

**Earnings Results  
for the Three-month Period  
Ended June 30, 2021**

**Investor Briefing**

August 11, 2021

**SoftBank Group Corp.**



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Exchange rates per JPY used for translation

Average during quarter	FY2020				FY2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 USD	107.74	105.88	104.45	106.24	110.00			
1 CNY	15.16	15.27	15.71	16.31	17.01			
EOQ	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31
1 USD				110.71	110.58			
1 CNY				16.84	17.11			

Abbreviations

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

Abbreviations	Definition
	(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.
SB Northstar	SB Northstar LP
SVF1 or SoftBank Vision Fund 1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2 or SoftBank Vision Fund 2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles
Latin America Fund or LatAm Fund	SoftBank Latin America Fund L.P.
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	WeWork Inc.

# Accounting

# Consolidated Results

(¥ B)	FY20Q1	FY21Q1	Change	YoY
<b>Net sales</b>	<b>1,280.0</b>	<b>1,479.1</b>	<b>199.1</b>	<b>15.6%</b>
<b>Income before income tax</b>	<b>834.1</b>	<b>1,292.5</b>	<b>458.4</b>	<b>55.0%</b>
<b>Net income</b> (attributable to owners of the parent)	<b>1,255.7</b>	<b>761.5</b>	<b>-494.2</b>	<b>-39.4%</b>
(Reference)				
<b>Gain on investments</b>	<b>982.9</b>	<b>1,263.1</b>	<b>280.2</b>	<b>28.5%</b>
Investment Business of Holding Companies	650.5	741.5	91.0	14.0%
SVF1 and SVF2	296.6	287.9	-8.7	-2.9%
Latin America Fund	23.3	219.4	196.1	842.2%
Other investments	12.6	14.3	1.7	13.7%

# Newly Established the Latin America Fund Segment: Change in Presentation in Consolidated P/L

“Gain on investments at Latin America Fund,” which was previously included in “gain on other investments,” is newly presented as an independent item from FY21Q1 in light of the greater financial importance.

## 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 SVF1, SVF2, and others
- **Gain (loss) on investments at Latin America Fund**
- 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.

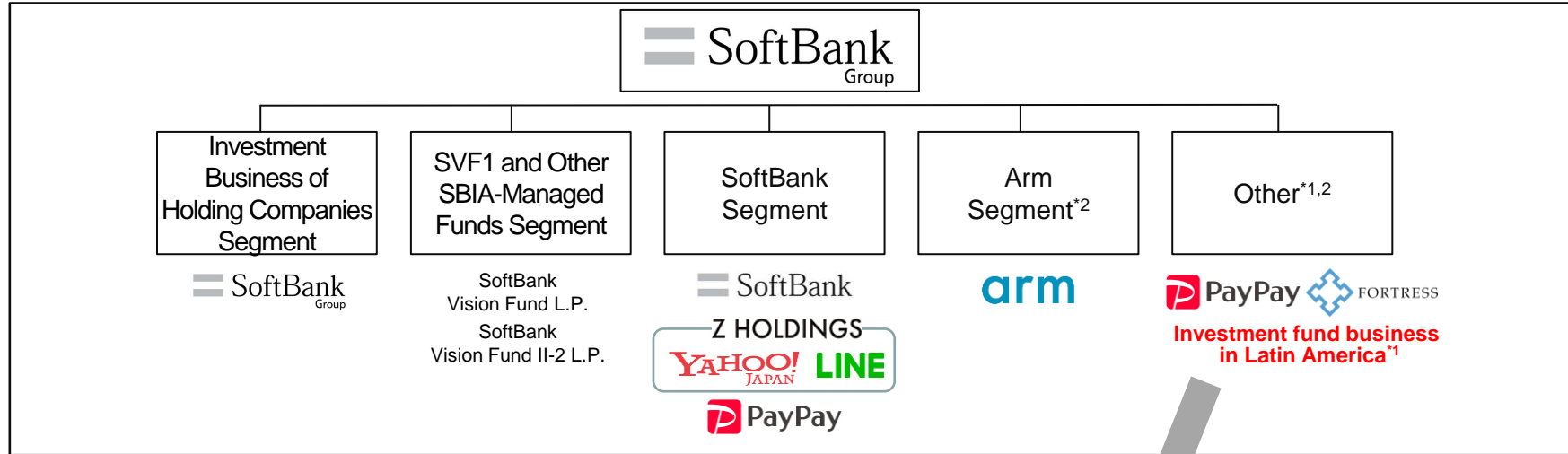
Income before income tax

Net income attributable to owners of the parent

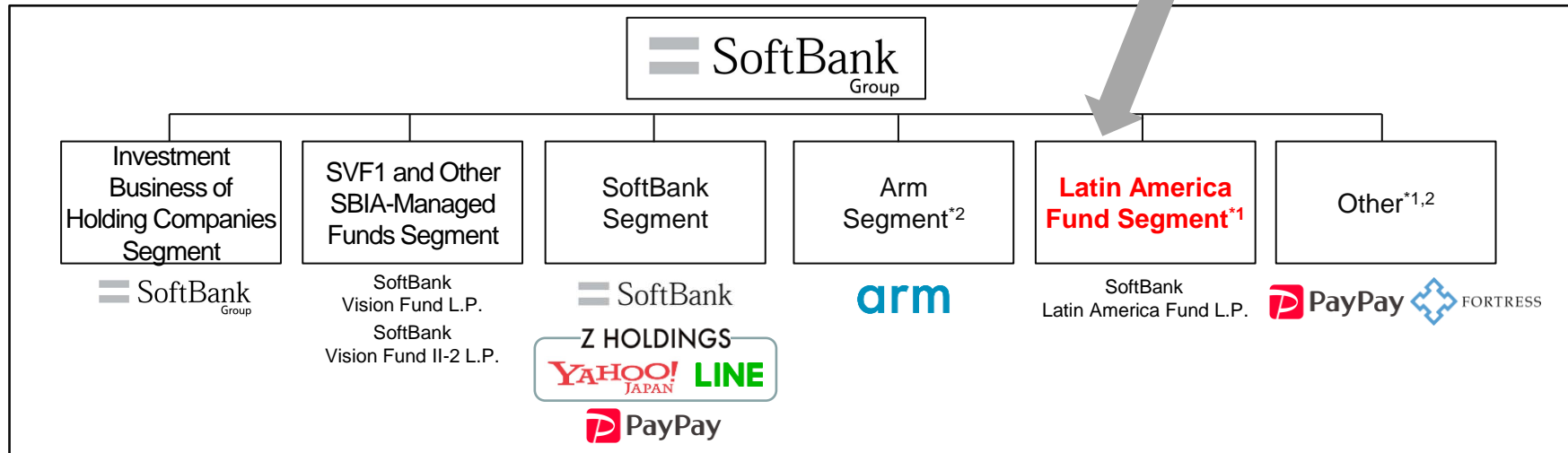
# Newly established the Latin America Fund Segment: Change in Reportable Segments

- In FY21Q1, **Latin America Fund**, which was previously included within “Other,” is newly presented as an independent reportable segment

**FY20**



**FY21 Q1**



\*1 In FY21Q1, “Latin America Fund,” which was previously included within “Other”, is newly presented as an independent reportable segment. Information for FY20 has been reclassified and presented accordingly.

\*2 The operating results of the Arm segment exclude contributions of the Internet-of-Things Services Group (ISG) business for FY20 and FY21, as the business is now managed separately from Arm business. Operating results of the ISG business is included in “Other” in the reportable segments.

# Segment Income - Investment Business of Holding Companies

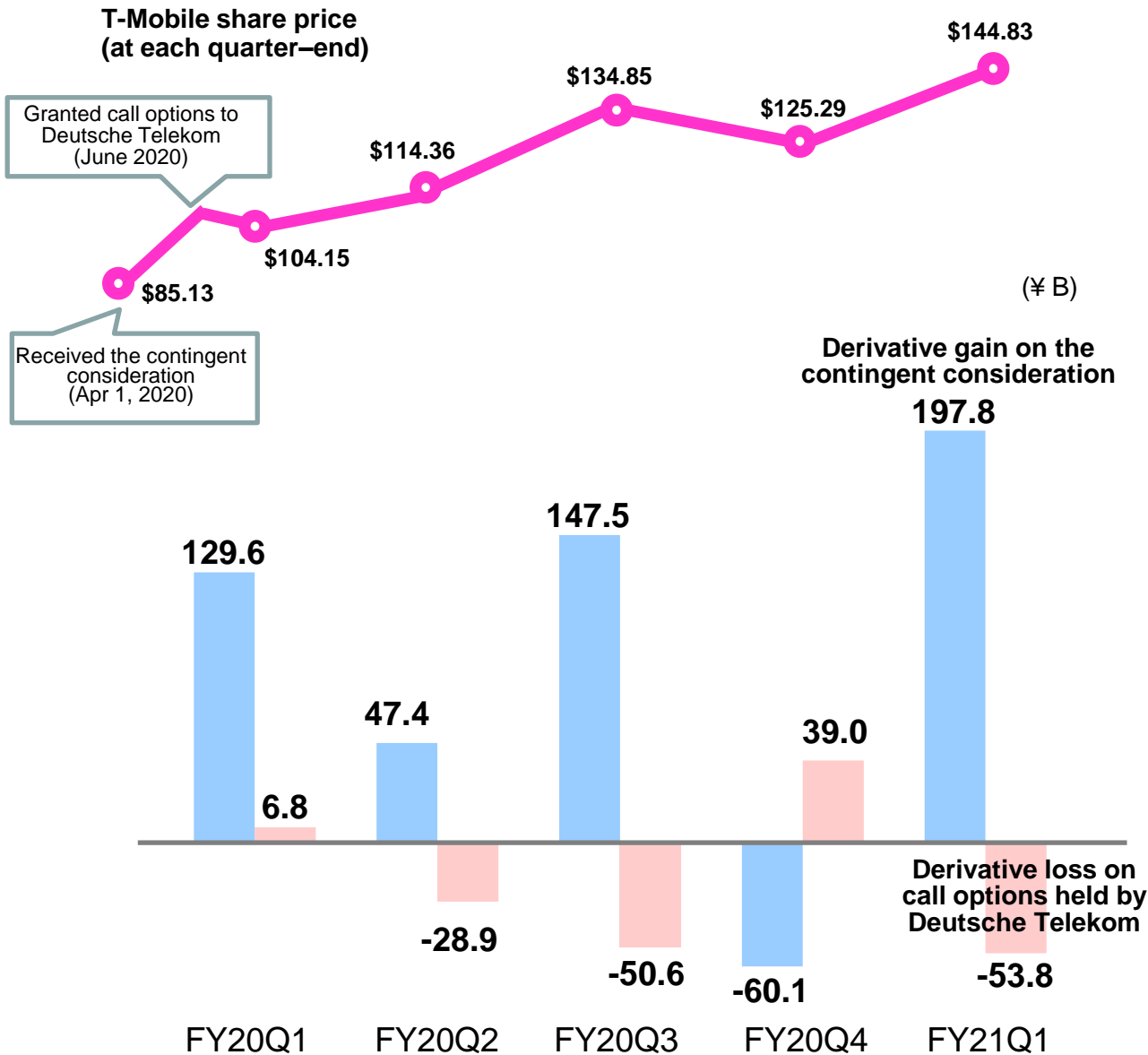
(¥ B)

P/L	FY20Q1	FY21Q1	Items
<b>Gain on investments</b>	<b>650.5</b>	<b>741.4</b>	
Gain relating to sales of T-Mobile shares	421.9	-	
Realized gain on investments at asset management subsidiaries	-	65.4	Results of investment activities by SB Northstar in listed stocks and other instruments
Unrealized gain on valuation of investments at asset management subsidiaries	-	17.6	
Derivative gain on investments at asset management subsidiaries	-	119.5	Gain mainly related to long call options on listed stocks at SB Northstar
Realized gain on investments	65.4	91.8	Realized gain associated with the sale of InMobi shares by SBG's wholly owned subsidiary to SVF2: ¥57.9B (eliminated in consolidation as an intercompany transaction)
Unrealized gain on valuation of investments	28.5	288.4	<ul style="list-style-type: none"> <li>•Valuation gain on investment in T-Mobile shares: ¥228.5B</li> <li>•Unrealized valuation gains on SoFi Technologies ¥49.4B; WeWork ¥23.8B; Lemonade ¥21.5B</li> </ul>
Derivative gain on investments	133.3	147.3	<ul style="list-style-type: none"> <li>•Recorded a derivative gain due to an increase of ¥197.8B in the fair value of the right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as part of consideration for the Sprint/T-Mobile merger</li> <li>•Recorded a derivative loss due to an increase of ¥53.8B* in the fair value of call options held by Deutsche Telekom for T-Mobile shares</li> </ul>
Other	1.3	11.5	
Selling, general and administrative expenses	-22.3	-20.3	
Finance cost	-53.2	-59.6	Interest expense increased at SB Northstar due to short-term borrowings for the purpose of acquiring listed stocks and borrowings using Alibaba shares, following the commencement of its business in FY20Q2.
Income on equity method investments	4.1	54.7	Income on equity method investments related to Alibaba: ¥58.7B
Derivative loss (excluding gain (loss) on investments)	-176.2	-108.1	Derivative loss in connection with several prepaid forward contracts using Alibaba shares entered into in Nov 2019, from Apr to Aug 2020, and in May 2021: ¥109.7B
Other gain	55.9	17.7	
<b>Segment income (income before income tax)</b>	<b>458.9</b>	<b>625.7</b>	

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



# Derivative Gain (Loss) Relating to T-Mobile Shares (Quarterly Trend)



## 1. Derivate gain due to an increase in the fair value of the contingent consideration

FY21Q1: ¥197.8B (FY20 cumulative: ¥264.4B)

**Contingent consideration:** The right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met

(Conditions to be met)

The trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than \$150 at any time during the period from April 1, 2022 and December 31, 2025.

## 2. Derivative loss due to an increase in the fair value of call options held by Deutsche Telekom\*

FY21Q1: -¥53.8B (FY20 cumulative: -¥33.7B)

Call options for the 101,491,623 T-Mobile shares held by the Company

**Strike price (i):** For 44,905,479 shares, \$101.455 / share

**Strike price (ii):** For 56,586,144 shares, equal to the average of the daily volume-weighted average prices of T-Mobile shares for each of the 20 trading days immediately prior to the date of the option exercise (Deutsche Telekom can exercise this option for the period from October 2, 2020 to May 22, 2024 only after the full exercise of (i) above, and thereafter regardless of the exercise of (i) above)

The call options will expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

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

# Investment in Listed Stocks and Other Instruments: Main Impact on B/S and P/L (Gain (Loss) on Investments)

(¥ B)

Investor	Investment type	Consolidated B/S Account	Consolidated B/S (Minuses show liabilities)	Consolidated P/L Account	Consolidated P/L Amount recorded	Cumulative gain (loss) from the previous fiscal year	
			FY21Q1-end		FY21Q1		
SBG	Stocks	Investment securities	23.3	Realized gain (loss) on investments*1	16.0	238.0	
				Unrealized gain (loss) on valuation of investments*1	-8.3	34.0	
	Stocks, etc.	Investments from asset management subsidiaries	790.6	Realized gain (loss) on investments at asset management subsidiaries	65.4	44.9	
		Securities pledged as collateral in asset management subsidiaries	687.5	Unrealized gain (loss) on valuation of investments at asset management subsidiaries*3	17.7	151.8	
	Credit transactions	Borrowed securities*2	-				
SB Northstar	Derivatives	Long call options of listed stocks	Derivative financial assets in asset management subsidiaries	235.5			
		Short call options of listed stocks	Derivative financial liabilities in asset management subsidiaries	-14.2			
		Short stock index futures contracts		-			
	Derivatives	Total return swap contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	11.8	Derivative gain (loss) on investments at asset management subsidiaries	119.5	-491.2
		Forward contracts related to listed stocks	Derivative financial assets in asset management subsidiaries	6.8			
			Derivative financial liabilities in asset management subsidiaries	-0.2			

\*1 Some of the listed shares acquired by SBG in the first and second quarters of the previous fiscal year were transferred to SB Northstar in the second quarter of the previous fiscal year. For a portion of such listed shares that was sold to third parties by SB Northstar after the transfer, the difference between the acquisition value paid by SBG and the transfer value to SB Northstar is presented as "realized gain (loss) on investments." For a portion of shares that continued to be held by SB Northstar at the first quarter-end, such difference is presented as "unrealized gain (loss) on valuation of investments." When SB Northstar sells such listed shares to third parties, the corresponding difference is reclassified from "unrealized gain (loss) on valuation of investments" to "realized gain (loss) on investments."

\*2 The fair value of the securities borrowed for short credit transactions

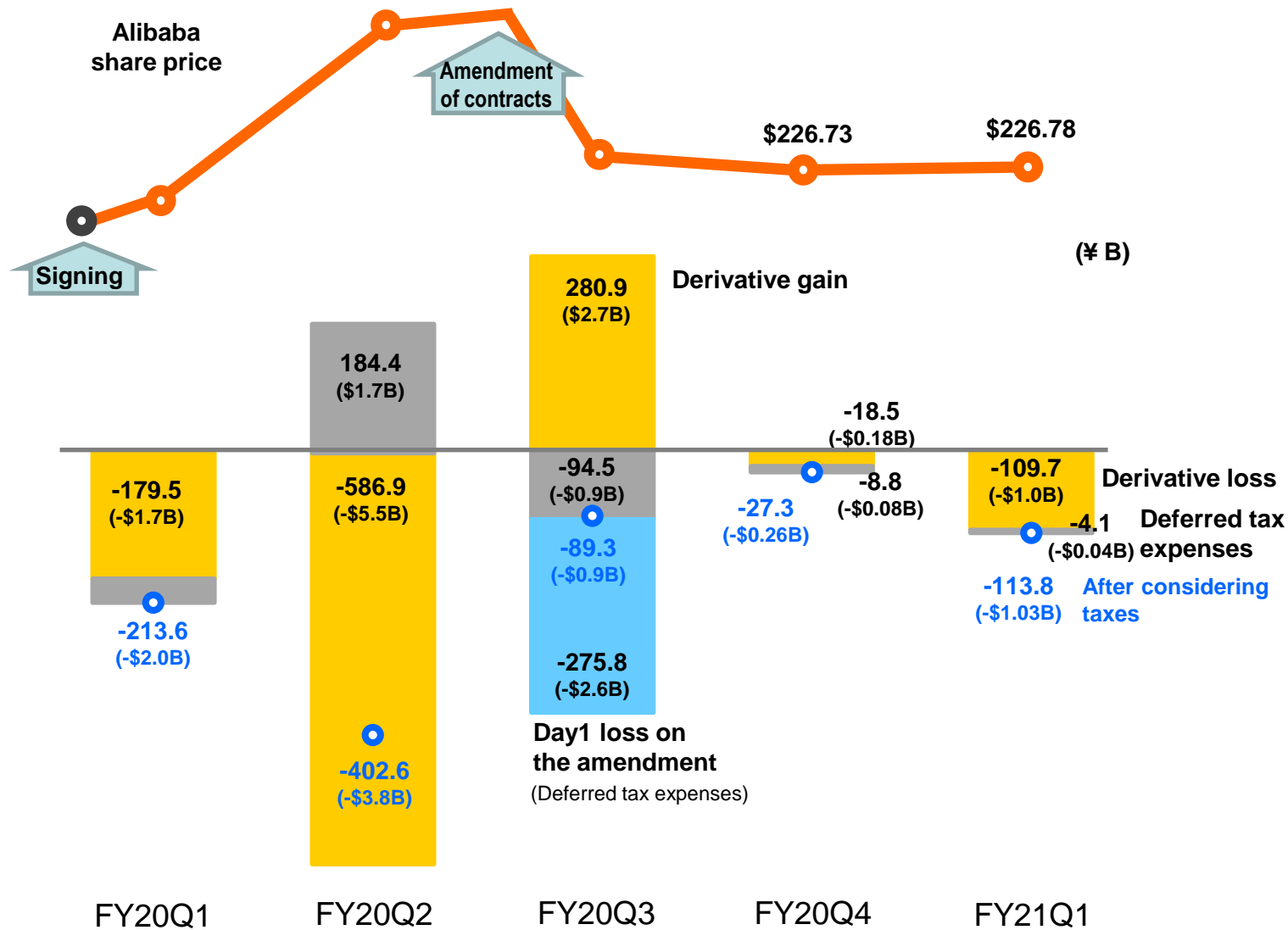
\*3 After elimination of intercompany transactions

\*4 33% of the gain (loss) on investments at SB Northstar

\*5 Excludes impacts such as selling, general and administrative expenses and tax expenses.

<b>Gain (loss) on investments at Investment Business of Holding Companies</b>	<b>210.3</b>	<b>-22.5</b>
Net income attributable to non-controlling interests*4,5	-67.5	98.2
<b>Impact on net income attributable to owners of the parent*5</b>	<b>142.8</b>	<b>75.7</b>

# Derivative Gain (Loss) on Alibaba Prepaid Forward Contracts (Quarterly Trend)



## (Impact on P/L)

(¥ B)	FY21Q1
<b>Income before income tax</b>	<b>-109.7</b> (-\$1.0B)
<b>Net income</b>	<b>-113.8</b> (-\$1.03B)

## (B/S items relating to Alibaba prepaid forward contracts)

(¥ B)	FY20 -end	FY21Q1 -end
<b>Derivative financial assets</b>	703.7	<b>687.1</b>
<b>Derivative financial liabilities</b>	-28.1	-
<b>Net</b>	675.6	<b>687.1</b>
<b>Financial liabilities relating to sale of shares by prepaid forward contracts</b>	3,085.7	<b>3,225.5</b>

# Entry into Agreement for Sale of All Shares in Arm: Overview

- In Sep 2020, the Company agreed to sell all of Arm shares to NVIDIA.
- As the Company expects to hold approx. 6.7-8.1% of NVIDIA shares, further upside can be enjoyed as the largest shareholder when the share price goes higher.

(\$ B)

Transaction value		Details	Time of receipt
12.0	2.0	Cash of 1.25: SBGC received as a deposit for part of the consideration in the transaction.	FY20Q2 (received in Sep 2020)
		Cash of 0.75: Arm received as consideration for a license agreement.	
	10.0	Cash: SBGC and SVF1 to receive	On closing
21.5 ±α	44.37 mil of NVIDIA shares: SBGC and SVF1 to receive		
Up to 5.0 ±α <sup>*1</sup>	Up to 10.32 mil of NVIDIA shares or cash: SBGC and SVF1 to receive Earn-out subject to satisfaction of certain financial performance targets for each of revenue and EBITDA <sup>*2</sup> of Arm in FY21.		On closing (subject to satisfaction of specific financial performance targets by Arm)
Total, up to 38.5 ±α		Consideration for the Company (Up to \$55.8B <sup>*1</sup> if calculated using NVIDIA's closing share price of \$800.10 as of Jun 30, 2021 (\$800.10))	
1.5	NVIDIA share compensation for Arm employees		On closing
Total, up to 40.0 ±α			

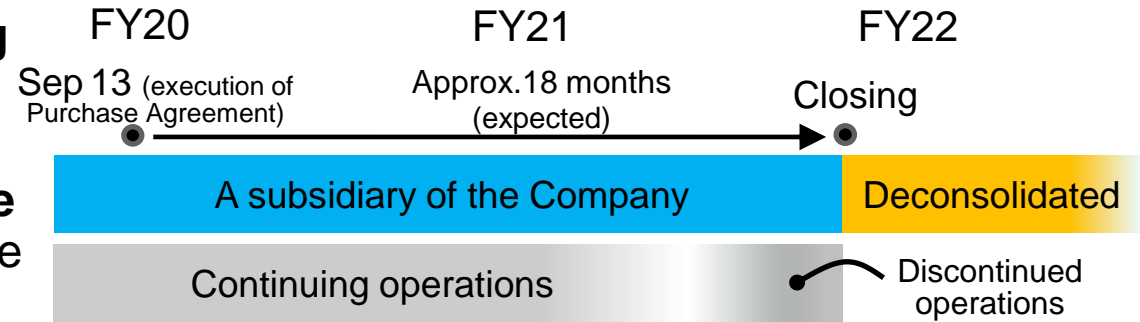
Number of shares to be received by the Company were determined based on the share price of NVIDIA: **\$484.60 / share**  
 (Ref.) Closing price as of Aug 6, 2021  
 \$203.66 / share (after split)  
 \$814.64 / share (pre-split equivalent)

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

<sup>\*1</sup> If elected to receive it in shares  
<sup>\*2</sup> Subject to certain adjustments and excludes results attributable to the ISG business  
<sup>\*3</sup> The number of shares and the share price of NVIDIA in the table are before the stock split on July 20, 2021, unless otherwise stated.

# Entry into Agreement for Sale of All Shares in Arm: Accounting

- **Arm will continue to be classified under continuing operations** (until the closing of the transaction is deemed highly probable, such as after obtaining regulatory approvals).
- **On closing, Arm will cease to be a subsidiary of the Company:** expected to take approx. 18 months to close following the execution of the Purchase Agreement.



	The Company's consolidated financials		SVF1 Segment*
<b>Continuing operations</b> (until the closing of the transaction is deemed highly probable)	Recording 100% of Arm's financial results	Impairment tests on goodwill	Recording changes in valuation of Arm shares of 24.99% held by SVF1 <b>under "gain (loss) on investments": the amount is eliminated in the consolidated P/L</b> as Arm is a subsidiary of the Company.  (Reference) The above changes in valuation is recorded under "Change in third-party interests in SVF1" in the consolidated P/L based on a designated waterfall.
<b>Discontinued operations</b>		<b>To be measured at the lower of fair value or carrying amount</b> when assets and liabilities are classified as disposal group held for sale.	
<b>On closing</b>	<b>The difference between the consideration and carrying amount will be recorded as gain relating to loss of control</b> under "net income from discontinued operations"		
<b>After deconsolidation</b>	NVIDIA shares to be received will be recorded as financial assets at FVTPL, with its <b>changes in fair value will be recognized as net income or loss.</b>		

\* SVF1 and Other SBIA-Managed Funds Segment

# Consolidated P/L Summary (IFRSs)

(¥ B)

P/L item	FY20Q1	FY21Q1	Change
<b>Continuing operations</b>			
Net sales	+1,280.0	+1,479.1	+199.1
Gross profit	+697.5	+812.0	+114.5
Gain on investments			
Gain on investments at Investment Business of Holding Companies	+650.5	+741.5	+91.0
Gain on investments at SVF1 and SVF2, and others	+296.6	+287.9	-8.7
Gain on investments at Latin America Fund	+23.3	+219.4	+196.1
Gain on other investments	+12.6	+14.3	+1.7
<b>Total gain on investments</b>	<b>+982.9</b>	<b>+1,263.1</b>	<b>+280.2</b>
Selling, general and administrative expenses	-504.6	-593.4	-88.8
Finance cost	-77.0	-82.8	-5.8
Income on equity method investments	+6.6	+50.4	+43.8
Derivative loss (excluding gain (loss) on investments)	-175.8	-111.5	+64.3
Change in third-party interests in SVF1	-147.6	-134.1	+13.5
Other gain	+52.2	+88.9	+36.7
<b>Income before income tax</b>	<b>+834.1</b>	<b>+1,292.5</b>	<b>+458.4</b>
Income taxes	-252.2	-360.0	-107.8
<b>Net income from continuing operations</b>	<b>+582.0</b>	<b>+932.5</b>	<b>+350.5</b>
<b>Discontinued operations</b>			
Net income from discontinued operations	+734.5	-	-734.5
Net income	+1,316.4	+932.5	-383.9
<b>Net income attributable to owners of the parent</b>	<b>+1,255.7</b>	<b>+761.5</b>	<b>-494.2</b>

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

## **Gain on investments at Investment Business of Holding Companies: +¥741.5B**

(see page 5 for details)

- Unrealized gain on valuation related to T-Mobile shares: ¥228.5B
- Derivative gain associated with an increase in the fair value of a contingent consideration\*: ¥197.8B
- Gain on investments from investments in listed stocks and other instruments: ¥210.3B

## **Gain on investments at SVF1, SVF2, and others: +¥287.9B**

(see page 17 for details)

- Realized gain on investments (net): ¥309.7B (SVF1), ¥97.0B (SVF2)
- Unrealized gain on valuation (net): ¥296.2B (SVF1), ¥49.1B (SVF2)

## **Gain on investments at Latin America Fund: +¥219.4B**

## **Income on equity method investments: +¥50.4B (increased ¥43.8B yoy)**

Gain on equity method investments in Alibaba: ¥58.7B

## **Derivative loss (excluding gain (loss) on investments): -¥111.5B**

Derivative loss in connection with several prepaid forward contracts using Alibaba shares entered into in Nov 2019, from Apr to Aug 2020, and May 2021: ¥109.7B

## **Income taxes**

- Income taxes recorded at SBKK and Yahoo Japan Corporation
- Recorded deferred tax expenses due to an increase in the fair value of T-Mobile shares and a contingent consideration\*

FY20Q1: Recorded gain of ¥736.4B relating to loss of control of Sprint

\* The right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as part of consideration for the completion of the merger between Sprint and T-Mobile



# Consolidated B/S Summary (IFRSs) - 1

(¥ B)

B/S item	Main items	As of Mar 2021	As of Jun 2021	Change
Current assets		10,820.2	10,101.4	-718.8
	Cash and cash equivalents	4,662.7	4,980.1	+317.4
	Investments from asset management subsidiaries	658.2	609.1	-49.1
	Securities pledged as collateral in asset management subsidiaries	1,427.3	687.5	-739.8
	Derivative financial assets in asset management subsidiaries	188.1	254.1	+66.0
	Other financial assets	1,055.2	798.4	-256.8
	Other current assets	446.7	499.8	+53.1
	Assets classified as held for sale	38.6	-	-38.6
Non-current assets		34,930.3	37,084.2	+2,153.9
	Property, plant and equipment	1,668.6	1,764.7	+96.1
	Goodwill	4,684.4	4,691.6	+7.2
	Intangible assets	2,308.4	2,267.7	-40.7
	Investments accounted for using the equity method	4,350.0	4,498.3	+148.3
	Investments from SVF1 and SVF2 accounted for using FVTPL	13,646.8	14,792.2	+1,145.4
	SVF1	12,403.3	12,222.0	-181.3
	SVF2	1,243.5	2,570.2	+1,326.7
	Investment securities	3,706.8	4,351.7	+644.9
	Derivative financial assets	908.7	987.3	+78.6
Other financial assets	1,919.3	2,069.6	+150.3	
<b>Total assets</b>		<b>45,750.5</b>	<b>47,185.6</b>	<b>+1,435.1</b>

**1 Current assets related to investments from SB Northstar**  
 A: Decrease mainly due to sales of listed stocks  
 B: Decrease due to sales of investments and repayment of collateralized debt obligations  
 C: Increase in fair values of long call options of listed stocks

**Current assets related to forward contracts using Alibaba shares**  
 • Restricted cash: -¥361.4B (cash recorded at FY20-end for the partial early termination of the collar contract decreased on its completion in Apr 2021)  
 • Derivative financial assets: +¥143.3B (the contracts with a remaining term of one year or less reclassified from non-current assets)

**2 Investments from SVF1 and SVF2: ¥14,792.2B (increased ¥1,145.4B)**  
 • SVF1: Decrease mainly due to partial sales of investments: -¥181.3B  
 • SVF2: Increase mainly due to active new investments: +¥1,326.7B

(Reference) Carrying amount of Alibaba shares: ¥3,868.0B (FY21Q1-end)

**3 Investment securities: ¥4,351.7B (increased ¥644.9B)** (see page 13 for details)  
 • Increase in the fair value of T-Mobile shares: +¥227.9B  
 • Increase in the fair value of portfolio companies and new and follow-on investments at Latin America Fund: +¥310.3B  
 • Increase in the carrying amount of investment in SoFi Technologies, WeWork, and Lemonade mainly due to increases in the fair values

Changes in derivative financial assets related to:  
 • Increase in the Contingent consideration fair value for T-Mobile shares: +¥197.8B  
 • Reclassification of a portion of prepaid forward contracts using Alibaba shares to current: -¥143.3B

SB Northstar newly acquired convertible bonds of ¥81.7B (FY21Q1-end balance including those acquired in FY20: ¥181.5B)

# Investment Securities on Consolidated B/S (Main Investments)

(¥ B)

	As of Mar 2021	As of Jun 2021	Change	Outline
<b>Investment securities</b>	<b>3,706.8</b>	<b>4,351.7</b>	<b>+644.9</b>	
<b>FVTPL</b>	<b>3,187.6</b>	<b>3,836.2</b>	<b>+648.6</b>	
T-Mobile	1,474.4	1,702.3	+227.9	
Latin America Fund	441.0	751.3	+310.3	<ul style="list-style-type: none"> <li>• Increase in fair values of portfolio companies + new and follow-on investments</li> <li>• Number of investments at FY21Q1-end: 48*<sup>1</sup></li> </ul>
SoFi Technologies	204.1	249.7	+45.6	IPO through a merger with a SPAC in June 2021. A portion of shares were sold, while fair values of shares continued to be held increased.
WeWork* <sup>2</sup>	168.4	209.7	+41.3	Acquisition through a tender offer + increase in fair values
Lemonade	123.6	145.0	+21.4	
Other	776.1	778.2	+2.1	
FVTOCI and others	519.2	515.5	-3.7	Mainly includes investments by PayPay Bank Corporation

\*1 Includes 1 investment in a subsidiary of the Company.

\*2 Investments in WeWork shares held by SVF1 is included in "Investments from SVF1 and SVF2 accounted for using FVTPL."



# Consolidated B/S Summary (IFRSs) - 2

(¥ B)

B/S item	Main items	As of Mar 2021	As of Jun 2021	Change
Current liabilities		12,891.0	12,944.8	+53.8
	Interest-bearing debt	7,735.2	8,643.7	+908.5
	Lease liabilities	307.4	291.4	-16.0
	Deposits for banking business	1,109.2	1,184.0	+74.8
	Trade and other payables	1,970.3	1,695.1	-275.2
	Derivative financial liabilities in asset management subsidiaries	14.7	14.5	-0.2
	Derivative financial liabilities	322.2	279.6	-42.6
	Income taxes payables	391.9	83.0	-308.9
	Other current liabilities	952.4	703.6	-248.8
	Liabilities directly relating to assets classified as held for sale	11.3	-	-11.3
Non-current liabilities		20,903.9	21,749.7	+845.8
	Interest-bearing debt	10,777.7	11,603.7	+826.0
	Lease liabilities	727.6	694.9	-32.7
	Third-party interests in SVF1	6,601.8	6,450.3	-151.5
	Other financial liabilities	415.4	383.8	-31.6
	Deferred tax liabilities	2,030.7	2,275.4	+244.7
	Other non-current liabilities	207.5	177.1	-30.4
<b>Total liabilities</b>		<b>33,794.9</b>	<b>34,694.5</b>	<b>+899.6</b>

**1**

**SBG:**  
Short-term borrowings +¥685.4B (mainly €2.40B temporary loan made in Jun 2021 ahead of the issuance of foreign currency-denominated senior notes in Jul 2021. The loan was repaid in Jul 2021.)

**SB Northstar:** Repayment of short-term borrowings -¥441.9B

**SBKK:** Commercial paper +¥129.3B

Reversed a derivative financial liability of ¥76.8 on the completion of the tender offer for WeWork shares in Apr 2021. The liability was recorded at FY20-end as the difference between the valuation amount of common stock and preferred stock expected to be acquired and the planned acquisition amount).

SBGJ paid income tax based on taxable income including a gain on sale of shares of SBKK generated in FY20: ¥197.4B

Paid withholding income tax in relation to dividends paid from SBGJ to SBG in FY20: ¥245.1B

**2**

**SBG:** Issuance of domestic hybrid bonds +¥405.0B

**Wholly owned subsidiaries conducting fund procurement:**

- Borrowings using Alibaba shares (margin loan): +\$1.88B
- Financial liabilities relating to prepaid forward contracts (current and non-current): +¥139.8B (FY21Q1-end balance: ¥3,225.5B) (Prepaid forward contracts using Alibaba shares)

Apr 2021: Early termination + a partial repayment of the collar contract: -\$2.86B  
May 2021: Borrowing through a new collar contract: +\$3.0B

**SVF2:** Borrowing through the portfolio financing facility +\$0.9B

**SBKK:** Issuance of domestic straight corporate bonds +¥100.0B

\* For the breakdown of interest-bearing debt and lease liabilities by core companies, see pages 40 and 41 of SBG's Consolidated Financial Report.

# Consolidated B/S Summary (IFRSs) - 3

(¥ B)

B/S item	Items	As of Mar 2021	As of Jun 2021	Change
Equity		11,955.6	12,491.1	+535.5
	Common stock	238.8	238.8	-
	Capital surplus	2,618.5	2,601.1	-17.4
	Other equity instruments*	496.9	496.9	-
	Retained earnings	8,810.4	7,056.6	-1,753.8
	Treasury stock	-2,290.1	-68.1	+2,222.0
	Accumulated other comprehensive income	338.3	400.3	+62.0
	Total equity attributable to owners of the parent	10,213.1	10,725.5	+512.4
	Non-controlling interests	1,742.5	1,765.6	+23.1
	<b>Ratio of equity attributable to owners of the parent (equity ratio)</b>	<b>22.3%</b>	<b>22.7%</b>	<b>+0.4%</b>

1

- Net income attributable to owners of the parent: +¥761.5B
- Decreased following the retirement of treasury stock: -¥2,475.8B  
366,860,600 shares were retired in May 2021 (equivalent to 17.6% of the total number of issued shares as of Apr 30, 2021)

2

- Share repurchase made in FY21 under the Board resolution on Jul 30, 2020: ¥257.8B (25,980,400 shares)
- Retired treasury stock in May 2021.

\* 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)

(¥ B)

C/F item	FY20Q1	FY21Q1	Change	Primary details for FY21Q1	
C/F from operating activities	154.0	507.4	+353.4	1,226.8	Subtotal of cash flows from operating activities
				-75.7	Interest paid
				-651.5	Income taxes paid
C/F from investing activities	1,241.1	-975.8	-2,216.9	-401.9	Payments for acquisition of investments
				80.6	Proceeds from sale/redemption of investments
				-1,401.9	Payments for acquisitions of investments by SVF1 and SVF2
				646.7	Proceeds from sales of investments by SVF1 and SVF2
				62.7	Proceeds from loss of control over subsidiaries
				359.1	Proceeds from withdrawal of restricted cash
C/F from financing activities	1,415.4	786.1	-629.3	-112.6	Proceeds in short-term interest-bearing debt, net
				2,412.7	Proceeds from interest-bearing debt
				-691.4	Repayment of interest-bearing debt
				69.7	Contributions into SVF1 from third-party investors
				-346.7	Distribution/repayment from SVF1 to third-party investors
				-257.8	Purchase of treasury stock
				-37.4	Cash dividends paid
				-135.8	Cash dividends paid to non-controlling interests
Cash and cash equivalents opening balance	3,369.0	4,662.7			
Cash and cash equivalents closing balance	6,181.3	4,980.1			

## C/F from operating activities: increased ¥353.4B yoy

(Major reasons)

- Increase in the amount of income taxes paid (cash outflow): ¥358.8B
- Cash in-flow increase effect resulting mainly from the sale of investments by SB Northstar: ¥735.0B

- Acquired preferred stocks and common stocks of WeWork by tender offer: ¥101.4B
- New and follow-on investments by Latin America Fund: \$0.8B
- The unpaid acquisition price of ¥115.2B for shares of a new company established through the business integration of Z Holdings and LINE was paid in FY21Q1 after the shares were acquired from non-controlling interests in FY20.

## Payments for acquisition of investments by SVF1 and SVF2: -¥1,401.9B

- SVF1: Follow-on investments totaling \$0.9B
- SVF2: New and follow-on investments totaling \$11.9B

## Proceeds from sales of investments by SVF1 and SVF2: +¥646.7B

- SVF1: Partial sale of shares in 6 listed portfolio companies
- SVF2: Partial sale of shares in KE Holdings

## Proceeds in short-term interest-bearing debt: -¥112.6B

(SB Northstar) Decrease in short-term borrowings: ¥438.2B (net)  
(SBKK) Increase in short-term borrowings: ¥166.5B (net)

## Proceeds from interest-bearing debt: +¥2,412.7B

(SBG)

- Short-term borrowings of ¥695.8; issuance of domestic hybrid bonds of ¥405.0B (Wholly owned subsidiaries conducting fund procurement)
- Borrowings using Alibaba shares (margin loan): +\$1.88B
- Procurement through prepaid forward contracts using Alibaba shares: +\$3.0B (SVF2)
- Borrowings through the Portfolio Financing Facility : +\$0.9B

## Repayment of interest-bearing debt: -¥691.4B

(Wholly owned subsidiaries conducting fund procurement)

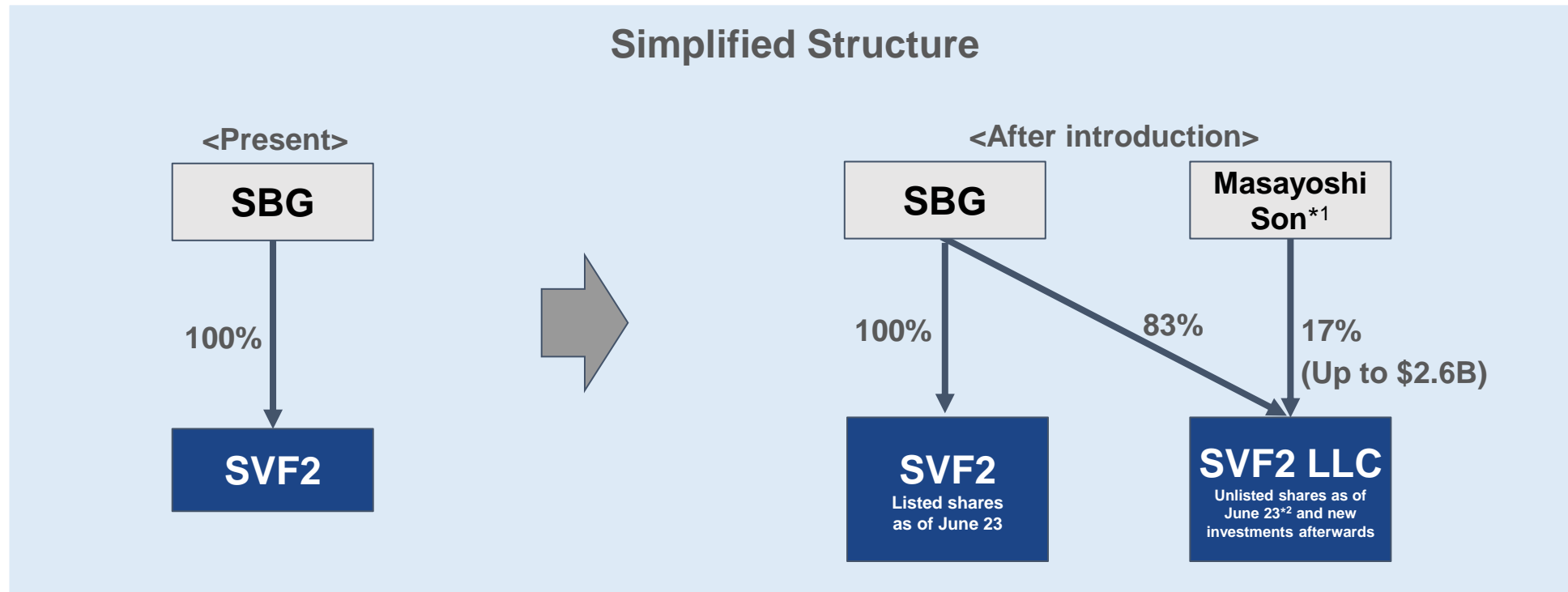
Partial early termination of the collar contract out of the prepaid forward contracts using Alibaba shares: -\$2.86B

# Segment Income - SVF1 and Other SBIA-Managed Funds

(¥ B)

P/L	FY20Q1	FY21Q1	Items
<b>Gain on investments at SVF1, SVF2, and others</b>	<b>296.6</b>	<b>391.6</b>	
Realized gain on investments	111.4	406.6	SVF1: Entire sale of shares (share exchange) in 1 portfolio company and a partial sale of shares in 6 listed portfolio companies including DoorDash, Uber, and Guardant Health: ¥309.7B SVF2: Partial sale of shares in KE Holdings: ¥97.0B
Unrealized gain (loss) on valuation of investments	178.1	-23.2	
Change in valuation for the fiscal year	258.1	430.0	Unrealized gain (net) on valuation of investments held at FY21Q1-end: SVF1: ¥380.9B (\$3,462M) •Listed companies: \$1,808M in total •Unlisted companies: \$1,654M in total SVF2: ¥49.1B (\$446M) •Listed companies: -\$322M in total •Unlisted companies: \$769M in total See pages 22-23 of SBG's Consolidated Financial Report for details.
Reclassified to realized gain recorded in the past fiscal year	-79.9	-453.2	Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in FY21 are reclassified to "realized gain on investments"
Dividend income from investments	2.9	20.8	
Derivative gain (loss) on investments	0.8	-3.4	
Effect of foreign exchange translation	3.3	-9.3	
Selling, general and administrative expenses	-14.3	-16.4	Administrative expenses at SBIA, SVF1 and SVF2
Finance cost	-4.6	-4.1	
Change in third-party interests in SVF1	-147.6	-134.1	The sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gain and loss on investments at SVF1, net of management and performance fees payable to SBIA, and operating and other expenses of SVF1.
Other loss	-0.4	-1.4	
<b>Segment income (income before income tax)</b>	<b>129.6</b>	<b>235.6</b>	

# Introduction of Co-investment to SVF2



## <Supplementary information from accounting perspectives>

- Since this transaction falls under the category of "related party transaction," a series of related transaction volume and outstanding balance will be disclosed in the quarterly and annual securities reports from FY21Q2.
- In principle, investments in unlisted portfolio companies held by SVF2 as of June 23, 2021\*2 will be transferred to SVF2 LLC at fair value as of June 30, 2021.
- The above 17% of interest in SVF2 LLC is attributable to Masayoshi Son.

\* For the details of the co-investment, see page 15 and 16 of the Finance section of FY21Q1 Investor Briefing material and pages 89 to 92 of SBG Consolidated Financial Report.

\* SBIA is an investment adviser of SVF2, authorized and regulated by the Financial Conduct Authority and independent affiliate of SBG and maintains separate procedures and operations from those of SBG.

\*1 Participation by management other than Masayoshi Son has not been determined as of August 10, 2021, but is expected in the future.

\*2 Excluding portfolios that were listed or announced to be listed as of June 23, 2021 and portfolios that were approved by SBG Board of Directors to be excluded from the co-investment program.

# Appendix

# Breakdown of Goodwill / Intangible Assets

(¥ B)

B/S Item	Main items	As of Mar 2021	As of Jun 2021	Change			Outline	
				Amortization	Changes in exchange rate	Others		
Goodwill*		<b>4,684.4</b>	<b>4,691.6</b>					
	Arm	2,621.6	2,618.5	-	-3.1	-	Excludes ISG businesses	
	SBKK	907.5	907.5	-	-	-		
	ZOZO	212.9	212.9	-	-	-		
	LINE	627.9	633.9	-	-	+6.0	Increased due to the revision of the provisional amount recognized at business combination	
Main intangible assets	<b>Technologies</b>	<b>368.1</b>	<b>357.7</b>					
	Main b/d	Arm	361.7	351.7	-9.5	-0.5	-	Amortized at straight-line method for 8-20 years
	<b>Customer relationships</b>	<b>674.9</b>	<b>656.4</b>					
		ZOZO	303.6	300.4	-3.2	-	-	Amortized at straight-line method for 18-25 years
	Main b/d	LINE	236.9	227.7	-3.4	-	-5.8	Amortized at straight-line method for 12-18 years Other: decreased due to the revision of the provisional amount recognized at business combination
		Arm	95.7	92.8	-2.8	-0.1	-	Amortized at straight-line method for 13 years
	<b>Trademarks</b>	<b>385.2</b>	<b>374.9</b>					
		ZOZO	178.7	178.7	-	-	-	
	Main b/d	LINE	170.1	160.1	-	-	-10.0	Decreased due to the revision of the provisional amount recognized at business combination
	<b>Management contracts</b>	<b>33.2</b>	<b>31.1</b>					
	Fortress	33.2	31.1	-2.0	-0.1	-	Amortized at straight-line method for 3-10 years	

\* 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.

# Price Sensitivity of Derivatives at SB Northstar (FY21Q1-end)

The below table shows the impact on income before income tax of changes in the market prices of the underlying assets from June 30, 2021 of options, total return swap contracts, and forward contracts related to listed stocks at SB Northstar, assuming all other variables remain unchanged.

(¥ B)

	Fair value at the end of the period (minuses indicate liabilities)	Assumption of change in market price	Estimated fair value after factoring in assumptions (minuses indicate liabilities)	Impact on income before income tax	Notional principal
Long call option of listed stocks in asset management subsidiaries	235.5	30% increase	563.3	327.8	1,237.0
		10% increase	336.6	101.1	
		10% decrease	153.9	-81.7	
		30% decrease	51.7	-183.8	
Short call option of listed stocks in asset management subsidiaries	-14.2	30% increase	-104.0	-89.7	-409.0
		10% increase	-37.3	-23.0	
		10% decrease	-4.7	9.5	
		30% decrease	-3.1	11.2	
Total return swap contracts related to listed stocks in asset management subsidiaries	11.8	30% increase	52.1	40.2	125.5
		10% increase	25.3	13.4	
		10% decrease	-1.6	-13.4	
		30% decrease	-28.4	-40.2	
Forward contracts related to listed stocks in asset management subsidiaries	6.5	30% increase	18.7	12.1	33.9
		10% increase	10.6	4.0	
		10% decrease	2.5	-4.0	
		30% decrease	-5.6	-12.1	