

**Earnings Results  
for the Three-month Period  
Ended June 30, 2020**

**Investor Briefing**

August 12, 2020

**SoftBank Group Corp.**

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Exchange rates used for translation

| Average during quarter | FY2019 |        |        |        | FY2020 |    |    |    |
|------------------------|--------|--------|--------|--------|--------|----|----|----|
|                        | Q1     | Q2     | Q3     | Q4     | Q1     | Q2 | Q3 | Q4 |
| 1 USD                  | 110.00 | 107.70 | 108.98 | 109.22 | 107.74 |    |    |    |
| 1 CNY                  | 16.13  | 15.37  | 15.46  | 15.56  | 15.16  |    |    |    |
| EOQ                    | Jun 30 | Sep 30 | Dec 31 | Mar 31 | Jun 30 |    |    |    |
| 1 USD                  |        |        |        | 108.83 | 107.74 |    |    |    |
| 1 CNY                  |        |        |        | 15.31  | 15.23  |    |    |    |

Abbreviations

Abbreviations used in Accounting section of this presentation are as follows:

| Abbreviations               | Definition<br>(Each of the following abbreviations indicates the respective company and its subsidiaries, if any) |
|-----------------------------|---|
| SBG                         | SoftBank Group Corp. (stand-alone basis)  |
| The Company                 | SoftBank Group Corp. and its subsidiaries   |
| SBKK                        | SoftBank Corp.  |
| SVF or SoftBank Vision Fund | SoftBank Vision Fund L.P. and its alternative investment vehicles   |
| SBIA                        | SB Investment Advisers (UK) Limited   |
| Sprint                      | Sprint Corporation  |
| T-Mobile                    | T-Mobile US, Inc. after merging with Sprint   |
| Arm                         | Arm Limited   |
| Alibaba                     | Alibaba Group Holding Limited   |
| WeWork                      | The We Company  |

# Accounting

(JPY bn)

|  | <b>FY19Q1</b>  | <b>FY20Q1</b>  | <b>Change</b> | <b>YoY</b>    |
|--|----------------|----------------|---------------|---------------|
| <b>Net sales</b>   | <b>1,480.3</b> | <b>1,450.1</b> | <b>-30.2</b>  | <b>-2.0%</b>  |
| <b>Income before<br/>income tax</b>                            | <b>1,695.0</b> | <b>833.0</b>   | <b>-862.0</b> | <b>-50.9%</b> |
| <b>Net income</b><br>(attributable to owners<br>of the parent) | <b>1,121.7</b> | <b>1,255.7</b> | <b>134.0</b>  | <b>11.9%</b>  |

- **“Gain (loss) on investments” is newly presented**
- **Operating income is no longer used**

- **The importance of investment activities has increased in the consolidated results**, following the completion of Sprint/T-Mobile US, Inc. merger and removal of Sprint from subsidiaries.



- **“Gain (loss) on investments” is newly presented in order to clearly indicate investment performance in P/L.**
- **“Gain (loss) on investments” includes (1) to (4).**
  - (1) Realized gain (loss) on sales of investment securities (financial assets at FVTPL) and investments accounted for using the equity method
  - (2) Unrealized gain (loss) on valuation of financial assets at FVTPL
  - (3) Dividend income from investments
  - (4) Derivative gain (loss) related to financial assets at FVTPL and other investments

## P/L after the revision of the presentation

Net sales

Gross profit

### **Gain (loss) on investments**

- **Gain (loss) on investments at Investment Business of Holding Companies**
- **Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds**
- **Gain (loss) on other investments**

- Selling, general and administrative expenses
- Finance cost
- Income (loss) on equity method investments
- Derivative gain (loss) (excluding gain (loss) on investments)\* etc.

Income before income tax

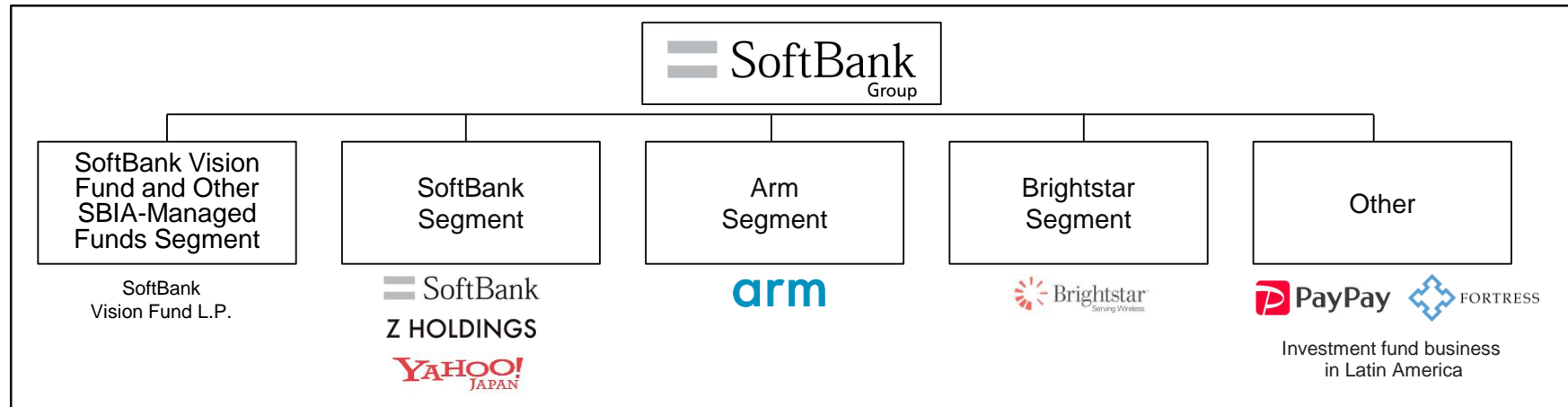
Net income attributable to owners of the parent

\*Derivative gain (loss) not included in “gain (loss) on investments” is shown as “derivative gain (loss) (excluding gain (loss) on investments).”

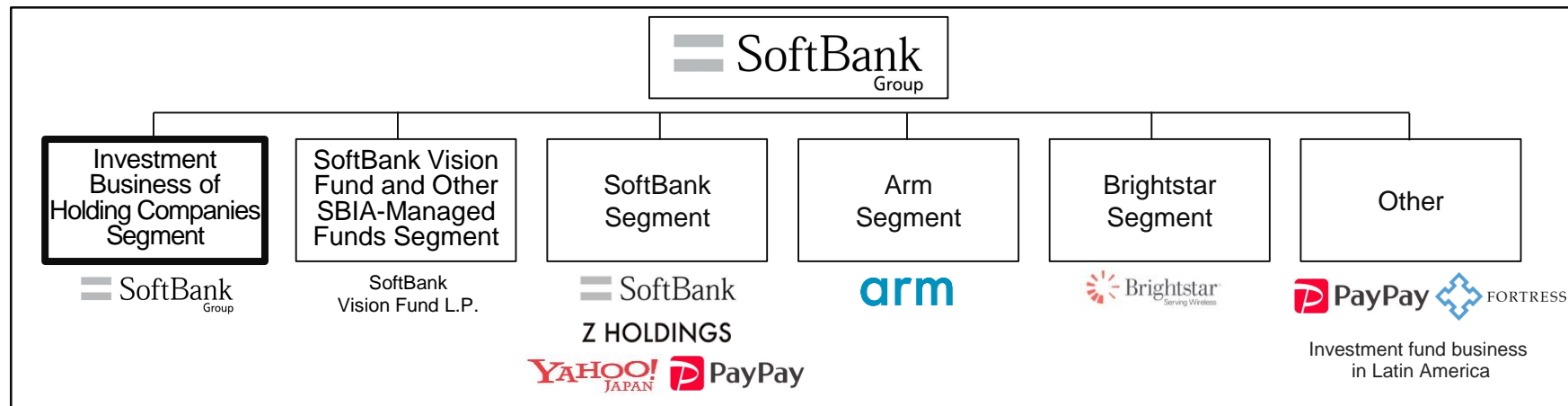
# Change in Reportable Segments

- In FY20Q1, “**Investment Business of Holding Companies**” is established as a new segment.
- Segment income was revised to “income before income tax, from "operating income", to include income (loss) on equity method investments.

**FY19**

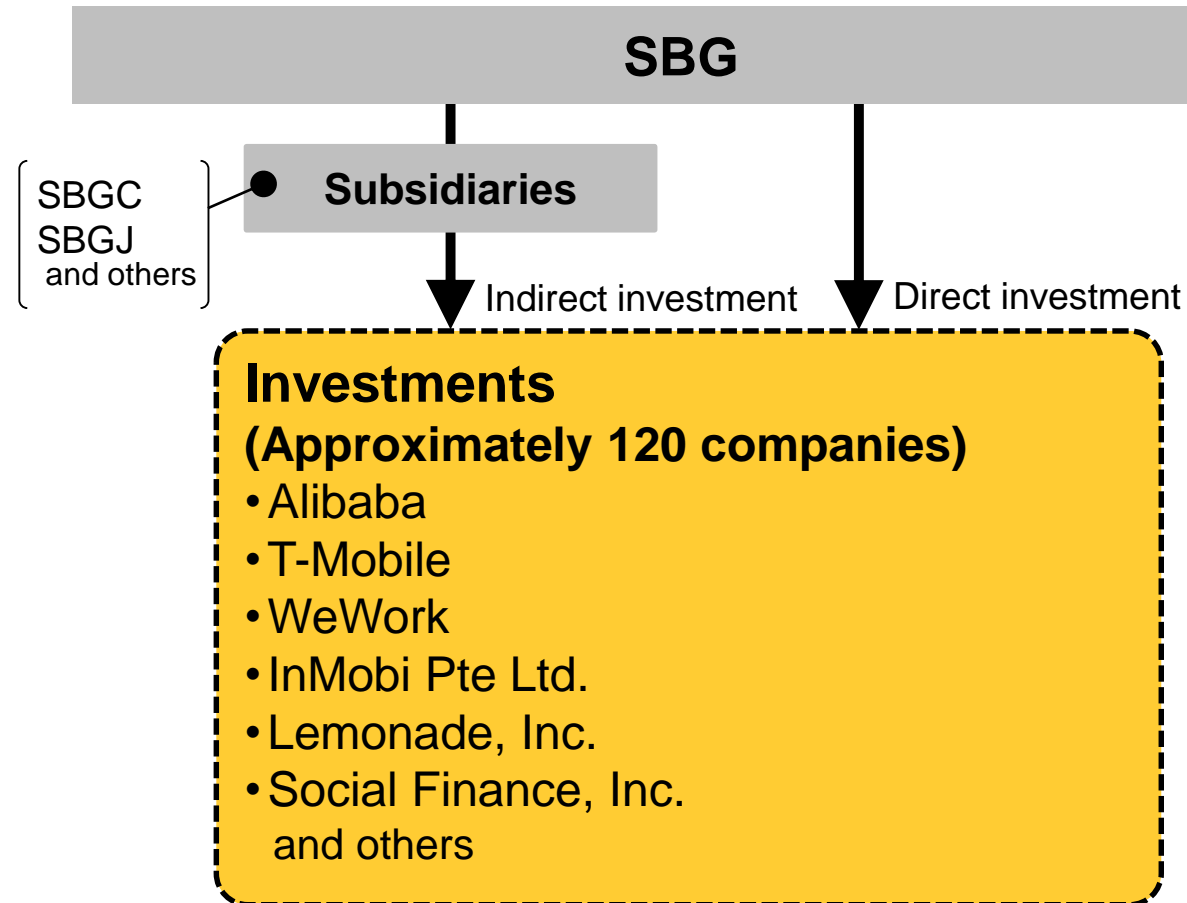


**FY20**



\*See page 19 for details of disclosure of results of PayPay.

- Main businesses: Investment activities by SBG and its subsidiaries
- Core companies: SBG, SoftBank Group Capital Limited(SBGC) and SoftBank Group Japan(SBGJ)





# Segment Income - Investment Business of Holding Companies

(JPY bn)

| P/L   | FY19Q1         | FY20Q1       | Items  |
|---|----------------|--------------|--|
| <b>Gain on investments</b>  | <b>1,226.3</b> | <b>650.5</b> |  |
| Gain relating to sales of T-Mobile shares                                     | —              | 421.9        | (1) Gain of 280.3 bn on the partial sale of T-Mobile shares<br>(2) Gain of 296.0 bn on the revaluation of T-Mobile shares continued to be held by the Company<br>(3) Derivative loss of 154.5 bn relating to the call options received by Deutsche Telekom AG (Deutsche Telekom) for T-Mobile shares held by the Company |
| Gain relating to settlement of prepaid forward contracts using Alibaba shares | 1,218.5        | —            |  |
| Realized gain on sales of investments   | 1.7            | 65.4         | FY20Q1: Realized gain mainly attributable to investments made in highly liquid listed shares using funds procured under the JPY 4.5 trillion program and other surplus funds   |
| Unrealized gain on valuation of Investments                                   | 15.2           | 28.5         |  |
| Derivative gain (loss) relating to investments                                | -11.1          | 133.3        | FY20Q1: Increase of 129.6 bn in the fair value of the right to purchase T-Mobile shares if certain conditions are met, which was received as consideration for the completion of the merger between Sprint and T-Mobile US, Inc.   |
| Other   | 1.9            | 1.3          |  |
| Selling, general and administrative expenses                                  | -18.3          | -22.3        |  |
| Finance cost  | -51.1          | -53.2        |  |
| Income (loss) on equity method investments                                    | 88.9           | 4.1          | FY20Q1: Income on equity method investments related to T-Mobile was 24.7 bn (for the period of Apr 1 to Jun 25). Loss on equity method investments related to Alibaba was 18.5 bn.   |
| Derivative gain (loss)<br>(excluding gain (loss) on investments)              | 2.1            | -176.2       | FY20Q1: Derivative loss of 179.5 bn in connection with the several prepaid forward contracts using Alibaba shares entered into in Nov 2019 and from Apr to Jun 2020  |
| Other gain (loss)   | -0.6           | 55.9         | FY20Q1: Reversed of provision for allowance of 47.0 bn related to WeWork*.   |
| <b>Segment income (income before income tax)</b>                              | <b>1,247.2</b> | <b>458.9</b> |  |

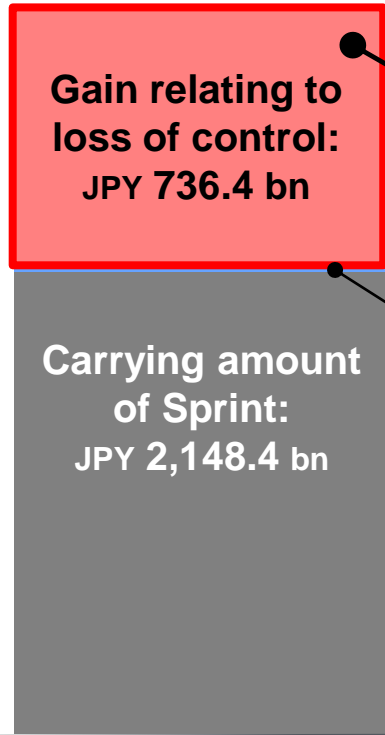
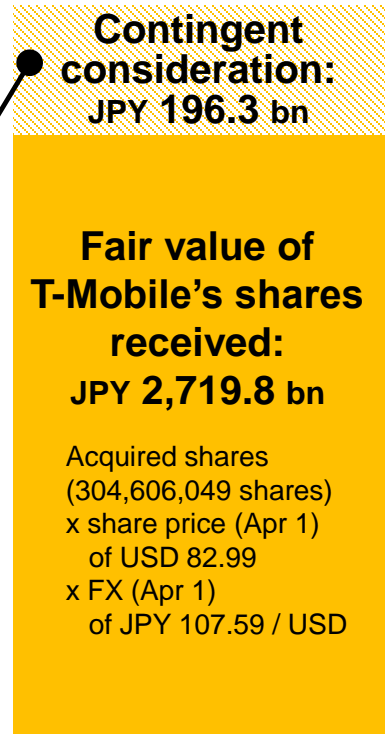
\*The Company recorded provisions for allowance for financial guarantee contract losses and loan commitment losses of 52.3 bn and 90.2 bn, respectively, in FY19Q4 in connection with credit support by the Company for a letter of credit facility provided to WeWork by financial institutions and purchase by the Company's wholly owned subsidiary of unsecured notes to be issued by WeWork; however, the Company had recorded a reversal of 3.5 bn and 43.5 bn, respectively, mainly due to the improvement in the credit risk of WeWork in FY20Q1.

# Completion of the Merger of Sprint/T-Mobile US, Inc.

- On April 1, 2020, the merger of Sprint/T-Mobile US, Inc. was completed.
- The Company received T-Mobile’s 304,606,049 shares and contingent consideration (the right to purchase T-Mobile’s 48,751,557 shares if certain conditions are met).
- Sprint ceased to be a subsidiary of the Company, and T-Mobile became an equity method associate of the Company.

**JPY 2,916.1 bn in total**

- The right to purchase T-Mobile shares (48,751,557 shares) for no additional consideration if certain conditions are met
- The fair value of the right is recorded as “derivative financial assets” in the B/S.
- The fair value is measured every quarter, and change in fair value is recorded in the P/L as “derivative gain (loss) relating to investment” under “gain (loss) on investments at Investment Business of Holding Companies”.



- A gain in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger
- Recorded under “net income from discontinued operations.”

**Transaction costs: JPY 31.3 bn**

# Partial Sale of T-Mobile Shares and Evaluation at Q1-end

- The Company sold its T-Mobile share on June 26, 2020, and **received JPY 1,830.4 bn**. Deutsche Telekom received call options for T-Mobile shares held by the Company.
- As a result of the decrease in the voting rights following the sale of shares, the Company lost its significant influence over T-Mobile: **T-Mobile was removed from equity method associates of the Company.**

|  | Number of shares (mil.) | Shareholding ratio *1 | Total amount of the sale (USD mil.) | Date of sale | FY20Q1 P/L (JPY bn)   |                            |                 |   |   | FY20Q1-end B/S   |
|--|-------------------------|-----------------------|-------------------------------------|--------------|---|----------------------------|-----------------|---|---|--|
|  |                         |                       |                                     |              | At time of sale on Jun 26   |                            |                 | Evaluation at Q1-end<br>(3)-(6): change for the period of Jun 26 - 30)        |   |  |
|  |                         |                       |                                     |              | Closing price on Jun 26: USD 105.20 / share<br>FX on Jun 26: JPY 107.12 / USD |                            |                 | Closing price on Jun 26: USD 104.15 / share<br>FX on Jun 30: JPY 107.74 / USD |   |  |
|  |                         |                       |                                     |              | Gain on sale  | Revaluation of shares held | Derivative loss | Valuation loss  | Derivative gain (loss)                  |  |
| Before the sale  | 305                     | 24.7%                 |                                     |              |   |                            |                 |   |   |  |
| (1) Public offering  | -154                    | -12.5%                | 15,877                              | Jun 26       | 280.3   |                            |                 |   |   |  |
| (2) Private offering   | -19                     | -1.6%                 | 1,667                               |              |   |                            |                 |   |   |  |
| Subtotal   | 131                     | 10.6%                 |                                     |              |   |                            |                 |   |   |  |
| (3) Sale to Marcelo Claure<br>(a board director of T-Mobile) | -5                      | -0.4%                 | 515                                 | Jul 16       |   |                            |                 |   |   | (Assets)<br>•(1)(2) Proceeds from the sale (JPY 1.8 tn)<br>•(3) to (6) Recorded under "investment securities" (JPY 1.5 tn)<br>•(7) Recorded under "derivative financial assets" (JPY 326.0 bn)<br>Recorded: JPY 196.3 bn on Apr 1 (see page 7) + change for the period of Apr 1 - Jun 30: JPY 129.6 bn<br><br>(Liabilities)<br>•(5) Recorded under "derivative financial liabilities" (JPY 147.5 bn)<br>Derivative loss at time of sale: JPY -154.5 bn + change for the period of June 26 - Jun 30: JPY 7.9 bn + FX effect |
| (4) Rights offering  | -20                     | -1.6%                 | 2,034                               | Aug 3        |   |                            |                 |   |   |  |
| Subtotal   | 106                     | 8.6%                  |                                     |              | 296.0   |                            | -14.8           |   |   |  |
| (5) Call options received by Deutsche Telekom                | -101                    | -8.2%                 |                                     |              |   |                            | -154.5          |   | 7.9                                     |  |
| (6) Shares held by the Company excluding (5)                 | 5                       | 0.4%                  | (not for sale)                      |              |   |                            |                 |   |   |  |
| (7) Contingent consideration                                 | +49                     | -                     |                                     |              |   |                            |                 |   | 129.6                                   |  |
| Total if (7) is acquired                                     | 54                      | -                     |                                     |              |   |                            |                 |   | Change for the period of Apr 1 - Jun 30 |  |

JPY 421.9 bn in total

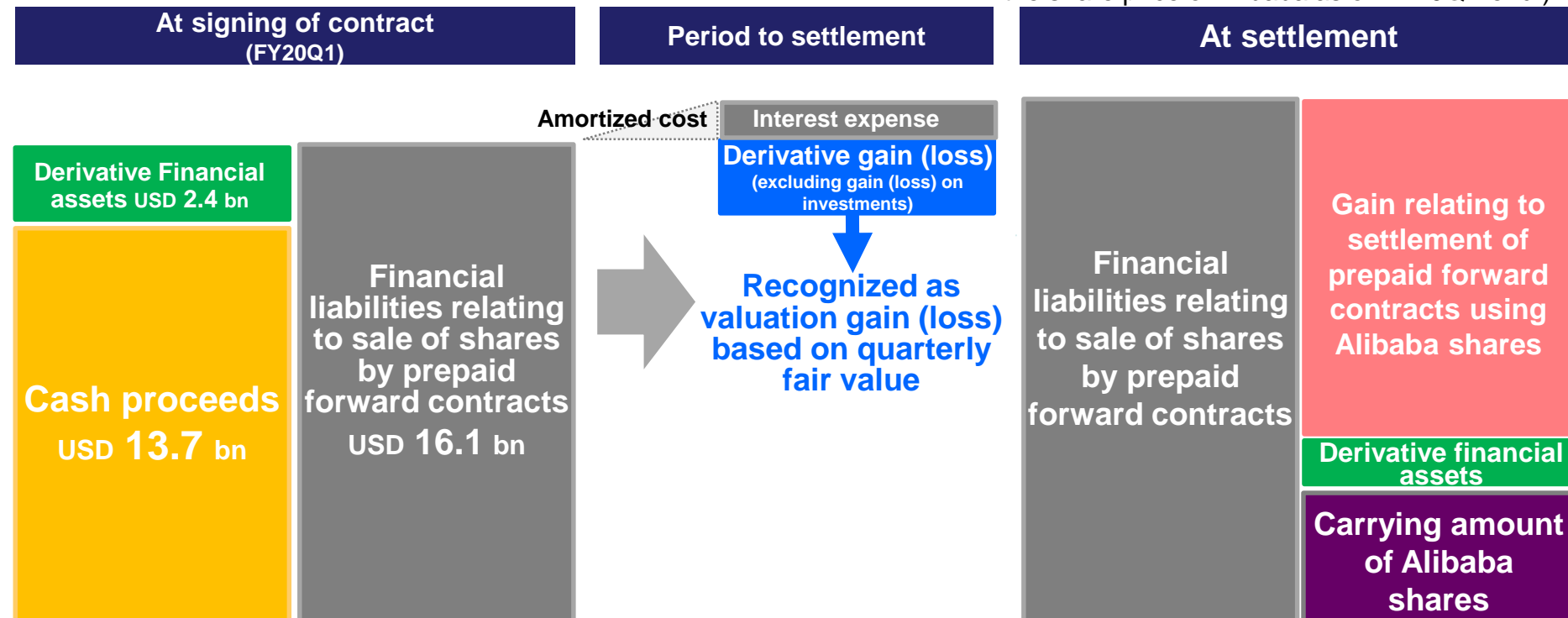
\*1 Shareholding ratio of T-Mobile's outstanding shares as of Apr 1, 2020.

\*Subsequent to the FY20Q1-end, on July 30, 2020, SBG's wholly-owned subsidiary borrowed USD 4.38 bn (margin loan) using the T-Mobile shares held by the Company.

# Conclusion of Prepaid Forward Contracts Using Alibaba Shares

- From Apr to Jun 2020, SBG’s wholly owned subsidiaries\* entered into several prepaid forward contracts using Alibaba shares and **procured an aggregate amount of USD 13.7 bn.**
- B/S (at the signing of contracts): “Financial liabilities relating to sale of shares by prepaid forward contracts” of USD 16.1 bn and “derivative financial assets” of USD 2.4 bn were recorded.
- P/L: Valuation gain (loss) was recorded under “derivative gain (loss) (excluding gain (loss) on investments).”

(Reference) Prepaid forward contracts using Alibaba shares (conceptual image: if settled by shares based on the share price of Alibaba as of FY20Q1-end.)

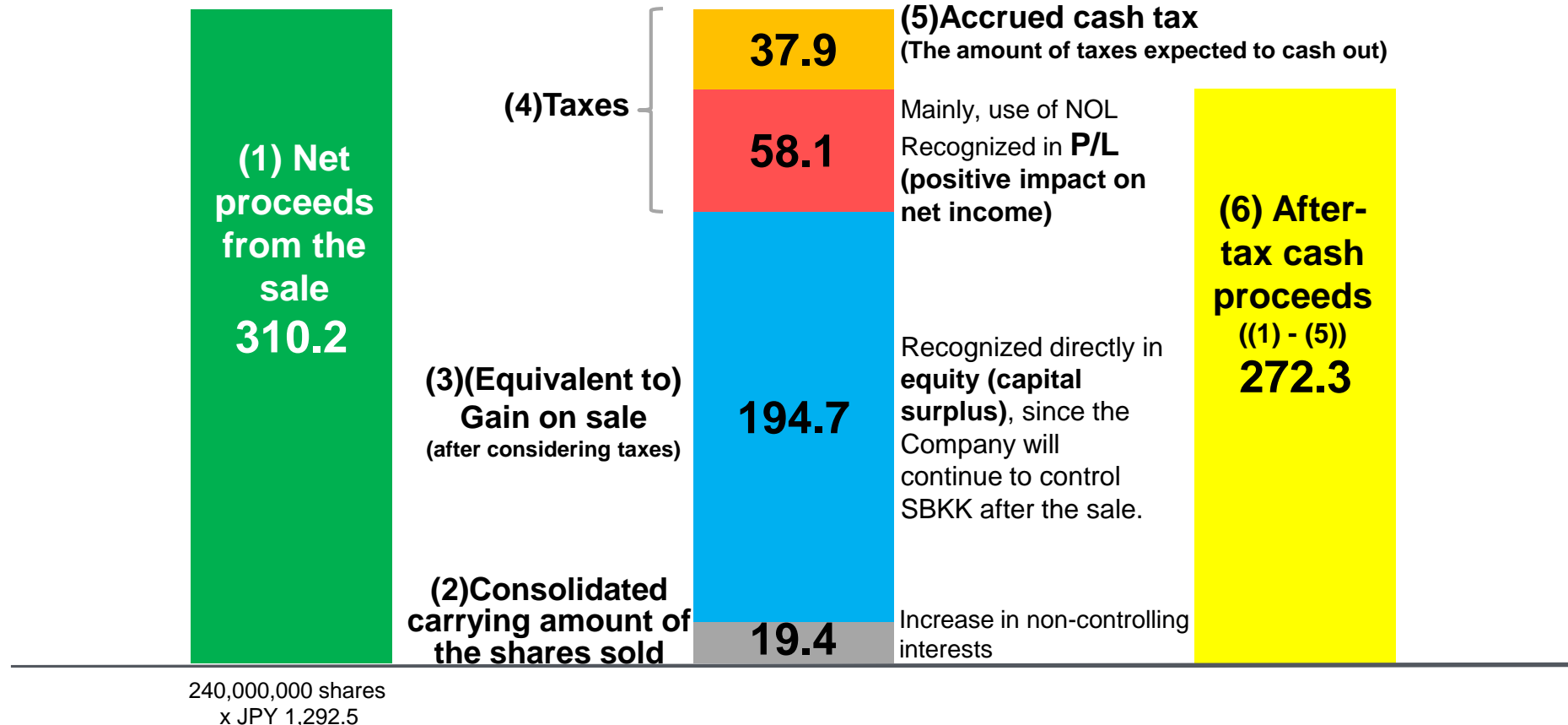


\* West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited

# Accounting Treatment for Partial Sale of SBKK Shares and After-tax Cash Proceeds

- In May 2020, SBG sold 240 mil. shares (shareholding ratio: 5.0%) of SBKK held through SBGJ for JPY 310.2 bn.
- Shareholding ratio after the sale is 62.1%.

(JPY bn)



# Consolidated P/L Summary (IFRSs)

| P/L item   | FY19Q1         | FY20Q1         | Change        |
|--|----------------|----------------|---------------|
| <b>Continuing operations</b>   |                |                |               |
| Net sales  | 1,480.3        | 1,450.1        | -30.2         |
| Gross profit   | 667.6          | 707.8          | +40.3         |
| Gain on investments  |                |                |               |
| Gain on investments at Investment Business of Holding Companies      | +1,226.3       | +650.5         | -575.8        |
| Gain on investments at SVF and other SBIA-managed funds              | +414.4         | +296.6         | -117.8        |
| Gain on other investments  | +6.4           | +35.9          | +29.5         |
| <b>Total gain on investments</b>                                     | <b>1,647.0</b> | <b>983.0</b>   | <b>-664.0</b> |
| Selling, general and administrative expenses                         | -457.4         | -513.9         | -56.5         |
| Finance cost   | -71.8          | -78.1          | -6.3          |
| Income on equity method investments                                  | +91.6          | +6.4           | -85.2         |
| Derivative gain (loss) (excluding gain (loss) on investments)        | +2.6           | -176.3         | -178.9        |
| Changes in third-party interests in SVF and other SBIA-managed funds | -184.5         | -147.6         | +36.9         |
| Other gain (loss)  | -0.1           | +51.8          | +51.9         |
| <b>Income before income tax</b>                                      | <b>1,695.0</b> | <b>833.0</b>   | <b>-862.0</b> |
| Income taxes   | -506.8         | -253.1         | +253.7        |
| <b>Net income from continuing operations</b>                         | <b>1,188.2</b> | <b>580.0</b>   | <b>-608.2</b> |
| <b>Discontinued operations</b>                                       |                |                |               |
| Net income from discontinued operations                              | -10.7          | 736.4          | +747.1        |
| Net income   | 1,177.5        | 1,316.4        | +138.9        |
| <b>Net income attributable to owners of the parent</b>               | <b>1,121.7</b> | <b>1,255.7</b> | <b>+134.0</b> |

(JPY bn)

### **Gain on investments at Investment Business Holding of Companies: +650.5 bn**

Gain relating to sales of T-Mobile shares: 421.9 bn (see page 6 for details)

### **Gain on investments at SVF and other SBIA-managed funds: +296.6 bn**

- Realized gain on sales of investments: 111.4 bn
- Unrealized gain on valuation of investments (net) held at FY20Q1-end: 258.1 bn (see page 16 for details)

### **Finance cost: -78.1 bn (increased 6.3 bn yoy)**

### **Income on equity method investments: +6.4 bn (decreased 85.2 bn yoy)**

- Gain on equity method investments of T-Mobile: 24.7 bn (for the period of Apr 1 to Jun 25)
- Loss on equity method investments of Alibaba: 18.5 bn (deteriorated 107.6 bn yoy)

### **Derivative gain (loss) (excluding gain (loss) on investments): -176.3 bn (deteriorated 178.9 bn yoy)**

Derivative loss in connection with several prepaid forward contracts using Alibaba shares concluded in Nov 2019 and from Apr to Jun 2020: 179.5 bn

### **Income taxes**

A credit of income taxes of 58.1 bn (profit) was recorded mainly due to the determination that the partial sale of SBKK shares has increased the probability of generating taxable income at SBGJ that is available for the use of loss carryforwards, to which deferred tax assets had not been recognized. (see page 10 for details)

### **Net income from discontinued operations: +736.4 bn**

Recording of gain relating to loss of control of Sprint

(+: plus to profit -:minus to profit)

# Consolidated B/S Summary (IFRSs) - 1

| B/S item                 | Main items  | As of Mar 2020  | As of Jun 2020  | Change          |
|--------------------------|---|-----------------|-----------------|-----------------|
| Current assets           |   | 15,636.9        | 9,371.0         | -6,265.9        |
|                          | Cash and cash equivalents   | 3,369.0         | 6,181.3         | +2,812.3        |
|                          | Trade and other receivables   | 2,072.3         | 2,257.5         | +185.2          |
|                          | Assets classified as held for sale  | 9,236.0         | -               | -9,236.0        |
| Non-current assets       |   | 21,620.3        | 24,192.3        | +2,572.0        |
|                          | Property, plant and equipment   | 1,264.5         | 1,324.4         | +59.9           |
|                          | Right-of-use assets   | 1,293.7         | 1,199.5         | -94.2           |
|                          | Goodwill  | 3,998.2         | 4,013.3         | +15.1           |
|                          | Intangible assets   | 1,986.0         | 1,951.3         | -34.7           |
|                          | Cost to obtain contracts  | 212.0           | 215.9           | +3.9            |
|                          | Investments accounted for using the equity method                           | 3,240.4         | 3,246.0         | +5.6            |
|                          | Investments from SVF and other SBIA-managed funds accounted for using FVTPL | 6,892.2         | 7,039.0         | +146.8          |
|                          | <i>of which SVF</i>   | 6,681.7         | 6,817.7         | +136.0          |
|                          | Investment securities   | 1,211.5         | 3,175.7         | +1,964.2        |
|                          | Derivative financial assets   | 59.3            | 554.4           | +495.1          |
|                          | Other financial assets  | 1,100.7         | 1,114.5         | +13.8           |
|                          | Deferred tax assets   | 221.4           | 197.1           | -24.3           |
| Other non-current assets | 140.5   | 161.2           | +20.7           |                 |
| <b>Total assets</b>      |   | <b>37,257.3</b> | <b>33,563.3</b> | <b>-3,694.0</b> |

(JPY bn)

1 Increased mainly due to the sale and monetization of assets under the JPY 4.5 trillion program.

2 Mainly due to the impact of the removal of Sprint from the subsidiaries of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.

Decreased due to SBKK conducting regular amortization.

Carrying amount of Alibaba shares: 2,839.4 bn (as of Jun 30, 2020)

**Investments from SVF and other SBIA-managed funds : 7,039.0 bn (increased 146.8 bn)**  
 • Increase of fair value of investments (net) : USD 2.4 bn  
 • Follow-on investments in existing portfolio companies and their joint ventures, and sale of a portion of 4 portfolio companies' shares and all shares of a portfolio company

3 **Investment securities: 3,175.7 bn (increased 1,964.2 bn)**  
 • T-Mobile shares continued to be held after the partial sale of its shares: +1,470.4 bn  
 • Investments in highly liquid listed shares using funds procured under the JPY 4.5 trillion program and other surplus funds: +365.2 bn

Increase of derivative financial assets related to the below  
 • The right to purchase T-Mobile shares if certain conditions are met, which was received as consideration for the completion of the merger between Sprint and T-Mobile US, Inc. : +326.0 bn  
 • Several prepaid forward contracts using Alibaba shares: +114.0 bn



# Consolidated B/S Summary (IFRSs) - 2

| B/S item                 | Main items  | As of Mar 2020  | As of Jun 2020  | Change          |
|--------------------------|---|-----------------|-----------------|-----------------|
| Current liabilities      |   | 1,419.1         | 7,625.1         | -6,566.0        |
|                          | Interest-bearing debt   | 3,845.2         | 3,525.3         | -319.9          |
|                          | Lease liabilities   | 378.4           | 357.2           | -21.2           |
|                          | Deposits for banking business                                       | 873.1           | 982.2           | +109.1          |
|                          | Trade and other payables  | 1,585.3         | 1,604.4         | +19.1           |
|                          | Derivative financial liabilities                                    | 9.3             | 157.6           | +148.3          |
|                          | Other financial liabilities   | 248.0           | 203.1           | -44.9           |
|                          | Income taxes payables   | 164.3           | 217.3           | +53.0           |
|                          | Other current liabilities   | 596.5           | 491.3           | -105.2          |
|                          | Liabilities directly relating to assets classified as held for sale | 6,455.0         | —               | -6,455.0        |
| Non-current liabilities  |   | 15,693.2        | 18,361.5        | +2,668.3        |
|                          | Interest-bearing debt   | 9,286.7         | 11,281.1        | +1,994.4        |
|                          | Lease liabilities   | 761.9           | 705.5           | -56.4           |
|                          | Third-party interests in SVF and other SBIA-managed funds           | 4,559.7         | 5,175.4         | +615.7          |
|                          | Derivative financial liabilities                                    | 128.1           | 124.7           | -3.4            |
|                          | Deferred tax liabilities  | 711.2           | 798.0           | +86.8           |
| <b>Total liabilities</b> |   | <b>29,884.4</b> | <b>25,986.6</b> | <b>-3,897.8</b> |

(JPY bn)

Increased due to the recording of derivative financial liabilities for the call options received by Deutsch Telekom for T-Mobile shares held by the Company: +147.5 bn

Decreased due to payment of withholding income taxes related to dividends from Yahoo Japan Corporation to Z Holdings Corporation that arose in the FY19: -102.1 bn

1 Due to the impact of the removal of Sprint from the subsidiaries of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.

2 **Interest-bearing debt (non-current): 11,281.1 bn (+1,994.4 bn)**  
Increased due to the recording of financial liabilities in connection with several prepaid forward contracts using Alibaba shares concluded from Apr to Jun 2020.



# Consolidated B/S Summary (IFRSs) - 3

| B/S item | Items  | As of Mar 2020 | As of Jun 2020 | Change       | (JPY bn)  |
|----------|--|----------------|----------------|--------------|---|
| Equity   |  | 7,372.9        | 7,576.8        | +203.9       |   |
|          | Common stock   | 238.8          | 238.8          | —            |   |
|          | Capital surplus  | 1,490.3        | 1,666.1        | +175.8       | Changes in interests in subsidiaries in conjunction with the partial sale of SBKK shares: +194.7 bn   |
|          | Other equity instruments*  | 496.9          | 496.9          | —            |   |
|          | Retained earnings  | 3,945.8        | 5,156.0        | +1,210.2     | 1 Net income attributable to owners of the parent: +1,255.7 bn  |
|          | Treasury stock   | -101.6         | -686.5         | -584.9       | 2 Share repurchase in FY20Q1: 585.7 bn<br>(Breakdown)<br>•484.0 bn under the Board's approval on Mar 13, 2020<br>•101.7 bn under the Board's approval on May 15, 2020 |
|          | Accumulated other comprehensive income   | -362.3         | -338.8         | +23.5        |   |
|          | Accumulated other comprehensive income directly relating to assets classified as held for sale | 205.7          | —              | -205.7       |   |
|          | Total equity attributable to owners of the parent  | 5,913.6        | 6,532.4        | +618.8       | Mainly due to the impact of the removal of Sprint from the subsidiaries of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.         |
|          | Non-controlling interests  | 1,459.3        | 1,044.3        | -415.0       |   |
|          | <b>Ratio of equity attributable to owners of the parent (equity ratio)</b>                     | <b>15.9%</b>   | <b>19.5%</b>   | <b>+3.6%</b> |   |

\* USD-denominated undated subordinated notes issued by SBG in July 2017, which were classified as equity instruments in accordance with IFRSs.

# Consolidated C/F Summary (IFRSs)

| C/F item                                  | FY20Q1                     | (JPY bn) |  |
|---|----------------------------|----------|--|
| C/F from operating activities             | 154.0                      | 504.2    | Subtotal of cash flows from operating activities                                       |
|   |                            | -66.5    | Interest paid  |
|   |                            | -292.8   | Income taxes paid  |
| C/F from investing activities             | 1,241.1                    | -1,100.2 | Payments for acquisition of investments  |
|   |                            | 2,452.5  | Proceeds from sale/redemption of investments   |
|   |                            | -120.1   | Payments for acquisitions of investments by SVF and other SBIA-managed Funds           |
|   |                            | 197.6    | Proceeds from sales of investments by SVF and other SBIA-managed Funds                 |
|   |                            | -149.7   | Purchase of property, plant and equipment, and intangible assets                       |
| C/F from financing activities             | 1,415.4                    | 268.2    | Proceeds in short-term interest-bearing debt, net                                      |
|   |                            | 2,143.6  | Proceeds from interest-bearing debt  |
|   |                            | -1,017.9 | Repayment of interest-bearing debt   |
|   |                            | -110.6   | Repayment of lease liabilities   |
|   |                            | 764.7    | Contributions into SVF and other SBIA-managed funds from third-party investors         |
|   |                            | -217.4   | Distribution/repayment from SVF and other SBIA-managed funds to third-party investors  |
|   |                            | 310.2    | Proceeds from the partial sales of shares of subsidiaries to non-controlling interests |
| -585.7                                    | Purchase of treasury stock |          |  |
| Cash and cash equivalents opening balance | 3,369.0                    |          |  |
| Cash and cash equivalents closing balance | 6,181.3                    |          |  |

**Payments for acquisition of investments: -1,100.2 bn**  
 Acquisition of highly liquid listed shares using funds procured as part of the JPY 4.5 trillion program and other surplus funds: -1,006.0 bn

**Proceeds from sale/redemption of investments: +2,452.5 bn**  
 •Sale of a portion of the abovementioned listed shares: +564.9 bn  
 •Partial sale of T-Mobile shares: +1,830.4 bn

**Proceeds from interest-bearing debt: +2,143.6 bn**  
 •Proceeds from procurement by prepaid forward contracts: +1,481.7 bn  
 Procurement relating to several prepaid forward contracts using Alibaba shares (USD13.7 bn)  
 •Proceeds from borrowings: +461.9 bn  
 Borrowings by SBKK through the sale of installment sales receivables and the sale and leaseback of telecommunications equipment  
 •Proceeds from issuance of bonds: +200.0 bn  
 Issuing of domestic straight corporate bonds by Z Holdings Corporation

**Repayment of interest-bearing debt: -1,017.9 bn**  
 Repayment of borrowings: -917.9 bn  
 Repayment of SVF's USD 3.08 bn of borrowings under the Fund Level Facility and USD 0.79 bn of borrowings under the Portfolio Financing Facility

Partial sale of SBKK shares: +310.2 bn

•484.0 bn under the Board's approval on Mar 13, 2020  
 •101.7 bn under the Board's approval on May 15, 2020

# Segment Income - SVF and Other SBIA-Managed Funds

(JPY bn)

| P/L   | FY19Q1       | FY20Q1       | Items  |
|---|--------------|--------------|--|
| <b>Gain on investments</b>  | <b>414.4</b> | <b>296.6</b> |  |
| Realized gain on sales of investments                               | —            | 111.4        | Sale of a portion of shares in 4 listed portfolio companies and all of shares in 3 unlisted portfolio companies (includes share exchanges)   |
| Unrealized gain (loss) on valuation of investments                  | 408.5        | 178.1        |  |
| Change in valuation for the fiscal year                             | 408.5        | 258.1        | Unrealized gain (net) on valuation of investments at FY20Q1-end: 258.1 bn (USD 2,395 mil.)<br>•Listed companies (8 investments): USD 1,387 mil.<br>•Unlisted companies (78 investments): USD 1,008 mil.<br>(See page 21 of SBG's Consolidated Financial Report for details.) |
| Reclassified to realized gain recorded in the past fiscal year      | —            | -79.9        | Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in FY20Q1 are reclassified to "realized gain on sale of investments."   |
| Dividend income from investments                                    | 5.9          | 2.9          |  |
| Derivative gain relating to investments                             | —            | 0.8          |  |
| Effect of foreign exchange translation                              | —            | 3.3          |  |
| Selling, general and administrative expenses                        | -16.8        | -14.3        | Administrative expenses arising from SBIA and SVF  |
| Finance cost  | -1.9         | -4.6         | Interest expenses on borrowings  |
| Change in third-party interests in SVF and other SBIA-managed funds | -184.5       | -147.6       | Fluctuations arising from the results of SVF and other SBIA-managed funds business in third-party interests in SVF and other SBIA-managed funds.   |
| Other gain (loss)   | 0.8          | -0.4         |  |
| <b>Segment income (income before income tax)</b>                    | <b>212.1</b> | <b>129.6</b> |  |

# Appendix

# Breakdown of Goodwill / Intangible Assets

(JPY bn)

| B/S item                 | Main items                    | As of Mar 2020 | As of Jun 2020 | Change       |                          |  | Outline   |
|--------------------------|-------------------------------|----------------|----------------|--------------|--------------------------|--|---|
|                          |                               |                |                | Amortization | Changes in exchange rate | Others   |   |
| Goodwill                 |                               | <b>3,998.2</b> | <b>4,013.3</b> |              |                          |  |   |
|                          | <i>Arm</i>                    | 2,554.1        | 2,562.1        | -            | 8.0                      | -  |   |
|                          | <i>SBKK</i>                   | 907.5          | 907.5          | -            | -                        | -  |   |
|                          | <i>ZOZO</i>                   | 212.9          | 212.9          | -            | -                        | -  |   |
| Main intangible assets   | <b>Technologies</b>           | <b>395.6</b>   | <b>387.2</b>   |              |                          |  |   |
|                          | Main b/d <i>Arm</i>           | 387.8          | 379.8          | -9.3         | 1.2                      | -  | Amortized at straight-line method for 8-20 years  |
|                          | <b>Customer relationships</b> | <b>474.7</b>   | <b>466.3</b>   |              |                          |  |   |
|                          | Main b/d <i>ZOZO</i>          | 316.7          | 313.4          | -3.3         | -                        | -  | Amortized at straight-line method for 18-25 years |
|                          | Main b/d <i>Arm</i>           | 103.3          | 101.5          | -2.8         | 1.0                      | -  | Amortized at straight-line method for 13 years    |
|                          | <b>Trademarks</b>             | <b>221.1</b>   | <b>220.6</b>   |              |                          |  |   |
|                          | Main b/d <i>ZOZO</i>          | 178.7          | 178.7          | -            | -                        | -  |   |
|                          | <b>Management contracts</b>   | <b>46.2</b>    | <b>38.7</b>    |              |                          |  |   |
| Main b/d <i>Fortress</i> | 46.2                          | 38.7           | -7.1           | -0.4         | -                        | Amortized at straight-line method for 3-10 years |   |

\*In FY20Q1, Arm changed its functional currency from GBP to USD.

\*The above are the amounts of goodwill recognized at the date of acquisition by SBG. They do not include goodwill recognized as a result of M&A executed by the relevant subsidiaries after their acquisition dates.

# Business Results of PayPay and Treatment in Segment Information

## (1) Consolidation of the results of PayPay

|  |                    | FY18   |                            | FY19         |                            | FY20                                     |
|--|--------------------|--|----------------------------|--------------|----------------------------|--|
|  | Shareholding ratio | SBKK: 50%<br>Yahoo Japan (currently Z Holdings): 50% |                            | May 15, 2019 |                            | SBG: 50%<br>SBKK: 25%<br>Z Holdings: 25% |
|  | Reporting entity   | SBG  | Subsidiary (Other segment) |              | Subsidiary (Other segment) |  |
|  |                    | SBKK   | Subsidiary                 |              | Equity Method Affiliate    |  |

## (2) Treatment in segment information

- PayPay has consistently been classified as a subsidiary of SBG since its founding in June 2018, and with its financial results included in “Other.”
- For this reason, “gain (loss) on equity method investments” related to PayPay (A) recognized in the “SoftBank segment” is eliminated in the “Reconciliations” (B).

