SoftBank Group

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

SoftBank Group Corp.
Consolidated Financial Report
For the Six-Month Period Ended September 30, 2020 (IFRS)

Tokyo, November 9, 2020

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	%
Six-month period ended September 30, 2020	**¥2,630,531**	**3.6**	**¥1,441,472**	**22.9**	**¥1,879,377**	**253.1**	**¥1,883,211**	**346.7**	**¥1,562,319**	**-**
Six-month period ended September 30, 2019	¥2,539,719	-	¥1,172,673	-	¥532,185	(38.9)	¥421,552	(49.8)	¥(47,718)	-

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six-month period ended September 30, 2020	**¥950.54**	**¥903.06**
Six-month period ended September 30, 2019	¥195.66	¥190.30

Notes:
1. Net sales and income before income tax are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales and income before income tax for the six-month period ended September 30, 2019 are not presented because corresponding amounts for the six-month period ended September 30, 2019 are revised and presented respectively. Please refer to page 69 “Note 3. Discontinued operations” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.
2. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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 September 30, 2020	**¥35,648,197**	**¥8,420,605**	**¥7,302,753**	**20.5**
As of March 31, 2020	¥37,257,292	¥7,372,917	¥5,913,613	15.9

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2020	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2021	-	22.00			
Fiscal year ending March 31, 2021 (Forecasted)			-	-	-

Note:
*On October 23, 2020, the Company announced that the interim dividend for the fiscal year ending March 31, 2021 was determined under the resolution passed at the Board of Directors meeting held on October 22, 2020. However, the forecasted dividend amounts for the fiscal year ending March 31, 2021 are still yet to be determined.

*** Notes**

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

Newly consolidated: None

Excluded from consolidation: Three entities: Sprint Corporation, Sprint Communications, Inc., Starburst I, Inc.

Notes:

1. Please refer to page 47 "(1) Significant Changes in Scope of Consolidation for the Six-Month Period Ended September 30, 2020" under "2. Notes to Summary Information" for details.

2. Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) to (iii), is determined by using the financial statements.

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

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

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

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: No

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: Yes

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

(3) Number of shares issued (common stock)

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

As of September 30, 2020:	2,089,814,330	shares
As of March 31, 2020:	2,089,814,330	shares

[2] Number of shares of treasury stock:

As of September 30, 2020:	210,494,347	shares
As of March 31, 2020:	21,818,471	shares

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

As of September 30, 2020:	1,965,237,924	shares
As of September 30, 2019:	2,076,940,623	shares

Note:
The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Number of shares issued," "Number of shares of treasury stock," and "Number of average shares outstanding during six-month period" are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

*** 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 November 9, 2020 (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/corp/irinfo/presentations/. The Data Sheet will also be posted on the website on the same day at the same site.

(Appendix)

Contents

Notice Regarding PFIC Status
It is possible that SoftBank Group Corp. (“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. We recommend that U.S. holders of SBG’s shares consult their tax advisers with respect to the U.S. federal income tax consequences to them if SBG is classified as a PFIC.

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
**Each of the following name or abbreviations indicates the respective company and its subsidiaries, if any.*	
SB Northstar	SB Northstar LP
SoftBank Vision Fund 1 or SVF1[*1]	SoftBank Vision Fund L.P. and its alternative investment vehicles
SoftBank Vision Fund 2 or SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles[*2]
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
The first quarter	Three-month period ended June 30, 2020
The second quarter	Three-month period ended September 30, 2020
The period	Six-month period ended September 30, 2020
The second quarter-end	September 30, 2020
The fiscal year	Fiscal year ending March 31, 2021
The previous fiscal year	Fiscal year ended March 31, 2020
The previous fiscal year-end	March 31, 2020

Notes:
1. Since the second quarter, the Company has changed the presentation of "SoftBank Vision Fund" to "SoftBank Vision Fund 1" or "SVF1" to clearly distinguish it from "SoftBank Vision Fund 2" and changed the name of the reportable segment from "SoftBank Vision Fund and Other SBIA-Managed Funds" to "SVF1 and Other SBIA-Managed Funds." Names of related accounts have also been changed. See "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.
2. The entities defined as "SoftBank Vision Fund 2" were established for the purpose of holding the investments expected to be owned by "SoftBank Vision Fund 2," a private fund which is expected to admit third-party investors in the future. As of the second quarter-end, SoftBank Vision Fund 2 has yet to have an external close.

Exchange Rates Used for Translations

Average rate for the quarter

	Fiscal year ended March 31, 2020				Fiscal year ending March 31, 2021	
	Q1	Q2	Q3	Q4	Q1	Q2
USD / JPY	¥110.00	¥107.70	¥108.98	¥109.22	¥107.74	¥105.88

Rate at the end of the period

	March 31, 2020	September 30, 2020
USD / JPY	¥108.83	¥105.80

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS

In the fiscal year, the presentation of the Consolidated Statement of Income and reportable segments were changed as follows. The Consolidated Statement of Income and reportable segments for the same period of the previous fiscal year have been restated and presented in the same manner.

Changes in presentation of Consolidated Statement of Income

“Operating income” no longer presented and “gain (loss) on investments” newly presented

SoftBank Group Corp. (“SBG”) is a strategic investment holding company managing a portfolio of investments in a wide range of companies, made either directly (including investments through subsidiaries) or through investment funds (such as SVF1). On April 1, 2020, Sprint ceased to be a subsidiary of the Company following the completion of the merger between Sprint and T-Mobile US, Inc. Given that investment activities have taken on greater importance in the Company’s overall consolidated financial results, the Company has revised the presentation of the Consolidated Statement of Income starting from the first quarter.

Specifically, “operating income” will no longer be presented in the Consolidated Statement of Income. Instead, “gain (loss) on investments” will be used in order to show investment performance in the consolidated financial results. This change in presentation was made because the previously used “operating income” excluded gain and loss on investments, other than gain and loss on investments included in “gain on investments at SVF1 and SVF2.” The Company determined that “operating income” was not useful in appropriately presenting the consolidated financial results of a strategic investment holding company. The newly established “gain (loss) on investments” includes (1) realized gain and loss on sales of investment securities (financial assets at FVTPL) and investments accounted for using the equity method; (2) unrealized gain and loss on valuation of financial assets at FVTPL; (3) dividend income from investments; and (4) derivative gain and loss related to financial assets at FVTPL and other investments. Derivative gain and loss not included in the above “gain (loss) on investments” is shown as “derivative gain (loss) (excluding gain (loss) on investments).” Income on equity method investments, which recognizes the Company’s equity interest in the net income and loss of applicable portfolio companies, continues to be presented as “income on equity method investments.”

In line with no longer presenting “operating income” in the Consolidated Statement of Income, the Company has revised segment income in each reportable segment to “income before income tax.”

Classification of Brightstar in the disposal group classified as held for sale

On September 17, 2020 (U.S. time), the Company reached an agreement to sell all of its shares in Brightstar Global Group Inc. (“Brightstar”)[1] and completed the transaction on October 22, 2020 (U.S. time). At the second quarter-end, the Company determined the closing of the transaction to be highly probable, and therefore classified Brightstar’s net income or loss in the Consolidated Statement of Income for the period as “net income from discontinued operations.” Brightstar’s income or loss for the same period of the previous fiscal year has also been restated retrospectively as “net income from discontinued operations.”

1 As part of consideration for the transaction, the Company has received a 25% stake (fully diluted basis) in a subsidiary of Brightstar Capital Partners, which acquired all of the shares of Brightstar.

Changes in reportable segments

New establishment of the Investment Business of Holding Companies segment

In light of the greater importance of investment activities to the Company's overall consolidated financial results, as mentioned above, the Investment Business of Holding Companies segment was newly established in the first quarter. See "OVERVIEW" under "(a) Investment Business of Holding Companies Segment" in "b. Results by Segment" in "(1) Overview of Results of Operations" on page 18 for the overview of the segment.

Removal of Brightstar segment

Following the classification of Brightstar in the disposal group classified as held for sale, Brightstar has been removed from the reportable segments from the second quarter.

As of the second quarter-end, the Company has four reportable segments: Investment Business of Holding Companies, SVF1 and Other SBIA-Managed Funds, SoftBank, and Arm.

1. Results of Operations

(1) Overview of Results of Operations

1. Progress on sale or monetization of ¥4.5 trillion program

- Completion of sale or monetization of assets: The Company completed the partial sale of T-Mobile shares, borrowings using T-Mobile shares, partial monetization of Alibaba shares through prepaid forward contracts, and partial sale of SoftBank Corp. shares (including an additional sale). The amount of sale or monetization of assets for the period totaled ¥5.6 trillion. The use of the proceeds will be decided considering the Company's financial balance.
- Share repurchase: Of a total ¥2 trillion authorized share repurchases, the Company had repurchased shares of ¥540.1 billion as of September 30, 2020 and additional shares of ¥139.3 billion as of October 31, 2020.
- Debt reduction: The Company repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion, fully repaid $9.44 billion of borrowings made using Alibaba shares (margin loan), and repaid early ¥300.0 billion of senior loans.

2. Agreement to sell all Arm shares to NVIDIA

- On September 13, 2020, the Company agreed to the sale of all Arm shares to NVIDIA with a transaction valued up to $40.0 billion.
- Arm will continue to be classified under continuing operations in the Company's financial statements until the closing of the transaction is deemed highly probable.

3. Highlights of results

- **Gain on investments of ¥2,033.3 billion**
  - Gain on investments at Investment Business of Holding Companies of ¥579.6 billion: In connection with the merger of Sprint and T-Mobile US, Inc. and the subsequent partial sale of T-Mobile shares, gain relating to sales of T-Mobile shares of ¥421.8 billion, unrealized gain on valuation of investments of ¥100.1 billion related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥177.0 billion resulting from an increase in the fair value of a contingent consideration[2] were recorded. Conversely, investment loss from investments in listed stocks and other instruments of ¥131.7 billion was recorded.
  - Gain on investments at SVF1 and SVF2 of ¥1,336.6 billion
    - At SVF1, realized gain (net) on sales of investments of ¥141.4 billion was recorded, in addition to unrealized gain on valuation of ¥729.9 billion, as a result of a recovery in the public equity markets, as well as increases in fair value of investments where exits have been decided or have new funding rounds, or have benefitted from the accelerated adoption of digital services following the novel coronavirus (COVID-19) pandemic.
    - At SVF2, unrealized gain on valuation of ¥537.2 billion was recorded, mainly due to the share price increase of KE Holdings Inc. following its listing.

- **Income before income tax of ¥1,441.5 billion (increased ¥268.8 billion yoy)**
  - Finance cost of ¥153.8 billion*
  - Derivative loss (excluding gain (loss) on investments) of ¥761.6 billion*
  - Change in third-party interests in SVF1 of ¥(457.5) billion*

  * recorded as a cost for the period

- **Net income attributable to owners of the parent of ¥1,883.2 billion (increased ¥1,461.7 billion yoy)**
  - Net income from discontinued operations of ¥710.2 billion was recorded, primarily reflecting gain relating to loss of control of Sprint.

4. Interim dividend payment

- Interim dividend of ¥22 per share was decided, the same amount as in the previous fiscal year.
- The full-year dividend forecast remains undetermined.

2 The right to acquire certain T-Mobile shares for no additional consideration if certain conditions are met, which was received as part of consideration for the merger of Sprint and T-Mobile US, Inc.

PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)

On March 23, 2020, SBG announced a program to sell or monetize ¥4.5 trillion of assets held. The funds obtained from the sale and monetization will be used to repurchase up to ¥2 trillion of the Company's common stock, with the balance to be used for debt redemptions, bond buybacks, and to increase cash reserves (collectively, the "¥4.5 trillion program"). The Company completed the sale or monetization of the target amount of ¥4.5 trillion of the assets as of the second quarter-end. For the period, the amount of sale or monetization of assets totaled ¥5.6 trillion. The use of the proceeds from asset sales in excess of the target amount has yet to be determined. Going forward, the Company will seek to make new investments for sustainable growth and return profits to shareholders, while maintaining its sound financial structure. Meanwhile, the share repurchases of up to ¥2 trillion were originally intended to be executed over four quarters beginning March 23, 2020; however, in light of the uncertainty in market trends and other factors, it is possible that the repurchases may not be completed by the end of March 2021, as originally scheduled.

Given the current concern for future waves of COVID-19, SBG believes it needs to further enhance cash reserves. SBG is investing the funds raised, until such cash reserves are used for the planned share repurchases and debt reductions, together with other surplus funds, in high-quality, highly liquid marketable securities and other instruments, as well as holding the funds in cash and deposits, while being firmly committed to its existing financial policies on LTV (loan-to-value, the ratio of liabilities to holding assets) and cash position. See "(a) Investment Business of Holding Companies Segment" under "b. Results by Segment" for details.

Sale or monetization of assets in the period

(Trillions of yen)

	Amount of sale or monetization		
	April to June 2020	July to September 2020	Total
1. Partial sale of T-Mobile shares and borrowings using T-Mobile shares	1.9	0.5	2.4
2. Partial monetization of Alibaba shares through prepaid forward contracts	1.5	0.2	1.7
3. Partial sale of SoftBank Corp. shares	0.3	1.2	1.5
Total	3.7	1.9	5.6

Note: Transactions completed by June 30, 2020 were converted at ¥107.74 to the U.S. dollar, and transactions completed by September 30, 2020 were converted at ¥105.80 to the U.S. dollar.

1. Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc.

a. Completion of the merger of Sprint and T-Mobile US, Inc.

The merger of Sprint, which had been a U.S. subsidiary of the Company, and T-Mobile US, Inc. in an all-stock transaction (the "Merger") was completed on April 1, 2020. As consideration for the Merger, the Company received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met (the "Contingent Consideration"). As of the same date, Sprint ceased to be a subsidiary of the Company, and the combined new company, T-Mobile, became an equity method associate of the Company with 24.7% shareholding. See "(1) Sprint" under "3. Discontinued operations" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

b. Partial sale of T-Mobile shares

Subsequently, the Company, through its subsidiary, sold 173,564,426 shares on June 26, 2020 ((a) and (b) in "Details of the Partial Sale" below), 5,000,000 shares on July 16, 2020 ((c) below), and 19,750,000 shares on August 3, 2020 ((d) below) (the "Partial Sale") of the Company's 304,606,049 shares of common stock of T-Mobile. T-Mobile disposed of the shares purchased from the Company's subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a sale to T-Mobile Board Director Marcelo Claure (Board Director, Executive Vice President & COO of SBG), and a rights offering, with the proceeds being transferred to the Company's subsidiary.

As a result of the decrease in voting rights following the sale of shares on June 26, 2020, the Company lost its significant influence over T-Mobile and, on the same date, T-Mobile was removed as an equity method associate of the Company.

Details of the Partial Sale

Transaction	Number of shares sold (shares)	Total sale value (Millions of U.S. dollars)
(a) Public offering in the U.S. by T-Mobile	154,147,026	15,877
(b) Private placement through a trust by T-Mobile	19,417,400	1,667
(c) Sale by T-Mobile to T-Mobile Board Director Marcelo Claure	5,000,000	515
(d) Rights offering by T-Mobile	19,750,000	2,034

In addition, Deutsche Telekom AG ("Deutsche Telekom") received call options for 101,491,623 T-Mobile shares continued to be held by the Company after the Partial Sale (the "Deutsche Telekom Call Options").[3]

(i) For a call option over 44,905,479 shares out of the 101,491,623 shares, the strike price is $103.00 per share. Deutsche Telekom can exercise this option at any time after the option grant date.

(ii) For a call option over 56,586,144 shares out of the 101,491,623 shares, the strike price is equal to the average of the daily volume-weighted average prices of the shares of T-Mobile common stock for each of the 20 trading days immediately prior to the date of exercise. Deutsche Telekom can exercise this option after the exercise of the option (i) above or after October 2, 2020.

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

Number of T-Mobile shares held by the Company before and after the Partial Sale

(a) Number of shares held before the Partial Sale	304,606,049
(b) Number of shares sold through the Partial Sale	198,314,426
(c) Number of shares held after the Partial Sale ((a) – (b))	106,291,623
(d) Number of shares subject to the Deutsche Telekom Call Options	101,491,623
(e) Number of shares held after the Deutsche Telekom Call Options are exercised ((c) – (d))	4,800,000
(f) Number of shares that can be acquired through the Contingent Consideration	48,751,557
(g) Number of shares held if the shares are acquired through the Contingent Consideration ((e) + (f))	53,551,557

c. Borrowings using T-Mobile shares

On July 30, 2020, SBG's wholly owned subsidiary borrowed $4.38 billion using its T-Mobile shares pledged as collateral (margin loan). Because SBG has, as an exception, guaranteed a portion of the margin loan, $2.3 billion is considered as the amount of assets monetized under the ¥4.5 trillion program (after deducting the $2.08 billion cap on the guaranteed obligations). 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 for the margin loan.

2. Partial monetization of Alibaba shares through prepaid forward contracts

From April to August 2020, SBG's wholly owned subsidiaries, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited entered into several prepaid forward contracts using Alibaba shares with financial institutions. The Company procured an aggregate amount of $15.4 billion. Alibaba remains an equity method associate of the Company following these transactions.

3. Partial sale of SoftBank Corp. shares

In May and September 2020, SBG sold a total of 1,268,061,400 shares of common stock of its subsidiary SoftBank Corp. out of the 3,182,919,470 shares held through SoftBank Group Japan Corporation and received a total of ¥1.5 trillion, broken down as follows.

a. May 2020: 240,000,000 shares (shareholding ratio: 5.0%) sold for ¥310.2 billion

b. September 2020: 1,028,061,400 shares (shareholding ratio: 21.7%) sold for ¥1.2 trillion

SoftBank Corp. continues to be a subsidiary of the Company following these sales and its strategic importance to the SoftBank Group remains unchanged. Considering its importance, the Company and SoftBank Group Japan Corporation have no intention of selling additional SoftBank Corp. shares. They intend to maintain their holding of the remaining shares held for the medium to long term.

Since SoftBank Corp. continues to be a subsidiary of SBG following these sales, the amounts equivalent to the after-tax gain on the sales were recorded as capital surplus in the Condensed Interim Consolidated Statement of Financial Position. In addition, a credit of income taxes (profit) was recorded, mainly due to the determination that the transactions have increased the probability of generating taxable income at SoftBank Group Japan Corporation that is available for the use of loss carryforwards, to which deferred tax assets had not been recognized.

Share repurchases based on the ¥4.5 trillion program

As of October 31, 2020

Date of Board resolution	Total number of shares to be repurchased	Total amount of repurchase	Repurchase period
May 15, 2020	81,940,400 (Repurchased)	¥500 billion (Repurchased)	From June 17, 2020 to August 3, 2020
June 25, 2020	Maximum of 115 million (Repurchased 26 million to date)	Maximum of ¥500 billion (Repurchased ¥179.4 billion to date)	From June 26, 2020 to March 31, 2021
July 30, 2020	Maximum of 240 million	Maximum of ¥1 trillion	From July 31, 2020 to July 30, 2021
(Reference: Status of share repurchase resolved before the ¥4.5 trillion program)			
March 13, 2020	107,679,300 (Repurchased)	¥500 billion (Repurchased)	From March 16, 2020 to June 15, 2020

Reduction of debt based on the ¥4.5 trillion program

As part of the ¥4.5 trillion program, the Company implemented the following debt reductions as of the second quarter-end.

a. Repurchase of domestic unsecured corporate bonds

On July 22, 2020, SBG completed the repurchase of domestic unsecured corporate bonds with a total face value of ¥167.6 billion.

b. Repayment of margin loan made using Alibaba shares

In July 2020, Skywalk Finance GK, a wholly owned subsidiary of the Company, fully repaid $9.44 billion in borrowings made using Alibaba shares (margin loan).

c. Repayment of senior loan

In September 2020, SBG conducted an early repayment of a senior loan with an aggregate face value of ¥300.0 billion.

SALE OF ALL SHARES IN ARM

On September 13, 2020 (U.S. time), SoftBank Group Capital Limited ("SBGC"), a wholly owned subsidiary of the Company, and SVF1 entered into a Share Purchase Agreement (the "Purchase Agreement") with NVIDIA Corporation ("NVIDIA"), a U.S.-based semiconductor manufacturer, whereby the Company will sell all of the shares in its wholly owned subsidiary Arm held by SBGC and SVF1 to NVIDIA in a transaction valued up to $40 billion (approximately ¥4.2 trillion) (the "Transaction"). The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other closing conditions. The Transaction is expected to take approximately 18 months to close following the execution of the Purchase Agreement. Arm's Internet-of-Things Services Group (ISG) business will be carved out from Arm prior to the closing of the Transaction. Accordingly, the ISG business is not within the scope of the Transaction.

Upon completion of the Transaction, Arm will cease to be a subsidiary of the Company and will no longer be consolidated into the Company's financial results; however, Arm will continue to be classified under continuing operations in the Company's consolidated financial statements until the closing of the Transaction is deemed highly probable. Upon closing of the Transaction, SBGC and SVF1 expect to receive in the aggregate approximately 6.7-8.1% of outstanding NVIDIA shares (excluding treasury shares), depending on the final amount of the earn-out, if any (as discussed below). NVIDIA is not expected to become a subsidiary or an associate of the Company following the completion of the Transaction.

A breakdown of the transaction value is presented below.

(Billions of U.S. dollars)

		Transaction value		Time of receipt
Consideration for the Company	**(1) Cash**	12.0	(a) 2.0	Received on September 13, 2020 ($0.75 billion of which was received by Arm as consideration for a license agreement)
			(b) 10.0	Upon closing
	(2) NVIDIA shares	21.5 (44.37 million shares)		Upon closing
	(3) Earn-out (cash or NVIDIA shares)	Up to 5.0 (or 10.32 million shares)		Upon closing; subject to satisfaction of specific financial performance targets of Arm
	(4) NVIDIA share compensation for Arm employees	1.5		Upon closing; to be received by Arm employees
	Total	**Up to 40.0**		

Notes:
1. The consideration described in (1) and (2) and, if any, (3) will be allocated to SBGC and SVF1 in accordance with their respective ownership ratios of Arm shares (75.01% to SBGC and 24.99% to SVF1). The proceeds received by SVF1 will be further allocated to SVF1's limited partners, including the Company, based on a designated waterfall.
2. Transaction value of (2) and (3) is calculated based on NVIDIA shares with a price of $484.6007 per share (the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points).

(1) $12.0 billion in cash

(a) $2.0 billion

Upon the execution of the Purchase Agreement on September 13, 2020, SBGC and Arm received cash totaling

$2.0 billion. Of this amount, $1.25 billion was received as a deposit for part of the consideration in the Transaction (refundable to NVIDIA subject to certain conditions until the closing of the Transaction, after which such amount will become non-refundable) and $0.75 billion was received by Arm as consideration for a license agreement that Arm and NVIDIA entered into concurrently with the execution of the Purchase Agreement.

(b) $10.0 billion

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

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

Upon the closing of the Transaction, SBGC and SVF1 will receive $21.5 billion in NVIDIA common stock. The total number of shares of NVIDIA common stock to be received is 44,366,423 shares, which was determined based on a price of $484.6007 per share (the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points). Of the $21.5 billion in NVIDIA common stock, $1.0 billion (representing 2,063,554 shares) will be subject to escrow in order to satisfy certain indemnification obligations of SBGC and SVF1 as set out in the Purchase Agreement.

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

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

An earn-out of up to $5.0 billion in cash or up to 10,317,772 shares of NVIDIA common stock (based on a price of $484.6007 per share, being the average of the daily closing prices of NVIDIA common stock for the 30 consecutive trading days ended September 10, 2020 (rounded up to four decimal points)) is payable to SBGC and SVF1 subject to satisfaction of certain financial performance targets for each of revenue and EBITDA of Arm (in each case subject to certain adjustments and excluding any amounts attributable to the ISG business) during the fiscal year ending March 31, 2022 as set out in the Purchase Agreement. If Arm's financial performance exceeds the agreed floors but does not meet such targets, the earn-out will be prorated. If Arm's financial performance does not meet such floors, the earn-out will not be payable.

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

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

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

Since Arm is a subsidiary of the Company, unrealized valuation gain and loss associated with the change in valuation on SVF1's holding of Arm shares is recorded under segment income as "gain (loss) on investments at SVF1 and SVF2 (unrealized valuation gain (loss) recorded for the fiscal year)," but is eliminated in consolidation, and is not included in "gain (loss) on investments at SVF1 and SVF2" in the Condensed Interim Consolidated Statement of Income.

MAJOR IMPACT OF THE MERGER BETWEEN SPRINT AND T-MOBILE US, INC. AND THE PARTIAL SALE OF T-MOBILE SHARES ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

Impact of the merger of Sprint and T-Mobile US, Inc.

a. Impact on the Condensed Interim Consolidated Statement of Income

A gain relating to loss of control of Sprint of ¥721.4 billion was recorded under "net income from discontinued operations."

b. Impact on the Condensed Interim Consolidated Statement of Financial Position

Assets

- The fair value of T-Mobile shares, which were received as consideration for the Merger, of ¥2.7 trillion was recorded under "investments accounted for using the equity method" (as a result of the partial sale of T-Mobile shares mentioned below, the T-Mobile shares continued to be held by the Company were reclassified to "investment securities" at fair value).
- The Contingent Consideration, which was received as consideration for the Merger, of ¥373.4 billion was recorded under "derivative financial assets." An increase in the fair value of ¥177.0 billion was recognized as of the second quarter-end, after the fair value of ¥196.3 billion was recorded at the time of the Merger (this increase was recorded as derivative gain under "gain on investments at Investment Business of Holding Companies").

Impact of the partial sale of T-Mobile shares

a. Impact on the Condensed Interim Consolidated Statement of Income

Gain (loss) on investments

Gain relating to sales of T-Mobile shares of ¥421.8 billion was recorded under "gain (loss) on investments at Investment Business of Holding Companies." This consisted of a gain of ¥280.3 billion on sales of shares of associates, a gain of ¥296.0 billion on the revaluation of T-Mobile shares continued to be held by the Company, a derivative loss relating to the Deutsche Telekom Call Options of ¥154.5 billion, a realized loss of ¥3.1 billion on the sale of T-Mobile shares, and a gain of ¥3.0 billion on derecognition of derivative liabilities.

b. Impact on the Condensed Interim Consolidated Statement of Financial Position

Assets

T-Mobile shares continued to be held by the Company were recorded under "investment securities" at fair value (the second quarter-end: ¥1.3 trillion). T-Mobile shares continued to be held are measured at fair value at each quarter-end, with changes recorded under "gain (loss) on investments at Investment Business of Holding Companies" in the Consolidated Statement of Income. Unrealized gain on valuation of investments of ¥100.1 billion related to T-Mobile shares was recorded in the period from June 26, 2020 to the second quarter-end.

Liabilities

The Deutsche Telekom Call Options were recorded under "derivative financial liabilities" at fair value (the second quarter-end: ¥178.7 billion). The Deutsche Telekom Call Options are measured at fair value at each quarter-end, with changes recorded as derivative gain or loss under "gain (loss) on investments at Investment Business of Holding Companies" in the Consolidated Statement of Income.

c. Impact on the Condensed Interim Consolidated Statement of Cash Flows

Cash flows from investing activities

Proceeds from the sale of T-Mobile shares of ¥2.1 trillion were recorded under "proceeds from sales/redemption of investments."

MAJOR IMPACT FROM THE COVID-19 PANDEMIC ON MARKETS AND BUSINESSES OF THE COMPANY

There is still no sign of an end to the COVID-19 pandemic. Data collected by Johns Hopkins University in the U.S. indicate that, as of November 1, 2020 (Japan time), the total number of COVID-19 cases surpassed 46.07 million and the number of deaths surpassed 1.19 million worldwide. The number of infections is increasing again, especially in Europe and the U.S., and restrictions on operations for restaurants and social outings are being widely enforced again. Global stock markets remain volatile due to concerns about the slowdown in economic activity.

SVF1 recorded unrealized gain on valuation of ¥729,852 million[4] in the period, supported by a recovery in the fair value of listed portfolio companies due to a rebound in the public equity markets, as well as increases in the fair value of unlisted portfolio companies where exits have been decided or have new funding rounds, or are benefiting from the accelerated adoption of digital services during the COVID-19 crisis. The impact of COVID-19 varies greatly depending on the sector. Businesses in sectors such as e-commerce, online education, entertainment, enterprise software, food and grocery delivery, and health tech have benefited from the accelerated adoption of digital services, while companies in sectors such as travel and hospitality are recovering at a slower pace. The pandemic is expected to continue to affect each portfolio company differently in the future.

4 Since Arm is a subsidiary of the Company, investment gain and loss related to Arm shares recorded in the SVF1 and Other SBIA-Managed Funds segment is excluded.

a. Consolidated Results of Operations

(Millions of yen)

	Six months ended September 30				
	2019	**2020**	Change	Change %	
Continuing operations					
Net sales	2,539,719	**2,630,531**	90,812	3.6%	**A**
Gross profit	1,314,754	**1,419,812**	105,058	8.0%	
Gain on investments					
Gain on investments at Investment Business of Holding Companies	729,417	**579,614**	(149,803)	(20.5%)	**B**
Gain on investments at SVF1 and SVF2	(529,328)	**1,336,638**	1,865,966	-	**C**
Gain on other investments	15,877	**117,059**	101,182	637.2%	
Total gain on investments	215,966	**2,033,311**	1,817,345	841.5%	
Selling, general and administrative expenses	(915,426)	**(1,011,301)**	(95,875)	10.5%	
Finance cost	(140,572)	**(153,808)**	(13,236)	9.4%	**D**
Income on equity method investments	453,983	**200,830**	(253,153)	(55.8%)	**E**
Derivative gain (loss) (excluding gain (loss) on investments)	7,714	**(761,557)**	(769,271)	-	**F**
Change in third-party interests in SVF1	180,775	**(457,537)**	(638,312)	-	
Other gain (loss)	55,479	**171,722**	116,243	209.5%	
Income before income tax	1,172,673	**1,441,472**	268,799	22.9%	
Income taxes	(591,473)	**(272,282)**	319,191	(54.0%)	**G**
Net income from continuing operations	581,200	**1,169,190**	587,990	101.2%	
Discontinued operations					
Net income from discontinued operations	(49,015)	**710,187**	759,202	-	**H**
Net income	532,185	**1,879,377**	1,347,192	253.1%	
Net income attributable to owners of the parent	421,552	**1,883,211**	1,461,659	346.7%	
Total comprehensive income	(47,718)	**1,562,319**	1,610,037	-	
Comprehensive income attributable to owners of the parent	(137,296)	**1,563,669**	1,700,965	-	

Note: For the fiscal year, continuing operations and discontinued operations have been presented separately. To reflect this change in presentation, figures for the same period of the previous fiscal year have been restated and presented in the same manner.

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

Gain relating to sales of T-Mobile shares of ¥421,755 million was recorded, while investment loss of ¥131,677 million from investment in listed stocks and other instruments was also recorded. In the same period of the previous fiscal year, a gain of ¥1,218,527 million relating to settlement of prepaid forward contracts using Alibaba shares was recorded. See "(a) Investment Business of Holding Companies Segment" under "b. Results by Segment" for details.

C Gain on Investments at SVF1 and SVF2

Realized gain on sales of investments of ¥141,385 million was recorded as a result of the sale by SVF1 of a portion of its shares in four portfolio companies and all shares of six portfolio companies (including share exchanges with the shares of affiliated portfolio companies). In addition, unrealized gain on valuation of ¥729,852 million[4] (net) from investments held at the second quarter-end was recorded. SVF2 recorded unrealized gain on valuation of ¥537,220 million (net) after reflecting an increase in share price of KE Holdings Inc. following its listing on August 13, 2020. See "(b) SVF1 and Other SBIA-Managed Funds Segment" under "b. Results by Segment" for details.

Primarily as a result of B and C, total gain on investments was ¥2,033,311 million, an increase of ¥1,817,345 million (841.5%) year on year.

D Finance Cost

Interest expenses increased ¥10,998 million in the Investment Business of Holding Companies segment and ¥4,345 million in the SoftBank segment.

E Income on Equity Method Investments

Income on equity method investments related to Alibaba was ¥167,769 million[5], a decrease of ¥284,734 million (62.9%) year on year, which was boosted by ¥277,175 million in the same period of the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Small and Micro Financial Services Group Co., Ltd. (currently Ant Group Co., Ltd., "Ant Financial") using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries.

5 The Company applies the equity method to Alibaba's consolidated financial statements for a reporting period staggered by three months in the past because it is impractical to align reporting periods with Alibaba due to factors such as contracts with the company. Necessary adjustments have been made to reflect important transactions and events announced by Alibaba during the staggered three-month period.

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

Derivative loss of ¥766,380 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020.

Primarily as a result of A through F, income before income tax was ¥1,441,472 million, an increase of ¥268,799 million (22.9%) year on year.

G Income Taxes

Income taxes related to SoftBank Corp. and Yahoo Japan Corporation were recorded, as well as tax expenses related to the sale of T-Mobile shares. In addition, a credit of income taxes of ¥256,060 million (profit) was recorded mainly due to the determination that the partial sale of SoftBank Corp. shares (see "3. Partial sale of SoftBank Corp. shares" on page 8) has increased the probability of generating taxable income at SoftBank Group Japan Corporation that is available for the use of loss carryforwards, to which deferred tax assets had not been recognized.

H Net Income from Discontinued Operations

The Company recorded a gain of ¥721,404 million relating to loss of control of Sprint in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint and T-Mobile US, Inc.

Primarily as a result of A through H, net income attributable to owners of the parent was ¥1,883,211 million, an increase of ¥1,461,659 million (346.7%) year on year.

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

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. As of the second quarter-end, there are four reportable segments: Investment Business of Holding Companies, SVF1 and Other SBIA-Managed Funds, SoftBank, and Arm. For details of the changes in presentation of the Consolidated Statement of Income and the reportable segments in the fiscal year, see "CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS." Along with no longer presenting "operating income" in the Consolidated Statement of Income, the Company has revised segment income in each reportable segment to "income before income tax."

The following is a summary of the reportable segments.

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

(a) Investment Business of Holding Companies Segment

1. **Recorded gain relating to sales of T-Mobile shares of ¥421.8 billion**
   Recorded a gain of ¥280.3 billion on sales of shares of associates, a gain of ¥296.0 billion on the revaluation of shares continued to be held by the Company, and a derivative loss of ¥154.5 billion.

2. **Completed the sale and monetization of assets for the ¥4.5 trillion program**

3. **Recorded investment loss of ¥131.7 billion from investment in listed stocks and other instruments (total investment gain and loss of SBG and SB Northstar)**

OVERVIEW

This segment is led by SBG, which conducts investment activities, either directly or through subsidiaries, as a strategic investment holding company. The segment consists of SBG, SBGC, SoftBank Group Japan Corporation ("SBGJ"), asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gain and loss on investments at Investment Business of Holding Companies comprises gain and loss on investments held by SBG either directly or through its subsidiaries, excluding gain and loss on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment loss relating to subsidiaries' shares.

The companies comprising this segment hold approximately 120 portfolio companies, including Alibaba, T-Mobile, and The We Company ("WeWork"),[*1] as well as investees of SB Northstar. They are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. With regard to the financial results of portfolio companies classified as equity method associates, income and loss are recorded as "income (loss) on equity method investments" in proportion to equity interest. Investments classified as financial assets at FVTPL are measured at fair value every quarter, and any change in fair value is recorded in the Consolidated Statement of Income as "gain (loss) on investments."

Note:
1. Gain and loss on investments related to WeWork shares held by SVF1 are included in the SVF1 and Other SBIA-Managed Funds segment.

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

The Company has been investing in highly liquid listed stocks from the first quarter, in order to diversify assets held by the Company and manage surplus funds. This has been done while being firmly committed to its stated financial policies on its loan-to-value (LTV) ratio and cash position. These investments were made by SBG in the first quarter, but from the second quarter, asset management subsidiary SB Northstar has been acquiring and selling listed stocks, and engaging in derivative and credit transactions related to listed stocks. The scale of its investments in listed stocks and other instruments fluctuates depending upon SBG's funding needs, cash on hand, and the status of the assets held by SBG.

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

FINANCIAL RESULTS

(Millions of yen)

	Six months ended September 30				
	2019	**2020**	Change	Change %	
Gain on investments	729,417	**579,614**	(149,803)	(20.5%)	**A**
Gain relating to sales of T-Mobile shares	-	**421,755**	421,755	-	
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-	(1,218,527)	-	
Realized loss on sales of investments at asset management subsidiaries	-	**(8,060)**	(8,060)	-	
Unrealized loss on valuation of investments at asset management subsidiaries	-	**(95,082)**	(95,082)	-	
Derivative loss on investments at asset management subsidiaries	-	**(292,346)**	(292,346)	-	
Realized gain on sales of investments	27,181	**163,621**	136,440	502.0%	
Unrealized gain (loss) on valuation of investments	(399,901)	**234,573**	634,474	-	
Derivative gain (loss) on investments	(119,018)	**151,690**	270,708	-	
Other	2,628	**3,463**	835	31.8%	
Selling, general and administrative expenses	(34,251)	**(52,922)**	(18,671)	54.5%	
Finance cost	(97,177)	**(108,175)**	(10,998)	11.3%	**B**
Income on equity method investments	453,697	**194,607**	(259,090)	(57.1%)	**C**
Derivative gain (loss) (excluding gain (loss) on investments)	7,379	**(762,417)**	(769,796)	-	**D**
Other gain (loss)	36,719	**174,641**	137,922	375.6%	**E**
Segment income (income before income tax)	1,095,784	**25,348**	(1,070,436)	(97.7%)	

A Gain on investments: ¥579,614 million

- Gain relating to sales of T-Mobile shares of ¥421,755 million was recorded. This gain resulted from (1) a gain of ¥280,341 million on sales of shares of associates in connection with the sale of 173,564,426 shares of the 304,606,049 T-Mobile shares held on June 26, 2020; (2) a gain of ¥296,013 million on the revaluation of T-Mobile shares continued to be held by the Company following the exclusion of T-Mobile from the Company's equity method associates; (3) a derivative loss of ¥154,491 million relating to the call options received by Deutsche Telekom for 101,491,623 T-Mobile shares held by the Company; and (4) a realized loss on sale of investments of ¥3,122 million from the sales of 5,000,000 T-Mobile shares held by the Company on July 16, 2020 and a further 19,750,000 shares on August 3, 2020, as well as a derivative gain of ¥3,014 million following the derecognition of derivative liabilities.
- Realized loss on sales of investments at asset management subsidiaries of ¥8,060 million and unrealized loss on valuation of investments at asset management subsidiaries of ¥95,082 million were recorded. This was due to investments in listed stocks by SB Northstar.
- Derivative loss on investments at asset management subsidiaries of ¥292,346 million was recorded. This was due to recording losses related to call options on listed stocks and short stock index futures contracts at SB Northstar.
- Realized gain of ¥163,621 million on sales of investments and unrealized gain on valuation of investments of ¥234,573 million was recorded. The former was mainly due to recording realized gain of ¥167,238 million on

investments SBG made in listed stocks. The latter was due to recording unrealized gain on valuation of ¥96,573 million on investments SBG made in listed stocks, in addition to a valuation gain of ¥100,080 million on investment in T-Mobile shares recognized during the period from June 26 to September 30, 2020.

· Derivative gain on investments of ¥151,690 million was recorded. This was mainly due to the recording of a gain of ¥177,037 million as an increase in the fair value of the right to purchase T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger between Sprint and T-Mobile US, Inc.

B Finance cost: ¥108,175 million (increased ¥10,998 million year on year)

· Interest expenses at SBG[6] increased ¥10,736 million to ¥107,841 million.

C Income on equity method investments: ¥194,607 million (decreased ¥259,090 million year on year)

· Income on equity method investments related to Alibaba was ¥167,769 million, a decrease of ¥284,734 million (62.9%) year on year, which was boosted by ¥277,175 million in the same period of the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Financial using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries. There was also an impact from the recording of investment loss on investments classified as financial assets at FVTPL for the three-month period ended March 31, 2020, following the fall in stock markets due to the COVID-19 pandemic.

· Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1 to June 25, 2020 was recorded, which was not recorded for the same period of the previous fiscal year.

D Derivative loss (excluding gain (loss) on investments): ¥762,417 million

· Derivative loss of ¥766,380 million was recorded in connection with the prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020.

E Other gain: ¥174,641 million

· In the three-month period ended March 31, 2020 (the fourth quarter of the previous fiscal year), the Company recorded provisions for allowance for financial guarantee contract losses and loan commitment losses of ¥52,349 million and ¥90,210 million, respectively, in connection with a credit support by the Company for a letter of credit facility provided to WeWork by financial institutions and a purchase by the Company's wholly owned subsidiary of unsecured notes to be issued by WeWork; however, mainly due to the improvement in the credit risk of WeWork, the Company reversed ¥21,466 million and ¥58,364 million, respectively.

¥4.5 TRILLION PROGRAM

See "PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)" on page 6, for details of the sale and monetization of assets, share repurchases, and reduction of debt under the ¥4.5 trillion program.

6 The presentation of interest expenses at SBG includes interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C.

INVESTMENT IN LISTED STOCKS AND OTHER INSTRUMENTS BY THE ASSET MANAGEMENT SUBSIDIARIES

Main impact on the financial position and gain (loss) on investments

(Millions of yen)

Investor	Investment type		Account in Condensed Interim Consolidated Statement of Financial Position	Balance in Condensed Interim Consolidated Statement of Financial Position (Parentheses show liabilities)	Account in Condensed Interim Consolidated Statement of Income	Gain (loss) recorded in Condensed Interim Consolidated Statement of Income		
				Q2E		Q1	Q2	Q1-Q2
SBG	Actual stocks		Investment securities	15,049	Realized gain on sales of investments	64,470	102,768	167,238
					Unrealized gain on valuation of investments	20,880	75,693	96,573
SB Northstar	Actual stocks		Investments from asset management subsidiaries	1,551,805	Realized loss on sales of investments at asset management subsidiaries	-	(8,060)	(8,060)
			Securities pledged as collateral (Other financial assets)	213,315	Unrealized loss on valuation of investments at asset management subsidiaries	-	(95,082)	(95,082)
	Credit transactions		Borrowed securities (Other financial liabilities)	(434,572)*1				
	Derivatives	Long call option of listed stocks	Derivative financial assets in asset management subsidiaries	496,637	Derivative loss on investments at asset management subsidiaries	-	(292,346)	(292,346)
		Short call option of listed stocks	Derivative financial liabilities in asset management subsidiaries	(133,455)				
		Short stock index futures contracts		(73,585)				
					Gain (loss) on investments at Investment Business of Holding Companies	**85,350**	**(217,027)**	**(131,677)**
					Gain (loss) on investments attributable to non-controlling interests*2	-	131,829	131,829
					Gain (loss) on investments attributable to owners of the parent*3	**85,350**	**(85,198)**	**152**

Notes:
1. Fair value of the securities borrowed for short credit transactions
2. 33% of the gain (loss) on investments at SB Northstar
3. Excludes impacts such as selling, general and administrative expenses and tax expenses

Status of assets
As of September 30, 2020

a. Actual stocks

(Millions of U.S. dollars)

	Fair value as of September 30, 2020
Adobe Inc.	685
Alphabet Inc. Class A Common Stock	1,221
Alphabet Inc. Class C Capital Stock	206
Amazon.com, Inc.	6,331
Facebook, Inc.	2,222
Microsoft Corporation	370
Netflix, Inc.	1,024
PayPal Holdings, Inc.	249
Salesforce.com Inc	69
Taiwan Semiconductor Manufacturing Company Limited ADR	256
Zoom Video Communications, Inc.	1,801
Others	2,251
NVIDIA Corporation	142
Total	16,825

Note: NVIDIA Corporation shares held by SBG are included in the table above.

b. Derivatives

(Millions of U.S. dollars)

	Fair value as of September 30, 2020*1	Notional Principal*2
Long call option of listed stocks	4,694	72,072
Short call option of listed stocks	(1,261)	(47,564)
Short stock index futures contracts	(696)	(18,132)
Total	2,737	6,376

Notes:
1. Parentheses show liabilities
2. Parentheses show short positions

MAIN INTEREST-BEARING DEBT IN THIS SEGMENT

Borrower	Type	Balance as of September 30, 2020 in Condensed Interim Consolidated Statement of Financial Position
SBG	Borrowings	¥946.5 billion
	Corporate bonds	¥4,780.4 billion
	Commercial paper	¥92.0 billion
(Wholly owned subsidiaries conducting fund procurement*1)		
West Raptor Holdings, LLC West Raptor Holdings 2, LLC Skybridge LLC Skylark 2020 Holdings Limited Scout 2020 Holdings Limited Tigress 2020 Holdings Limited	Prepaid forward contracts using Alibaba shares (forward contracts, floor contracts, collar contracts, and call spread)	¥2,124.6 billion
Moonlight Finance GK	Borrowings using SoftBank Corp. shares	¥498.0 billion
Delaware Project 6 L.L.C.	Borrowings using T-Mobile shares	¥459.4 billion
SB Northstar	Borrowings	¥364.3 billion

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

(Reference)

Cash and cash equivalents and undrawn commitment line of SBG on a stand-alone basis

	As of September 30, 2020
Cash and cash equivalents	¥2,121.2 billion
Undrawn commitment line	-

(b) SVF1 and Other SBIA-Managed Funds Segment

1. Gain on investment (net) was ¥1,411.6 billion. Segment income, after deducting change in third-party interests, was ¥914.0 billion.

◆ **SVF1**

- Realized gain on sales of investments (net) of ¥141.4 billion: Sold a portion of its shares in four portfolio companies, etc.
- Unrealized gain on valuation of investments (net) of ¥804.8 billion from investments held at the second quarter-end: Recorded ¥374.5 billion gain on investments in listed portfolio companies due to a recovery in the public equity markets, and ¥430.3 billion on investments in unlisted portfolio companies driven by the fair value uplift of portfolio companies where exits have been decided or have new funding rounds, or have benefited from the accelerated adoption of digital services following the COVID-19 pandemic.

◆ **SVF2**

- Unrealized gain on valuation of investments (net) of ¥537.2 billion: Recorded ¥536.6 billion gain due to an increase in the share price of KE Holdings Inc. following its listing on August 13, 2020.

2. Progress of investment

◆ **SVF1**

- Investment before exit: Held 83 investments as of the second quarter-end at cost totaling $75.0 billion, with the fair value amounting to $76.4 billion.
- Cumulative gross gain*1 since SVF1's inception reached $7.4 billion, including cumulative realized gain of $4.5 billion and cumulative derivative gain of $1.5 billion.

◆ **SVF2**

- Held 13 investments as of the second quarter-end at cost totaling $2.6 billion, with the fair value amounting to $7.6 billion.

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

OVERVIEW

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

SVF1 aims to maximize returns from a medium- to long-term perspective, through large-scale investments in high-growth-potential companies leveraging AI, particularly in private companies valued at over $1 billion at the time of investment, colloquially known as "unicorns." The fund's investment period ended on September 12, 2019. The remaining undrawn capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and operating expenses. In principle, the life of the fund is until November 20, 2029.

SVF2 launched in October 2019 with committed capital from SBG, aiming to facilitate the continued acceleration of the AI revolution through investment in market-leading, tech-enabled growth companies across vintage years. As of November 9, 2020, the committed capital of SBG totaled $10.0 billion. SVF2 has yet to have an external close.

Impact of the COVID-19 pandemic

COVID-19 is having an uneven effect on SBIA's portfolio companies. Businesses in sectors such as e-commerce, online education, entertainment, enterprise software, food and grocery delivery, and health tech have benefited from the accelerated adoption of digital services. Many SVF1 companies in these sectors have successfully raised additional funding from new and existing investors at higher valuations. SBIA believes these new funding rounds reflect the strong underlying growth of each company's business. Conversely, companies in sectors such as travel and hospitality are recovering at a slower pace.

As a result, in some industries, SBIA is working with its companies to capitalize on growth opportunities, whereas in others, SBIA is guiding them towards a more cautious approach focused on optimizing cash reserves. While the duration of COVID-19 is unpredictable, SBIA is committed to helping its portfolio companies endure the pandemic and expects that many of its companies will emerge even stronger.

Outline of principal funds in the segment

As of September 30, 2020

	SoftBank Vision Fund 1	SoftBank Vision Fund 2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Total committed capital (Billions of U.S. dollars)	98.6	5.0
	The Company: 33.1[*1] Third-party investors: 65.5	The Company: 5.0[*2]
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SVF II GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019	(Investment period and minimum fund life are not presented as they are subject to change following the participation of third-party investors.)
Minimum fund life	Until November 20, 2029 (in principle)	

Notes:
1. The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and \$5.0 billion earmarked for purposes of an incentive scheme related to SVF1.
2. In October 2020, SBG made additional capital commitment of \$5.0 billion to SVF2. As a result, as of November 9, 2020, the commitment of SBG to SVF2 totaled \$10.0 billion.

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

Capital deployment of SVF1

As of September 30, 2020

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital (A)	**98.6**	33.1	65.5
Drawn capital[7] (B)	**83.9**	28.4	55.5
Return of capital (non-recallable) (C)	**7.4**	0.9	6.5
Outstanding capital (D) = (B) – (C)	**76.5**	27.5	49.0
Remaining committed capital (E) = (A) - (B)	**14.7**	4.7	10.0

Note: The Company's committed capital to SVF1 includes approximately $8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and $5.0 billion earmarked for purpose of an incentive scheme related to SVF1.

As of the second quarter-end, SBG has contributed $2.8 billion of its committed capital to SVF2.

FINANCIAL RESULTS

(Millions of yen)

	Six months ended September 30			
	2019	**2020**	Change	Change %
Gain on investments at SVF1 and SVF2	(529,328)	**1,411,567**	1,940,895	-
Realized gain on sales of investments	34,805	**141,385**	106,580	306.2%
Unrealized gain (loss) on valuation of investments	(573,720)	**1,260,592**	1,834,312	-
Change in valuation for the fiscal year	(537,932)	**1,342,001**	1,879,933	-
Reclassified to realized gain recorded in the past fiscal year[*1]	(35,788)	**(81,409)**	(45,621)	-
Dividend income from investments	8,337	**4,623**	(3,714)	(44.5%)
Derivative gain on investments	-	**1,091**	1,091	-
Effect of foreign exchange translation	1,250	**3,876**	2,626	(210.1%)
Selling, general and administrative expenses	(43,004)	**(34,430)**	8,574	(19.9%)
Finance cost	(9,224)	**(6,228)**	2,996	(32.5%)
Change in third-party interests in SVF1	180,775	**(457,537)**	(638,312)	-
Other gain (loss)	747	**617**	(130)	(17.4%)
Segment income (income before income tax)	(400,034)	**913,989**	1,314,023	-

Note:
1. Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in the fiscal year are reclassified to "realized gain on sale of investments."

During the period, SVF1 made follow-on investments totaling $1.70 billion in existing portfolio companies and their joint ventures,[8] and sold a portion of its shares in four portfolio companies and all of its shares in six portfolio companies[8] for a total of $3.05 billion,[9] of which the initial acquisition costs were $1.73 billion. SVF2 made new investments totaling $0.64 billion.

7 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
8 Includes share exchanges. During the first quarter, SVF1 exchanged all of its shares in two portfolio companies for shares in their affiliated companies, which are also existing portfolio companies. Such share exchanges are treated as exits from investments and acquisitions of new investments, with the sale price and acquisition cost being recorded in gross, respectively, and with the difference between the acquisition cost of shares initially held and sale price (acquisition cost of the exchanged shares) being recorded as realized gain and loss on the investments.
9 After deducting transaction fees, etc.

Segment income

Gain on investments at SVF1 and SVF2: ¥1,411,567 million

· SVF1

- Realized gain on sales of investments of ¥141,385 million was recorded as a result of the sale by SVF1 of a portion of its shares in four portfolio companies and all shares of six portfolio companies. [8]
- Unrealized gain on valuation of investments from 83 investments held by SVF1 at the second quarter-end was ¥804,781 million ($7,563 million, net) (see "Portfolio of SVF1" below for a breakdown). Unrealized valuation gain totaling $3,517 million on listed portfolio companies was recorded due to a rebound in their share prices primarily as a result of a recovery in the public equity markets. In addition, unrealized valuation gain totaling $4,046 million was recorded on unlisted portfolio companies, as a result of increases in the fair value of investments where exits have been decided or have new funding rounds, as well as increases in the fair value of investments in online businesses such as e-commerce and food delivery, which have seen higher customer engagement during the COVID-19 crisis.

· SVF2

- Unrealized gain on valuation of investments was ¥537,220 million ($5,074 million, net). This was primarily due to the recording of unrealized valuation gain of $5,068 million on investment in KE Holdings Inc., reflecting the increase in the share price following its listing on August 13, 2020. See "Portfolio of SVF2" below for other details.

Change in third-party interests in SVF1: ¥(457,537) million

This indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gain and loss on investments at SVF1, net of management and performance fees payable to SBIA, and operating and other expenses of SVF1. See "(2) Third-party interests in SVF1" under "5. SVF1 and other SBIA-managed funds business" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

As of the second quarter-end, SVF2 is only invested in by SBG and therefore has no third-party interests.

Portfolio of SVF1

As of September 30, 2020

(Billions of U.S. dollars)

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

	Sector	Number of investments	Investment cost **A1**	Fair value **A2**	Cumulative unrealized valuation gain (loss)*1 **A3**	Unrealized valuation gain (loss) recorded in the fiscal year Q1-Q2
a	Consumer	14	11.4	14.0	2.6	1.2
b	Enterprise	7	2.1	3.5	1.4	0.8
c	Fintech	11	4.7	4.5	(0.2)	(0.2)
d	Frontier Tech	9	10.7	11.3	0.6	0.9
e	Health Tech	9	2.2	5.2	3.0	1.6
f	Real Estate & Construction	9	9.9	5.3	(4.6)	0.4
g	Transportation & Logistics	24	34.0	32.6	(1.4)	2.9
	Total	**83**	**75.0**	**76.4**	**1.4**	**7.6**
	(Reference)					
	Listed companies*2	7	8.8	12.0	3.2	3.5
c	OneConnect		0.1	0.1	(0.0)	0.0
c	ZhongAn Insurance		0.3	0.2	(0.1)	0.1
e	Guardant Health		0.2	1.5	1.3	0.6
e	Ping An Good Doctor		0.0	0.1	0.1	0.0
e	Relay Therapeutics		0.3	1.2	0.9	0.9
e	Vir Biotechnology		0.2	0.8	0.6	0.0
g	Uber		7.7	8.1	0.4	1.9
	Unlisted companies	76	66.2	64.4	(1.8)	4.1
	Total	**83**	**75.0**	**76.4**	**1.4**	**7.6**

(2) Exited investments

	Number of investments	Investment cost **B1**	Sale price **B2**	Cumulative realized gain/loss*3 **B3**	Realized gain (loss) recorded in the fiscal year Q1-Q2
Partial exit	-	1.0	2.4	1.4	1.0
Full exit8	9	6.7	9.8	3.1	0.3
Total	**9**	**7.7**	**12.2**	**4.5**	**1.3**

(3) Derivative gain and loss relating to investment

	Derivative cost **C1**	Fair value/ settlement price **C2**	Cumulative derivative gain/loss **C3**
Settled	0.0	1.5	1.5
Total	**0.0**	**1.5**	**1.5**

Total ((1) + (2) +(3))

	Cumulative number of investments	Cumulative investment cost **A1+B1+C1**	Cumulative investment return **A2+B2+C2**	Cumulative gain/loss*3 **A3+B3+C3**
	92	**82.7**	**90.1**	**7.4**

Notes:

1. For a certain investment that was once decided to be transferred from the Company to SVF1 but later canceled, its unrealized gain and loss incurred for the period leading up to the decision to cancel the transfer are not included in the presentation.
2. The letter attached to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.
3. Before deducting third-party interests, tax, and expenses

Portfolio of SVF2

As of September 30, 2020

(Billions of U.S. dollars)

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

Company	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss)	Unrealized valuation gain (loss) recorded in the fiscal year Q1-Q2
Listed companies (KE Holdings Inc. (Beike))	1	1.4	6.4	5.0	5.1
Unlisted companies	12	1.2	1.2	(0.0)	0.0
Total	**13**	**2.6**	**7.6**	**5.0**	**5.1**

As of the second quarter-end, there were no investments exited by SVF2.

(c) SoftBank Segment

1. **Segment income increased 2.9% yoy: Z Holdings Corporation and the enterprise business performed strongly.**
2. **Business integration of Z Holdings Corporation and LINE Corporation: Expected to be completed around March 2021.**

(Millions of yen)

	Six months ended September 30			
	2019	**2020**	Change	Change %
Net sales	2,373,300	**2,427,767**	54,467	2.3%
Segment income (income before income tax)	518,448	**533,284**	14,836	2.9%
Depreciation and amortization	(330,859)	**(348,009)**	(17,150)	5.2%
Gain (loss) on investments	7,900	**(6,043)**	(13,943)	-
Finance cost	(28,575)	**(32,920)**	(4,345)	15.2%
Loss on equity method investments*1	(14,181)	**(17,129)**	(2,948)	-
Derivative loss (excluding gain (loss) on investments)	(56)	**(42)**	14	-

Note:

1. This refers mainly to loss on equity method investments related to PayPay Corporation. At SoftBank Corp., PayPay Corporation is classified as an equity method affiliate; however, PayPay Corporation 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, loss on equity method investments related to PayPay Corporation recognized in the SoftBank segment is eliminated in the “Reconciliations” account in segment information.

FINANCIAL RESULTS

Segment income increased ¥14,836 million (2.9%) year on year, to ¥533,284 million. This mainly reflected strong performance by Z Holdings Corporation and the enterprise business, despite a deterioration in gain on investments.

Income increased in Z Holdings Corporation, mainly due to the consolidation of ZOZO, Inc. in November 2019 and an increase in revenue of the existing e-commerce business. Income in the enterprises business increased due to an increase in mobile revenue, along with an increase in net sales of cloud services and security solutions following growth in demand for remote work-related products and services to address the COVID-19 pandemic.

For the consumer business, although sales declined due to the impact of lower monthly average revenue per contract as a result of discounts on mobile price plans among other factors, income increased year on year, mainly due to the reversal of contract liabilities related to *Half Price Support*[10] in revenues and decline in sales commissions due to the impact of amendments to the Telecommunications Business Act,[11] which became effective in October 2019.

Business integration of Z Holdings Corporation and LINE Corporation

In December 2019, Z Holdings Corporation and LINE Corporation, along with SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration (the "Business Integration"). In August 2020, procedures required by competition laws, investment rules, and laws in each country to carry out the Business Integration were completed. With this, the Business Integration is expected to be completed around March 2021. As part of the transactions to realize the Business Integration, SoftBank Corp. conducted a joint tender offer for shares of LINE Corporation, commencing on August 4, 2020 and finishing on September 15, 2020.

Z Holdings Corporation, as the listed integrated company resulting from the Business Integration, is expected to become a subsidiary of the Company and SoftBank Corp.

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. **Net sales increased 19.7% yoy**
   - Technology licensing revenue increased 30.1% yoy (U.S. dollar-based), due to strong demand for Arm's new technologies, especially into growth markets such as servers, infrastructure, and automotive. This led to Arm signing multiple high-value licenses during the second quarter.
   - Technology royalty revenue increased 22.5% yoy (U.S. dollar-based) led by an increase in shipments of 5G smartphones and networking equipment, and Arm-based chips for servers.
2. **Segment loss deteriorated yoy**
   - Segment loss deteriorated by ¥4.0 billion yoy due to the impact of not recording foreign exchange gain in the fiscal year, which had been recorded until the previous fiscal year, following the change in functional currency from British pound to U.S. dollar from the beginning of the fiscal year.
3. **Arm's accelerated R&D investments blossoming into more new products for licensing**
   - During the second quarter, Arm announced new processors for Arm-based servers, smartphones, autonomous systems including industrial robotics and autonomous vehicles, and computational storage.[12]

10 A program that enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining installment payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments.

11 This amendment made it mandatory to have a plan that separates the price of the handset and the communication charges and caps the discount on mobile handsets at ¥20,000.

12 Data storage devices with computational capabilities

(Millions of yen)

	Six months ended September 30			
	2019	**2020**	Change	Change %
Net sales	88,545	**105,997**	17,452	19.7%
Segment income (income before income tax)	(20,820)	**(24,819)**	(3,999)	-

Note: Segment income includes amortization expenses of ¥24,220 million for the period and ¥24,991 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 are primarily the licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or increase its share of the existing markets and expand into new markets.

Industry trends and their impact

Semiconductor industry trends can have a significant impact on Arm's financial results. The industry is vulnerable to external factors, including trade disputes and sanctions against specific companies, and also the impact from reduction in economic activity caused by COVID-19. From these impacts, if shipments of consumer electronics devices weaken, it may lead to lower technology royalty revenue, and if customers facing reduced revenues choose to delay licensing decisions, it may lead to lower technology licensing revenue. However, it is difficult to anticipate the overall impact on the whole semiconductor industry or Arm at this point.

Although those risks still remain, as market conditions improve, Arm expects that its business will continue to grow. In addition, Arm is expecting that, as technology becomes 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)

	Six months ended September 30							
	2019			**2020**				
	Q1	Q2	Total	Q1	Q2	**Total**	Change	Change %
Technology licensing	125	87	212	122	154	**276**	64	30.1%
Technology royalty	240	254	494	282	323	**605**	111	22.5%
Software and services	53	55	108	53	58	**111**	3	3.0%
Total net sales	418	396	814	457	535	**992**	178	21.9%

Net sales for the period increased $178 million (21.9%) year on year as technology licensing revenue, technology royalty revenue, and software and services revenues all increased.

Technology licensing

Technology licensing revenue increased $64 million (30.1%) year on year. Despite ongoing uncertainty in the semiconductor industry from the impact of COVID-19, Arm saw strong demand from major customers for its latest technologies, which led to Arm signing multiple high-valued licenses during the second quarter with major customers. This included licenses for processors used by customers intending to build Arm-based server chips and for autonomous systems such as industrial robotics and autonomous vehicles.

Technology royalty

Technology royalty revenue increased $111 million (22.5%) year on year. Shipments of Arm-based 5G smartphones and networking equipment increased, and the number of Arm-based server chips also increased, which together contributed to increasing technology royalty revenue.

Software and services

Software and services revenues increased $3 million (3.0%) year on year.

Segment income

Segment loss was ¥24,819 million, deteriorating by ¥3,999 million year on year. Arm continued to enhance its R&D capabilities by hiring more employees, mainly technology-related personnel. The number of Arm employees increased 523 (8.2%) from the end of the same period of the previous fiscal year, to 6,888 at the second quarter-end. Despite this enhancement in R&D capabilities, the growth in net sales for the period exceeded the increase in costs associated with the increase in the number of Arm employees.

However, Arm's segment income deteriorated year on year due to the impact of no longer recording foreign exchange gain and loss that had been recognized when U.S. dollar-denominated assets held by Arm was converted to British pounds (a gain of ¥6,640 million was recorded in the same period of the previous fiscal year). This was due to the change in Arm's functional currency from British pound to U.S. dollar in April 2020.

OPERATIONS

Royalty units[13]

			2019		**2020**
	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	**Apr 1 to Jun 30**
Royalty units as reported by Arm's licensees	5.6 billion	6.4 billion	6.0 billion	5.5 billion	**5.6 billion**
Growth rate (yoy)	0.2%	3.2%	11.1%	14.6%	**0.1%**

Arm's licensees reported shipments of 5.6 billion Arm-based chips for the three-month period ended June 30, 2020. Arm's unit shipments increased 0.1% year on year, while shipments by the Arm relevant part of the semiconductor

13 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended June 30, 2020, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, technology royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

industry decreased 0.5%[14] during the same period. As mentioned in "Industry trends and their impact" above, it is possible that fewer chips will be sold this fiscal year than otherwise would be due to the outbreak of COVID-19 and other impacts. Despite fewer chips being sold, as the use of Arm technology increases, Arm still expects to continue to maintain or gain share in its target end markets.

TECHNOLOGY DEVELOPMENT

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

Arm's primary investment areas and main developments

Mobile computing

Opportunity	:	Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
The first quarter	:	Arm announced the introduction of a new technology family for premium smartphones, including a processor, a machine learning accelerator, and a graphics processor.
The second quarter	:	Arm announced two new processors to be delivered in 2022. These processors are optimized for AI algorithms and augmented reality applications, have enhanced security features, and will deliver increased top performance.

Infrastructure

Opportunity	:	Arm has a growing share in networking infrastructure and a nascent share in data center servers.
The first quarter	:	· Supercomputer *Fugaku* with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, ranked number one in the TOP500, a global ranking based on calculation speed of supercomputers. · Amazon Web Services Inc. launched two new Arm-based Graviton2 services optimized for compute-intensive and memory-intensive applications.
The second quarter	:	Arm launched two new processors, *Neoverse V1* targeting high-performance computing and *Neoverse N2* for energy-efficient data center and edge computing application.

Automotive

Opportunity	:	As vehicles become smarter, they require more computational capability. Arm is well positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
The first quarter	:	Arm announced the development of new software that enables its graphics processors to be shared by different applications within a vehicle such as infotainment and the dashboard. AUDI AG and Samsung Electronics Co., Ltd. are among customers implementing Arm's graphics IP in vehicles to be launched in 2022.
The second quarter	:	Arm launched three new processors, *Cortex-A78AE*, *Mali-G78AE*, and *Mali-C71AE*, designed to make autonomous systems, including industrial robotics and autonomous vehicles, safer and more reliable.

IoT

Opportunity	:	For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.
The second quarter	:	Arm announced the introduction of *Cortex-R82* processor, designed specifically for computational storage,[12] a new market segment that will help enable IoT gateways, which connect IoT devices and the network, and edge servers.

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

14 Worldwide Semiconductor Trade Statistics (WSTS) as of August 2020. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.

(e) Other

(Millions of yen)

	Six months ended September 30			
	2019	**2020**	Change	Change %
Net sales	91,913	**106,128**	14,215	15.5%
Segment income (income before income tax)	(40,796)	**52,999**	93,795	-
Depreciation and amortization	(19,362)	**(21,332)**	(1,970)	10.2%
Gain on investments	7,794	**123,102**	115,308	-
Finance cost	(7,161)	**(8,005)**	(844)	11.8%
Income on equity method investments	338	**6,908**	6,570	-
Derivative gain (loss) (excluding gain (loss) on investments)	391	**(250)**	(641)	-

Segment income for the Other segment totaled ¥52,999 million. This was primarily due to recording income before income tax of ¥61,939 million in the investment fund business in Latin America, led by recording gain on investments of ¥63,468 million following an increase in the fair values of investments from the previous fiscal year-end. As of the second-quarter end, the cumulative investment amount by the investment fund business in Latin America totaled $1,922 million, with a fair value of $2,069 million. In addition, Fortress Investment Group LLC also recorded gain on investments of ¥54,316 million driven by an increase in the fair value of investments held in the company, which resulted in income before income tax of ¥44,580 million.

On the other hand, PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥29,318 million, mainly reflecting its continued marketing promotions aimed at gaining users and driving service usage, along with proactive measures to increase the number of stores where its services can be used. Loss before income tax was lower year on year, mainly due to an increase in payment commission revenue, as well as curbed expenses related to acquiring and retaining users through measures such as changing the basic allocation rate of points to customers. PayPay Corporation's payment services continued to see a strong growth, with the number of payments for the period reaching 915 million, a 6.4-fold increase year on year.

Results of PayPay Corporation included in the Other segment

(Millions of yen)

	Six months ended September 30			
	2019	**2020**	Change	Change %
Net sales	1,596	**12,135**	10,539	660.3%
Loss before income taxes	(34,556)	**(29,318)**	5,238	-

(2) Overview of Financial Position

1. Progress of the ¥4.5 trillion program and main impacts

- **Sale and monetization of assets**

(1) Partial sale and monetization of T-Mobile shares[*1]

- Recorded T-Mobile shares totaling ¥1,286.1 billion (as of the second quarter-end) as investment securities for those shares continued to be held after the sale.
- Borrowed $4.38 billion using T-Mobile shares (margin loan). Of this, $2.3 billion is included as proceeds from the ¥4.5 trillion program.

(2) Entry into several prepaid forward contracts using Alibaba shares

- Recorded financial liabilities of ¥2,124.6 billion (as of the second quarter-end) relating to sale of shares by prepaid forward contracts.

(3) Partial sale of SoftBank Corp. shares

- Changes in interests in subsidiaries of ¥932.4 billion (increase in capital surplus)

- **Reduction of interest-bearing debt**
  - SBG repaid senior loans of ¥300.0 billion early and repurchased domestic unsecured corporate bonds of ¥167.6 billion (face value).
  - SBG's wholly owned subsidiary conducting fund procurement fully repaid $9.44 billion of borrowings made using Alibaba shares (margin loan).

- **Share repurchase**
  - The Company repurchased ¥1,024.1 billion of its own shares during the period.
    Of this, the amount acquired based on the ¥4.5 trillion program was ¥540.1 billion.

2. Investments related to the asset management subsidiaries recorded as current assets and current liabilities[*2]

- Investments in listed stocks: Investments from asset management subsidiaries of ¥1,551.8 billion
  Securities pledged as collateral (other financial assets) of ¥213.3 billion
- Derivative investments: Derivative financial assets in asset management subsidiaries of ¥496.6 billion
  Derivative financial liabilities in asset management subsidiaries of ¥207.0 billion

3. Carrying amount of investments from SVF1 and SVF2 accounted for using FVTPL of ¥7.9 trillion, an increase of ¥1,057.2 billion from the previous fiscal year-end[*3]

Mainly reflecting the increase in fair values of investments, the carrying amount of investments from SVF1 amounted to ¥7,140.5 billion (up ¥458.9 billion from the previous fiscal year-end) and carrying amount of investments from SVF2 amounted to ¥808.9 billion (up ¥598.3 billion from the previous fiscal year-end).

Notes:
1. For details of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, see "1. Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc." on page 6 under "PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)" in "(1) Overview of Results of Operations."
2. For details, see "(a) Investment Business of Holding Companies Segment" under "b. Results by Segment" in "(1) Overview of Results of Operations."
3. Investment in Arm is not included in investments from SVF1 as Arm is a subsidiary of the Company.

(Millions of yen)

	March 31, 2020	**September 30, 2020**	Change	Change %
Total assets	37,257,292	**35,648,197**	(1,609,095)	(4.3%)
Total liabilities	29,884,375	**27,227,592**	(2,656,783)	(8.9%)
Total equity	7,372,917	**8,420,605**	1,047,688	14.2%

(a) Assets

(Millions of yen)

	March 31, 2020	**September 30, 2020**	Change	
Cash and cash equivalents	3,369,015	**5,105,162**	1,736,147	**A**
Trade and other receivables	2,072,326	**1,948,750**	(123,576)	**B**
Investments from asset management subsidiaries	-	**1,551,805**	1,551,805	**C**
Derivative financial assets in asset management subsidiaries	-	**496,637**	496,637	**D**
Other financial assets	313,487	**777,341**	463,854	**E**
Inventories	185,097	**133,245**	(51,852)	
Other current assets	460,970	**177,226**	(283,744)	
Assets classified as held for sale	9,236,048	**216,168**	(9,019,880)	**F**
Total current assets	15,636,943	**10,406,334**	(5,230,609)	
Property, plant and equipment	1,264,516	**1,440,417**	175,901	**G**
Right-of-use assets	1,293,692	**1,222,481**	(71,211)	
Goodwill	3,998,167	**3,941,314**	(56,853)	
Intangible assets	1,985,972	**1,899,529**	(86,443)	
Costs to obtain contracts	212,036	**225,289**	13,253	
Investments accounted for using the equity method	3,240,361	**3,505,562**	265,201	**H**
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	**7,949,382**	1,057,150	**I**
SVF1	6,681,671	**7,140,527**	458,856	
SVF2	210,561	**808,855**	598,294	
Investment securities	1,211,511	**2,892,510**	1,680,999	**J**
Derivative financial assets	59,278	**551,542**	492,264	**K**
Other financial assets	1,100,694	**1,257,832**	157,138	
Deferred tax assets	221,371	**215,490**	(5,881)	
Other non-current assets	140,519	**140,515**	(4)	
Total non-current assets	21,620,349	**25,241,863**	3,621,514	
Total assets	37,257,292	**35,648,197**	(1,609,095)	

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
Current assets	
A Cash and cash equivalents	Cash and cash equivalents increased mainly due to the sale and monetization of assets based on the ¥4.5 trillion program. For details, see "(3) Overview of Cash Flows."
B Trade and other receivables	Brightstar's accounts receivable (¥143,000 million as of the previous fiscal year-end) were reclassified as investments held for sale in conjunction with the classification of Brightstar in the disposal group classified as held for sale at the second quarter-end.
C Investment from asset management subsidiaries	The fair value of listed stocks held by SB Northstar at the second quarter-end was recorded.
D Derivative financial assets in asset management subsidiaries	The fair value of long call option of listed stocks held by SB Northstar at the second quarter-end was recorded.
E Other financial assets	SB Northstar pledged collateral for borrowings used for acquisition transaction of investments, short stock index futures contracts, and short credit transactions. Securities pledged as collateral of ¥213,315 million, margin deposits of ¥244,400 million, and restricted cash of ¥105,824 million were recorded. For details of other financial assets, see "Other financial assets (current)" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."
F Assets classified as held for sale	· Sprint's assets had been classified as held for sale at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these assets were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year. · Brightstar's assets were separately presented in conjunction with the classification of Brightstar in the disposal group classified as held for sale at the second quarter-end.

Components	Main reasons for changes from the previous fiscal year-end
Non-current assets	
G Property, plant and equipment	SoftBank Corp. acquired telecommunications equipment including that for 5G.
H Investments accounted for using the equity method	Income on equity investments related to Alibaba was recorded.
I Investments from SVF1 and SVF2 accounted for using FVTPL	· At SVF1, unrealized gain on valuation of investments of ¥729,852 million (net)[4] was recorded, reflecting increases in the fair values of investments held at the second quarter-end. · At SVF2, unrealized gain on valuation of investments of ¥537,220 million (net) was recorded, mainly due to the share price increase of KE Holdings Inc. after its listing. For details, see "(b) SVF1 and Other SBIA-Managed Funds Segment" under "b. Results by Segment" in "(1) Overview of Results of Operations" on page 24.
J Investment securities	· The fair value of T-Mobile shares continued to be held after the partial sale totaled ¥1,286,053 million, increased by ¥100,080 million from the time of initial recognition on June 26, 2020 to the second quarter-end. For details, see "(1) Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc." on page 6 under "PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)" in "(1) Overview of Results of Operations." · At the investment fund business in Latin America, the fair values of investments increased ¥105,204 million mainly due to new investments and valuation uplifts in several portfolio companies.
K Derivative financial assets	· Derivative financial assets of ¥373,350 million were recorded related to the Company's right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger of Sprint and T-Mobile US, Inc. The fair value of these shares increased by ¥177,037 million from the time of the Merger to the second quarter-end. · Derivative financial assets of ¥101,485 million were recorded related to several prepaid forward contracts using Alibaba shares.

(b) Liabilities

(Millions of yen)

	March 31, 2020	**September 30, 2020**	Change	
Interest-bearing debt	3,845,153	**2,900,777**	(944,376)	
Lease liabilities	378,383	**338,169**	(40,214)	
Deposits for banking business	873,087	**1,046,071**	172,984	
Third-party interests in SVF1	24,691	-	(24,691)	
Trade and other payables	1,585,326	**1,330,103**	(255,223)	**A**
Derivative financial liabilities in asset management subsidiaries	-	**207,040**	207,040	**B**
Derivative financial liabilities	9,267	**181,367**	172,100	**C**
Other financial liabilities	248,010	**580,355**	332,345	**D**
Income taxes payables	164,298	**386,557**	222,259	**E**
Provisions	11,448	**43,418**	31,970	
Other current liabilities	596,499	**450,657**	(145,842)	**F**
Liabilities directly relating to assets classified as held for sale	6,454,971	**134,794**	(6,320,177)	**G**
Total current liabilities	14,191,133	**7,599,308**	(6,591,825)	
Interest-bearing debt	9,286,729	**11,506,769**	2,220,040	
Lease liabilities	761,943	**752,102**	(9,841)	
Third-party interests in SVF1	4,559,728	**5,244,921**	685,193	
Derivative financial liabilities	128,075	**613,757**	485,682	**H**
Other financial liabilities	77,207	**152,332**	75,125	
Provisions	88,791	**94,365**	5,574	
Deferred tax liabilities	711,216	**967,790**	256,574	**I**
Other non-current liabilities	79,553	**296,248**	216,695	**J**
Total non-current liabilities	15,693,242	**19,628,284**	3,935,042	
Total liabilities	29,884,375	**27,227,592**	(2,656,783)	

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
Current liabilities	
A Trade and other payables	Brightstar's accounts payable (¥142,740 million as of the previous fiscal year-end) were reclassified as liabilities directly relating to assets classified as held for sale in conjunction with the classification of Brightstar in the disposal group classified as held for sale at the second quarter-end.
B Derivative financial liabilities in asset management subsidiaries	The fair values of short call option of listed stocks and short stock index futures contracts held by SB Northstar at the second quarter-end were recorded.
C Derivative financial liabilities	Derivative financial liabilities of ¥178,670 million were recorded for the call options received by Deutsche Telekom for T-Mobile shares held by the Company.
D Other financial liabilities	· The fair values of the securities borrowed for short credit transactions by SB Northstar totaling ¥434,572 million were recorded. For details of other financial liabilities, see "10. Other financial liabilities (current)" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes." · Valuation loss allowances decreased by ¥113,782 million in relation to the financial guarantee contract and loan commitment for WeWork, mainly due to the improvement of its credit risk.
E Income taxes payables	Income taxes payable were recorded, primarily for a gain on the partial sale of SoftBank Corp. shares at SBGJ.
F Other current liabilities	¥102,100 million was paid for withholding income tax that arose in the previous fiscal year related to dividends from Yahoo Japan Corporation to Z Holdings Corporation.
G Liabilities directly relating to assets classified as held for sale	· Sprint's liabilities had been classified as held for sale at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these liabilities were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year. · Brightstar's liabilities were separately presented in conjunction with the classification of Brightstar in the disposal group classified as held for sale at the second quarter-end.
Non-current Liabilities	
H Derivative financial liabilities	Derivative financial liabilities of ¥536,972 million were recorded related to several prepaid forward contracts using Alibaba shares.
I Deferred tax liabilities	Deferred tax liabilities increased at SBG.
J Other non-current liabilities	A deposit of $1.25 billion received for the sale of all shares of Arm was recorded. For details, see "SALE OF ALL SHARES IN ARM" under "(1) Overview of Results of Operations" on page 10.

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

(Millions of yen)

	March 31, 2020	**September 30, 2020**	Change
SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement[*1] / SB Northstar	8,247,063	**9,278,798**	1,031,735
SoftBank Group Corp.	6,528,734	**5,832,470**	(696,264)
Borrowings	1,388,240	**946,518**	(441,722)
Corporate bonds	5,034,494	**4,780,386**	(254,108)
Lease liabilities	-	**13,566**	13,566
Commercial paper	106,000	**92,000**	(14,000)
Wholly owned subsidiaries conducting fund procurement[*1]	1,718,329	**3,082,002**	1,363,673
Borrowings	1,522,228	**957,426**	(564,802)
Financial liabilities relating to sale of shares by prepaid forward contracts	196,101	**2,124,576**	1,928,475
SB Northstar	-	**364,326**	364,326
Borrowings	-	**364,326**	364,326
SVF1 and Other SBIA-Managed Funds segment			
SVF1	581,543	**156,340**	(425,203)
Borrowings	581,543	**156,340**	(425,203)
SBIA	535	**389**	(146)
Lease liabilities	535	**389**	(146)
SoftBank segment			
SoftBank Corp.	3,828,904	**4,340,975**	512,071
Borrowings	2,856,027	**3,248,372**	392,345
Corporate bonds	40,000	**140,000**	100,000
Lease liabilities	832,877	**799,503**	(33,374)
Commercial paper	100,000	**153,100**	53,100
Z Holdings Corporation[*2]	839,042	**892,406**	53,364
Borrowings	463,598	**322,142**	(141,456)
Corporate bonds	354,327	**553,828**	199,501
Lease liabilities	21,117	**16,436**	(4,681)
Other subsidiaries	413,127	**481,964**	68,837
Others			
Other interest-bearing debt	259,801	**250,123**	(9,677)
Lease liabilities	102,193	**96,822**	(5,371)
Total	14,272,208	**15,497,817**	1,225,609

Notes:
1. Indicates the interest-bearing debts of Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C. All of these are entirely non-recourse to SBG, except for the interest-bearing debt of Delaware Project 6 L.L.C. of $4.38 billion, which is exceptionally guaranteed by SBG to a limit of $2.08 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.
2. Includes the interest-bearing debt and lease liabilities of Yahoo Japan Corporation.

Reasons for changes from the previous fiscal year-end at core companies

SBG / Wholly owned subsidiaries conducting fund procurement / SB Northstar

SBG

・SBG repaid senior loans totaling ¥359.9 billion (including early repayment of ¥300.0 billion).

・SBG redeemed domestic unsecured corporate bonds of ¥100.0 billion at maturity and repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion.

・SBG repaid commercial paper in the amount of ¥14.0 billion (net).

(Wholly owned subsidiaries conducting fund procurement)

Skywalk Finance GK

・Skywalk Finance GK fully repaid $9.44 billion of borrowings made using Alibaba shares (margin loan).

West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited

・As a result of entering into several prepaid forward contracts using Alibaba shares with financial institutions from April to August 2020, financial liabilities relating to sale of shares by prepaid forward contracts of ¥2,124,576 million were recorded at the second quarter-end.

Delaware Project 6 L.L.C.

・Borrowings of $4.38 billion were made using T-Mobile shares (margin loan).

SB Northstar

・SB Northstar made short-term borrowings to acquire listed stocks.

SVF1 and Other SBIA-Managed Funds segment

・SVF1 repaid $3.08 billion of borrowings from a line of credit set up mainly to increase capital efficiency to fund investments (the "Fund Level Facility"). No borrowings were outstanding as of the second quarter-end.

・SVF1 repaid $0.79 billion of borrowings made for the purpose of monetizing a portion of its investments (the "Portfolio Financing Facility").

SoftBank segment

SoftBank Corp.

・Borrowings increased mainly due to the securitization of receivables related to telecommunications and the sale and leaseback of telecommunications equipment.

・Domestic straight corporate bonds totaling ¥100.0 billion were issued.

Z Holdings Corporation

・Short-term borrowings were repaid.

・Domestic straight corporate bonds totaling ¥200.0 billion were issued.

(c) Equity

(Millions of yen)

	March 31, 2020	**September 30, 2020**	Change	
Common stock	238,772	**238,772**	-	
Capital surplus	1,490,325	**2,388,019**	897,694	**A**
Other equity instruments	496,876	**496,876**	-	
Retained earnings	3,945,820	**5,768,915**	1,823,095	**B**
Treasury stock	(101,616)	**(1,113,272)**	(1,011,656)	**C**
Accumulated other comprehensive income	(362,259)	**(471,611)**	(109,352)	
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	**(4,946)**	(210,641)	**D**
Total equity attributable to owners of the parent	5,913,613	**7,302,753**	1,389,140	
Non-controlling interests	1,459,304	**1,117,852**	(341,452)	**E**
Total equity	7,372,917	**8,420,605**	1,047,688	

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Capital surplus	Changes in interests in subsidiaries of ¥932,388 million were recorded in conjunction with the partial sale of SoftBank Corp. shares.
B Retained earnings	Net income attributable to owners of the parent of ¥1,883,211 million was recorded.
C Treasury stock	· The Company repurchased 102,960 thousand of its own shares for ¥483,971 million (4,720 thousand shares for ¥16,028 million in the previous fiscal year) in accordance with the March 13, 2020 Board resolution. · The Company repurchased 81,940 thousand of its own shares for ¥500,000 million in accordance with the May 15, 2020 Board resolution. · The Company repurchased 6,174 thousand of its own shares for ¥40,083 million in the second quarter in accordance with the June 25, 2020 Board resolution with a maximum total repurchase amount of ¥500,000 million.
D Accumulated other comprehensive income directly relating to assets classified as held for sale	· Sprint's accumulated other comprehensive income had been classified as held for sale at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, this was removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year. · At the second quarter-end, Brightstar's accumulated other comprehensive income was separately presented in conjunction with the classification of Brightstar in the disposal group classified as held for sale.
E Non-controlling interests	· Sprint's non-controlling interests of ¥424,746 million (as of the previous fiscal year-end) were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc. at the beginning of the fiscal year. · Non-controlling interests increased by ¥134,413 million in conjunction with the partial sale of SoftBank Corp. shares.

(3) Overview of Cash Flows

1. Completed the sale and monetization of assets for the ¥4.5 trillion program. Progress made on share repurchase and debt reduction

- Completed the sale and monetization of assets of ¥4.5 trillion through a combination of partial sales of shares and borrowings/monetization using T-Mobile, Alibaba, and SoftBank Corp. shares.
- Repurchased ¥540.1 billion of own shares (¥1,024.1 billion in total in the period, combined with share repurchase resolved before the ¥4.5 trillion program). In reducing debts, the Company repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion, fully repaid $9.44 billion of borrowings made using Alibaba shares (margin loan), and repaid early ¥300.0 billion of senior loans.

2. Initiated investments in listed stocks and other instruments from the fiscal year to diversify asset portfolios and manage surplus funds

- Investments were initially made by SBG directly and later by the newly established SB Northstar starting from the second quarter.
- Investments made by SBG are recorded in cash flows from investing activities: Payments for acquisition of investments of ¥2,705.4 billion and proceeds from sales/redemption of investments of ¥675.7 billion.
- Investments made by SB Northstar are recorded in cash flows from operating activities as the company's primary business is to frequently trade marketable securities.

(Millions of yen)

	Six months ended September 30 2019	2020	Change
Cash flows from operating activities	373,659	**531,867**	158,208
Cash flows from investing activities	(2,125,621)	**(322,186)**	1,803,435
Cash flows from financing activities	2,191,030	**1,591,071**	(599,959)

Note: Cash flows from discontinued operations are included. For details of cash flows from discontinued operations, see "3. Discontinued operations" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(a) Cash Flows from Operating Activities

Cash flows from operating activities increased ¥158,208 million year on year. Income taxes paid decreased by ¥645,300 million year on year mainly due to income taxes of ¥321,290 million being paid in the same period of the previous fiscal year on items such as a gain on the sale of SoftBank Corp. shares at SBGJ that arose in the fiscal year ended March 2019, as well as a withholding income tax of ¥422,648 million on dividends from SBGJ to SBG. The latter withholding income tax was refunded in July 2019.

(b) Cash Flows from Investing Activities

Primary components

Components	Primary details
Payments for acquisition of investments ¥(3,007,576) million	· SBG acquired highly liquid listed stocks for ¥2,705,425 million with the aim of diversifying its assets and managing surplus funds. · SoftBank Corp. acquired LINE shares through a joint tender offer.
Proceeds from sales/redemption of investments ¥2,888,033 million	· SBG received proceeds of ¥675,688 million from the sale of a portion of the abovementioned highly liquid listed stocks. · SBG received proceeds of ¥2,099,746 million from the partial sale of its T-Mobile shares held through a subsidiary.

Components	Primary details
Payments for acquisitions of investments by SVF1 and SVF2 ¥(219,962) million	・SVF1 made follow-on investments in existing portfolio companies and their joint ventures. ・SVF2 made new investments.
Proceeds from sale of investments by SVF1 ¥281,456 million	SVF1 sold investments.
Outlays for purchase of property, plant and equipment, and intangible assets ¥(339,188) million	SoftBank Corp. purchased telecommunications equipment including that for 5G.

Note: Out of $2.0 billion received upon the execution of the Purchase Agreement for sale of all shares in Arm, a deposit of $1.25 billion is included in "other" under cash flows from investing activities.

(c) Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥788,983 million	· SB Northstar made short-term borrowings of ¥364,601 million (net) to acquire listed stocks. ・SoftBank Corp. borrowed ¥298,000 million (net) through the securitization of receivables related to telecommunications.
Proceeds from interest-bearing debt ¥3,657,623 million	
Proceeds from borrowings ¥1,696,671 million*1	· SBG made short-term borrowings of ¥361,400 million. · Delaware Project 6 L.L.C. procured $4.38 billion through borrowings made using T-Mobile shares (margin loan). ・SoftBank Corp. borrowed ¥420,478 million and Z Holdings Corporation made short-term borrowings of ¥159,700 million.
Proceeds from issuance of bonds ¥300,000 million	SoftBank Corp. and Z Holdings Corporation issued domestic straight corporate bonds totaling ¥100,000 million and ¥200,000 million, respectively.
Proceeds from procurement by prepaid forwards contract using shares ¥1,660,952 million	The Company's wholly owned subsidiaries conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured an aggregate amount of $15.4 billion.
Repayment of interest-bearing debt ¥(3,408,750) million	
Repayment of borrowings ¥(3,140,565) million*1	・SBG repaid short-term borrowings of ¥447,350 million and senior loans of ¥359,860 million (including early repayment of ¥300,000 million). ・SVF1 repaid $3.08 billion of borrowings under the Fund Level Facility and $0.79 billion of borrowings under the Portfolio Financing Facility. · Skywalk Finance GK fully repaid $9.44 billion in borrowings made using Alibaba shares (margin loan). · SoftBank Corp. repaid borrowings of ¥394,889 million and Z Holdings Corporation repaid short-term borrowings of ¥345,570 million.
Redemption of corporate bonds ¥(268,185) million	SBG redeemed domestic unsecured corporate bonds of ¥100,000 million at maturity and repurchased domestic unsecured corporate bonds with a total face value of ¥167,595 million.

Components	Primary details
Contributions into SVF1 from third-party investors ¥764,660 million	SVF1 received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SVF1 to third-party investors ¥(421,464) million	SVF1 made distributions and repayments of investments to third-party investors.
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥1,526,867 million	SBG sold portions of SoftBank Corp. shares it owns through a subsidiary in May 2020 and September 2020.
Purchase of treasury stock ¥(1,024,068) million	SBG repurchased its own shares in accordance with resolutions of the Board of Directors on March 13, 2020, May 15, 2020, and June 25, 2020.

Note:
1. Proceeds from borrowings and repayment of borrowings include proceeds of ¥705,305 million and outlays of ¥1,275,793 million, respectively, related to borrowings with a contracted term of one year or less.

(4) Forecasts

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

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Six-Month Period Ended September 30, 2020

(Specified subsidiary (three entities) excluded from the scope of consolidation)

On April 1, 2020 (EST), the merger of Sprint Corporation ("Sprint") and T-Mobile US, Inc. in an all-stock transaction ("the Transaction") was completed. Upon completion of the Transaction, Starburst I, Inc. and Sprint which were specified subsidiaries of the Company, and Sprint Communications, Inc. which was a subsidiary of Sprint, were no longer subsidiaries of the Company. The details are described in "Note 3. Discontinued operations (1) Sprint" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(2) Changes in Accounting Estimates

(Changes in estimate for use of loss carryforwards)

In May 2020, SoftBank Group Japan Corporation ("SBGJ"), a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage: 5.0%) and, in September 2020, transferred a portion of SoftBank Corp. shares held (ownership percentage: 21.7%).

As a result of the transactions, it was probable that taxable income would be available for a loss carry forward whose deferred tax asset was not recognized in SBGJ. Accordingly, a credit of income taxes (profit) was recorded due to the change in estimate. The details are described in "Note 8. Income taxes" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(Allowance for loan commitment losses)

As of September 30, 2020, expected credit losses for a loan commitment for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded. The details are described "Notes 1" in "Note 18. Other gain" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(Allowance for financial guarantee contract losses)

As of September 30, 2020, expected credit losses for a financial guarantee contract for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded. The details are described "Notes 3" in "Note 18. Other gain" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(Allowance for loss indemnification)

The Company may indemnify T-Mobile and its subsidiaries against any losses incurred by T-Mobile and its subsidiaries under certain circumstances. It is probable that such indemnification will be made and therefore allowance was recorded for the six-month period ended September 30, 2020. The details are described in "Notes 2" in "Note 3. Discontinued operations (1) Sprint" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(Impairment of assets)

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. An impairment loss on goodwill was recorded as the fair value less costs to sell (expected sale price) of Brightstar is lower than the carrying amount. The details are described in "Note 3. Discontinued operations (2) Brightstar" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SB Northstar	SB Northstar LP
SoftBank Vision Fund or SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II 2 L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
WeWork	The We Company

From the three-month period ended September 30, 2020, the description of "SoftBank Vision Fund and other SBIA-managed funds" presented in the names of accounts and reportable segment has been changed as follows:

Condensed Interim Consolidated Statement of Financial Position

Previous	Current
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Investments from SVF1 and SVF2 accounted for using FVTPL
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Third-party interests in SVF1

Condensed Interim Consolidated Statement of Income

Previous	Current
Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds	Gain (loss) on investments at SVF1 and SVF2
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	(Gain) loss on investments at SVF1 and SVF2
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	Change in third-party interests in SVF1
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds	Payments for acquisition of investments by SVF1 and SVF2
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds	Proceeds from sales of investments by SVF1
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	Contributions into SVF1 from third-party investors
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	Distribution/repayment from SVF1 to third-party investors

Segment information

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

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	3,369,015	5,105,162
Trade and other receivables	2,072,326	1,948,750
Investments from asset management subsidiaries	-	1,551,805
Derivative financial assets in asset management subsidiaries	-	496,637
Other financial assets	313,487	777,341
Inventories	185,097	133,245
Other current assets	460,970	177,226
Subtotal	6,400,895	10,190,166
Assets classified as held for sale	9,236,048	216,168
Total current assets	15,636,943	10,406,334
Non-current assets		
Property, plant and equipment	1,264,516	1,440,417
Right-of-use assets	1,293,692	1,222,481
Goodwill	3,998,167	3,941,314
Intangible assets	1,985,972	1,899,529
Costs to obtain contracts	212,036	225,289
Investments accounted for using the equity method	3,240,361	3,505,562
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	7,949,382
Investment securities	1,211,511	2,892,510
Derivative financial assets	59,278	551,542
Other financial assets	1,100,694	1,257,832
Deferred tax assets	221,371	215,490
Other non-current assets	140,519	140,515
Total non-current assets	21,620,349	25,241,863
Total assets	37,257,292	35,648,197

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,845,153	2,900,777
Lease liabilities	378,383	338,169
Deposits for banking business	873,087	1,046,071
Third-party interests in SVF1	24,691	-
Trade and other payables	1,585,326	1,330,103
Derivative financial liabilities in asset management subsidiaries	-	207,040
Derivative financial liabilities	9,267	181,367
Other financial liabilities	248,010	580,355
Income taxes payables	164,298	386,557
Provisions	11,448	43,418
Other current liabilities	596,499	450,657
Subtotal	7,736,162	7,464,514
Liabilities directly relating to assets classified as held for sale	6,454,971	134,794
Total current liabilities	14,191,133	7,599,308
Non-current liabilities		
Interest-bearing debt	9,286,729	11,506,769
Lease liabilities	761,943	752,102
Third-party interests in SVF1	4,559,728	5,244,921
Derivative financial liabilities	128,075	613,757
Other financial liabilities	77,207	152,332
Provisions	88,791	94,365
Deferred tax liabilities	711,216	967,790
Other non-current liabilities	79,553	296,248
Total non-current liabilities	15,693,242	19,628,284
Total liabilities	29,884,375	27,227,592
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	1,490,325	2,388,019
Other equity instruments	496,876	496,876
Retained earnings	3,945,820	5,768,915
Treasury stock	(101,616)	(1,113,272)
Accumulated other comprehensive income	(362,259)	(471,611)
Subtotal	5,707,918	7,307,699
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	(4,946)
Total equity attributable to owners of the parent	5,913,613	7,302,753
Non-controlling interests	1,459,304	1,117,852
Total equity	7,372,917	8,420,605
Total liabilities and equity	37,257,292	35,648,197

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

For the six-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Continuing operations[1]		
Net sales	2,539,719	2,630,531
Cost of sales	(1,224,965)	(1,210,719)
Gross profit	1,314,754	1,419,812
Gain on investments		
Gain on investments at Investment Business of Holding Companies	729,417	579,614
Gain (loss) on investments at SVF1 and SVF2	(529,328)	1,336,638
Gain on other investments	15,877	117,059
Total gain on investments	215,966	2,033,311
Selling, general and administrative expenses	(915,426)	(1,011,301)
Finance cost	(140,572)	(153,808)
Income on equity method investments	453,983	200,830
Derivative gain (loss) (excluding gain (loss) on investments)	7,714	(761,557)
Change in third-party interests in SVF1	180,775	(457,537)
Other gain	55,479	171,722
Income before income tax	1,172,673	1,441,472
Income taxes	(591,473)	(272,282)
Net income from continuing operations	581,200	1,169,190
Discontinued operations[1]		
Net income from discontinued operations	(49,015)	710,187
Net income	532,185	1,879,377
Net income attributable to		
Owners of the parent	421,552	1,883,211
Net income from continuing operations	462,428	1,172,737
Net income from discontinued operations	(40,876)	710,474
Non-controlling interests	110,633	(3,834)
Net income from continuing operations	118,772	(3,547)
Net income from discontinued operations	(8,139)	(287)
	532,185	1,879,377
Earnings per share[3]		
Basic earnings per share (Yen)		
Continuing operations	215.34	589.02
Discontinued operations	(19.68)	361.52
Total basic earnings per share	195.66	950.54
Diluted earnings per share (Yen)		
Continuing operations	209.94	542.35
Discontinued operations	(19.64)	360.71
Total diluted earnings per share	190.30	903.06

Notes:

1. Operating results related to Brightstar are newly presented as discontinued operations, separately from continuing operations for the six-month period ended September 30, 2020 and the three-month period ended September 30, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the six-month period ended September 30, 2019 and the three-month period ended September 30, 2019. The details are described in "Note 3. Discontinued operations."

2. Presentation method for the condensed interim consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in "Note 1. Changes in presentation."

3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net income	532,185	1,879,377
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(21,846)	-
Equity financial assets at FVTOCI	(525)	5,486
Total items that will not be reclassified to profit or loss	(22,371)	5,486
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	622	825
Cash flow hedges	36,636	30,722
Exchange differences on translating foreign operations	(595,820)	(364,835)
Share of other comprehensive income of associates	1,030	10,744
Total items that may be reclassified subsequently to profit or loss	(557,532)	(322,544)
Total other comprehensive income, net of tax	(579,903)	(317,058)
Total comprehensive income	(47,718)	1,562,319
Total comprehensive income*		
Comprehensive income from continuing operations	107,198	1,059,869
Comprehensive income from discontinued operations	(154,916)	502,450
Total comprehensive income attributable to*		
Owners of the parent	(137,296)	1,563,669
Comprehensive income from continuing operations	(10,081)	1,060,932
Comprehensive income from discontinued operations	(127,215)	502,737
Non-controlling interests	89,578	(1,350)
	(47,718)	1,562,319

Note:
* The details of discontinued operations are described in "Note 3. Discontinued operations."

For the three-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended September 30, 2019	Three-month period ended September 30, 2020
Continuing operations[1]		
Net sales	1,292,459	1,350,558
Cost of sales	(634,117)	(628,218)
Gross profit	658,342	722,340
Gain on investments		
Loss on investments at Investment Business of Holding Companies	(496,833)	(70,879)
Gain (loss) on investments at SVF1 and SVF2	(943,747)	1,040,061
Gain on other investments	9,652	81,209
Total gain on investments	(1,430,928)	1,050,391
Selling, general and administrative expenses	(470,367)	(506,727)
Finance cost	(70,784)	(76,815)
Income on equity method investments	362,436	194,257
Derivative gain (loss) (excluding gain (loss) on investments)	5,436	(585,732)
Change in third-party interests in SVF1	365,263	(309,894)
Other gain	55,440	119,532
Income before income tax	(525,162)	607,352
Income taxes	(85,759)	(20,123)
Net income from continuing operations	(610,921)	587,229
Discontinued operations[1]		
Net income from discontinued operations	(34,373)	(24,273)
Net income	(645,294)	562,956
Net income attributable to		
Owners of the parent	(700,167)	627,499
Net income from continuing operations	(671,484)	651,594
Net income from discontinued operations	(28,683)	(24,095)
Non-controlling interests	54,873	(64,543)
Net income from continuing operations	60,563	(64,365)
Net income from discontinued operations	(5,690)	(178)
	(645,294)	562,956
Earnings per share[3]		
Basic earnings per share (Yen)		
Continuing operations	(327.95)	338.11
Discontinued operations	(13.85)	(12.65)
Total basic earnings per share	(341.80)	325.46
Diluted earnings per share (Yen)		
Continuing operations	(331.34)	315.62
Discontinued operations	(13.85)	(12.61)
Total diluted earnings per share	(345.19)	303.01

Notes:
1. Operating results related to Brightstar are newly presented as discontinued operations, separately from continuing operations for the six-month period ended September 30, 2020 and the three-month period ended September 30, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the six-month period ended September 30, 2019 and the three-month period ended September 30, 2019. The details are described in "Note 3. Discontinued operations."

2. Presentation method for the condensed interim consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in "Note 1. Changes in presentation."

3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended September 30, 2019	Three-month period ended September 30, 2020
Net income	(645,294)	562,956
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(21,846)	-
Equity financial assets at FVTOCI	(515)	3,539
Total items that will not be reclassified to profit or loss	(22,361)	3,539
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	56	248
Cash flow hedges	13,655	2,097
Exchange differences on translating foreign operations	(150,296)	(145,744)
Share of other comprehensive income of associates	9,350	3,216
Total items that may be reclassified subsequently to profit or loss	(127,235)	(140,183)
Total other comprehensive income, net of tax	(149,596)	(136,644)
Total comprehensive income	(794,890)	426,312
Total comprehensive income*		
Comprehensive income from continuing operations	(741,224)	448,231
Comprehensive income from discontinued operations	(53,666)	(21,919)
Total comprehensive income attributable to*		
Owners of the parent	(844,095)	490,183
Comprehensive income from continuing operations	(801,394)	511,924
Comprehensive income from discontinued operations	(42,701)	(21,741)
Non-controlling interests	49,205	(63,871)
	(794,890)	426,312

Note:
* The details of discontinued operations are described in "Note 3. Discontinued operations."

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 30, 2019

(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	Total
As of April 1, 2019	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	13,997	-	-	13,997
As of April 1, 2019 (after adjustments)	238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
Comprehensive income							
Net income	-	-	-	421,552	-	-	421,552
Other comprehensive Income	-	-	-	-	-	(558,848)	(558,848)
Total comprehensive income	-	-	-	421,552	-	(558,848)	(137,296)
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,184)	-	-	(23,184)
Distribution to owners of other equity instruments	-	-	-	(15,344)	-	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(16,418)	-	16,418	-
Purchase and disposal of treasury stock	-	(739)	-	(1,116)	(207,616)	-	(209,471)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes in interests in subsidiaries	-	59,400	-	-	-	-	59,400
Changes in associates' interests in their subsidiaries	-	(1,106)	-	-	-	-	(1,106)
Changes in interests in associates' capital surplus	-	1,234	-	-	-	-	1,234
Share-based payment transactions	-	2,563	-	-	-	-	2,563
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	61,352	-	(614,198)	350,520	16,418	(185,908)
As of September 30, 2019	238,772	1,529,114	496,876	5,392,636	(92,962)	(252,162)	7,312,274

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2019	1,387,723	9,009,204
Effect of retrospective adjustments due to adoption of new standards*	(1,357)	12,640
As of April 1, 2019 (after adjustments)	1,386,366	9,021,844
Comprehensive income		
Net income	110,633	532,185
Other comprehensive income	(21,055)	(579,903)
Total comprehensive income	89,578	(47,718)
Transactions with owners and other transactions		
Cash dividends	(85,137)	(108,321)
Distribution to owners of other equity instruments	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(209,471)
Retirement of treasury stock	-	-
Changes in interests in subsidiaries	(74,280)	(14,880)
Changes in associates' interests in their subsidiaries	-	(1,106)
Changes in interests in associates' capital surplus	-	1,234
Share-based payment transactions	(6,745)	(4,182)
Other	1,570	1,570
Total transactions with owners and other transactions	(164,592)	(350,500)
As of September 30, 2019	1,311,352	8,623,626

Note:
* As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings.

For the six-month period ended September 30, 2020

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal
As of April 1, 2020	238,772	1,490,325	496,876	3,945,820	(101,616)	(362,259)	5,707,918
Comprehensive income							
Net income	-	-	-	1,883,211	-	-	1,883,211
Other comprehensive income	-	-	-	-	-	(113,847)	(113,847)
Total comprehensive income	-	-	-	1,883,211	-	(113,847)	1,769,364
Transactions with owners and other transactions							
Cash dividends	-	-	-	(45,496)	-	-	(45,496)
Distribution to owners of other equity instruments	-	-	-	(15,339)	-	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	451	-	(451)	-
Purchase and disposal of treasury stock	-	-	-	268	(1,011,656)	-	(1,011,388)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	914,767	-	-	-	-	914,767
Changes in associates' interests in their subsidiaries	-	(12,115)	-	-	-	-	(12,115)
Changes in interests in associates' capital surplus	-	1,243	-	-	-	-	1,243
Share-based payment transactions	-	(6,201)	-	-	-	-	(6,201)
Transfer of accumulated other comprehensive income held for sale	-	-	-	-	-	4,946	4,946
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	897,694	-	(60,116)	(1,011,656)	4,495	(169,583)
As of September 30, 2020	238,772	2,388,019	496,876	5,768,915	(1,113,272)	(471,611)	7,307,699

(Millions of yen)

	Equity attributable to owners of the parent			
	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
As of April 1, 2020	205,695	5,913,613	1,459,304	7,372,917
Comprehensive income				
Net income	-	1,883,211	(3,834)	1,879,377
Other comprehensive income	(205,695)	(319,542)	2,484	(317,058)
Total comprehensive income	(205,695)	1,563,669	(1,350)	1,562,319
Transactions with owners and other transactions				
Cash dividends	-	(45,496)	(93,597)	(139,093)
Distribution to owners of other equity instruments	-	(15,339)	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(1,011,388)	-	(1,011,388)
Changes from loss of control	-	-	(424,653)	(424,653)
Changes in interests in subsidiaries	-	914,767	179,369	1,094,136
Changes in associates' interests in their subsidiaries	-	(12,115)	-	(12,115)
Changes in interests in associates' capital surplus	-	1,243	-	1,243
Share-based payment transactions	-	(6,201)	(941)	(7,142)
Transfer of accumulated other comprehensive income held for sale	(4,946)	-	-	-
Other	-	-	(280)	(280)
Total transactions with owners and other transactions	(4,946)	(174,529)	(340,102)	(514,631)
As of September 30, 2020	(4,946)	7,302,753	1,117,852	8,420,605

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Cash flows from operating activities		
Net income from continuing operations	581,200	1,169,190
Net income from discontinued operations	(49,015)	710,187
Net income	532,185	1,879,377
Depreciation and amortization	976,346	411,108
Gain on investments at Investment Business of Holding Companies	(729,417)	(975,102)
Loss (gain) on investments at SVF1 and SVF2	529,328	(1,336,638)
Finance cost	303,538	155,652
Income on equity method investments	(452,734)	(200,557)
Derivative (gain) loss (excluding (gain) loss on investments)	(10,338)	761,555
Change in third-party interests in SVF1	(180,775)	457,537
Gain on other investments and other gain	(77,483)	(273,687)
Income taxes	584,712	274,105
Decrease in investments from asset management subsidiaries	-	713,091
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	-	(289,816)
Increase in restricted cash in asset management subsidiaries	-	(105,904)
Increase in securities pledged as collateral in asset management subsidiaries	-	(213,476)
Increase in margin deposits in asset management subsidiaries	-	(244,585)
Increase in borrowed securities in asset management subsidiaries	-	434,901
(Increase) decrease in trade and other receivables	(22,289)	26,126
(Increase) decrease in inventories	(152,516)	1,278
Decrease in trade and other payables	(59,049)	(82,499)
Gain relating to loss of control over discontinued operations	-	(721,404)
Other	1,329	112,683
Subtotal	1,242,837	783,745
Interest and dividends received	27,087	14,045
Interest paid	(296,850)	(132,706)
Income taxes paid	(1,040,058)	(394,758)
Income taxes refunded	440,643	261,541
Net cash provided by operating activities	373,659	531,867

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Cash flows from investing activities		
Payments for acquisition of investments	(648,393)	(3,007,576)
Proceeds from sales/redemption of investments	128,485	2,888,033
Payments for acquisition of investments by SVF1 and SVF2	(1,063,737)	(219,962)
Proceeds from sales of investments by SVF1	40,635	281,456
Payments for acquisition of control over subsidiaries	(7,826)	(13,552)
Payments for acquisition of marketable securities for short-term trading	(38,818)	(48,690)
Proceeds from sales/redemption of marketable securities for short-term trading	40,844	199,655
Purchase of property, plant and equipment, and intangible assets	(635,953)	(339,188)
Payments for loan receivables	(78,355)	(132,832)
Collection of loan receivables	46,167	8,276
Other	91,330	62,194
Net cash used in investing activities	(2,125,621)	(322,186)
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	553,674	788,983
Proceeds from interest-bearing debt	5,196,627	3,657,623
Repayment of interest-bearing debt	(3,592,775)	(3,408,750)
Repayment of lease liabilities	(359,112)	(214,636)
Contributions into SVF1 from third-party investors	1,356,554	764,660
Distribution/repayment from SVF1 to third-party investors	(616,690)	(421,464)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	-	1,526,867
Purchase of shares of subsidiaries from non-controlling interests	(46,651)	(1,201)
Distribution to owners of other equity instruments	(15,344)	(15,339)
Purchase of treasury stock	(215,941)	(1,024,068)
Cash dividends paid	(23,162)	(45,449)
Cash dividends paid to non-controlling interests	(84,386)	(93,250)
Other	38,236	77,095
Net cash provided by financing activities	2,191,030	1,591,071
Effect of exchange rate changes on cash and cash equivalents	(38,409)	(18,108)
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale	-	(46,497)
Increase in cash and cash equivalents	400,659	1,736,147
Cash and cash equivalents at the beginning of the period	3,858,518	3,369,015
Cash and cash equivalents at the end of the period	4,259,177	5,105,162

Notes:

1. Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in “Note 3. Discontinued operations.”

2. Presentation method for the condensed interim consolidated statement of cash flows has been changed from the three-month period ended June 30, 2020. The details are described in “Note 1. Changes in presentation.”

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Changes in presentation

(Condensed interim consolidated statement of income)

a. Operating results related to Brightstar are newly presented as discontinued operations, separately from continuing operations for the six-month period ended September 30, 2020 and the three-month period ended September 30, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the six-month period ended September 30, 2019 and the three-month period ended September 30, 2019. The details are described in "Note 3. Discontinued operations."

b. SoftBank Group Corp. is a strategic investment holding company that conducts investments and manages investment portfolios in a number of companies directly (including investments through subsidiaries) or through investment funds (such as SVF1). The Company has been focusing on the investment activities including those led by SVF1 that began its operation in 2017, thereby transforming business structures.

Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint has been no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, the Company has revised the presentation of the consolidated statement of income from the three-month period ended June 30, 2020. "Operating income," as previously presented, did not include gain and loss on investments other than those included in "Operating income from SoftBank Vision Fund and other SBIA-managed funds." Therefore, the Company determined that it was no longer meaningful to appropriately present the consolidated financial results of the Company as a strategic investment holding company. For these reasons, the Company determined not to present "Operating income" in the consolidated statement of income from the three-month period ended June 30, 2020.

In connection with this change, the Company also determined to present "Gain (loss) on investments" in the consolidated statement of income from the three-month period ended June 30, 2020 in order to clearly present investment performance in the consolidated financial results of the Company. "Gain (loss) on investments" includes realized gain and loss from sales of 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 financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method.

Furthermore, the Company determined to present, as component of "Gain (loss) on investments," "Gain (loss) on investments at Investment Business of Holding Companies," "Gain (loss) on investments at SVF1 and SVF2," and "Gain (loss) on other investments." Investment Business of Holding Companies segment is included in the reportable segments from the three-month period ended June 30, 2020. The details are described in "Note 4. Segment information." Derivative gain and loss other than those mentioned above are presented as "Derivative gain (loss) (excluding gain (loss) on investments)." In addition, income or loss on equity method investments arising from recognizing the Company's share in profit or loss of the investees is presented as "Income on equity method investments" as previously presented.

In order to reflect these changes in presentation, similar reclassifications have been made to the condensed interim consolidated statement of income for the six-month period ended September 30, 2019 and the three-month period ended September 30, 2019. The details of the reclassifications in the condensed interim consolidated statement of income for the six-month period ended September 30, 2019 are as follows.

For the six-month period ended September 30, 2019

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)		Reclassification amounts		After changes in presentation
Continuing operations				Continuing operations
Net sales	2,539,719	-	2,539,719	Net sales
Cost of sales	(1,224,965)	-	(1,224,965)	Cost of sales
Gross profit	1,314,754	-	1,314,754	Gross profit
				Gain (loss) on investments
	-	729,417	729,417	Gain (loss) on investments at Investment Business of Holding Companies
	-	(529,328)	(529,328)	Gain (loss) on investments at SVF1 and SVF2
	-	15,877	15,877	Gain (loss) on other investments
	-	215,966	215,966	Total gain (loss) on investments
Selling, general and administrative expenses	(872,122)	(43,304)	(915,426)	Selling, general and administrative expenses
Gain relating to loss of control over subsidiaries[1]	11,879	(11,879)	-	
Other operating income (loss)[2]	2,888	(2,888)	-	
Operating income (excluding operating income from SoftBank Vision Fund and other SBIA-managed funds)	457,399	(457,399)	-	
Operating income from SoftBank Vision Fund and other SBIA-managed funds[3]	(572,639)	572,639	-	
Operating income	(115,240)	115,240	-	
Finance cost	(140,572)	-	(140,572)	Finance cost
Income (loss) on equity method investments	451,095	2,888	453,983	Income (loss) on equity method investments
Foreign exchange gain (loss)[4]	(5,767)	5,767	-	
Derivative gain (loss)[5]	(113,930)	121,644	7,714	Derivative gain (loss) (excluding gain (loss) on investments)
Gain relating to settlement of variable prepaid forward contracts using Alibaba shares[6]	1,218,527	(1,218,527)	-	
Gain (loss) from financial instruments at FVTPL[7]	(352,198)	352,198	-	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	180,775	-	180,775	Change in third-party interests in SVF1
Other non-operating income (loss)[8]	49,983	(49,983)	-	
	-	55,479	55,479	Other gain (loss)
Income before income tax	1,172,673	-	1,172,673	Income before income tax
Income taxes	(591,473)	-	(591,473)	Income taxes
Net income from continuing operations	581,200	-	581,200	Net income from continuing operations
Discontinued operations				Discontinued operations
Net income from discontinued operations	(49,015)	-	(49,015)	Net income from discontinued operations
Net income	532,185	-	532,185	Net income

Notes:

1. ¥11,879 million previously presented in “Gain relating to loss of control over subsidiaries” was reclassified as “Other gain (loss).”

2. Income and loss on equity method investments of ¥2,888 million at Fortress, which was previously presented in “Other operating income (loss),” was reclassified as “Income (loss) on equity method investments.”

3. Of ¥(572,639) million previously presented in “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” gain and loss on investments of ¥(529,328) million was reclassified as “Gain (loss) on investments at SVF1 and SVF2,” and other amounts of ¥(43,304) million and ¥(7) million were reclassified as “Selling, general and administrative expenses” and “Other gain (loss),” respectively.

4. ¥(5,767) million previously presented in “Foreign exchange gain (loss)” was reclassified as “Other gain (loss).”

5. Of derivative gain and loss relating to gain and loss on investments of ¥(121,644) million, which was previously presented in “Derivative gain (loss),” ¥(119,018) million and ¥(2,626) million were reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” and “Gain (loss) on other investments,” respectively.

6. ¥1,218,527 million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies.”

7. Of ¥(352,198) million previously presented in “Gain (loss) from financial instruments at FVTPL,” ¥(370,092) million and ¥17,894 million were reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” and “Gain (loss) on other investments,” respectively.

8. Of ¥49,983 million previously presented in “Other non-operating income (loss),” dividend income of ¥609 million was reclassified as “Gain (loss) on other investments” and other amount of ¥49,374 million was reclassified as “Other gain (loss).”

(Condensed interim consolidated statement of cash flows)

For the six-month period ended September 30, 2019

(Millions of yen)

Before changes in presentation		Reclassification amounts		After changes in presentation
Cash flows from operating activities				Cash flows from operating activities
Net income from continuing operations	581,200	-	581,200	Net income from continuing operations
Net income from discontinued operations	(49,015)	-	(49,015)	Net income from discontinued operations
Net income	532,185	-	532,185	Net income
Depreciation and amortization	976,346	-	976,346	Depreciation and amortization
(Gain) relating to loss of control over subsidiaries[1]	(11,879)	11,879	-	
	-	(729,417)	(729,417)	(Gain) loss on investments at Investment Business of Holding Companies
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	529,328	-	529,328	(Gain) loss on investments at SVF1 and SVF2
Finance cost	303,538	-	303,538	Finance cost
(Income) loss on equity method investments	(449,846)	(2,888)	(452,734)	(Income) loss on equity method investments
Derivative (gain) loss[3]	111,306	(121,644)	(10,338)	Derivative (gain) loss (excluding (gain) loss on investments)
(Gain) relating to settlement of variable prepaid forward contract using Alibaba shares[4]	(1,218,527)	1,218,527	-	
(Gain) loss from financial instruments at FVTPL[5]	351,781	(351,781)	-	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(180,775)	-	(180,775)	Change in third-party interests in SVF1
Foreign exchange (gain) loss and other non-operating (income) loss[6]	(49,926)	49,926	-	
	-	(77,483)	(77,483)	(Gain) loss on other investments and other (gain) loss
Income taxes	584,712	-	584,712	Income taxes
(Increase) decrease in trade and other receivables	(22,289)	-	(22,289)	(Increase) decrease in trade and other receivables
(Increase) decrease in inventories	(152,516)	-	(152,516)	(Increase) decrease in inventories
Increase (decrease) in trade and other payables	(59,049)	-	(59,049)	Increase (decrease) in trade and other payables
Other[2]	(1,552)	2,881	1,329	Other
Subtotal	1,242,837	-	1,242,837	Subtotal

Notes:

1. ¥(11,879) million previously presented in “(Gain) relating to loss of control over subsidiaries” was reclassified as “(Gain) loss on other investments and other (gain) loss.”

2. Income and loss on equity method investments of ¥(2,888) million at Fortress, which was previously included in “Other,” was reclassified as “(Income) loss on equity method investments.”

3. Of derivative gain and loss relating to gain and loss on investments of ¥121,644 million, which was previously presented in “Derivative (gain) loss,” ¥119,018 million and ¥2,626 million were reclassified as “(Gain) loss on investments at Investment Business of Holding Companies” and “(Gain) loss on other investments and other (gain) loss,” respectively.

4. ¥(1,218,527) million previously presented in "Gain relating to settlement of variable prepaid forward contract using Alibaba shares" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies."

5. Of ¥351,781 million previously presented in "'(Gain) loss from financial instruments at FVTPL," ¥370,092 million and ¥(18,311) million were reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" and "(Gain) loss on other investments and other (gain) loss," respectively.

6. ¥(49,926) million previously presented in "Foreign exchange (gain) loss and other non-operating (income) loss" was reclassified as "(Gain) loss on other investments and other (gain) loss."

2. Significant accounting policies

Significant accounting policies applied to the condensed interim consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2020, except for the following. In addition, income taxes for the six-month period ended September 30, 2020 are calculated based on the estimated effective tax rate for the fiscal year.

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

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

a. Consolidation of SVF1 and SVF2 by the Company

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

The various entities comprising SVF1 and SVF2 make investment decisions through its investment committee, which was established as a committee of SBIA. SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 "Consolidated Financial Statements" over SVF1 and SVF2. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over SVF1 and SVF2.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SVF1 and SVF2 are eliminated in consolidation.

b. Portfolio company investments made by SVF1 and SVF2

(a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, the portfolio companies that the Company is deemed to control under IFRS 10 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 are eliminated in consolidation.

(b) Investments in associates and joint ventures

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

The investments in associates and joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as "Investments from SVF1 and SVF2 accounted for using FVTPL" in the condensed interim consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by

SVF1 and SVF2" and the proceeds from sales of these investments are presented as "Proceeds from sales of investments by SVF1" under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1 and SVF2 are accounted for as financial assets at FVTPL. The presentation of these investments in the condensed interim consolidated statement of financial position and the condensed interim consolidated statement of cash flows are the same as the above "(b) Investments in associates and joint ventures."

c. Contribution from limited partners to SVF1 and SVF2

SVF1 and SVF2 issues capital calls to its limited partners ("Capital Call").

No contributions from limited partners other than the Company were made into SVF2 from inception to September 30, 2020.

(a) Contribution from limited partners other than the Company

The interests attributable to limited partners other than the Company ("Third-Party Investors") are classified as financial liabilities, "Third-party interests in SVF1" in the condensed interim consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the limited partnership agreement. The liabilities are classified as "financial liabilities measured at amortized cost" upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

"Third-party interests in SVF1" fluctuates due to the results of SVF1 in addition to contributions from Third-Party Investors in satisfaction of Capital Call, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SVF1 are presented as "Change in third-party interests in SVF1" in the condensed interim consolidated statement of income.

Contributions from Third-Party Investors to SVF1 are included in "Contributions into SVF1 from third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in "Distribution/repayment from SVF1 to third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9, "Financial Instruments," and, therefore, such amount is not recorded in the condensed interim consolidated statement of financial position.

(b) Contribution from the Company

Contributions from the Company as limited partners are eliminated in consolidation.

(2) Significant accounting policies for the asset management subsidiary

SB Northstar, a subsidiary of the Company, is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions for diversification of the assets held and management of surplus funds. "The asset management subsidiary" described in the condensed interim consolidated financial statements and the notes indicates SB Northstar.

For SB Northstar, the Company applies the following accounting policies.

a. Investments from the asset management subsidiary

The investments made by SB Northstar (except for investments in associates) are accounted for as financial assets at FVTPL as the investments meet the definition of financial assets held for sale in accordance with IFRS 9 and presented as "Investments from assets management subsidiaries" under current assets in the condensed interim consolidated statement of financial position. At initial recognition, the investments are measured at fair value and transaction costs directly arising from the acquisition of financial assets are recognized as net of profit and loss. Subsequent to initial recognition, they are measured at fair value and valuation gain and loss arising from changes in fair value and dividend income are included in "Gain (loss) on investments at Investment Business of Holding

Companies" in the condensed interim consolidated statement of income. In addition, the changes in investment amounts due to acquisition and sale of investments from SB Northstar are presented as net of "(Increase) decrease in investments from asset management subsidiaries (cash flows from operating activities)" in the condensed interim consolidated statement of cash flows. The investments in associates of the Company made by SB Northstar are accounted for using the equity method and included in "Investments accounted for using the equity method" in the condensed interim consolidated statement of financial position.

b. Restricted cash

Restricted cash in SB Northstar is the deposit pledged as collateral to the brokers for acquisition transactions of investments using borrowings and credit transactions and its usage is restricted. The restricted cash is included in "Other financial assets (current)" in the condensed interim consolidated financial position and presented as net of "(Increase) decrease in restricted cash in asset management subsidiaries (cash flows from operating activities)" in the condensed interim consolidated statement of cash flows.

c. Securities pledged as collateral

Of securities pledged as collateral, securities which the recipient can sell or pledge them as re-collateral are separated from "Investments from asset management subsidiaries" and included in "Other financial assets (current)" in the condensed interim consolidated statement of financial position. In addition, the securities pledged as collateral in SB Northstar are presented as net of "(Increase) decrease in securities pledged as collateral in asset management subsidiaries (cash flows from operating activities)" in the condensed interim consolidated statement of cash flows.

d. Margin deposits

Margin deposits in SB Northstar are the deposits pledged as collateral for unsettled balance for acquisition and sale of investments and unsettled derivatives to the brokers and are included in "Other financial assets (current)" in the condensed interim consolidated statement of financial position. At initial recognition, they are measured at fair value and subsequent to initial recognition, they are measured at amortized cost. In addition, margin deposits in SB Northstar are presented as net of "(Increase) decrease in margin deposits in asset management subsidiaries (cash flows from operating activities)" in the condensed interim consolidated statement of cash flows.

e. Borrowed securities

The securities borrowed for short credit transactions have obligations for delivery of future financial assets and meet the definition of financial liabilities held for sale in accordance with IFRS 9. Therefore, they are accounted for as financial instruments at FVTPL and included in "Other financial liabilities (current)" in the condensed interim consolidated statement of financial position. At initial recognition and subsequent to initial recognition, they are measured at fair value and valuation gain and loss arising from changes in fair value are included in "Gain (loss) on investments at Investment Business of Holding Companies" in the condensed interim consolidated statement of income. In addition, borrowed securities in SB Northstar are presented as net of "Increase (decrease) in borrowed securities in asset management subsidiaries (cash flows from operating activities)" in the condensed interim consolidated statement of cash flows.

3. Discontinued operations

(1) Sprint

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile US, Inc. and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the fair value of T-Mobile US, Inc. shares which the Company acquired from the merger transaction was higher than the carrying amount of Sprint shares.

On April 1, 2020, the merger of Sprint and T-Mobile US, Inc. was completed under the business combination agreement which the Company entered into with the parties, including Sprint, T-Mobile US, Inc. and Deutsche Telekom AG ("Deutsche Telekom") on April 29, 2018 (EST) ("Business Combination Agreement," which was previously amended by an amendment dated July 26, 2019 and February 20, 2020).

Under the merger transaction, Starburst I, Inc. which held Sprint shares and Galaxy Investment Holdings, Inc. were merged with and into Huron Merger Sub LLC, a U.S. subsidiary of T-Mobile US, Inc. and directly owned by T-Mobile US, Inc., with Huron Merger Sub LLC as the surviving company. In addition, Superior Merger Sub Corp., a U.S. subsidiary of Huron Merger Sub LLC and directly owned by Huron Merger Sub LLC, was merged with and into Sprint, with Sprint as the surviving company. As a result of the transactions, Sprint became a wholly-owned subsidiary of T-Mobile which was a new company after the merger and owned Sprint indirectly.

As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value less costs to sell as of April 1, 2020 for acquired T-Mobile shares as consideration of the merger transaction and acquiring shares when certain contingency is satisfied (the "contingent consideration"), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as gain relating to loss of control for the six-month period ended September 30, 2020. In addition, the carrying amount of non-controlling interests in Sprint at the time of loss of control over Sprint is ¥424,746 million.

The Company surrendered to T-Mobile an aggregate of 48,751,557 shares of T-Mobile common stock, of the 353,357,606 shares to be received from the Transaction, effective immediately following the closing of the Transaction. If the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than $150 at any time during the period commencing on the second anniversary of the closing date and ending on December 31, 2025, T-Mobile will re-issue to the Company, for no additional consideration, a number of shares of T-Mobile common stock equal to the abovementioned number of shares to be surrendered, subject to the terms and conditions included as part of the Business Combination Agreement.

The Company recognizes the fair value of the contingent consideration as "Derivative financial assets (non-current)" in the condensed interim consolidated statement of financial position and ¥196,313 million is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date is recognized as "Gain on investments at Investment Business of Holding Companies" in the condensed interim consolidated statement of income.

Operating results related to Sprint for the six-month period ended September 30, 2019 and gain relating to loss of control over Sprint for the six-month period ended September 30, 2020 are presented as discontinued operations, separately from continuing operations, in the condensed interim consolidated statement of income.

In addition, of 304,606,049 shares of T-Mobile common stock held, 173,564,426 shares were transferred by the Company on June 26, 2020. As a result of the transaction, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company. The details are described in "Note 20. Additional information."

a. Disposal group classified as held for sale

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets classified as held for sale		
Cash and cash equivalents	240,982	-
Trade and other receivables	385,511	-
Other financial assets	7,166	-
Inventories	97,712	-
Other current assets	131,240	-
Total current assets	862,611	-
Property, plant and equipment	1,890,600	-
Right-of-use assets	763,529	-
Goodwill	322,978	-
Intangible assets	5,082,956	-
Costs to obtain contracts	196,438	-
Investments accounted for using the equity method	3,049	-
Investment securities	3,225	-
Other financial assets	47,140	-
Other non-current assets	63,522	-
Total non-current assets	8,373,437	-
Total assets	9,236,048	-
Liabilities directly relating to assets classified as held for sale		
Interest-bearing debt	331,881	-
Lease liabilities	202,743	-
Trade and other payables	395,415	-
Income taxes payables	1,949	-
Provisions	8,720	-
Other current liabilities	292,041	-
Total current liabilities	1,232,749	-
Interest-bearing debt	3,591,777	-
Lease liabilities	583,348	-
Derivative financial liabilities	5,189	-
Other financial liabilities	4,298	-
Provisions	81,261	-
Deferred tax liabilities	746,834	-
Other non-current liabilities	209,515	-
Total non-current liabilities	5,222,222	-
Total liabilities	6,454,971	-

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Accumulated other comprehensive income directly relating to assets classified as held for sale		
Cash flow hedges	(3,454)	-
Exchange differences on translating foreign operations	209,149	-
Total accumulated other comprehensive income	205,695	-

b. Results of operations from discontinued operations

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net sales	1,656,013	-
Cost of sales	(1,038,009)	-
Selling, general and administrative expenses	(442,388)	-
Finance cost	(159,096)	-
Other	(65,063)	-
Income from discontined operations before income tax	(48,543)	-
Income taxes	8,362	-
Income from discontined operations after income tax	(40,181)	-
Income relating to loss of control over discontined operations[1,2]	-	721,404
Net income from discontinued operations	(40,181)	721,404

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net income from discontinued operations	(40,181)	721,404
Other comprehensive income from discontinued operations	(104,771)	(205,694)
Comprehensive income from discontinued operations	(144,952)	515,710

Notes:

1. Tax expense is presented as zero in the condensed interim consolidated statement of income because the expected taxable income at SoftBank Group Corp. will not be material for the fiscal year despite income related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc. was generated at SoftBank Group Corp.

2. The Company may indemnify T-Mobile and its subsidiaries against any losses incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstances based on the Business Combination Agreement, which the Company entered into with the parties, including Sprint, T-Mobile US, Inc., and Deutsche Telekom, in principle. It was probable that the Company would indemnify the losses incurred. Accordingly, ¥25,392 million, which was reasonably estimated as of September 30, 2020, was recorded as provisions for the six-month period ended September 30, 2020. The provisions for allowance and expenses arising from the merger transaction are included in gain relating to loss of control under discontinued operations.

c. Cash flows from discontinued operations

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Cash flows from operating activities	357,690	(20,843)
Cash flows from investing activities	(283,379)	-
Cash flows from financing activities	(371,916)	-
	(297,605)	(20,843)

The disposal of Sprint shares as of April 1, 2020 was conducted as a share exchange with T-Mobile shares and are correspond to non-cash transaction.

(2) Brightstar

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners.

Upon this agreement, it is highly probable that Brightstar will no longer be a subsidiary of the Company at the completion of the transaction. Accordingly, assets, liabilities, and accumulated other comprehensive income of Brightstar are reclassified as a disposal group classified as held for sale. Brightstar is measured at the fair value less costs to sell (expected sale price) as the fair value less costs to sell is lower than the carrying amount of Brightstar. As a result, the Company recorded an impairment loss on goodwill for ¥12,423 million.

Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations, in the condensed interim consolidated statement of income. Also the above impairment loss on goodwill is presented as discontinued operations.

In addition, on October 22, 2020, the sale of all shares in Brightstar was completed. The consideration consists of cash proceeds of $685 million and a 25% stake (equivalent to $90 million) in a newly formed subsidiary of Brightstar Capital Partners, which holds all shares in Brightstar.

As a result, Brightstar is no longer a subsidiary of the Company and becomes an associate from that date, however the acquired shares are preferred stock investments whose feature is substantially different from common stock, therefore the preferred stock is measured at fair value and accounted for as financial instruments at FVTPL.

a. Disposal group classified as held for sale

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets classified as held for sale		
Cash and cash equivalents	-	46,497
Trade and other receivables	-	61,382
Other financial assets	-	11,535
Inventories	-	42,631
Other current assets	-	10,005
Total current assets	-	172,050
Property, plant and equipment	-	2,430
Right-of-use assets	-	6,636
Goodwill	-	7,008
Intangible assets	-	18,836
Costs to obtain contracts	-	295
Investments accounted for using the equity method	-	1,107
Investment securities	-	280
Other financial assets	-	4,332
Deferred tax assets	-	1,568
Other non-current assets	-	1,626
Total non-current assets	-	44,118
Total assets	-	216,168
Liabilities directly relating to assets classified as held for sale		
Interest-bearing debt	-	11,838
Lease liabilities	-	1,512
Trade and other payables	-	91,233
Derivative financial liabilities	-	7
Other financial liabilities	-	907
Income taxes payables	-	2,754
Provisions	-	1,807
Other current liabilities	-	14,730
Total current liabilities	-	124,788
Interest-bearing debt	-	111
Lease liabilities	-	5,707
Other financial liabilities	-	515
Provisions	-	893
Deferred tax liabilities	-	1,916
Other non-current liabilities	-	864
Total non-current liabilities	-	10,006
Total liabilities	-	134,794

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Accumulated other comprehensive income directly relating to assets classified as held for sale		
Exchange differences on translating foreign operations	-	(4,884)
Other	-	(62)
Total accumulated other comprehensive income	-	(4,946)

b. Results of operations from discontinued operations

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net sales	455,992	289,143
Cost of sales	(434,526)	(264,954)
Selling, general and administrative expenses	(24,247)	(16,374)
Finance cost	(3,870)	(1,844)
Other	(582)	(15,365)
Income from discontined operations before income tax	(7,233)	(9,394)
Income taxes	(1,601)	(1,823)
Income from discontined operations after income tax	(8,834)	(11,217)
Net income from discontinued operations	(8,834)	(11,217)
Net income from discontinued operations	(8,834)	(11,217)
Other comprehensive income from discontinued operations	(1,130)	(2,043)
Comprehensive income from discontinued operations	(9,964)	(13,260)

c. Cash flows from discontinued operations

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Cash flows from operating activities	35,280	38,706
Cash flows from investing activities	(525)	(4,807)
Cash flows from financing activities	(33,463)	(1,475)
	1,292	32,424

4. 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, 2020, the Company had four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint has been no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, business segments that are regularly reviewed by the Company's Board of Directors have been changed. As a result of the change, from the three-month period ended June 30, 2020, the Company has revised its segment classifications and the Investment Business of Holding Companies segment has been added to the reportable segments. In addition, from the three-month period ended September 30, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar held by the Company to a newly formed subsidiary of Brightstar Capital Partners. It is highly probable that Brightstar will no longer be a subsidiary of the Company. As a result, Brightstar has been classified as discontinued operations and the Brightstar segment is excluded from the reportable segments.

Accordingly, from the three-month period ended September 30, 2020, the Company has four reportable segments: the Investment Business of Holding Companies segment, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, and the Arm segment. The SoftBank Vision Fund and Other SBIA-Managed Funds segment was renamed to the SVF1 and Other SBIA-Managed Funds segment from the three-month period ended September 30, 2020.

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 ("SBGJ"), SB Northstar that is an asset management subsidiary, and certain subsidiaries of the Company that conduct investment or funding. SB Northstar is engaged in various transactions such as acquisition and sale of listed stocks, derivative transactions related to listed stocks, and credit transactions for diversification of the assets held and management of surplus funds. Gain and loss on investments at Investment Business of Holding Companies consists of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries including dividend income from subsidiaries and impairment loss on investments in subsidiaries are excluded.

The SVF1 and Other SBIA-Managed Funds segment conducts, mainly through SVF1 and SVF2, investment activities in a wide range of technology sectors. Gain and loss on investments at SVF1 and SVF2 consist of gain and loss arising from investments held by SVF1 and SVF2 including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through Z Holdings Corporation, internet advertising and e-commerce business.

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

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly PayPay Corporation, Fortress, the investment fund business in Latin America, and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm, a subsidiary of the Company, which are included in segment income of the SVF1 and other SBIA-Managed Funds and an elimination of income on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the Softbank segment. Such income on equity method investments is eliminated because the Company consolidates PayPay Corporation as its subsidiary and related amounts are also included in "Other."

Segment information for the six-month period ended September 30, 2019 and for the three-month period ended September 30, 2019 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." In accordance with the change in presentation of the consolidated statement of income where "Operating income" is no longer presented, which has been implemented from the three-month period ended June 30, 2020, income of reportable segments to be reported to the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from "Operating income" to "Income before income tax." The details are described in "Note 1. Changes in presentation." As in the consolidated statement of income, "Gain (loss) on investments" included in segment income includes realized gain and loss from sales of 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 sales of 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 six-month period ended September 30, 2019

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	2,369,588	88,360
Intersegment	-	-	3,712	185
Total	-	-	2,373,300	88,545
Segment income	1,095,784	(400,034)	518,448	(20,820)
Depreciation and amortization	(851)	(127)	(330,859)	(35,054)
Gain (loss) on investments	729,417	(529,328)	7,900	183
Finance cost	(97,177)	(9,224)	(28,575)	(605)
Income (loss) on equity method investments	453,697	-	(14,181)	223
Derivative gain (loss) (excluding gain (loss) on investments)	7,379	-	(56)	-

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	2,457,948	81,771	-	2,539,719
Intersegment	3,897	10,142	(14,039)	-
Total	2,461,845	91,913	(14,039)	2,539,719
Segment income	1,193,378	(40,796)	20,091	1,172,673
Depreciation and amortization	(366,891)	(19,362)	-	(386,253)
Gain (loss) on investments	208,172	7,794	-	215,966
Finance cost	(135,581)	(7,161)	2,170	(140,572)
Income (loss) on equity method investments	439,739	338	13,906	453,983
Derivative gain (loss) (excluding gain (loss) on investments)	7,323	391	-	7,714

For the six-month period ended September 30, 2020

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm
Net sales				
Customers	-	-	2,423,044	105,671
Intersegment	-	-	4,723	326
Total	-	-	2,427,767	105,997
Segment income	25,348	913,989	533,284	(24,819)
Depreciation and amortization	(975)	(266)	(348,009)	(36,766)
Gain (loss) on investments	579,614	1,411,567	(6,043)	-
Finance cost	(108,175)	(6,228)	(32,920)	(419)
Income (loss) on equity method investments	194,607	-	(17,129)	1,677
Derivative gain (loss) (excluding gain (loss) on investments)	(762,417)	-	(42)	1,152

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	2,528,715	101,816	-	2,630,531
Intersegment	5,049	4,312	(9,361)	-
Total	2,533,764	106,128	(9,361)	2,630,531
Segment income	1,447,802	52,999	(59,329)	1,441,472
Depreciation and amortization	(386,016)	(21,332)	-	(407,348)
Gain (loss) on investments	1,985,138	123,102	(74,929)	2,033,311
Finance cost	(147,742)	(8,005)	1,939	(153,808)
Income (loss) on equity method investments	179,155	6,908	14,767	200,830
Derivative gain (loss) (excluding gain (loss) on investments)	(761,307)	(250)	-	(761,557)

Note:
* The details of the difference between “Gain (loss) on investments” in the SVF1 and Other SBIA-Managed Funds segment and “Gain (loss) on investments at SVF1 and SVF2” in the condensed interim consolidated statement of income are described in “Note 5. SVF1 and other SBIA-managed funds business.”

For the three-month period ended September 30, 2019

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,206,660	42,517
Intersegment	-	-	2,054	97
Total	-	-	1,208,714	42,614
Segment income	(151,396)	(612,098)	256,752	(9,647)
Depreciation and amortization	(387)	(75)	(165,910)	(17,137)
Gain (loss) on investments	(496,833)	(943,747)	(1,473)	128
Finance cost	(46,066)	(7,323)	(14,562)	(303)
Income (loss) on equity method investments	364,814	-	(10,723)	145
Derivative gain (excluding gain (loss) on investments)	5,266	-	24	-

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,249,177	43,282	-	1,292,459
Intersegment	2,151	5,733	(7,884)	-
Total	1,251,328	49,015	(7,884)	1,292,459
Segment income	(516,389)	(17,686)	8,913	(525,162)
Depreciation and amortization	(183,509)	(9,611)	-	(193,120)
Gain (loss) on investments	(1,441,925)	10,997	-	(1,430,928)
Finance cost	(68,254)	(3,805)	1,275	(70,784)
Income (loss) on equity method investments	354,236	(981)	9,181	362,436
Derivative gain (excluding gain (loss) on investments)	5,290	146	-	5,436

For the three-month period ended September 30, 2020

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,253,389	56,685
Intersegment	-	-	2,056	110
Total	-	-	1,255,445	56,795
Segment income	(433,549)	784,359	274,035	(11,479)
Depreciation and amortization	(520)	(116)	(174,875)	(18,468)
Gain (loss) on investments	(70,879)	1,114,990	(10,159)	-
Finance cost	(55,025)	(1,628)	(16,664)	(206)
Income (loss) on equity method investments	190,504	-	(8,123)	964
Derivative gain (loss) (excluding gain (loss) on investments)	(586,227)	-	(43)	815

	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,310,074	40,484	-	1,350,558
Intersegment	2,166	2,290	(4,456)	-
Total	1,312,240	42,774	(4,456)	1,350,558
Segment income	613,366	61,688	(67,702)	607,352
Depreciation and amortization	(193,979)	(8,525)	-	(202,504)
Gain (loss) on investments	1,033,952	91,368	(74,929)	1,050,391
Finance cost	(73,523)	(4,135)	843	(76,815)
Income (loss) on equity method investments	183,345	4,099	6,813	194,257
Derivative gain (loss) (excluding gain (loss) on investments)	(585,455)	(277)	-	(585,732)

5. SVF1 and other SBIA-managed funds business

(1) Income and loss arising from the SVF1 and other SBIA-managed funds business

a. Overview

Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax) represents the net profits of the SVF1 and other SBIA-managed funds business, after deducting the net profits attributable to Third-Party Investors. The net profits attributable to Third-Party Investors are the amount after deducting management fees and performance fees that SBIA receives from SVF1.

The amount of the net profits attributable to Third-Party Investors that is deducted from the segment income is presented as “Change in third-party interests in SVF1.”

b. Segment income arising from the SVF1 and other SBIA-managed funds business

The components of segment income arising from the SVF1 and other SBIA-managed funds business are as follows:

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Gain (loss) on investments at SVF1 and SVF2		
Realized gain on sales of investments	34,805	141,385
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year[1]	(537,932)	1,342,001
Reclassified to realized loss recorded in the past fiscal year[2]	(35,788)	(81,409)
Dividend income from investments	8,337	4,623
Derivative gain on investments	-	1,091
Effect of foreign exchange translation[3]	1,250	3,876
	(529,328)	1,411,567
Selling, general and administrative expenses	(43,004)	(34,430)
Finance cost (interest expenses)	(9,224)	(6,228)
Change in third-party interests in SVF1	180,775	(457,537)
Other gain	747	617
Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax)	(400,034)	913,989

Notes:

1. In September 2020, the Company entered into a definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm, a subsidiary of the Company, held by the Company (including shares held by SVF1).
Given entry into the definitive agreement, SVF1 recorded ¥74,929 million of unrealized gain for the six-month period ended September 30, 2020 upon the fair value estimation of Arm held by SVF1.

   The unrealized gain arising from Arm shares held by SVF1 is included in “Gain (loss) on investments at SVF1 and SVF2” (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, as Arm is a subsidiary of the Company, the unrealized gain is eliminated in consolidation and is not included in “Gain (loss) on investments at SVF1 and SVF2” in the condensed interim consolidated statement of income.

2. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SVF1 and SVF2” in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.
3. Unrealized gain and loss on 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 disposal of investments are translated using the

average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gain and loss and realized gain and loss.

(2) Third-party interests in SVF1

a. Terms and conditions of contribution from/ distribution to limited partners

Contributions by the limited partners are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

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

Fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months June and December.

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

b. Changes in interests attributable to Third-Party Investors

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

(Millions of yen)

	Third-party interests (Total of current liabilities and non-current liabilities)		(For reference purposes only) Links with the condensed interim consolidated financial statements	
			Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
		(Breakdown)		
As of April 1, 2020	4,584,419			
Contributions from third-party investors	764,660		-	764,660
Changes in third-party interests	457,537		(457,537)	-
Attributable to investors entitled to fixed distribution		102,913		
Attributable to investors entitled to performance-based distribution		354,624		
Distribution/repayment to third-party investors	(421,464)		-	(421,464)
Exchange differences on translating third-party interests*	(140,231)		-	-
As of September 30, 2020	5,244,921			

Note:
* Exchange differences were included in "Exchange differences on translating foreign operations" in the condensed interim consolidated statement of comprehensive income.

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1's Third-Party Investors as of September 30, 2020 was $10.0 billion.

No contributions from Third-Party Investors were made into SVF2 from the inception to September 30, 2020, and there were no third-party interests in SVF2 as of September 30, 2020.

(3) Management fees and performance fees to SBIA

Terms and conditions of management fees and performance fees to SBIA from SVF1, included in segment income from the SVF1 and other SBIA-managed funds business, are as follows.

a. Management fees to SBIA

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

b. Performance fees to SBIA

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

From the inception of SVF1 to September 30, 2020, the cumulative amount of performance fees paid to SBIA was $439 million. For the six-month period ended September 30, 2020, 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.

6. Other financial assets (current)

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

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Margin deposits in asset management subsidiaries[1]	-	244,400
Marketable securities pledged as collateral in asset management subsidiaries[2]	-	213,315
Restricted cash[3]	23,907	191,620
Marketable securities	230,234	66,796
Time deposits (maturities of more than three months)	9,925	16,126
Other	49,421	45,084
Total	313,487	777,341

Notes:

1. The details are described in "d. Margin deposits" in "(2) Significant accounting policies for the asset management subsidiary" under "Note 2. Significant accounting policies."

2. The details are described in "c. Securities pledged as collateral" in "(2) Significant accounting policies for the asset management subsidiary" under "Note 2. Significant accounting policies."

3. ¥105,824 million of restricted cash in the asset management subsidiary is included as of September 30, 2020. The details are described in "b. Restricted cash" in "(2) Significant accounting policies for the asset management subsidiary" under "Note 2. Significant accounting policies."

7. Derivative financial assets (non-current)

The increase was primarily due to the contingent consideration related to the acquisition of T-Mobile shares. The details are described in “(1) Sprint” under “Note 3. Discontinued operations.”

8. Income taxes

For the six-month period ended September 30, 2020

In May 2020, as part of “SoftBank announces ¥4.5 trillion ($41 billion) program to repurchase shares and reduce debt” announced on March 23, 2020 (the “¥4.5 trillion program”), SBGJ, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage 5.0%). Additionally, in September 2020, in order to further enhance its cash reserves, a portion of SoftBank Corp. shares held (ownership percentage 21.7%) was transferred.

¥1,526,867 million of proceeds was received due to the transfers in May 2020 and in September 2020. SoftBank Corp. remains a subsidiary as of September 30, 2020. Accordingly, ¥460,067 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

As a result of the transaction, it was probable that taxable income would be available for a loss carry forward whose deferred tax asset was not recognized in SBGJ and a credit of income taxes (profit) was recorded for ¥159,802 million.

Furthermore, a deductible temporary difference, associated with an investment in SoftBank Corp. whose deferred tax asset was not recognized, was reversed and a credit of income taxes (profit) was recorded for ¥96,258 million.

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Current		
Short-term borrowings[1]	1,529,458	1,709,558
Commercial paper	206,000	245,100
Current portion of long-term borrowings[1,2]	1,949,571	874,235
Current portion of corporate bonds	159,938	59,997
Current portion of installment payables	186	249
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts[3]	-	11,638
Total	3,845,153	2,900,777
Non-current		
Long-term borrowings[1]	3,821,473	3,979,045
Corporate bonds	5,268,883	5,414,217
Installment payables	272	569
Financial liabilities relating to sale of shares by prepaid forward contracts[3]	196,101	2,112,938
Total	9,286,729	11,506,769

Notes:

1. Long-term borrowings as of September 30, 2020 include ¥156,340 million (¥408,465 million of short-term borrowings, ¥10,883 million of current portion of long-term borrowings, and ¥162,195 million of long-term borrowings as of March 31, 2020) in SVF1.

2. On July 8, 2020, Skywalk Finance GK, a wholly-owned subsidiary of the Company, made an early repayment for the total amount of borrowings ($9.44 billion) using Alibaba shares pledged as collateral. As a result, current portion of long-term borrowings decreased by ¥1,024,872 million. Accordingly, the collateral was released on the same date. Alibaba shares are recorded for ¥784,548 million as "Investments accounted for using the equity method" in the condensed interim consolidated financial position as of September 30, 2020.

3. For the fiscal year ended March 31, 2020, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a prepaid forward contract using Alibaba shares with a financial institution. As part of the "¥4.5 trillion program," for the three-month period ended June 30, 2020, West Raptor Holdings 2, LLC ("WRH2 LLC"), Skybridge LLC, and Skylark 2020 Holdings Limited ("Skylark Limited"), and for the three-month period ended September 30, 2020, Scout 2020 Holdings Limited ("Scout Limited") and Tigress 2020 Holdings Limited ("Tigress Limited"), wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions.

a. Contract for the fiscal year ended March 31, 2020: Procured amount ¥179,145 million ($1.65 billion)

The settlement is expected in October 2021 and November 2021. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

b. Contract for the three-month period ended June 30, 2020: Procured total amount ¥1,481,716 million ($13.7 billion)

(a) Forward contract: Procured amount ¥161,610 million ($1.5 billion)

The settlement is expected in April 2024. The share price and the number of Alibaba shares settled by the prepaid forward contracts are fixed regardless of changes in market share price in the future.

(b) Floor contract: Procured amount ¥161,853 million ($1.5 billion)

The settlement is expected in December 2023 and January 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.

(c) Collar contract: Procured amount ¥918,531 million ($8.5 billion)

The settlement is expected from January 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(d) Collar contract and call spread: Procured amount ¥239,722 million ($2.2 billion)

The settlement is expected from May 2024 to June 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium.

c. Contract for the three-month period ended September 30, 2020: Procured total amount ¥179,236 million ($1.7 billion)

(a) Collar contract: Procured amount ¥97,897million ($0.9 billion)

The settlement is expected in July 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(b) Collar contract and call spread: Procured amount ¥81,339 million ($0.8 billion)

The settlement is expected in August 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread contract is entered into in preparation for Alibaba shares price rise.

The above prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value and the call spread is measured at fair value as well. Embedded derivatives are recognized for ¥37,779 million as “Derivative financial assets (non-current)” and for ¥536,972 million as “Derivative financial liabilities (non-current)” and the call spread is recognized for ¥63,706 million as “Derivative financial assets (non-current)” in the condensed interim consolidated statement of financial position as of September 30, 2020.

WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited 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 WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited elect cash settlement, WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited 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 WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and except for the contract by Tigress Limited, the Company granted right of use to the financial institutions with respect to such shares. However the collateral can be released by cash settlement at the discretion of WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited. 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. Alibaba shares pledged as collateral by the Company are recognized as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of September 30, 2020 and the carrying amount is ¥493,334 million.

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

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

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net increase of short-term borrowings	379,674	796,983
Net increase (decrease) of commercial paper	174,000	(8,000)
Total	553,674	788,983

(3) Components of proceeds from interest-bearing debt

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

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Proceeds from borrowings	3,966,627	1,696,671
Proceeds from issuance of corporate bonds	1,230,000	300,000
Proceeds from procurement by prepaid forwards contract using shares*	-	1,660,952
Total	5,196,627	3,657,623

Note:
*The amount is procured under the prepaid forward contracts using Alibaba shares. The details are described in "Notes 3" under "(1) Components of interest-bearing debt."

(4) Components of repayment of interest-bearing debt

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

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Repayment of borrowings	(2,664,040)	(3,140,565)
Redemption of corporate bonds	(922,545)	(268,185)
Payment of installment payables	(6,190)	-
Total	(3,592,775)	(3,408,750)

10. Other financial liabilities (current)

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

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Borrowed securities in asset management subsidiaries[1]	-	434,572
Allowance for financial guarantee contract losses[2]	96,756	73,004
Allowance for loan commitment losses[3]	145,133	55,103
Other	6,121	17,676
Total	248,010	580,355

Notes:

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

2. For the six-month period ended September 30, 2020, ¥21,466 million of allowance for financial guarantee contract losses was reversed. The details are described in "Notes 3" under "Note 18. Other gain."

3. For the six-month period ended September 30, 2020, ¥58,364 million of allowance for loan commitment losses was reversed. The details are described in "Notes 1" under "Note 18. Other gain." In addition, the Company purchased ¥63,528 million ($0.6 billion) of unsecured notes under the agreement between a wholly-owned subsidiary of the Company and WeWork in order to purchase up to $2.2 billion in unsecured notes issued by WeWork and ¥28,440 million of corresponding allowance for loan commitment losses was reversed. At initial recognition, the amount equivalent to purchased unsecured notes after deducting the corresponding allowance for loan commitment losses was recorded as "Other financial assets (non-current)" in the condensed interim consolidated financial position and measured at amortized cost.

11. Derivative financial liabilities (non-current)

The increase was primarily due to the prepaid forward contracts using Alibaba shares. The details are described in "Notes 3" in "(1) Components of interest-bearing debt" under "Note 9. Interest-bearing debt."

12. Financial instruments

(1) Option contracts

Option contracts included in derivative financial assets and liabilities are mainly as follows:

Option contracts to which hedge accounting is not applied

(Millions of yen)

	As of March 31, 2020		As of September 30, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Long call option of listed stocks in asset management subsidiaries	-	-	496,637	-
Short call option of listed stocks in asset management subsidiaries	-	-	-	(133,455)
Contingent consideration relating to acquisition of T-Mobile shares[1]	-	-	373,350	-
Prepaid forward contracts using Alibaba shares[2]	5,009	-	37,779	(536,972)
Call spread contracts relating to prepaid forward contracts using Alibaba shares[2]	-	-	63,706	-
Short call option for T-Mobile shares to Deutsche Telekom AG[3]	-	-	-	(178,670)

Notes:

1. Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. The details are described in "(1) Sprint" under "Note 3. Discontinued operations."

2. Increase was due to prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares. The details are described in "Notes 3" in "(1) Components of interest-bearing debt" under "Note 9. Interest-bearing debt."

3. Call options for T-Mobile shares which the Company granted to Deutsche Telekom in relation to the transfer of T-Mobile share. The details are described in “Note 20. Additional information.”

(2) Futures contracts

The details of futures contracts are as follows:

Futures contracts to which hedge accounting is not applied

(Millions of yen)

	As of March 31, 2020		As of September 30, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Short stock index futures contracts in asset management subsidiaries	-	-	-	(73,585)

13. 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

(Yen)

	As of March 31, 2020	As of September 30, 2020
USD	108.83	105.80
CNY	15.31	15.54
GBP*	133.32	-

(2) Average rate for the quarter

For the six-month period ended September 30, 2019

(Yen)

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019
USD	110.00	107.70
CNY	16.13	15.37
GBP*	140.88	132.73

For the six-month period ended September 30, 2020

(Yen)

	Three-month period ended June 30, 2020	Three-month period ended September 30, 2020
USD	107.74	105.88
CNY	15.16	15.27

Note:
* From the three-month period ended June 30, 2020, Arm Limited, a subsidiary of the Company, changed its functional currency from British pound to U.S. dollar.

This change was made based on the judgement that the primary economic environment in which Arm Limited operates had changed mainly due to the increase in proportion of the U.S. dollar denominated costs to the total costs in Arm Limited.

As a result of this change, exchange rates of British pound are not presented from the three-month period ended June 30, 2020 as it is no longer considered as a major currency used for translating financial statements of foreign operations.

14. Equity

(1) Capital surplus

In May 2020, SBGJ, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares held (ownership percentage 5.0%) as part of “the ¥4.5 trillion program.” Additionally, in September 2020, in order to further enhance its cash reserves, a portion of SoftBank Corp. shares held (ownership percentage 21.7%) was transferred. As a result of the transactions, ¥932,388 million of the equivalent amount for gain on sales of SoftBank Corp. shares after considering income taxes on a consolidation basis is recorded as “Changes in interests in subsidiaries” in capital surplus.

(2) Other equity instruments

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

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

(3) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Balance at the beginning of the period	46,827	21,818
Increase during the period*	28,618	191,077
Decrease during the period	(56,873)	(2,401)
Balance at the end of the period	18,572	210,494

Note:
* For the six-month period ended September 30, 2020, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on March 13, 2020, the number of treasury stock increased by 102,960 thousand shares (amount purchased ¥483,971 million). In addition, under the resolutions passed at the Board of Directors meetings held on May 15, 2020 and June 25, 2020, the number of treasury stock increased by 88,115 thousand shares (amount purchased ¥540,082 million) as part of “the ¥4.5 trillion program.”

(4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Equity financial assets at FVTOCI	5,115	7,656
Debt financial assets at FVTOCI	580	226
Cash flow hedges	13,128	39,926
Exchange differences on translating foreign operations	(381,082)	(519,419)
Total	(362,259)	(471,611)

15. 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)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Gain relating to sales of T-Mobile shares[1]	-	421,755
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-
Realized loss on sales of investments at asset management subsidiaries	-	(8,060)
Unrealized loss on valuation of investments at asset management subsidiaries	-	(95,082)
Derivative loss on investments at asset management subsidiaries	-	(292,346)
Realized gain on sales of investments	1,738	162,335
Unrealized gain (loss) on valuation of investments	(374,458)	235,859
Derivative gain (loss) on investments[2]	(119,018)	151,690
Other	2,628	3,463
Total	729,417	579,614

Notes:

1. On June 26, 2020, the Company transferred 173,564,426 shares out of 304,606,049 shares of T-Mobile common stock held and ¥280,341 million of gain on sales of shares of associates was recorded for the six-month period ended September 30, 2020. Additionally, the Company transferred 5,000,000 shares on July 16, 2020 and 19,750,000 shares on August 3, 2020 at $103.00 per a share. As a result of the transactions, ¥3,122 million of realized loss on sales of investments and ¥3,014 million of gain related to derecognition of derivative financial liabilities were recorded for the six-month period ended September 30, 2020. The derivative financial liabilities were recorded as the difference between the carrying amount of T-Mobile shares as of June 26, 2020 and the fair value as of June 30, 2020 in the condensed interim consolidated financial statements as of June 30, 2020 because the transaction price was fixed at $103.00 per a share under the agreement on June 26, 2020.

   In addition, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company on June 26, 2020. Accordingly, ¥296,013 million of gain from remeasurement relating to discontinuing the use of the equity method for the shares, which were continuously held at the time of discontinuing the use of the equity method, was recorded for the six-month period ended September 30, 2020.

Furthermore, ¥154,491 million of derivative loss in relation to call options over T-Mobile shares granted to Deutsche Telekom was recorded at the time of execution of the agreement for the six-month period ended September 30, 2020.

As a result of the transactions, ¥421,755 million of gain relating to sales of T-Mobile shares was recorded for the six-month period ended September 30, 2020. The details are described in “Note 20. Additional information.”

2. ¥177,037 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration acquired from the merger transaction with Sprint and T-Mobile US, Inc. for the six-month period ended September 30, 2020. The details are described in “(1) Sprint” under “Note 3. Discontinued operations.”

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

The details are described in “Note 5. SVF1 and other SBIA-managed funds business.”

(3) Gain and loss on other investments

The components of gain and loss on other investments are as follows:

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Realized gain on sales of investments	10	26
Unrealized gain on valuation of investments	13,585	106,947
Derivative gain (loss) on investments	(2,626)	4,685
Other	4,908	5,401
Total	15,877	117,059

16. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Interest expenses	(140,572)	(153,808)

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

For the six-month period ended September 30, 2020

Derivative loss of ¥766,380 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares. The details of the contracts are described in “Notes 3” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.”

18. Other gain

The components of other gain and loss are as follows:

(Millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Interst income	17,598	7,069
Foreign exchange gain (loss)	(5,767)	51,479
Reversal of allowance for loan commitment losses[1]	-	58,364
Dilution gain from changes in equity interest[2]	28,611	39,885
Reversal of allowance for financial guarantee contract losses[3]	-	21,466
Other	15,037	(6,541)
Total	55,479	171,722

Notes:

1. For the six-months period ended September 30, 2020, ¥58,364 million of reversal of allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market.

2. Primarily represents the dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.

3. For the six-months period ended September 30, 2020, ¥21,466 million of reversal of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market.

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

(1) Income taxes paid and income taxes refunded

For the six-month period ended September 30, 2020

Payment of withholding income tax related to dividends within the group companies of ¥155,336 million is included in "Income taxes paid."

In addition, refunded withholding income tax related to dividends within the group companies and deemed dividends of ¥243,602 million is included in "Income taxes refunded."

(2) Proceeds from sales/redemption of investments

For the six-month period ended September 30, 2020

¥2,099,746 million of proceeds received from sales of T-Mobile shares is included in "Proceeds from sales/redemption of investments."

(3) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the six-month period ended September 30, 2020

"Proceeds from the partial sales of shares of subsidiaries to non-controlling interests" is proceeds received from sales of SoftBank Corp. shares.

(4) Significant non-cash transactions

For the six-month period ended September 30, 2020

a. Offset proceeds from sales of listed shares and payments for acquisition of listed shares

Account payables for acquisition of listed shares and account receivables from sales of listed shares were offset because the counterparty was the same entity and the settlement date was the same date.

In case that account payables for acquisition of shares are larger than account receivables from sales of shares, the net amount is recognized as "Payments for acquisition of investments," and in case that account receivables from sales of shares are larger than account payables, the net amount is recognized as "Proceeds from sales/redemption of investments."

For the six-month period ended September 30, 2020, ¥1,096,868 million of account payables for acquisition of shares and ¥294,780 million of account receivables from sales of shares were offset, and the net amount of ¥802,088 million was recognized as "Payments for acquisition of investments." Also, ¥961,358 million of account receivable from sales of shares and ¥292,573 million of account payables for acquisition of shares were offset, and the net amount of ¥668,785 million was recognized as "Proceeds from sales/redemption of investments."

b. Sprint Merger

The merger between Sprint and T-Mobile US, Inc. and the acquisition of contingent consideration with the merger are correspond to significant non-cash transaction. The details are described in "(1) Sprint" under "Note 3. Discontinued operations."

20. Additional information

(The transfer of T-Mobile shares)

(1) Outline of the Transfer

The Company, as part of "the ¥4.5 trillion program," of 304,606,049 shares of T-Mobile common stock held, transferred 173,564,426 shares on June 26, 2020 (a. and b. described in (2)), 5,000,000 shares on July 16, 2020 (c. described in (2)), and 19,750,000 shares on August 3, 2020 (d. described in (2)), to T-Mobile through its subsidiary (the "Transfer").

T-Mobile disposed of the shares transferred from its subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a rights offering* and a sale to Marcelo Claure, one of its directors, with the proceeds being transferred to the Company's subsidiary (collectively, the "Related Transactions").

In connection with the consummation of the Transfer and Related Transactions, the Company paid $300 million to T-Mobile.

The aggregate transaction price for the Transfer is equal to the proceeds received by T-Mobile in the Related Transactions.

Note:
* The Company, Deutsche Telekom, Marcelo Claure and certain of their respective affiliates have agreed to waive their rights to participate in the rights offering.

(2) Number of shares to be transferred and transaction price

a. Shares to be transferred in the U.S. public offering by T-Mobile and transaction price thereof	154,147,026 shares Transaction price per share $103.00 Aggregate transaction price $15,877 million
b. Shares to be transferred to the Trust from T-Mobile in a private offering through the Trust and transaction price thereof	19,417,400 shares Aggregate transaction price $1,667 million
c. Shares to be transferred to Marcelo Claure, a director of T-Mobile and transaction price thereof	5,000,000 shares Transaction price per share $103.00 Aggregate transaction price $515 million
d. Shares to be transferred to the shareholders in the rights offering by T-Mobile and transaction price thereof	19,750,000 shares Transaction price per share $103.00 Aggregate transaction price $2,034 million

(3) Grant of call options to Deutsche Telekom

The Company granted to Deutsche Telekom call options (the "Call Options") over 101,491,623 shares of T-Mobile which the Company holds through its subsidiary.

a. For the Call Options over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is $103.00 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.

b. For the Call options over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20 trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above a. or October 2, 2020.

Note:

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

(4) Number of shares to be transferred, number of shares subject to the Call Options and number of shares held by the Company before/after the transactions

a. Number of shares held before the Transfer	304,606,049 shares
b. Number of the released shares	198,314,426 shares
c. Number of shares held after the Transfer	106,291,623 shares
d. Number of shares subject to the Call Options	101,491,623 shares
e. Number of shares held after the Call Options are exercised*	4,800,000 shares

Note:

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

21. Significant subsequent events

(1) Amendment of prepaid forward contracts using Alibaba shares

In October 2020, regarding the collar contract which was entered into for the three-month period ended June 30, 2020, amendment of the contract to revise the cap and floor for the price of shares settled has executed. The details of the contract before the amendment is described in "Notes 3, b. (c)" in "(1) Components of interest-bearing debt" under "Note 9. Interest-bearing debt." The amendment of the contract is applicable for an exchange of debt instruments with substantially different terms under IFRS, and accounted for as an extinguishment of the original financial liabilities relating to the sale of shares by variable prepaid forward contract and the recognition of new financial liabilities relating to the sale of shares by variable prepaid forward contract.

The new variable prepaid forward contract is also classified as a hybrid financial instrument with embedded derivatives and such embedded derivatives are measured at fair value. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the variable prepaid forward contract, a tax effect is recognized.

As a result of the amendment, upon the extinguishment of the original contract, financial liabilities relating to the sale of shares by variable prepaid forward contract (¥1,039,397 million as of September 30, 2020) and ¥310,348 million of derivative financial liabilities (non-current) are derecognized. On the other hand, ¥1,556,554 million of the new financial liabilities relating to the sale of shares by variable prepaid forward contract and ¥227,905 million of derivative financial assets (non-current) are newly recognized and ¥16,200 million of cash is paid as a difference in exchange value between the original and new contracts. Further, along with the fluctuation of derivative financial assets and derivative financial liabilities, ¥186,182 million of deferred tax liabilities is increased and the same amount of income taxes is increased, representing the tax effect.

In addition, in October 2020, in terms of the prepaid forward contract which was entered into for the fiscal year ended March 31, 2020, amendment of the contract to revise the cap and floor for the price of shares settled has executed. And also in terms of the forward contract which was entered into for the three-month period ended June 30, 2020, amendment of the contract to change to collar contract which a cap and a floor are set for the price of shares settles has executed. The details of the contracts before the amendment are described in “Notes 3, a. and b. (a)” in “(1) Components of interest-bearing debt” under “Note 9. Interest-bearing debt.” The impact to the financial results for the fiscal year ending March 31, 2021 is under calculation.

(2) Fund procurement by using Alibaba shares pledged as collateral in the asset management subsidiary

In October 2020, SB Northstar made a borrowing of $6.0 billion by using Alibaba shares pledged as collateral. The repayment due for the borrowing is October 2021. Alibaba shares pledged as collateral are recorded for ¥249,461 million as “Investments accounted for using the equity method” in the condensed interim consolidated financial position as of September 30, 2020.