-and-leaseback transactions. The company also issued commercial paper of ¥157,000 million.
B Proceeds from issuance of corporate bonds —	There were no proceeds from issuance of corporate bonds.
C Proceeds from procurement by prepaid forward contracts using shares ¥1,353,700 million	Wholly owned subsidiaries conducting fund procurement raised \$10.49 billion through prepaid forward contracts using Alibaba shares.

Components	Primary details
Repayment of interest-bearing debt (total of D through F below)	
¥(1,732,623) million	
D Repayment of borrowings ¥(1,676,420) million ^{*2}	<ul style="list-style-type: none"> · SBG repaid short-term borrowings of ¥682,391 million. · Wholly owned subsidiaries conducting fund procurement repaid a margin loan of ¥154,203 million (\$1.2 billion) borrowed through T-Mobile shares in the previous fiscal year, and borrowings of ¥116,136 million (\$0.9 billion) made through asset-backed finance using Arm shares. · SVF1 and SVF2 repaid ¥355,903 million (\$2.76 billion) and ¥23,851 million (\$0.18 billion), respectively, in borrowings made through asset-backed finance. · SoftBank Corp. repaid ¥163,086 million in borrowings made mainly through the securitization of installment sales receivables and sale-and-leaseback transactions and redeemed ¥111,400 million in commercial paper.
E Redemption of corporate bonds ¥(56,203) million	SBG repurchased foreign currency-denominated straight bonds totaling \$0.27 billion (face value) and €0.22 billion (face value).
F Repayment of settlement of prepaid forward contracts using shares —	There were no repayments of settlement of prepaid forward contracts.
Distribution/repayment from SVF to third-party investors ¥(255,264) million	SVF1 made distributions to third-party investors.
Purchase of treasury stock ¥(293,486) million	SBG repurchased 56,297,800 of its own shares for ¥293,484 million in the first quarter in accordance with a Board resolution on November 8, 2021 to repurchase up to ¥1 trillion of its own shares.
Cash dividends paid ¥(35,288) million	SBG paid dividends.
Cash dividends paid to non-controlling interests ¥(139,309) million	SoftBank Corp. and Z Holdings Corporation paid dividends to non-controlling interests.

Notes:

1. “Proceeds (repayment) in short-term interest-bearing debt, net” present cash flows from financing activities that meet the requirement of “Reporting cash flows on a net basis” under IFRSs.
2. “Proceeds from borrowings” and “repayment of borrowings” include proceeds of ¥403,271 million and outlays of ¥981,369 million 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 to “1. Overview of Results of Operations”

- 1 Includes two investments accounted for as subsidiaries of the Company.
- 2 Includes one investment accounted for as a subsidiary of the Company.
- 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 March 31, 2022: 23.73%) 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 factors. Necessary adjustments are made to reflect significant transactions and events announced by Alibaba during the period on a three-month time lag.
- 5 Includes a SPAC invested in but not sponsored by the Company
- 6 Private companies valued at over \$1 billion at the time of investment.
- 7 After deducting transaction fees, etc.
- 8 LatAm Funds investment formerly held in Banco Inter S.A.
- 9 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 10 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended March 31, 2022, 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 fiscal year is based on chips shipped for the three-month period ended March 31, 2022. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates. In the fourth quarter of the previous fiscal year, previously announced royalty unit data for the nine-month period ended September 30, 2021 has been restated based on information received by Arm from its licensees.

2. 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 or the asset management subsidiary	SB Northstar LP
SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II-2 L.P.
SVF2 LLC	SVF II Investment Holdings LLC
LatAm Funds	SBLA Latin America Fund LLC
SLA LLC	SLA Holdco II LLC
SVF	SVF1, SVF2 and LatAm Funds
SBIA	SB Investment Advisers (UK) Limited
SBGA	SB Global Advisers Limited
SBLA	SBLA Advisers Corp.
Arm	Arm Limited
Fortress	Fortress Investment Group LLC
Sprint	Sprint Corporation
Alibaba	Alibaba Group Holding Limited
WeWork	WeWork Inc.
MgmtCo	MASA USA LLC

From the three-month period ended June 30, 2022, the accounts of the condensed interim consolidated financial statements have been changed as follows:

Condensed Interim Consolidated Statement of Financial Position

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

Condensed Interim Consolidated Statement of Profit or Loss

Previous	Current
Gain (loss) on investments at SVF1, SVF2, and others	Gain (loss) on investments at SoftBank Vision Funds
Change in third-party interests in SVF1 and SVF2	Change in third-party interests in SVF

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
(Gain) loss on investments at SVF1, SVF2, and others	(Gain) loss on investments at SoftBank Vision Funds
Change in third-party interests in SVF1 and SVF2	Change in third-party interests in SVF
Payments for acquisition of investments by SVF1 and SVF2	Payments for acquisition of investments by SVF
Proceeds from sales of investments by SVF1 and SVF2	Proceeds from sales of investments by SVF
Contributions into SVF1 from third-party investors	Contributions into SVF from third-party investors
Distribution/repayment from SVF1 to third-party investors	Distribution/repayment from SVF to third-party investors

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2022	(Millions of yen) As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	5,169,001	6,070,664
Trade and other receivables	2,361,149	2,349,103
Derivative financial assets	1,050,446	722,335
Other financial assets	971,125	744,241
Inventories	142,767	142,221
Other current assets	334,101	369,647
Total current assets	10,028,589	10,398,211
Non-current assets		
Property, plant and equipment	1,842,749	1,897,474
Right-of-use assets	914,743	927,491
Goodwill	4,897,913	5,241,966
Intangible assets	2,427,580	2,467,706
Costs to obtain contracts	330,899	344,558
Investments accounted for using the equity method	5,234,519	5,282,289
Investments from SVF (FVTPL)	14,909,614	13,471,055
Investment securities	3,085,369	2,939,798
Derivative financial assets	1,333,787	1,491,976
Other financial assets	2,230,615	2,211,645
Deferred tax assets	163,255	148,342
Other non-current assets	145,038	153,830
Total non-current assets	37,516,081	36,578,130
Total assets	47,544,670	46,976,341

	As of March 31, 2022	(Millions of yen) As of June 30, 2022
Liabilities and equity		
Current liabilities		
Interest-bearing debt	7,328,862	6,587,844
Lease liabilities	240,241	231,875
Deposits for banking business	1,331,385	1,418,494
Trade and other payables	1,968,864	1,787,154
Derivative financial liabilities	119,592	69,722
Other financial liabilities	554,814	399,699
Income taxes payable	183,388	125,433
Provisions	34,056	38,572
Other current liabilities	620,260	547,915
Total current liabilities	<u>12,381,462</u>	<u>11,206,708</u>
Non-current liabilities		
Interest-bearing debt	14,128,570	16,386,221
Lease liabilities	625,907	644,935
Third-party interests in SVF	5,640,498	5,368,114
Derivative financial liabilities	174,003	452,808
Other financial liabilities	129,849	158,235
Provisions	107,961	99,988
Deferred tax liabilities	2,436,034	2,246,312
Other non-current liabilities	212,624	238,422
Total non-current liabilities	<u>23,455,446</u>	<u>25,595,035</u>
Total liabilities	<u>35,836,908</u>	<u>36,801,743</u>
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	2,634,574	2,644,872
Other equity instruments	496,876	496,876
Retained earnings	4,515,704	1,318,266
Treasury stock	(406,410)	(698,662)
Accumulated other comprehensive income	2,496,158	4,562,289
Total equity attributable to owners of the parent	<u>9,975,674</u>	<u>8,562,413</u>
Non-controlling interests	<u>1,732,088</u>	<u>1,612,185</u>
Total equity	<u>11,707,762</u>	<u>10,174,598</u>
Total liabilities and equity	<u><u>47,544,670</u></u>	<u><u>46,976,341</u></u>

(2) Condensed Interim Consolidated Statement of Profit or Loss and Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Net sales	1,479,134	1,572,030
Cost of sales	(667,163)	(688,239)
Gross profit	811,971	883,791
Gain on investments		
Gain on investments at Investment Business of Holding Companies	741,527	111,223
Gain (loss) on investments at SoftBank Vision Funds	507,303	(2,919,130)
Gain (loss) on other investments	14,238	(26,533)
Total gain on investments	1,263,068	(2,834,440)
Selling, general and administrative expenses	(593,430)	(626,513)
Finance cost	(82,799)	(114,139)
Foreign exchange loss	(14,874)	(819,969)
Income (loss) on equity method investments	50,380	(158,370)
Derivative loss (excluding gain (loss) on investments)	(111,536)	(259,250)
Change in third-party interests in SVF	(134,551)	631,367
Other gain	104,249	5,068
Income before income tax	1,292,478	(3,292,455)
Income taxes	(359,989)	196,134
Net income	932,489	(3,096,321)
Net income attributable to		
Owners of the parent	761,509	(3,162,700)
Non-controlling interests	170,980	66,379
Net income	932,489	(3,096,321)
Earnings per share		
Basic earnings per share (Yen)	437.45	(1,949.55)
Diluted earnings per share (Yen)	394.73	(1,950.29)

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Net income	932,489	(3,096,321)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	12,272	9,493
Total items that will not be reclassified to profit or loss	12,272	9,493
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	337	(504)
Cash flow hedges	3,198	(34,049)
Exchange differences on translating foreign operations	46,847	2,092,984
Share of other comprehensive income of associates	1,257	(14,754)
Total items that may be reclassified subsequently to profit or loss	51,639	2,043,677
Total other comprehensive income, net of tax	63,911	2,053,170
Total comprehensive income	996,400	(1,043,151)
Total comprehensive income attributable to		
Owners of the parent	823,095	(1,094,795)
Non-controlling interests	173,305	51,644
Total comprehensive income	996,400	(1,043,151)

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2021

(Millions of yen)

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

(Millions of yen)

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

For the three-month period ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
As of April 1, 2022	238,772	2,634,574	496,876	4,515,704	(406,410)	2,496,158	9,975,674
Comprehensive income							
Net income	-	-	-	(3,162,700)	-	-	(3,162,700)
Other comprehensive income	-	-	-	-	-	2,067,905	2,067,905
Total comprehensive income	-	-	-	(3,162,700)	-	2,067,905	(1,094,795)
Transactions with owners and other transactions							
Cash dividends	-	-	-	(36,229)	-	-	(36,229)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,774	-	(1,774)	-
Purchase and disposal of treasury stock	-	-	-	(283)	(292,252)	-	(292,535)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	776	-	-	-	-	776
Changes in associates' interests in their subsidiaries	-	9,457	-	-	-	-	9,457
Changes in interests in associates' capital surplus	-	31	-	-	-	-	31
Share-based payment transactions	-	34	-	-	-	-	34
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	10,298	-	(34,738)	(292,252)	(1,774)	(318,466)
As of June 30, 2022	238,772	2,644,872	496,876	1,318,266	(698,662)	4,562,289	8,562,413

(Millions of yen)

	Non- controlling interests	Total equity
As of April 1, 2022	1,732,088	11,707,762
Comprehensive income		
Net income	66,379	(3,096,321)
Other comprehensive income	(14,735)	2,053,170
Total comprehensive income	51,644	(1,043,151)
Transactions with owners and other transactions		
Cash dividends	(141,959)	(178,188)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(292,535)
Changes from loss of control	992	992
Changes in interests in subsidiaries	8,378	9,154
Changes in associates' interests in their subsidiaries	-	9,457
Changes in interests in associates' capital surplus	-	31
Share-based payment transactions	6,542	6,576
Other	(45,500)	(45,500)
Total transactions with owners and other transactions	(171,547)	(490,013)
As of June 30, 2022	<u>1,612,185</u>	<u>10,174,598</u>

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Cash flows from operating activities		
Net income	932,489	(3,096,321)
Depreciation and amortization	212,914	220,852
Gain on investments at Investment Business of Holding Companies	(520,921)	(157,196)
(Gain) loss on investments at SoftBank Vision Funds	(507,303)	2,919,130
Finance cost	82,799	114,139
Foreign exchange loss	14,874	819,969
(Income) loss on equity method investments	(50,380)	158,370
Derivative loss (excluding (gain) loss on investments)	111,536	259,250
Change in third-party interests in SVF	134,551	(631,367)
(Gain) loss on other investments and other gain	(118,487)	21,465
Income taxes	359,989	(196,134)
Decrease in investments from asset management subsidiaries	48,582	66,612
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	(66,147)	49,196
Decrease in restricted cash in asset management subsidiaries	39,509	134,637
Decrease in securities pledged as collateral in asset management subsidiaries	734,283	2,032
Decrease in borrowed securities in asset management subsidiaries	(8,657)	(131,796)
(Increase) decrease in trade and other receivables	(15,285)	8,610
Decrease in inventories	7,661	3,321
Decrease in trade and other payables	(181,714)	(167,749)
Other	16,473	16,010
Subtotal	1,226,766	413,030
Interest and dividends received	7,690	19,304
Interest paid	(75,673)	(93,582)
Income taxes paid	(651,515)	(201,600)
Income taxes refunded	170	3,653
Net cash provided by operating activities	507,438	140,805

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Cash flows from investing activities		
Payments for acquisition of investments	(311,912)	(64,795)
Proceeds from sales/redemption of investments	80,558	364,526
Payments for acquisition of investments by SVF	(1,492,450)	(306,365)
Proceeds from sales of investments by SVF	646,663	344,210
Payments for acquisition of investments by asset management subsidiaries	(81,675)	-
Proceeds from loss of control over subsidiaries	62,700	-
Payments for acquisition of marketable securities for short-term trading	(30,361)	(20,701)
Proceeds from sales/redemption of marketable securities for short-term trading	29,602	26,500
Purchase of property, plant and equipment, and intangible assets	(176,615)	(170,156)
Payments for loan receivables	(72,196)	(9,637)
Collection of loan receivables	5,665	65,286
Proceeds from withdrawal of restricted cash	359,099	21
Other	5,103	57,209
Net cash (used in) provided by investing activities	(975,819)	286,098
Cash flows from financing activities		
(Repayment) proceeds in short-term interest-bearing debt, net	(112,596)	15,630
Proceeds from interest-bearing debt	2,412,744	2,728,946
Repayment of interest-bearing debt	(691,384)	(1,732,623)
Repayment of lease liabilities	(94,054)	(74,029)
Contributions into SVF from third-party investors	70,204	7,712
Distribution/repayment from SVF to third-party investors	(346,746)	(255,264)
Purchase of treasury stock	(257,780)	(293,486)
Cash dividends paid	(37,416)	(35,288)
Cash dividends paid to non-controlling interests	(135,820)	(139,309)
Other	(21,061)	(46,363)
Net cash provided by financing activities	786,091	175,926
Effect of exchange rate changes on cash and cash equivalents	(373)	298,834
Increase in cash and cash equivalents	317,337	901,663
Cash and cash equivalents at the beginning of the period	4,662,725	5,169,001
Cash and cash equivalents at the end of the period	4,980,062	6,070,664

(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)

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, the investments from LatAm Funds, which were included in “Investment securities” and “Other financial assets (non-current)” in the past fiscal year, are included in “Investments from SVF (FVTPL)” from the three-month period ended June 30, 2022. In addition, the third-party interests in LatAm Funds, which were included in “Other financial liabilities (non-current)” in the past fiscal year, are included in “Third-party interests in SVF” from the three-month period ended June 30, 2022. In order to reflect the changes in presentation, ¥1,123,198 million, which was included in “Investment securities,” and ¥20,025 million, which was included in “Other financial assets (non-current)” as of March 31, 2022, are reclassified as “Investments from SVF (FVTPL).” Furthermore, ¥80,663 million, which was included in “Other financial liabilities (non-current)” as of March 31, 2022, is reclassified as “Third-party interests in SVF.”

“Investments from asset management subsidiaries,” “Securities pledged as collateral in asset management subsidiaries,” and “Derivative financial assets in asset management subsidiaries,” which were separately presented in the past fiscal year, are included in “Other financial assets (current)” as of June 30, 2022 since the amounts decreased and became insignificant. In order to reflect the changes in presentation, ¥158,094 million, ¥1,927 million, and ¥48,466 million, which were separately presented as “Investments from asset management subsidiaries,” “Securities pledged as collateral in asset management subsidiaries,” and “Derivative financial assets in asset management subsidiaries” as of March 31, 2022, respectively, are included in “Other financial assets (current).”

(Condensed interim consolidated statement of profit or loss and condensed interim consolidated statement of comprehensive income)

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, gain and loss on investments at LatAm Funds, which were presented as “Gain (loss) on investments at Latin America Funds” in the past fiscal year, are included in “Gain (loss) on investments at SoftBank Vision Funds” from the three-month period ended June 30, 2022. In addition, the change in third-party interests in LatAm Funds, which was included in “Other gain (loss)” in the past fiscal year, is included in “Change in third-party interests in SVF” from the three-month period ended June 30, 2022. In order to reflect the changes in presentation, ¥219,368 million, which was presented as “Gain on investments at Latin America Funds,” and ¥(458) million, which was included in “Other gain” for the three-month period ended June 30, 2021, are reclassified as “Gain (loss) on investments at SoftBank Vision Funds” and “Change in third-party interests in SVF,” respectively.

“Foreign exchange gain (loss),” which was included in “Other gain (loss)” in the past fiscal year, is separately

presented from the three-month period ended June 30, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥(14,874) million, which was included in “Other gain” for the three-month period ended June 30, 2021, is reclassified as “Foreign exchange loss.”

(Condensed interim consolidated statement of cash flows)

a. Cash flows from operating activities

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, gain and loss on investments at LatAm Funds, which were presented as “(Gain) loss on investments at Latin America Funds” in the past fiscal year, are included in “(Gain) loss on investments at SoftBank Vision Funds” from the three-month period ended June 30, 2022. In addition, the change in third-party interests in LatAm Funds, which was included in “(Gain) loss on other investments and other (gain) loss” in the past fiscal year, is included in “Change in third-party interests in SVF” from the three-month period ended June 30, 2022. In order to reflect the changes in presentation, ¥(219,368) million, which was presented as “Gain on investments at Latin America Funds,” and ¥458 million, which were included in “(Gain) loss on other investments and other gain” for the three-month period ended June 30, 2021, are reclassified as “(Gain) loss on investments at SoftBank Vision Funds” and “Change in third-party interests in SVF,” respectively.

“Foreign exchange (gain) loss,” which was included in “(Gain) loss on other investments and other (gain) loss” in the past fiscal year, is separately presented from the three-month period ended June 30, 2022 since the amounts increased and became significant. In order to reflect the change in presentation, ¥14,874 million, which was included in “(Gain) loss on other investments and other gain” for the three-month period ended June 30, 2021, is reclassified as “Foreign exchange loss.” In addition, “(Increase) decrease in restricted cash in asset management subsidiaries” and “Increase (decrease) in borrowed securities in asset management subsidiaries,” which were included in “Other” in the past fiscal year, are separately presented from the three-month period ended June 30, 2022 since the amounts increased and became significant. In order to reflect the changes in presentation, ¥39,509 million and ¥(8,657) million, which were included in “Other” for the three-month period ended June 30, 2021, are reclassified as “Decrease in restricted cash in asset management subsidiaries” and “Decrease in borrowed securities in asset management subsidiaries,” respectively.

b. Cash flows from investing activities

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, the payments for the investing activities by LatAm Funds, which were included in “Payments for acquisition of investments” and “Payments for loan receivables” in the past fiscal year, are included in “Payments for acquisition of investments by SVF” from the three-month period ended June 30, 2022. In order to reflect the changes in presentation, ¥(90,032) million, which was included in “Payments for acquisition of investments,” and ¥(550) million, which was included in “Payments for loan receivables” for the three-month period ended June 30, 2021, are reclassified as “Payments for acquisition of investments by SVF.”

“Collection of loan receivables,” which was included in “Other” in the past fiscal year, is separately presented from the three-month period ended June 30, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥5,665 million, which was included in “Other” for the three-month period ended June 30, 2021, is reclassified as “Collection of loan receivables.”

c. Cash flows from financing activities

In connection with the integration of the Latin America Funds segment into the SoftBank Vision Funds segment, the contributions into LatAm Funds, which were included in “Other” in the past fiscal year, are included in “Contributions into SVF from third-party investors” from the three-month period ended June 30, 2022. In order to reflect the change in presentation, ¥517 million, which was included in “Other” for the three-month period ended June 30, 2021, is reclassified as “Contributions into SVF from third-party investors.”

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, 2022. In addition, income taxes for the three-month period ended June 30, 2022 are calculated based on the estimated effective tax rate for the fiscal year.

Significant accounting policies for the SoftBank Vision Funds segment are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2022. The details are described as follows.

(Significant accounting policies for the SoftBank Vision Funds segment)

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

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

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

As of June 30, 2022, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and SBGA receives performance-linked management fees. The Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2.

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

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

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

(a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, SVF2 and LatAm Funds, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are

subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's condensed interim consolidated financial statements.

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

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SVF1, SVF2 and LatAm Funds, the portfolio companies over which the Company has significant influence under IAS 28 "Investments in Associates and Joint Ventures" are associates of the Company, and the portfolio companies that are joint ventures of the Company when, as defined under IFRS 11 "Joint Arrangements," SVF1, SVF2 and LatAm Funds have joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SVF1, SVF2 and LatAm Funds are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28 "Investments in Associates and Joint Ventures" and presented as "Investments from SVF (FVTPL)" in the condensed interim consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SVF" and the proceeds from sales of these investments are presented as "Proceeds from sales of investments by SVF" 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, SVF2 or LatAm Funds were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1, SVF2 or LatAm Funds and presented as "Investments accounted for using the equity method" in the condensed interim consolidated statement of financial position. Gain and loss on the investments which were recognized in SVF1, SVF2 or LatAm Funds are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as "Income (loss) on equity method investments" in the condensed interim consolidated statement of profit or loss.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1, SVF2 and LatAm Funds are accounted for as financial assets at FVTPL. The presentation of these investments in the 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 LatAm Funds, SVF2 LLC and SLA LLC (collectively "SVF Investors")

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

The interests attributable to Third-Party Investors in SVF1, SVF2 and LatAm Funds are classified as financial liabilities, "Third-party interests in SVF" in the 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, SVF2 and LatAm Funds. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the constitutional agreements in a theoretical liquidation scenario at the end of each quarter.

Third-Party Investor in SVF2 and LatAm Funds is entitled to make full or partial payments of its investments and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC or SLA LLC to the end of company life of SVF2 LLC or SLA LLC, and as of June 30, 2022, 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 SVF” fluctuates due to the results of SVF1, SVF2 and LatAm Funds in addition to contributions from Third-Party Investors, and distributions and repayments of investments to Third-Party Investors, respectively. The fluctuations due to the results of SVF1, SVF2 and LatAm Funds are presented as “Change in third-party interests in SVF” in the condensed interim consolidated statement of profit or loss.

Contributions from Third-Party Investors are included in “Contributions into SVF 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 SVF to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. No cash contributions into SVF2 and LatAm Funds from Third-Party Investors and no cash distributions/repayments from SVF2 and LatAm Funds to Third-Party Investors were made as of June 30, 2022.

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

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, 2022, the Company had five reportable segments, the Investment Business of Holding Companies segment, the SoftBank Vision Funds segment, the SoftBank segment, the Arm segment, and the Latin America Funds segment. As a result of the revision for its segment classifications, the Latin America Funds segment has been integrated into the SoftBank Vision Funds Segment from the three-month period ended June 30, 2022 since LatAm Funds has been managed by SBGA, which manages SVF2.

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. 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, SVF2, and LatAm Funds, investment activities in a wide range of technology sectors. Primarily, gain and loss on investments at SVF1, SVF2, LatAm Funds, and others consist of gain and loss arising from investments held by SVF1, SVF2, and LatAm Funds including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile services, sale of mobile devices, broadband services, and solution services in Japan, and through Yahoo Japan Corporation and LINE Corporation, internet advertising and e-commerce services.

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

Information on business segments which are not included in the reportable segments is classified in “Other.” “Other” includes mainly PayPay Corporation, Fortress, 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 and PayPay Corporation, subsidiaries 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 three-month period ended June 30, 2021 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 profit or loss, “Gain (loss) on investments” included in segment income includes realized gain and loss from investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

For the three-month period ended June 30, 2021

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,354,008	74,017
Intersegment	-	-	2,562	261
Total	-	-	1,356,570	74,278
Segment income	625,327	451,930	270,954	8,781
Depreciation and amortization	(995)	(176)	(184,340)	(18,473)
Gain (loss) on investments	741,381	610,938	15,262	6
Finance cost	(59,594)	(4,304)	(15,553)	(258)
Foreign exchange gain (loss)	(12,661)	5	(244)	-
Income (loss) on equity method investments	54,670	-	(12,339)	209
Derivative gain (loss) (excluding gain (loss) on investments)	(108,211)	704	(99)	(451)
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,428,025	51,109	-	1,479,134
Intersegment	2,823	3,108	(5,931)	-
Total	1,430,848	54,217	(5,931)	1,479,134
Segment income	1,356,992	33,158	(97,672)	1,292,478
Depreciation and amortization	(203,984)	(8,930)	-	(212,914)
Gain (loss) on investments	1,367,587	(1,030)	(103,489)	1,263,068
Finance cost	(79,709)	(4,105)	1,015	(82,799)
Foreign exchange gain (loss)	(12,900)	(1,974)	-	(14,874)
Income (loss) on equity method investments	42,540	2,040	5,800	50,380
Derivative gain (loss) (excluding gain (loss) on investments)	(108,057)	(3,479)	-	(111,536)

For the three-month period ended June 30, 2022

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds*	SoftBank	Arm
Net sales				
Customers	-	-	1,356,994	92,751
Intersegment	-	-	5,127	-
Total	-	-	1,362,121	92,751
Segment income	(1,198,053)	(2,330,750)	225,389	29,846
Depreciation and amortization	(1,075)	(168)	(183,311)	(21,341)
Gain (loss) on investments	111,233	(2,933,845)	1,133	39
Finance cost	(80,029)	(15,401)	(15,341)	(272)
Foreign exchange gain (loss)	(822,035)	76	263	1,658
Loss on equity method investments	(139,782)	-	(13,536)	(85)
Derivative gain (loss) (excluding gain (loss) on investments)	(244,986)	499	901	(1,302)
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,449,745	122,285	-	1,572,030
Intersegment	5,127	3,134	(8,261)	-
Total	1,454,872	125,419	(8,261)	1,572,030
Segment income	(3,273,568)	(25,635)	6,748	(3,292,455)
Depreciation and amortization	(205,895)	(14,957)	-	(220,852)
Gain (loss) on investments	(2,821,440)	(27,705)	14,705	(2,834,440)
Finance cost	(111,043)	(4,166)	1,070	(114,139)
Foreign exchange gain (loss)	(820,038)	69	-	(819,969)
Loss on equity method investments	(153,403)	(3,707)	(1,260)	(158,370)
Derivative gain (loss) (excluding gain (loss) on investments)	(244,888)	(14,362)	-	(259,250)

Note:

* The details of the difference between “Gain (loss) on investments” in the SoftBank Vision Funds segment and “Gain (loss) on investments at SoftBank Vision Funds” in the condensed interim consolidated statement of profit or loss are described in “Note 4. SoftBank Vision Funds business.”

4. SoftBank Vision Funds business

(1) 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, performance-linked management fees, and performance fees, as applicable, that SBIA receives from SVF1, and that SBGA receives from SVF2 and LatAm Funds.

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)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Gain (loss) on investments at SoftBank Vision Funds		
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds		
Realized gain (loss) on investments ²	406,642	(26,722)
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year ³	649,071	(2,881,472)
Reclassified to realized gain recorded in the past fiscal years ⁴	(453,153)	(34,423)
Interest and dividend income from investments	20,985	415
Derivative gain (loss) on investments	(3,370)	37,650
Effect of foreign exchange translation ⁵	(9,294)	(30,478)
Subtotal	610,881	(2,935,030)
Gain on other investments	57	1,185
Total gain (loss) on investments at SoftBank Vision Funds	610,938	(2,933,845)
Selling, general and administrative expenses	(18,786)	(18,904)
Finance cost (interest expenses)	(4,304)	(15,401)
Derivative gain (excluding gain (loss) on investments)	704	499
Change in third-party interests in SVF	(134,551)	631,367
Other gain (loss)	(2,071)	5,534
Segment income arising from the SoftBank Vision Funds business (income before income tax)	451,930	(2,330,750)

Notes:

1. The Latin America Funds segment has been integrated into the SoftBank Vision Funds Segment from the three-month period ended June 30, 2022 since LatAm Funds has been managed by SBGA, which manages SVF2. Segment income arising from the SoftBank Vision Funds business for the three-month period ended June 30, 2021 is presented based on the reportable segments after the aforementioned change.
2. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by share exchange are included.
3. The unrealized gain on valuation arising from Arm shares held by SVF1 is included in “Gain (loss) on investments at SoftBank Vision Funds” (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. SVF1 does not record unrealized gain (loss) on investments for the three-month period ended June 30, 2022.

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. For the three-month period ended June 30, 2022, ¥10,795 million of the unrealized loss on valuation arising from WeWork common shares held by SVF2 is included in “Gain (loss) on investments at SoftBank Vision Funds” (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 loss on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.

The unrealized gain and loss on valuation, that are eliminated in consolidation, are not included in “Gain (loss) on investments at SoftBank Vision Funds” in the condensed interim consolidated statement of profit or loss.

4. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SVF1, SVF2, and others” in the past fiscal years, which are reclassified to “Realized gain (loss) on investments” due to the realization for the three-month period ended June 30, 2022.
5. 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.

(2) Third-party interests in SVF

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

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

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

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December. The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 and LatAm Funds are described in “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2 and LatAm Funds.

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

b. Changes in interests attributable to Third-Party Investors

(a) Third-party interests in SVF1

Changes in interests attributable to Third-Party Investors in SVF1 (included in “Third-party interests in SVF” in the 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 profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2022	5,289,754		
Contributions from third-party investors	7,712	-	7,712
Changes in third-party interests	(408,818)	408,818	-
Attributable to investors entitled to fixed distribution	40,697		
Attributable to investors entitled to performance-based distribution	(449,515)		
Distribution/repayment to third-party investors	(255,264)	-	(255,264)
Exchange differences on translating third-party interests*	578,759	-	-
As of June 30, 2022	<u>5,212,143</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 SVF” 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.

	Third-party interests in SVF2 (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
		Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2022	270,081		
Changes in third-party interests	(196,724)	196,724	-
Exchange differences on translating third-party interests*	19,887	-	-
As of June 30, 2022	93,244		

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 statement of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

	(Millions of yen)
	Receivables from third-party investor in SVF2
As of April 1, 2022	342,663
Increase in receivables from Equity Acquisition Amount and accrued premiums charged to third-party investor	2,654
Exchange differences on receivables	40,166
As of June 30, 2022	385,483

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

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

	(Millions of yen)		
	Third-party interests in LatAm Funds (Total of current liabilities and non-current liabilities)	(For reference purposes only) Links with the condensed interim consolidated financial statements	
		Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2022	80,663		
Changes in third-party interests	(25,825)	25,825	-
Exchange differences on translating third-party interests*	7,889	-	-
As of June 30, 2022	62,727		

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 LatAm Funds. The changes in the receivables from Third-Party Investor in LatAm Funds (included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in LatAm Funds are described in “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

	(Millions of yen)
	Receivables from third-party investor in LatAm Funds
As of April 1, 2022	80,663
Increase in receivables from Equity Acquisition Amount and accrued premiums charged to third-party investor	627
Exchange differences on receivables	9,455
As of June 30, 2022	90,745

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of June 30, 2022 was \$8.2 billion.

(3) Management fees and performance fees

Terms and conditions of management fees, performance-linked management fees, and performance fees, included in 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 June 30, 2022, the cumulative amount of performance fees paid to SBIA was \$439 million. For the three-month period ended June 30, 2022, 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-linked management fees in SVF2

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

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

From the inception of SVF2 to June 30, 2022, no performance-linked management fees were paid to SBGA.

c. Management fees and performance fees in LatAm Funds

Management fees to SBGA from LatAm Funds are, in accordance with the constitutional agreements, calculated based on the acquisition cost of investments and paid to SBGA by LatAm Funds quarterly.

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

From the inception of LatAm Funds to June 30, 2022, no performance fees were paid to SBGA.

5. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2022	(Millions of yen) As of June 30, 2022
Current		
Short-term borrowings	1,551,238	922,711
Commercial paper	527,201	619,501
Current portion of long-term borrowings	2,377,864	2,351,378
Current portion of corporate bonds	519,870	740,747
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts*	2,352,539	1,953,366
Current portion of installment payables	150	141
Total	7,328,862	6,587,844
Non-current		
Long-term borrowings	5,472,605	6,179,260
Corporate bonds	6,471,624	6,352,982
Financial liabilities relating to sale of shares by prepaid forward contracts*	2,184,034	3,853,708
Installment payables	307	271
Total	14,128,570	16,386,221

Note:

* 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.”

(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 while 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 “Note 6. 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 the 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.

Entities for fund procurement by using Alibaba shares procured ¥1,353,700 million (\$10.5 billion) in total by entering into forward contracts for the three-month period ended June 30, 2022.

Also, for the three-month period ended June 30, 2022, the settlement date of a part of prepaid forward contracts arrived and they were settled by Alibaba shares. As a result, ¥604,888 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts, ¥403,960 million of “Derivative financial assets (current),” and ¥122,276 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 ¥97,263 million of “Gain on investments at Investment Business of Holding Companies” was recorded in the condensed interim consolidated statement of profit or loss. 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.

Other than the above, Entities for fund procurement by using Alibaba shares procured \$6.8 billion by entering into forward contracts on and after July 1, 2022.

As of June 30, 2022, the Company set ¥2,098,354 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 ¥1,953,366 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥3,472,313 million of financial liabilities relating to sale of shares by prepaid forward contracts.

(3) Components of proceeds and repayment in short-term interest-bearing debt, net

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

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Net (decrease) increase in short-term borrowings	(247,396)	3,430
Net increase in commercial paper	134,800	12,200
Total	<u>(112,596)</u>	<u>15,630</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)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Proceeds from borrowings	1,577,762	1,375,246
Proceeds from issuance of corporate bonds	505,130	-
Proceeds from procurement by prepaid forward contracts using shares [*]	329,852	1,353,700
Total	<u>2,412,744</u>	<u>2,728,946</u>

Note:

* The amount was procured under the prepaid forward contracts using Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

(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)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Repayment of borrowings	(377,973)	(1,676,420)
Redemption of corporate bonds	-	(56,203)
Repayment for settlement of prepaid forward contracts using shares	(313,411)	-
Total	<u>(691,384)</u>	<u>(1,732,623)</u>

6. Financial instruments

The details of derivative contracts are mainly as follows:

	(Millions of yen)			
	As of March 31, 2022		As of June 30, 2022	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Prepaid forward contracts using Alibaba shares (Option contracts) ¹	1,379,801	-	1,058,700	-
Call spread contracts relating to prepaid forward contracts using Alibaba shares ¹	2,302	-	2,643	-
Prepaid forward contracts using Alibaba shares (Forward contracts) ¹	190,334	(67,672)	165,284	(376,419)
Contingent consideration relating to acquisition of T-Mobile shares ²	591,429	-	735,899	-
Short call option for T-Mobile shares to Deutsche Telekom ³	-	(103,754)	-	(52,277)

Notes:

- 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 5. Interest-bearing debt.”
- 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. In addition, “T-Mobile” indicates T-Mobile US, Inc. after merging with Sprint.
- The decrease was primarily due to the partial exercise of the call options by Deutsche Telekom AG (“Deutsche Telekom”). The details are described in “Notes 2” in “(1) Gain and loss on investments at Investment Business of Holding Companies” under “Note 9. Gain on investments.”

7. 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, 2022	As of June 30, 2022	(Yen)
USD	122.39	136.68	
CNY	19.26	20.38	

(2) Average rate for the quarter

For the three-month period ended June 30, 2021

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

For the three-month period ended June 30, 2022

	Three-month period ended June 30, 2022	(Yen)
USD	129.04	
CNY	19.60	

8. Equity

(1) Other equity instruments

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

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

(2) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Balance at the beginning of the period	351,298	76,164
Increase during the period*	25,980	56,298
Decrease during the period	(367,437)	(232)
Balance at the end of the period	9,841	132,230

Note:

* For the three-month period ended June 30, 2022, 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 56,298 thousand shares (the amount purchased is ¥293,484 million).

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Equity financial assets at FVTOCI	46,338	49,885
Debt financial assets at FVTOCI	298	417
Cash flow hedges	1,696	(32,533)
Exchange differences on translating foreign operations*	2,447,826	4,544,520
Total	2,496,158	4,562,289

Note:

* The increase was primarily due to a weaker yen against the U.S. dollar compared with the exchange rate as of March 31, 2022.

9. Gain on investments

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

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

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Gain relating to settlement of prepaid forward contracts using Alibaba shares ¹	-	97,263
Gain relating to sales of T-Mobile shares ²	-	24,842
Realized gain on investments at asset management subsidiaries	65,416	7,176
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	17,703	(69,489)
Derivative gain (loss) on investments at asset management subsidiaries	119,511	(5,246)
Realized gain (loss) on investments	19,265	(400)
Unrealized gain (loss) on valuation of investments	360,875	(27,605)
Derivative gain on investments ³	147,277	73,609
Other	11,480	11,073
Total	741,527	111,223

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 5. Interest-bearing debt.”
- On April 12, 2022, Deutsche Telekom exercised options to purchase T-Mobile shares granted by the Company to Deutsche Telekom and the Company sold 21,153,145 of T-Mobile shares held by a wholly-owned subsidiary of the Company to Deutsche Telekom. In connection with the exercise, the wholly-owned subsidiary of the Company received \$2.40 billion as consideration for the sale of T-Mobile shares. As a result, ¥24,842 million of gain relating to sales of T-Mobile shares was recorded for the three-month period ended June 30, 2022.

Cumulative gains on T-Mobile shares and the options associated with the transaction are ¥22,528 million. Of this, ¥6,012 million of loss was recorded for the fiscal year ended March 31, 2021, and ¥3,698 million of gain was recorded for the fiscal year ended March 31, 2022.
- For the three-month period ended June 30, 2022, ¥71,201 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of contingent consideration are described in “Notes 2” under “Note 6. Financial instruments.”

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

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

10. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Interest expenses	<u>(82,799)</u>	<u>(114,139)</u>

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

For the three-month period ended June 30, 2022, derivative loss of ¥333,588 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 5. Interest-bearing debt.”

12. Other gain

The components of other gain and loss are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Interest income	8,720	8,618
Gain relating to loss of control over subsidiaries	77,402	10,406
Dilution gain from changes in equity interest	3,578	4,656
Reversal of impairment losses on equity method investments	13,059	-
Other	1,490	(18,612)
Total	<u>104,249</u>	<u>5,068</u>

13. Supplemental information to the condensed interim consolidated statement of cash flows

(1) Income taxes paid

For the three-month period ended June 30, 2022

Payment of withholding income taxes related to dividends within the group companies of ¥61,279 million is included in “Income taxes paid.”

(2) Proceeds from sales/redemption of investments

For the three-month period ended June 30, 2022

¥309,696 million of proceeds received from sales of T-Mobile shares is included in “Proceeds from sales/redemption of investments.”

(3) Significant non-cash transactions

For the three-month period ended June 30, 2022

The settlement date of a part of prepaid forward contracts arrived, and ¥604,888 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥403,960 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 5. Interest-bearing debt.”

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

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

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

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			For the three-month period ended June 30, 2022	As of June 30, 2022
			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 SVF2 LLC and related adjustments ^{1,2}	-	385,483 ^{3,4} (\$2,820 million)
		The premium received on SVF2 LLC's receivables	2,654 ³ (\$21 million)	
		MgmtCo's Equity interests in SVF2 LLC ^{5,6}	-	93,244 (\$682 million)
		Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) ⁷		292,239 (\$2,138 million)

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

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

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

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

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

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

4. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo 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 June 30, 2022, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

5. MgmtCo's Equity interest in SVF2 LLC

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

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

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

7. Net balance at period end

Net balance at period end is the balance of receivables held by SVF2 LLC of ¥385,483 million (\$2,820 million) less MgmtCo's Equity interest in SVF2 LLC of ¥93,244 million (\$682 million).

(2) Transactions between LatAm Funds and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			For the three-month period ended June 30, 2022	As of June 30, 2022
			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}	-	90,745 ^{3,4} (\$664 million)
		The premium received on SLA LLC's receivables	627 ³ (\$5 million)	
		MgmtCo's Equity interests in SLA LLC ^{5,6}	-	62,727 (\$459 million)
		Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) ⁷		28,018 (\$205 million)

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

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

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

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

contribution to LatAm Funds until June 30, 2021.

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

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

4. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo 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 June 30, 2022, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

5. MgmtCo’s Equity interest in SLA LLC

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

6. 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.

7. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC of ¥90,745 million (\$664 million) less MgmtCo’s Equity interest in SLA LLC of ¥62,727 million (\$459 million).