

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 2 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Six-Month Period Ended September 30, 2023 (IFRS)

Tokyo, November 9, 2023

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, 2023 | ¥3,227,060 | 1.4 | ¥(907,425) | - | ¥(1,105,153) | - | ¥(1,408,727) | - | ¥669,159 | (73.7) |
| Six-month period ended September 30, 2022 | ¥3,182,477 | 6.7 | ¥292,636 (72.0) | | ¥(13,562) | - | ¥(129,098) | - | ¥2,541,205 | 184.8 |

| | Basic earnings per share (Yen) | Diluted earnings per share (Yen) |
|--|--------------------------------|----------------------------------|
| Six-month period ended September 30, 2023 | ¥(971.65) | ¥(974.03) |
| Six-month period ended September 30, 2022 | ¥(93.65) | ¥(95.14) |

(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, 2023 | ¥46,010,042 | ¥11,671,269 | ¥9,762,787 | 21.2 |
| As of March 31, 2023 | ¥43,936,368 | ¥10,649,215 | ¥9,029,849 | 20.6 |

2. Dividends

| | Dividends per share | | | | |
|--|---------------------|----------------|---------------|----------------|-------|
| | First quarter | Second quarter | Third quarter | Fourth quarter | Total |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) |
| Fiscal year ended March 31, 2023 | - | 22.00 | - | 22.00 | 44.00 |
| Fiscal year ending March 31, 2024 | - | 22.00 | | | |
| Fiscal year ending March 31, 2024 (Forecasted) | | | - | 22.00 | 44.00 |

Notes:

- On October 27, 2023, the Company announced that the interim dividend for the fiscal year ending March 31, 2024 was determined under the resolution passed at the Board of Directors meeting held on the same date.
- Revision of the latest forecasts on the dividends: No

*** Notes**

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

Newly consolidated: None

Excluded from consolidation: None

Note:

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

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

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

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

(2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

(3) Number of shares issued (common stock)

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

As of September 30, 2023: 1,469,995,230 shares

As of March 31, 2023: 1,469,995,230 shares

[2] Number of shares of treasury stock:

As of September 30, 2023: 4,279,632 shares

As of March 31, 2023: 6,947,599 shares

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

As of September 30, 2023: 1,464,122,067 shares

As of September 30, 2022: 1,602,801,161 shares

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

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

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

On November 9, 2023 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcasted live on the Company's website in both Japanese and English at <https://group.softbank/en/ir>. The data sheet will also be posted on the website in a few days at the same site.

(Appendix)

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Disclaimer

This material does not constitute an offer to sell, or a solicitation of an offer to buy, limited partnership interests or comparable limited liability equity interests in any funds (including SoftBank Vision Fund 1, SoftBank Vision Fund 2, and SoftBank Latin America Funds) managed by any of the subsidiaries of SoftBank Group Corp. (“SBG”), including SB Global Advisers Limited, SB Investment Advisers (UK) Limited, or their respective affiliates, or any securities in any jurisdiction, nor should it be relied upon as such in any way.

Notice Regarding PFIC Status

It is possible that SBG (and certain subsidiaries of SBG) may be a “passive foreign investment company” (“PFIC”) under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. We recommend that U.S. holders of SBG’s shares consult their tax advisors with respect to the U.S. federal income tax consequences to them if SBG and its subsidiaries are classified as PFICs. SBG is not responsible for any tax treatments or consequences thereof with respect to U.S. holders of SBG’s shares.

Definition of Company Names and Abbreviations Used in This Appendix

Company names and abbreviations used in this appendix, unless otherwise stated or interpreted differently in the context, are as follows:

| Company names/Abbreviations | Definition |
|---|---|
| SoftBank Group Corp. or SBG | SoftBank Group Corp. (stand-alone basis) |
| The Company | SoftBank Group Corp. and its subsidiaries |
| <i>*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.</i> | |
| SB Northstar or asset management subsidiaries | SB Northstar LP |
| SoftBank Vision Fund 1 or SVF1 | SoftBank Vision Fund L.P. and its alternative investment vehicles |
| SoftBank Vision Fund 2 or SVF2 | SoftBank Vision Fund II-2 L.P. |
| SoftBank Latin America Funds or LatAm Funds | SBLA Latin America Fund LLC |
| SoftBank Vision Funds or SVF | SVF1, SVF2, and LatAm Funds |
| SBIA | SB Investment Advisers (UK) Limited |
| SBGA | SB Global Advisers Limited |
| Arm | Arm Holdings plc or Arm Limited* ¹ |
| Alibaba | Alibaba Group Holding Limited |
| MgmtCo | MASA USA LLC |
| The first quarter | Three-month period ended June 30, 2023 |
| The second quarter | Three-month period ended September 30, 2023 |
| The period | Six-month period ended September 30, 2023 |
| The second quarter-end | September 30, 2023 |
| The fiscal year | Fiscal year ending March 31, 2024 |
| The previous fiscal year | Fiscal year ended March 31, 2023 |
| The previous fiscal year-end | March 31, 2023 |

Note:

- A corporate reorganization was undertaken in August 2023, pursuant to which Arm Holdings Limited, a former subsidiary of Arm Limited, acquired all the issued ordinary shares of Arm Limited, thereby making it a wholly owned subsidiary. Subsequently, Arm Holdings Limited changed its name to Arm Holdings plc and was listed on the Nasdaq Global Select Market through an initial public offering on September 14, 2023.

Exchange Rates Used for Translations

| USD/JPY | Fiscal year ended March 31, 2023 | | | | Fiscal year ending March 31, 2024 | |
|-------------------------------|----------------------------------|---------|---------|---------|--------------------------------------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Average rate for the quarter | ¥129.04 | ¥138.68 | ¥141.16 | ¥133.26 | ¥138.11 | ¥145.44 |
| Rate at the end of the period | | | | ¥133.53 | | ¥149.58 |

1. Results of Operations

(1) Overview of Results of Operations

1. Listing of Arm on the Nasdaq Global Select Market

- Arm was listed on the Nasdaq Global Select Market on September 14, 2023. In the IPO, a wholly owned subsidiary of the Company disposed of 102,500,000 American depositary shares (“ADSs”), representing 10% of Arm’s outstanding ordinary shares,^{*1} and received proceeds of \$5.12 billion.
- No gain on the disposal is recorded in the consolidated statement of profit or loss as Arm continues to be a subsidiary of the Company after the disposal. However, in the consolidated statement of financial position, ¥674.4 billion (\$4.65 billion), which represents the gain on disposal, was recorded as capital surplus.

2. Results highlights

◆ ¥963.6 billion investment loss (¥849.6 billion loss for the same period of the previous fiscal year)

- ¥413.5 billion investment loss at Investment Business of Holding Companies
 - Unrealized valuation loss of ¥364.5 billion and derivative loss on investments of ¥66.5 billion
 - ¥237.6 billion unrealized valuation loss on Alibaba shares included in the unrealized valuation loss above was offset by a derivative gain of ¥642.0 billion relating to prepaid forward contracts, etc. using Alibaba shares (recorded as derivative gain (excluding gain or loss on investments)).
- ¥583.3 billion investment loss at SoftBank Vision Funds (excluding gains associated with SVF’s investments in the Company’s subsidiaries)

Note: The SoftBank Vision Funds segment recorded ¥181.1 billion gain on investments; this included gains associated with SVF’s investments in Arm and other subsidiaries of the Company.

- For the investments held at the second quarter-end, the fair value of public portfolio companies^{*2} decreased due to lower share prices, and the fair value of private portfolio companies^{*2} decreased mainly reflecting markdowns of weaker-performing companies.

◆ ¥907.4 billion loss before income tax (deterioration of ¥1,200.1 billion yoy)

reflecting the recordings of:

- Finance cost of ¥295.2 billion
- Foreign exchange loss of ¥648.1 billion due to the impact of the weaker yen amid an excess of U.S. dollar-denominated liabilities (net) mainly at SBG over its U.S. dollar-denominated cash and cash equivalents and loans receivable
- Derivative gain (excluding gain or loss on investments) of ¥701.7 billion due to recording a gain relating to prepaid forward contracts using Alibaba shares following a fall in the share price, which offset an unrealized valuation loss on the shares

◆ ¥1,408.7 billion net loss attributable to owners of the parent (deterioration of ¥1,279.6 billion yoy)

reflecting the recordings of:

- Income tax of ¥197.7 billion
- Net income attributable to non-controlling interests of ¥303.6 billion

3. Balancing defense and offense

◆ LTV^{*3} remained nearly unchanged from the previous fiscal year-end as a result of continued monetization

- Raised \$4.39 billion through prepaid forward contracts using Alibaba shares
- Received proceeds of \$5.12 billion through the IPO of Arm
- Received proceeds totaling \$1.97 billion from sales of investments by SVF^{*4}

◆ Expanded investments

- \$1.33 billion for acquisition of investments by SVF^{*4}
- ¥282.6 billion primarily for strategic investments by SBG and its wholly owned subsidiaries^{*5}

4. SVF

Gross performance since inception was \$14.8 billion in gain for SVF1 and \$20.7 billion in loss for SVF2.^{*6}

5. Completed replacement of USD-denominated NC6 undated hybrid notes

The Company issued domestic hybrid bonds of ¥222.0 billion in April 2023. Together with funds procured through a hybrid loan^{*7} of ¥53.1 billion in May 2023, the Company completed the replacement of USD-denominated NC6 undated hybrid notes (\$2.0 billion) with the first voluntary call date in July 2023. The Company also replaced domestic hybrid bonds (¥15.4 billion) in September 2023, with the first voluntary call date in the same month.

6. Completion of the group reorganization involving Z Holdings and its core wholly owned subsidiaries, primarily LINE and Yahoo Japan

As of October 1, 2023, subsequent to the end of the second quarter, Z Holdings successfully completed the scheduled group reorganization procedures, including a merger primarily among the company and its core wholly owned subsidiaries, LINE and Yahoo Japan, and changed its trade name to LY Corporation. The revised organizational structure, with a further emphasis on products, is expected to accelerate synergy expansion through business integration.

Notes:

1. The calculation is based on the 1,025,234,000 company shares issued and outstanding on September 30, 2023.
2. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
3. Loan-to-Value (LTV) refers to the ratio of liabilities to holding assets, calculated by dividing the adjusted net interest-bearing debt by the equity value of holdings. Both the equity value of holdings and adjusted net interest-bearing debt exclude amounts to be settled at maturity or borrowings associated with asset-backed finance. In computing the adjusted net interest-bearing debt, the calculation omits interest-bearing debt and cash and cash equivalents, etc., attributable to entities managed on a self-financing basis, such as SoftBank Corp. (including its subsidiaries like Z Holdings Corporation and PayPay Corporation), SVF1, SVF2, LatAm Funds, and Arm. A portion of SB Northstar's interest-bearing debt and short-term investments included in its cash position are also excluded.
4. The amounts recorded in the condensed interim consolidated statement of cash flows
5. The amount comprises the investment outlay by SBG and its primary wholly owned subsidiaries (excluding investments in U.S. Treasury Bonds), as accounted for under "Acquisition of investments" in the condensed interim consolidated statements of cash flows, combined with the amount paid to third-party shareholders of Berkshire Grey, Inc. to acquire all of its shares in July 2023, net of cash and cash equivalents held by the company.
6. Gross amounts before deductions, such as third-party interests and taxes
7. The hybrid loan is eligible for 50% equity treatment for the drawn down amount by Japan Credit Rating Agency, Ltd. and S&P Global Ratings Japan Inc.

INTRA-GROUP TRANSACTION OF ARM SHARES AND IPO OF ARM

1. Intra-group transaction of Arm shares

(1) Transaction overview

Prior to Arm's initial public offering (the "IPO"), in August 2023, a wholly owned subsidiary of the Company acquired substantially all of the ordinary shares of Arm held by SVF1 (equivalent to 24.99% of Arm's outstanding shares)^{*8} (the "Transaction") for \$16.1 billion (the "Transaction Consideration"). The Transaction Consideration was established by reference to the terms of a prior contractual arrangement between the parties. The Transaction Consideration is being paid in four installments, with the first installment of \$4.1 billion paid upon completion of the Transaction in August 2023, and the remaining three installments to be paid over the course of two years up to August 2025. SVF1 used the entire \$4.1 billion received from the first installment to repay its borrowings. The proceeds from the second and subsequent installments will be used primarily to make payments to limited partners, including the Company, in accordance with the allocation method specified in the Limited Partnership Agreement.

Timing and amount of installments of the Transaction Consideration

| | 1st | 2nd | 3rd | 4th |
|--------|---------------|---------------|---------------|---------------|
| Timing | August 2023 | August 2024 | February 2025 | August 2025 |
| Amount | \$4.1 billion | \$4.1 billion | \$4.1 billion | \$3.8 billion |

In addition to the Transaction, an agreement was also reached to acquire interests in Arm Technology (China) Co., Ltd. (“Arm China”) and Treasure Data, Inc. (“Treasure Data”), both of which were previously spun out from Arm. The total consideration for the intra-group transaction, including the acquisition of interests in these two companies, was \$16.4 billion.

Note:

8. Following the completion of Arm’s pre-IPO corporate reorganization, SVF1 continued to hold one ordinary share of Arm Holdings plc, which wholly owns Arm Limited.

(2) Primary impact on consolidated financial statements

Given the discounted present value of the Transaction Consideration of \$15.1 billion as of August 2023, SVF1 recorded an investment gain of \$6.9 billion, derived by subtracting the investment cost of \$8.2 billion from \$15.1 billion. Additionally, SVF1 will recognize the difference between \$16.1 billion and \$15.1 billion as investment gains over the course of two years up to August 2025. These investment gains were and will be eliminated in consolidation, as this was an intra-group transaction of subsidiary shares.

In the SoftBank Vision Funds segment, a realized gain of ¥1,004,337 million (\$6.9 billion), an unrealized loss of ¥189,817 million (\$1.8 billion) (reclassified to realized gain recorded in the past fiscal years), and a loss of ¥76,902 million as the effect of foreign exchange translation were recorded under gain on investments at SoftBank Vision Funds for the period.

Income for the SoftBank Vision Funds segment is represented by the net amount, which is calculated by deducting the gains attributable to third-party investors from the total investment gains. The gains attributable to third-party investors are also reflected in the condensed interim consolidated statement of profit or loss, recorded as an increase in third-party interests in SVF.

Difference between segment information and the condensed interim consolidated statement of profit or loss

| | | | (Millions of yen) |
|--|----------------------------------|-----------------|---|
| | SoftBank Vision Funds segment | Reconciliations | Condensed interim consolidated statement of profit or loss |
| Gain/loss on investments at SoftBank Vision Funds | 181,136 | (764,418) | (583,282) |
| Gain/loss on investments in subsidiaries, etc. | 764,418 | (764,418) | - |
| Including gain/loss on investments in Arm shares | 737,618 | (737,618) | - |
| Loss on investments other than in subsidiaries, etc. | (583,282) | - | (583,282) |
| Change in third-party interests in SVF | (226,265) | - | (226,265) |

2. IPO of Arm

(1) Transaction overview

Arm was listed on the Nasdaq Global Select Market on September 14, 2023, under the ticker symbol “ARM.” In the IPO, a wholly owned subsidiary of the Company disposed of 102,500,000 ADSs, representing 10% of Arm’s outstanding ordinary shares, at a price to the public of \$51.00 per ADS.

(2) Primary impact on consolidated financial statements

The Company did not recognize a gain on disposal in its condensed interim consolidated statement of profit or loss as Arm remains a subsidiary of the Company after the disposal. However, ¥674,370 million (\$4.65 billion), representing the gains on disposal, was recorded as capital surplus in the condensed interim consolidated statement

of financial position. In the condensed interim consolidated statement of cash flows, ¥745,082 million (\$5.12 billion) was recorded as proceeds from the partial sales of shares of subsidiaries to non-controlling interests, under cash flows from financing activities.

WEWORK'S FILING FOR PROTECTION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

On November 6, 2023, subsequent to the end of the second quarter, WeWork Inc. ("WeWork"), a portfolio company of SVF, filed for protection under Chapter 11 of the United States Bankruptcy Code. The following table elucidates the gains and losses associated with the investment and financial support provided to WeWork, as recognized in the condensed interim consolidated statement of profit or loss for the period. As of September 30, 2023, the carrying amount of the stocks and warrants held by SVF1 and SVF2 was ¥17,722 million, which represents the market value as of the same date. The carrying amount of the notes held by SVF2 has been written down to zero yen, and the amount of credit support by SVF2 for a letter of credit facility provided by financial institutions to WeWork has been fully recorded as a provision for allowance for financial guarantee contract losses. On November 6, 2023, WeWork entered into a Restructuring Support Agreement with its major debt investors for the restructuring of the company.

| (Millions of yen) | | |
|--|---|--------------------------------|
| Condensed interim consolidated statement of profit or loss | | |
| | Account | Amount recorded for the period |
| WeWork stocks and warrants held by SVF1 and SVF2 | Loss on investments at SoftBank Vision Funds | (98,894) |
| | Loss on equity method investments/Other loss | (4,568) |
| WeWork convertible bonds with a face value of \$0.46 billion held by SVF2 | Loss on investments at SoftBank Vision Funds | (25,924) |
| WeWork unsecured notes with a face value of \$1.65 billion, previously held by SBG/SVF2 (exchanged for the stocks and convertible bonds in Q1) | Other loss (as loss on unsecured notes derecognized) | (21,579) |
| WeWork senior secured notes with a face value of \$0.30 billion, previously held by SVF2 (redeemed in Q1) | Gain on investments at SoftBank Vision Funds | 439 |
| | Other gain | 16 |
| WeWork notes with a face value of \$0.30 billion held by SVF2 (acquired in Q2; a loan commitment for notes purchase at end of Q1) | Loss on investments at SoftBank Vision Funds | (41,810) |
| Credit support by SVF2 for a letter of credit facility up to \$1.43 billion provided to WeWork by financial institutions | Other loss (as provision for allowance for financial guarantee contract losses) | (42,072) |
| | Total | (234,392) |

a. Consolidated Results of Operations

(Millions of yen)

| | Six months ended September 30 | | Change | Change % | |
|--|-------------------------------|--------------------|-------------|----------|----------|
| | 2022 | 2023 | | | |
| Net sales | 3,182,477 | 3,227,060 | 44,583 | 1.4% | A |
| Gross profit | 1,721,329 | 1,732,317 | 10,988 | 0.6% | |
| Gain on investments | | | | | |
| Gain (loss) on investments at Investment Business of Holding Companies | 3,524,655 | (413,530) | (3,938,185) | - | B |
| Loss on investments at SoftBank Vision Funds | (4,353,542) | (583,282) | 3,770,260 | - | C |
| Gain (loss) on other investments | (20,711) | 33,257 | 53,968 | - | |
| Total gain on investments | (849,598) | (963,555) | (113,957) | - | |
| Selling, general and administrative expenses | (1,254,340) | (1,354,072) | (99,732) | 8.0% | |
| Finance cost | (314,217) | (295,184) | 19,033 | (6.1%) | D |
| Foreign exchange loss | (1,095,426) | (648,086) | 447,340 | - | E |
| Loss on equity method investments | (54,870) | (34,620) | 20,250 | - | F |
| Derivative gain (excluding gain (loss) on investments) | 1,029,780 | 701,718 | (328,062) | (31.9%) | G |
| Change in third-party interests in SVF | 1,018,741 | (226,265) | (1,245,006) | - | |
| Other gain | 91,237 | 180,322 | 89,085 | 97.6% | H |
| Income before income tax | 292,636 | (907,425) | (1,200,061) | - | |
| Income taxes | (306,198) | (197,728) | 108,470 | (35.4%) | I |
| Net income | (13,562) | (1,105,153) | (1,091,591) | - | |
| Net income attributable to owners of the parent | (129,098) | (1,408,727) | (1,279,629) | - | |
| Total comprehensive income | 2,541,205 | 669,159 | (1,872,046) | (73.7%) | |
| Comprehensive income attributable to owners of the parent | 2,452,050 | 377,178 | (2,074,872) | (84.6%) | |

The following is an overview of the primary and noteworthy components.

A Net Sales

Net sales increased in the SoftBank segment and the Arm segment. For details, see “(c) SoftBank Segment” and “(d) Arm Segment” under “b. Results by Segment.”

B Loss on Investments at Investment Business of Holding Companies

Investment loss of ¥413,530 million was recorded at Investment Business of Holding Companies. This mainly reflected the recording of a loss on valuation of investments of ¥364,545 million primarily due to declines in the share prices of Alibaba, Deutsche Telekom AG (“Deutsche Telekom”), and T-Mobile US, Inc. (“T-Mobile”). Among these, the loss of ¥237,616 million due to Alibaba was offset by a derivative gain of ¥641,989 million related to prepaid forward contracts and other using Alibaba shares. For details, see “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment.”

C Loss on Investments at SoftBank Vision Funds

Investment loss of ¥583,282 million was recorded at SoftBank Vision Funds. This included losses of ¥256,299 million at SVF1 and ¥373,047 million at SVF2, as well as gains of ¥33,394 million at LatAm Funds and ¥12,670 million on other investments.

SVF1 recorded a realized loss on investments (net) of ¥77,684 million due to the full exits of three portfolio companies and the partial exits of several other portfolio companies.¹ Meanwhile, SVF1 recorded unrealized valuation losses (net) totaling ¥298,060 million for investments held at the second quarter-end. This comprises an unrealized loss (net) totaling ¥36,916 million for public portfolio companies due to lower share prices and an unrealized loss (net) totaling ¥261,143 million for private portfolio companies, mainly reflecting markdowns of weaker-performing companies.

SVF2 recorded a realized loss on investments (net) of ¥61,028 million, mainly due to the full exits of three portfolio companies and the partial exits of several other portfolio companies.¹ SVF2 recorded unrealized valuation losses (net) totaling ¥392,668 million for investments held at the second quarter-end, as a result of the decline in share prices of public portfolio companies, such as AutoStore Holdings Ltd. (“AutoStore”) and WeWork, as well as the decrease in fair value of private portfolio companies, mainly reflecting markdowns due to their weaker performances.

LatAm Funds recorded unrealized valuation gains (net) totaling ¥32,676 million, mainly due to share price increases of public portfolio companies. For details, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment.”

Primarily as a result of B through C, the total loss on investments was ¥963,555 million.

D Finance Cost

Interest expenses at SBG² decreased by ¥36,892 million year on year, totaling ¥201,953 million. This decrease was primarily due to higher interest expenses incurred in the same period of the previous fiscal year due to the early physical settlement of prepaid forward contracts using 242 million ADRs (American Depository Receipts) of Alibaba shares entered into between August and September 2022. This settlement led to a lump-sum amortization of the unamortized cost of financial liabilities relating to sale of shares by prepaid forward contracts. Additionally, the full repayment of a margin loan using Alibaba shares made in the second quarter of the previous fiscal year and the repurchase of foreign currency-denominated senior notes in the third quarter of the previous fiscal year further reduced interest expenses. Since the majority of SBG’s interest-bearing debts² are at fixed interest rates, the impact of short-term interest rate rises on interest expenses is limited.

E Foreign Exchange Loss

Foreign exchange loss of ¥648,086 million (net) was recorded due to the weaker yen. This was mainly because U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated senior notes) of SBG and domestic subsidiaries used for fund procurement exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

The weaker yen in exchange rates used for translation increased the yen-translated value of net assets of foreign subsidiaries and associates, such as SoftBank Vision Funds, whose functional currency is not Japanese yen (primarily U.S. dollars). However, this positive impact is not included in foreign exchange gains; instead, it is included in the increase in exchange differences from the translation of foreign operations of ¥1,784,638 million, which is recorded under accumulated other comprehensive income in equity on the condensed interim consolidated

statement of financial position.

F Loss on Equity Method Investments

In the same period of the previous fiscal year, loss on equity method investments of ¥25,394 million³ was recorded in relation to Alibaba; however, Alibaba was excluded from the associates in the second quarter of the previous fiscal year.

G Derivative Gain (Excluding Gain or Loss on Investments)

Derivative gain of ¥641,989 million was recorded for the prepaid forward contracts and associated contracts using Alibaba shares.

H Other Gain

Gain relating to loss of control over subsidiaries of ¥108,832 million was recorded mainly as a result of selling 85% of the shares of SB Energy Corp., a wholly owned subsidiary of the Company. In addition, interest income increased by ¥64,712 million year on year to ¥76,187 million mainly due to an increase in interest rates on USD-denominated deposits. For a further breakdown, see “11. Other gain” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Primarily as a result of A through H, loss before income tax was ¥907,425 million, a deterioration of ¥1,200,061 million year on year.

I Income Taxes

Income taxes were ¥197,728 million, mainly reflecting income taxes recorded by operating companies such as SoftBank Corp. and Yahoo Japan Corporation.

Primarily as a result of A through I, net loss attributable to owners of the parent was ¥1,408,727 million, a deterioration of ¥1,279,629 million year on year.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessments of performance are made. As of the second quarter-end, there are four reportable segments: Investment Business of Holding Companies, SoftBank Vision Funds, SoftBank, and Arm.

The following is a summary of the reportable segments.

| Segments | Main businesses | Core companies |
|--|--|---|
| Reportable segments | | |
| Investment Business of Holding Companies | ·Investment activities by SBG and its subsidiaries | SoftBank Group Corp. SoftBank Group Capital Limited SoftBank Group Japan Corporation SB Northstar LP |
| SoftBank Vision Funds | ·Investment activities by SVF1, SVF2, and LatAm Funds | SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P. SB Global Advisers Limited SoftBank Vision Fund II-2 L.P. SBLA Latin America Fund LLC |
| SoftBank ^{*1} | <ul style="list-style-type: none"> ·Consumer business: Provision of mobile services, sale of mobile devices, and provision of broadband services to retail customers in Japan ·Enterprise business: Provision of mobile communications and solutions services to enterprise customers in Japan ·Distribution business: Provision of ICT (Information and Communication Technology) services products to enterprise customers and provision of communication device-related products and IoT equipment to retail customers ·Media & EC (e-commerce) business: Provision of internet advertising and e-commerce services ·Financial business: Provision of payment and financial services | SoftBank Corp. Z Holdings Corporation ^{*2} LINE Corporation ^{*2} Yahoo Japan Corporation ^{*2} PayPay Corporation |
| Arm | <ul style="list-style-type: none"> ·Design of microprocessor intellectual property and related technology ·Sale of software tools and provision of related services | Arm Holdings plc |
| Other | <ul style="list-style-type: none"> ·Alternative investment management business ·Fukuoka SoftBank HAWKS-related businesses | Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp. |

Notes:

- From the first quarter, the naming of some management categories within the SoftBank segment has been revised, changing from "Consumer," "Corporate," "Distribution," "Yahoo & LINE," "Finance" to "Consumer," "Enterprise," "Distribution," "Media & EC," and "Financial."
- On October 1, 2023, Z Holdings Corporation, as the surviving company, completed an intra-group reorganization involving mainly itself and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, and Yahoo Japan Corporation was dissolved.

(a) Investment Business of Holding Companies Segment

- 1. Investment loss of ¥413.5 billion was recorded, mainly due to declines in the share prices of Alibaba, Deutsche Telekom, and T-Mobile.**
- 2. Segment loss of ¥543.3 billion was recorded due to foreign exchange loss of ¥650.1 billion, although the aforementioned investment loss was offset by a derivative gain of ¥700.4 billion (excluding gain or loss on investments).**

OVERVIEW

This segment is led by SBG, which conducts investment activities either directly or through its subsidiaries, acting as a strategic investment holding company. The segment comprises SBG, SoftBank Group Capital Limited, SoftBank Group Japan Corporation, the asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gains and losses on investments at Investment Business of Holding Companies encompasses gains and losses on investments held by SBG either directly or through its subsidiaries, excluding gains and losses on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment losses related to subsidiaries' shares.

This segment has approximately 110 portfolio companies, including Alibaba, T-Mobile, and Deutsche Telekom, as well as investees of SB Northstar, most of which are investments classified as financial assets at FVTPL (Fair Value Through Profit or Loss). Investments classified as financial assets at FVTPL are measured at fair value every quarter, with any change in fair value recorded in the consolidated statement of profit or loss as gains and losses on investments.

Alibaba

The Company classified its holdings of Alibaba shares as financial assets at FVTPL. These shares are measured at fair value every quarter, with any change in fair value recorded in the consolidated statement of profit or loss as a gain or loss on investments. Additionally, derivative financial assets and liabilities are recognized for prepaid forward contracts using Alibaba shares. These derivatives are measured at fair value every quarter, with any change recorded in the consolidated statement of profit or loss as a derivative gain or loss (excluding gain or loss on investments).

Investment in listed stocks and other instruments by asset management subsidiaries

SB Northstar engages in the acquisition and sale of listed stocks and other instruments utilizing the surplus funds of SBG. Investment loss at asset management subsidiaries for the period amounted to ¥50.3 billion, bringing the cumulative investment loss since inception to ¥942.7 billion.*¹ The balance of shareholdings and other instruments as of the second quarter-end stood at ¥117.7 billion.

SBG indirectly holds a 67% stake, while SBG's Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, indirectly holds a 33% interest in SB Northstar. The portion corresponding to Masayoshi Son's interest is deducted from the gains and losses on investments at SB Northstar as a non-controlling interest; therefore, 67% of the gains and losses on investments impact net income attributable to owners of the parent. In the event that, at the end of the fund life (12 years + 2-year extension), SB Northstar has any unfunded repayment obligations to SBG, Masayoshi Son will cover his pro rata share of any such unfunded obligations based on his relative ownership percentage in SB Northstar.

Note:

1. The figures for cumulative investment loss exclude the impact of SB Northstar's investments in three Special Purpose Acquisition Companies ("SPACs") controlled by SB Investment Advisers (US) Inc.

FINANCIAL RESULTS

(Millions of yen)

| | Six months ended September 30 | | Change | Change % |
|--|-------------------------------|------------------|--------------------|------------------|
| | 2022 | 2023 | | |
| Gain (loss) on investments at Investment Business of Holding Companies | 3,524,708 | (413,530) | (3,938,238) | - A |
| Gain relating to settlement of prepaid forward contracts using Alibaba shares | 4,838,251 | - | (4,838,251) | - |
| Gain relating to sales of T-Mobile shares | 24,842 | - | (24,842) | - |
| Realized loss on investments at asset management subsidiaries | (54,226) | (88,342) | (34,116) | - |
| Unrealized gain (loss) on valuation of investments at asset management subsidiaries | (58,803) | 30,003 | 88,806 | - |
| Derivative loss on investments at asset management subsidiaries | (5,842) | (796) | 5,046 | - |
| Realized gain (loss) on investments ^{*1} | (147,666) | 5,489 | 153,155 | - |
| Unrealized loss on valuation of investments | (1,170,459) | (313,771) | 856,688 | - |
| Change in valuation for the fiscal year | (1,158,182) | (340,928) | 817,254 | - |
| Reclassified to realized gain (loss) recorded in the past fiscal years ^{*1} | (12,277) | 27,157 | 39,434 | - |
| Derivative gain (loss) on investments | 86,533 | (66,495) | (153,028) | - |
| Effect of foreign exchange translation ^{*2} | - | 6,532 | 6,532 | - |
| Other | 12,078 | 13,850 | 1,772 | 14.7% |
| Selling, general and administrative expenses | (30,662) | (41,495) | (10,833) | 35.3% |
| Finance cost | (240,639) | (209,642) | 30,997 | (12.9%) B |
| Foreign exchange loss | (1,100,143) | (650,131) | 450,012 | - C |
| Loss on equity method investments | (23,879) | (4,062) | 19,817 | - |
| Derivative gain (excluding gain (loss) on investments) | | | | |
| <i>Mainly due to prepaid forward contracts using Alibaba shares</i> | 1,041,501 | 700,386 | (341,115) | (32.8%) D |
| Other gain | 91,403 | 75,222 | (16,181) | (17.7%) |
| Segment income (income before income tax) | 3,262,289 | (543,252) | (3,805,541) | - |

Notes:

1. Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the period are reclassified to "Realized gain (loss) on investments."
2. Unrealized gains and losses on valuation of investments are translated using the average exchange rate for the quarter in which the gains and losses were incurred, while realized gains and losses on investments are translated using the average exchange rate for the quarter in which the shares were disposed. "Effects of foreign exchange translation" are amounts that arose due to the use of different foreign currency exchange rates for these unrealized and realized gains and losses.

A Loss on investments at Investment Business of Holding Companies: ¥413,530 million

- Unrealized loss of ¥313,771 million was recorded on valuation of investments. This primarily comprised unrealized valuation losses of ¥237,616 million for Alibaba shares, ¥102,232 million for Deutsche Telekom shares, and ¥24,621 million for T-Mobile shares, attributed to declines in their share prices.
- Derivative loss of ¥66,495 million on investments was recorded, mainly due to a loss of ¥78,500 million pertaining to the right to acquire T-Mobile shares for no additional consideration if certain conditions are met.

B Finance cost: ¥209,642 million (decrease of ¥30,997 million year on year)

Interest expenses at SBG² decreased by ¥36,892 million year on year, totaling ¥201,953 million. This decrease was primarily due to higher interest expenses incurred in the same period of the previous fiscal year due to the early physical settlement of prepaid forward contracts using 242 million ADRs (American Depositary Receipts) of Alibaba shares entered into between August and September 2022. This settlement led to a lump-sum amortization of the unamortized cost of financial liabilities relating to sale of shares by prepaid forward contracts. Additionally, the full repayment of a margin loan using Alibaba shares made in the second quarter of the previous fiscal year and the repurchase of foreign currency-denominated senior notes in the third quarter of the previous fiscal year further reduced interest expenses. Since the majority of SBG's interest-bearing debts² are at fixed interest rates, the impact of short-term interest rate rises on interest expenses is limited.

C Foreign exchange loss: ¥650,131 million

Foreign exchange loss of ¥650,131 million (net) was recorded due to the weaker yen. This was primarily because U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated senior notes) of SBG and domestic subsidiaries used for fund procurement exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

D Derivative gain (excluding gain or loss on investments): ¥700,386 million

Derivative gain of ¥641,989 million was recorded for the prepaid forward contracts and associated contracts using Alibaba shares.

Reference: Impact of the asset management subsidiaries on the condensed interim consolidated statement of financial position

| | (Millions of yen) |
|--|--------------------|
| | September 30, 2023 |
| Cash and cash equivalents | 1,027,096 |
| Investments from asset management subsidiaries | 117,700 |
| Derivative financial assets in asset management subsidiaries | 963 |
| Other financial assets | 15,312 |
| Other | 4,476 |
| Total assets | 1,165,547 |
| Interest-bearing debt | 21 |
| Derivative financial liabilities in asset management subsidiaries | 963 |
| Other financial liabilities | 8,077 |
| Other | 509 |
| Total liabilities | 9,570 |
| Investments from Delaware subsidiaries ^{*1} | 1,971,699 |
| Equivalent amount of cash investments by SBG in Delaware subsidiaries | 39,786 |
| Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management) | 1,912,020 |
| Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries | 19,893 A |
| Retained earnings | (971,358) B |
| Exchange differences on translating foreign operations | 155,636 |
| Equity | 1,155,977 C |

Note:

1. Investments from the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. (the "Delaware subsidiaries"), to SB Northstar, the asset management subsidiary.

(Calculation of non-controlling interests)

| | (Millions of yen) |
|---|--------------------|
| Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries | 19,893 A |
| Cumulative loss attributable to non-controlling interests ^{*2} | (323,687) |
| Exchange differences on translating foreign operations | 58,809 |
| Non-controlling interests (interests of Masayoshi Son) | (244,985) D |

Note:

2. One-third of B in the above table

(Interests in equity (C above))

| | (Millions of yen) |
|--|--------------------|
| Interests of SBG | 1,400,962 |
| Non-controlling interests (interests of Masayoshi Son) | (244,985) D |
| Equity | 1,155,977 C |

Main interest-bearing debt and lease liabilities in this segment

| Borrower | Type | Balance as of September 30, 2023 in condensed interim consolidated statement of financial position |
|--|---|---|
| SBG | Borrowings | ¥459.9 billion |
| | Corporate bonds | ¥5,958.4 billion |
| | Lease liabilities | ¥10.0 billion |
| | Commercial paper | ¥183.5 billion |
| Wholly owned subsidiaries conducting fund procurement ^{*1} | Borrowings using Arm shares (margin loan) | ¥1,259.8 billion |
| | Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts) | ¥4,940.4 billion |
| | Borrowings using SoftBank Corp. shares (margin loan) | ¥498.1 billion |
| | Prepaid forward contracts using T-Mobile shares (collar contracts) | ¥424.2 billion |
| | Collar transactions using Deutsche Telekom shares | ¥481.6 billion |

Note:

1. Borrowings of wholly owned subsidiaries conducting fund procurement are non-recourse to SBG.

(b) SoftBank Vision Funds Segment
1. Gross performance since inception was \$14.8 billion in gain for SVF1 and \$20.7 billion in loss for SVF2.*¹
SVF1: \$104.4 billion in cumulative returns*² on \$89.6 billion investments, with \$14.8 billion gross gain

- Investment gain was \$3.4 billion (¥482.2 billion) for the period, including an investment gain of \$5.1 billion (¥737.6 billion) arising from the sale of Arm shares to a wholly owned subsidiary of the Company.
- The fair value of investments held at the second quarter-end decreased by 3.7% from the previous quarter-end.*³
 - Down 2.6% for public portfolio companies,*⁴ due to declines in share prices of SenseTime, Vir Biotechnology, and others, partially offset by increases in share prices of DiDi and others
 - Down 4.6% for private portfolio companies,*⁴ mainly due to markdowns of certain weaker-performing companies

SVF2: \$31.5 billion in cumulative returns on \$52.2 billion investments, with \$20.7 billion gross loss

- Investment loss was \$2.4 billion (¥347.1 billion) for the period.
- The fair value of investments held at the second quarter-end decreased by 7.0% from the previous quarter-end.
 - Down 28.9% for public portfolio companies, mainly due to declines in share prices of AutoStore, WeWork, and Symbotic
 - Down 2.7% for private portfolio companies, mainly due to markdowns of a number of weaker-performing companies, despite markups of certain portfolio companies reflecting higher valuations in their recent funding rounds

Investment gains and losses on SVF's investments in shares in the Company's subsidiaries (mainly Arm) are included in "Gain (loss) on investments at SoftBank Vision Funds" under this segment but are eliminated in consolidation and not included in "Gain (loss) on investments at SoftBank Vision Funds" in the Consolidated Statement of Profit or Loss.

(As of September 30, 2023; in billions of U.S. dollars)

| | Since Inception | | | The Fiscal Year* ⁵ | |
|--|-------------------------------|-----------------------|---------------|-------------------------------|-------------------------|
| | Investment cost* ⁶ | Returns* ⁶ | Gain/loss | Gain/loss Jul - Sep | Gain/loss Apr - Sep |
| SVF1 | | | | | |
| Exited investments | 34.6 | 59.7 | 25.1 | 6.9 | 6.3 |
| Investments before exit | 55.0 | 42.3 | (12.7) | (1.6) | (2.0) |
| <i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i> | | | | (2.9) | (0.9) |
| Derivatives/Interests/Dividends | 0.0 | 2.4 | 2.4 | 0.0 | 0.0 |
| Total | 89.6 | 104.4 | 14.8 | 2.4 | 3.4 |
| | | | | ¥351.0 billion | ¥482.2 billion |
| SVF2 | | | | | |
| Exited investments | 2.5 | 3.2 | 0.7 | (0.6) | (0.4) |
| Investments before exit | 49.7 | 28.5 | (21.2) | (2.2) | (2.5) |
| <i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i> | | | | 0.6 | 0.4 |
| Derivatives/Interests/Dividends | - | (0.2) | (0.2) | 0.1 | 0.1 |
| Total | 52.2 | 31.5 | (20.7) | (2.1) | (2.4) |
| | | | | ¥(303.1) billion | ¥(347.1) billion |

2. Continue monetization and investment under a disciplined approach

- SVF2 made investments totaling \$1.93 billion in the period.
- SVF1 and SVF2 sold investments for a total of \$17.37 billion in the period, including full exits of eight portfolio companies, including Arm, and partial exits of several portfolio companies.¹

Notes:

- Cumulative gross gains and proceeds from realized investments are before deducting third-party interests, taxes, and expenses. The same applies to the presentation of cumulative investment performance hereinafter.
- Exit price, etc., plus fair value of investments held. The same applies hereinafter.
- Represents changes in U.S. dollar-based fair values, excluding those from investments or exits made during the second quarter. The classification of portfolio companies as public/private is based on their status as of the second quarter-end. For portfolio companies with a change in the classification of public/private during the second quarter, comparisons are made by adjusting their status at the first quarter-end to that of the second quarter-end. The same applies to the change in fair value of investments held at the quarter-end in this section.
- Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
- The amount of gains and losses for exited investments in the fiscal year (July to September and April to September) represents the exit price, net of the investment cost of such investments. Unrealized valuation gains and losses of such investments, recorded in prior years or the first quarter, are presented as a reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year. Therefore, the total amount of gains and losses for the first quarter (April to June), disclosed in the first quarter, and the gains and losses for the second quarter (July to September) for “Investments before exits” may not align with the amount of gains and losses for the period (April to September).
- For derivatives, the investment costs represent the costs of the derivatives. Investment returns represent the exit price for exited investments, the fair value for investments before exits, the settlement amount of settled contracts or the fair value of open contracts for derivatives, and the respective amounts received for interest or dividends.

OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund 1 (SVF1), SoftBank Vision Fund 2 (SVF2), and SoftBank Latin America Funds (LatAm Funds).

Outline of principal funds in the segment

As of September 30, 2023

The funds aim to maximize returns from a medium- to long-term perspective through investments in high-growth-potential companies leveraging AI. SVF1’s investment period has ended, and the remaining undrawn capital is reserved for fixed distributions and operating expenses.

| | SVF1 | SVF2 | LatAm Funds |
|--|---|--|--|
| Primary limited partnership | SoftBank Vision Fund L.P. | SoftBank Vision Fund II-2 L.P. | SBLA Latin America Fund LLC |
| Total committed capital (billions of U.S. dollars) | 98.6 ----- The Company: 33.1 ^{*1} Third-party investors: 65.5 | 60.0 ^{*2} ----- The Company: 57.4 Third-party investor (MgmtCo): 2.6 ^{*3} | 7.6 ^{*2} ----- The Company: 7.2 Third-party investor (MgmtCo): 0.4 ^{*3} |
| Manager | SBIA (The Company’s wholly owned U.K. subsidiary) | SBGA (The Company’s wholly owned U.K. subsidiary) | |
| Investment period | Ended on September 12, 2019 | To be determined by the manager | |
| Fund life | Until November 20, 2029 + Up to two one-year extensions option by SBIA | Until October 4, 2032 + Up to two one-year extensions option by SBGA | |

Notes:

- The Company’s committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion to be used for an incentive scheme related to SVF1.
- Effective September 27, 2023, SBGA, the manager of SVF2 and LatAm Funds, may allocate the remaining committed capital from SVF2 to LatAm Funds up to the amount of \$4 billion and in such circumstances, the total commitment to SVF2 will be reduced.
- A co-investment program has been introduced for SVF2 and LatAm Funds for the Company’s management. MASA USA LLC (MgmtCo), an investment entity for the co-investment program, participates in two funds. The interest attributable to MgmtCo is

treated as a third-party interest in the Company's consolidated financial statements. For details, see "13. Related party transactions regarding a co-investment program with restricted rights to receive distributions" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "2. Condensed Interim Consolidated Financial Statements and Primary Notes."

Financing at SVF

SVF1, SVF2, and LatAm Funds may independently engage in borrowings that are non-recourse to SBG, with the aim of leveraging and maintaining liquidity. Such borrowings include asset-backed finance, which utilizes held assets to enhance returns and distribute to limited partners.

Fair value measurement of investments

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

FINANCIAL RESULTS

(Millions of yen)

| | Six months ended September 30 | | Change | Change % |
|---|-------------------------------|------------------|-------------|------------|
| | 2022 | 2023 | | |
| Gain (loss) on investments at SoftBank Vision Funds ^{*1} | (4,312,342) | 181,136 | 4,493,478 | - A |
| Gain (loss) on investments at SVF1, SVF2, and LatAm Funds | (4,316,203) | 168,466 | 4,484,669 | - |
| Realized gain on investments ^{*2} | 5,398 | 855,769 | 850,371 | - |
| Unrealized loss on valuation of investments | (4,303,080) | (634,182) | 3,668,898 | - |
| Change in valuation for the fiscal year | (4,200,240) | (633,520) | 3,566,720 | - |
| Reclassified to realized gain recorded in the past fiscal years ^{*2} | (102,840) | (662) | 102,178 | - |
| Interest and dividend income from investments | 759 | 20,812 | 20,053 | - |
| Derivative gain on investments | 36,365 | 4,427 | (31,938) | (87.8%) |
| Effect of foreign exchange translation | (55,645) | (78,360) | (22,715) | - |
| Gain on other investments | 3,861 | 12,670 | 8,809 | 228.2% |
| Selling, general and administrative expenses | (30,983) | (44,688) | (13,705) | 44.2% |
| Finance cost | (35,795) | (52,532) | (16,737) | 46.8% |
| Derivative gain (excluding gain (loss) on investments) | 620 | - | (620) | - |
| Change in third-party interests in SVF | 1,018,741 | (226,265) | (1,245,006) | - B |
| Other gain (loss) | 9,105 | (55,474) | (64,579) | - |
| Segment income (income before income tax) | (3,350,654) | (197,823) | 3,152,831 | - |

Notes:

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

Investments and disposals by SVF1 and SVF2

(Billions of U.S. dollars)

| | Investments made during the fiscal year | | | Disposals ⁴ made during the fiscal year | | |
|--------------|---|-------------|-------------|--|--------------|--------------|
| | Q1 | Q2 | YTD | Q1 | Q2 | YTD |
| SVF1 | - | - | - | 0.56 | 16.36 | 16.92 |
| SVF2 | 1.56 | 0.37 | 1.93 | 0.33 | 0.12 | 0.45 |
| Total | 1.56 | 0.37 | 1.93 | 0.89 | 16.48 | 17.37 |

Note: Investments include new and follow-ons.

Segment income
A Gain on investments at SoftBank Vision Funds: ¥181,136 million

| | (Millions of yen) | | |
|---|-------------------------------|------------------|-----------|
| | Six months ended September 30 | | |
| | 2022 | 2023 | Change |
| Gain (loss) on investments at SVF1 | (2,008,251) | 482,174 | 2,490,425 |
| Loss on investments at SVF2 | (1,934,361) | (347,102) | 1,587,259 |
| Gain (loss) on investments at LatAm Funds | (373,591) | 33,394 | 406,985 |
| Gain on other investments | 3,861 | 12,670 | 8,809 |
| Gain (loss) on investments at SoftBank Vision Funds (A) | (4,312,342) | 181,136 | 4,493,478 |
| Gain on SVF's investments in shares of the Company's subsidiaries, etc. (B) | 41,200 | 764,418 | 723,218 |
| Loss on investments at SoftBank Vision Funds in the Condensed Interim Consolidated Statement of Profit or Loss (A) - (B) | (4,353,542) | (583,282) | 3,770,260 |

Gain on SVF's investments in shares of the Company's subsidiaries, etc. for the period primarily comprises an investment gain of ¥737,618 million (\$5.1 billion) associated with the investment in Arm. As a result of the sale of Arm shares held by SVF1 to a wholly owned subsidiary of the Company in August 2023, a realized gain of ¥1,004,337 million (\$6.9 billion), an unrealized loss (reclassified to realized gain recorded in the past fiscal years) of ¥189,817 million (\$1.8 billion), and a loss of ¥76,902 million as the effect of foreign exchange translation were recorded in the SoftBank Vision Funds segment. For details of this sale, see "INTRA-GROUP TRANSACTION OF ARM SHARES AND IPO OF ARM" under "(1) Overview of Results of Operations."

B Change in third-party interests in SVF: ¥(226,265) million

This represents the total of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gains and losses on investments at each fund, net of (i) management and performance fees payable to SBIA from SVF1; (ii) management and performance-linked management fees payable to SBGA from SVF2; (iii) management fees, performance-linked management fees, and performance fees payable to SBGA from LatAm Funds; and (iv) operating and other expenses of SVF. For details, see "(2) Third-party interests in SVF" under "3. SoftBank Vision Funds business" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "2. Condensed Interim Consolidated Financial Statements and Primary Notes."

Investment performance

As of September 30, 2023

SVF1

(Billions of U.S. dollars)

Total ((1) + (2) + (3) + (4) below)

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative gain ^{*1} | Investment gain recorded for the fiscal year | |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|--|------------|
| | | | | | Jul – Sep | Apr – Sep |
| | 102 | 89.6 | 104.4 | 14.8 | 2.4 | 3.4 |

(Reference)

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative gain ^{*1} |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|
| <i>Effects of share exchanges^{*2}</i> | (4) | (2.0) | (2.0) | - |
| <i>Effects of dividends in kind^{*3}</i> | (4) | - | - | - |
| <i>Net of the above effects</i> | 94 | 87.6 | 102.4 | 14.8 |

(1) Exited investments

| | Number of investments | Investment cost | Exit price | Cumulative realized gain ^{*1} | Realized gain recorded for the fiscal year | |
|-------------------------|-----------------------|-----------------|-------------|--|--|------------|
| | | | | | Jul – Sep | Apr – Sep |
| Partial exit | - | 4.9 | 14.0 | 9.1 | | 0.1 |
| Full exit ^{*4} | 29 | 29.7 | 45.7 | 16.0 | | 6.2 |
| Total | 29 | 34.6 | 59.7 | 25.1 | 6.9 | 6.3 |

(2) Investments before exit (investments held at the second quarter-end)^{*5}

| | Number of investments | Investment cost | Fair value | Cumulative unrealized valuation loss ^{*7} | Unrealized valuation loss recorded for the fiscal year | |
|----------------------|-----------------------|-----------------|-------------|--|--|--------------|
| | | | | | Jul – Sep | Apr – Sep |
| Public ^{*6} | 23 | 29.5 | 19.2 | (10.3) | (0.5) | (0.2) |
| Private | 50 | 25.5 | 23.1 | (2.4) | (1.1) | (1.8) |
| Total | 73 | 55.0 | 42.3 | (12.7) | (1.6) | (2.0) |

(3) Derivatives

| | Derivative cost | Fair value/settlement price | Cumulative derivative gain | Derivative gain recorded for the fiscal year | |
|--------------|-----------------|-----------------------------|----------------------------|--|------------|
| | | | | Jul – Sep | Apr – Sep |
| Unsettled | (0.0) | 0.0 | 0.0 | | 0.0 |
| Settled | 0.0 | 1.5 | 1.5 | | 0.0 |
| Total | 0.0 | 1.5 | 1.5 | 0.0 | 0.0 |

(4) Interest and dividend income from investments

| | Interest and dividend income | Cumulative income | Interest and dividend income recorded for the fiscal year | |
|--------------|------------------------------|-------------------|---|-----------|
| | | | Jul – Sep | Apr – Sep |
| Total | 0.9 | 0.9 | - | - |

Notes:

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

- Before deducting third-party interests, taxes, and expenses
- For investments in which share exchanges occurred, the acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. These include share exchanges between Uber Advanced Technologies Group and Aurora Innovation Inc., PT Tokopedia and PT GoTo Gojek Tokopedia Tbk, Grofers International Pte. Ltd. and Zomato Limited, Zymergen, Inc. and Ginkgo Bioworks Holdings, Inc., and Candy Digital, Inc. and Fanatics Holdings, Inc. (an existing portfolio company). In addition, SVF1 exchanged all shares in two portfolio companies for shares in their affiliated companies in prior years, which are also existing portfolio companies. The acquisition costs and disposal prices (sale prices) of these investments are also deducted in this section.
- Investments acquired through dividends in kind from existing portfolio companies are deducted from the investment count. These include two investments acquired from Arm (Treasure Data and Acetone Limited (an intermediate holding company that owns approximately 48% of the equity interest in Arm China)) and two investments acquired from Reef Global Inc. (REEF Proximity Aggregator LLC and Parking Aggregator LLC).

4. Includes disposals (sales) as a result of share exchanges and restructuring of portfolio companies
5. The classification of portfolio companies as public/private is based on their status as of the second quarter-end.
6. Includes DiDi Global Inc., which is traded in the over-the-counter market
7. For a certain investment that was initially determined to be transferred from the Company to SVF1, but later canceled, any unrealized valuation gains and losses incurred for the period leading up to the decision to cancel the transfer are not included in this section.

SVF2

(Billions of U.S. dollars)

Total ((1) + (2) + (3) + (4) below)

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative loss ^{*1} | Investment loss recorded for the fiscal year | |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|--|-----------|
| | | | | | Jul – Sep | Apr – Sep |
| | 280 | 52.2 | 31.5 | (20.7) | (2.1) | (2.4) |

(Reference)

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative loss ^{*1} |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|
| <i>Effects of financial support to WeWork^{*2}</i> | (4) | - | - | - |
| <i>Effects of share exchanges^{*3}</i> | (1) | (0) | (0) | - |
| <i>Net of the above effects</i> | 275 | 52.2 | 31.5 | (20.7) |

(1) Exited investments

| | Number of investments | Investment cost | Exit price | Cumulative realized gain (loss) ^{*1} | Realized loss recorded for the fiscal year | |
|--------------|-----------------------|-----------------|------------|---|--|--------------|
| | | | | | Jul – Sep | Apr – Sep |
| Partial exit | - | 0.2 | 0.1 | (0.1) | | (0.0) |
| Full exit | 7 | 2.3 | 3.1 | 0.8 | | (0.4) |
| Total | 7 | 2.5 | 3.2 | 0.7 | (0.6) | (0.4) |

(2) Investments before exit (investments held at the second quarter-end)^{*3}

| | Number of investments | Investment cost ^{*6} | Fair value ^{*6} | Cumulative unrealized valuation loss | Unrealized valuation loss recorded for the fiscal year | |
|----------------------|-----------------------|-------------------------------|--------------------------|--------------------------------------|--|--------------|
| | | | | | Jul – Sep | Apr – Sep |
| Public ^{*5} | 17 | 8.8 | 3.6 | (5.2) | (1.5) | (1.4) |
| Private | 256 | 40.9 | 24.9 | (16.0) | (0.7) | (1.1) |
| Total | 273 | 49.7 | 28.5 | (21.2) | (2.2) | (2.5) |

(3) Derivatives

| | Derivative cost | Fair value/settlement price | Cumulative derivative gain (loss) | Derivative loss recorded for the fiscal year | |
|--------------|-----------------|-----------------------------|-----------------------------------|--|--------------|
| | | | | Jul – Sep | Apr – Sep |
| Unsettled | - | 0.0 | 0.0 | | (0.0) |
| Settled | - | (0.3) | (0.3) | | 0.0 |
| Total | - | (0.3) | (0.3) | (0.0) | (0.0) |

(4) Interest and dividend income from investments

| | Interest and dividend income | Cumulative income | Interest and dividend income recorded for the fiscal year | |
|--------------|------------------------------|-------------------|---|------------|
| | | | Jul – Sep | Apr – Sep |
| Total | 0.1 | 0.1 | 0.1 | 0.1 |

Notes:

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

1. Before deducting third-party interests, taxes, and expenses
2. WeWork senior secured notes (i) purchased by SVF2 in accordance with an agreement between the Company and WeWork in October 2019 (redeemed by WeWork in the first quarter), the convertible bonds (ii and iii) and notes with a face value of \$0.30 billion (iv) held by SVF2 in accordance with an agreement among WeWork, its principal bondholders, SVF2, and others to support the restructuring of WeWork's debt, are deducted from the investment count.
3. For investments in which share exchanges occurred, the acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. During the second quarter, SVF2 exchanged a portion of its shares in XCOM Labs, Inc. for shares in Globalstar, Inc.
4. The classification of portfolio companies as public/private is based on their status as of the second quarter-end.
5. Includes Zhangmen Education Inc. and Pear Therapeutics, Inc., which are traded in the over-the-counter market

6. The investment cost and fair value of investments before exit in SVF2 include those related to a minor SVF2 ownership percentage in another portfolio company received as part of the consideration for SVF2's investment in a portfolio company.

LatAm Funds

As of the second quarter-end, LatAm Funds posted \$5.9 billion in cumulative returns on \$7.3 billion in investments, with a gross loss of \$1.4 billion since inception. Of this, investment gain for the period was \$0.2 billion (¥33.4 billion).

Capital deployment

As of September 30, 2023

SVF1

| | (Billions of U.S. dollars) | | |
|---|----------------------------|-------------|-----------------------|
| | Total | The Company | Third-party investors |
| Committed capital (A) | 98.6 | 33.1 | 65.5 |
| Drawn capital ⁵ (B) | 87.2 | 29.9 | 57.3 |
| Return of capital (non-recallable) (C) | 34.2 | 9.2 | 25.0 |
| Outstanding capital ^{*1} (D) = (B) – (C) | 53.0 | 20.7 | 32.3 |
| Remaining committed capital (E) = (A) – (B) | 11.4 | 3.2 | 8.2 |

Notes:

*The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion to be used for an incentive scheme related to SVF1.

1. As of the second quarter-end, \$16.5 billion of the \$32.3 billion of outstanding capital from third-party investors was preferred equity commitment.

SVF2

| | (Billions of U.S. dollars) |
|---|----------------------------|
| | Total |
| Committed capital (A) | 60.0 |
| Drawn capital (B) | 55.0 |
| Remaining committed capital (C) = (A) – (B) | 5.0 |

Note: Remaining committed capital includes callable return of capital.

(Reference: Breakdown of committed capital as of September 30, 2023)

| | |
|---|------|
| Total committed capital | 60.0 |
| The Company's equity commitment to investments outside the scope of the co-investment program | 10.8 |
| The Company's preferred equity commitment to SVF2 LLC ^{*1} | 34.2 |
| The Company's equity commitment to SVF2 LLC | 12.4 |
| MgmtCo's equity commitment to SVF2 LLC | 2.6 |

Notes:

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

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

As of the second quarter-end, total committed capital for LatAm Funds was \$7.6 billion, with drawn capital totaling \$7.4 billion.

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

(c) SoftBank Segment

Segment income increased by 21.3% yoy, primarily due to increases in income for the Media & EC business and the enterprise business, despite a decrease in income in the consumer business caused by a fall in mobile service charges.

(Millions of yen)

| | Six months ended September 30 | | Change | Change % |
|---|-------------------------------|------------------|---------|----------|
| | 2022 | 2023 | | |
| Net sales | 2,852,231 | 2,934,041 | 81,810 | 2.9% |
| Segment income (income before income tax) | 424,897 | 515,232 | 90,335 | 21.3% |
| Depreciation and amortization | (369,872) | (362,898) | 6,974 | (1.9%) |
| Gain (loss) on investments | (3,450) | 8,622 | 12,072 | - |
| Finance cost | (31,079) | (33,021) | (1,942) | 6.2% |
| Loss on equity method investments | (21,948) | (12,139) | 9,809 | - |
| Derivative gain (excluding gain (loss) on investments) | 1,541 | 1,222 | (319) | (20.7%) |
| Other gain | 965 | 39,896 | 38,931 | - |

Note: Since PayPay Corporation became a subsidiary of SoftBank Corp. and Z Holdings Corporation in October 2022, its operating results are no longer included in "Other," but are presented within the SoftBank segment starting from the third quarter of the previous fiscal year, with the results retrospectively adjusted and presented for the same period of the previous fiscal year.

OVERVIEW

Segment results include the business activities of SoftBank Corp. mainly in Japan, such as the provision of mobile services and sale of mobile devices, as well as the provision of broadband and e-commerce services. Under its *Beyond Carrier* strategy, SoftBank Corp. aims to achieve sustainable growth in its core telecommunications business, while expanding its domains beyond telecommunications through internet services, such as *Yahoo! JAPAN* and *LINE*, and the development of businesses that utilize advanced technologies including AI, IoT, and FinTech, the latter encompassing the cashless payment service *PayPay*.

FINANCIAL RESULTS

Segment income was ¥515,232 million, an increase of ¥90,335 million (21.3%) year on year. This was mainly due to increases in income in the Media & EC business and the enterprise business, despite a decrease in income in the consumer business. The increase also reflected an improvement in gain on investments related to portfolio companies invested to strengthen solution services, along with a contribution of ¥20,237 million dilution gain from changes in equity interest recorded (under other gain in the above table) primarily for Webtoon Entertainment Inc., an equity method associate. PayPay Corporation and PayPay Card Corporation saw a reduction in losses mainly due to increases in sales from the expansion of gross merchandise volume and interest income from the expansion of the revolving balance.

Income in the consumer business decreased mainly due to a fall in mobile service charges. In the Media & EC business, the increase in income was due to the optimization of e-commerce services costs, further selection and focus on businesses, and the recognition of a gain of ¥10,459 million on the sale of AI-related business at LINE Corporation, among other factors. In the enterprise business, income increased due to higher sales of cloud services and other products, driven by the accelerated digitalization of enterprises.

GROUP REORGANIZATION PRIMARILY AMONG Z HOLDINGS AND ITS CORE WHOLLY OWNED SUBSIDIARIES, LINE AND YAHOO JAPAN

On October 1, 2023, Z Holdings Corporation completed the scheduled group reorganization procedures, including the merger primarily among the company and its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, as well as changing its trade name to LY Corporation. The revised organizational structure, with a further emphasis on products, is expected to accelerate synergy expansion through business integration.

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. Arm's business remains robust. On a quarterly basis, the second quarter's net sales were the highest in Arm's history.

◆ **Net sales for the period increased by 5.3% yoy (U.S. dollar-based) driven by license and other revenue. In yen terms, net sales increased by 12.0% due to the weaker yen exchange rate used for translation in the preparation of the Company's consolidated financial statements.**

- Royalty revenue decreased by 14.5% yoy (U.S. dollar-based) as weak sales of chips for smartphones and other consumer electronic devices were partially offset by strong growth in automotive and infrastructure equipment.

- License and other revenue increased by 44.8% yoy (U.S. dollar-based) with Arm signing major deals with companies developing chips for future smartphone, automotive, consumer electronic devices, and AI applications. On a quarterly basis, revenue increased by over 100% yoy.

◆ **Segment income decreased with strong net sales offset by an increase in expenses related to stock compensation schemes combined with an increase in headcount to enhance R&D capability.**

2. Arm was listed on the Nasdaq Global Select Market on September 14, 2023.

(Millions of yen)

| | Six months ended September 30 | | Change | Change % |
|---|-------------------------------|----------------|----------|----------|
| | 2022 | 2023 | | |
| Net sales | 183,705 | 205,797 | 22,092 | 12.0% |
| Segment income (income before income tax) ^{*1} | 35,631 | (8,439) | (44,070) | - |

Note:

1. Segment income included amortization expenses of ¥32,149 million for the period and ¥30,354 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

Arm's operations primarily consist of licensing semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies.

Semiconductor industry trends can have a significant impact on Arm's financial results, both positively and negatively. Industry growth benefits Arm's royalty revenue, which can grow along with industry sales. Industry growth can also encourage Arm's customers to increase design activity, creating new opportunities for Arm to license its latest technologies, and thus driving license and other revenue.

Arm will continue to increase investments in R&D in order to build the future of computing. Arm is creating CPUs and related technologies, such as graphics processors, AI accelerators, and integrated platforms, that will enable its customers to develop the next generation of computing devices.

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 on U.S. dollars.

| | (Millions of U.S. dollars) | | | |
|---------------------------|-------------------------------|--------------|--------|----------|
| | Six months ended September 30 | | | |
| | 2022 | 2023 | Change | Change % |
| Royalty revenue | 916 | 783 | (133) | (14.5%) |
| License and other revenue | 459 | 664 | 205 | 44.8% |
| Total net sales | 1,375 | 1,447 | 72 | 5.3% |

Note: From the first quarter, the names of sales categories have been changed from "Technology royalty" and "Technology non-royalty" to "Royalty revenue" and "License and other revenue," respectively. The aggregation method remains unchanged.

Net sales for the period increased by \$72 million (5.3%) year on year. Record quarterly revenue was achieved in the second quarter, driven by strong license and other revenue. This was, however, partially offset by royalty revenue, which was impacted by industry growth which, although recovering, remains weak.

Royalty revenue

Royalty revenue decreased by \$133 million (14.5%) year on year. Royalty revenues were impacted by a decline in the sales of smartphones and other consumer electronic devices, partially offset by strong growth in chips for the automotive market and infrastructure equipment. Industry analysts are indicating that the semiconductor industry is showing signs of recovery. Longer-term trends remain, such as more products and services requiring increasing amounts of embedded intelligence, and so the semiconductor industry is expected to grow over the medium- to long-term. As market conditions improve, Arm expects its royalty revenue will also return to growth.

License and other revenue

License and other revenue increased by \$205 million (44.8%) year on year. Strong demand for Arm's technology continued as its licensees look to develop new products through the industry cycle. As a result, Arm signed multiple high value deals with leading companies who intend to build chips for smartphones, PCs and other consumer electronic devices, as well as automotive, embedded, and AI applications.

Segment income

Segment loss was ¥8,439 million, deteriorating by ¥44,070 million year on year. This was mainly due to an increase in expenses related to stock compensation schemes as well as an increase in the number of employees, mainly technology-related personnel, as Arm rapidly increases its R&D capability.

OPERATIONS

Royalty units⁶

| | (Billion) | | | |
|---|-------------------------------------|-------------|--------|----------|
| | Six-month period ended September 30 | | | |
| | 2022 | 2023 | Change | Change % |
| Royalty units as reported by Arm's licensees | 14.8 | 13.9 | (0.9) | (6.1%) |

Arm's licensees reported shipments of 13.9 billion Arm-based chips for the six months from January 1 to June 30, 2023, a decrease of 6.1% year on year, which largely reflects the approximately 10% decline in smartphones sold in the first six months of this year compared with the same period one year ago.⁷

TECHNOLOGY DEVELOPMENT

Arm and its licensees made the following technology-related announcements during the period. For details on each technology development, please refer to the press releases posted on the websites of the announcing companies.

- Arm announced in May 2023 its latest Total Compute Solutions for mobile applications processors, *TCS23*, a platform for premium mobile computing devices, which will power immersive games, real-time 3D experiences and next-gen AI applications.
- NVIDIA Corporation announced in May 2023 a supercomputer built on the NVIDIA Grace CPU Superchip, adding to a wave of new energy-efficient supercomputers based on the Arm *Neoverse* platform.
- NVIDIA Corporation and SoftBank Corp. announced in May 2023 that they are collaborating on a pioneering platform for generative AI and 5G/6G applications that is based on the NVIDIA GH200 Grace Hopper Superchip and which SoftBank Corp. plans to roll out at new, distributed AI data centers across Japan.
- Arm announced in August 2023 a new technology family for licensing, the Arm *Neoverse* Compute Subsystems (CSS). These are pre-integrated and validated configurations of infrastructure products that will reduce development costs and improve time-to-market for companies developing chips for servers and networking equipment.

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

(2) Overview of Financial Position

1. Status of investment assets

- ◆ **Carrying amount of investments from SVF (FVTPL)^{*1} increased by ¥592.7 billion from the previous fiscal year-end to ¥11,082.4 billion,^{*2}** reflecting the depreciation of the yen against the U.S. dollar, despite a decrease in the U.S. dollar balance.
 - ¥216.8 billion increase at SVF1: The balance decreased by \$2.07 billion due to a decrease in the fair value of investments held at the second quarter-end and by \$1.39 billion due to divestments.¹
 - ¥251.5 billion increase at SVF2: The balance increased by \$1.92 billion due to new¹ and follow-on investments, despite decreases of \$2.72 billion due to a decrease in the fair value of investments held at the second quarter-end and \$0.41 billion due to divestments.¹
 - ¥124.4 billion increase at LatAm Funds
- ◆ **Carrying amount of investment securities increased by ¥432.6 billion from the previous fiscal year-end to ¥8,139.1 billion,^{*2}** which included the following carrying amounts:
 - Alibaba shares of ¥4,604.7 billion (a decrease of ¥237.6 billion)
 - T-Mobile shares of ¥907.9 billion (an increase of ¥138.7 billion)
 - Deutsche Telekom shares of ¥707.8 billion (a decrease of ¥21.7 billion)
 - Bonds and other asset management products held by PayPay Bank of ¥432.4 billion (an increase of ¥143.7 billion), Symbotic shares of ¥134.6 billion^{*3} (an increase of ¥106.9 billion mainly due to an additional purchase of \$0.50 billion), and U.S. Treasury Bonds totaling ¥59.0 billion following a \$0.40 billion (face value) purchase by SBG

2. Changes in liabilities associated with financing activities

- ◆ **Interest-bearing debt of SBG increased by ¥306.0 billion from the previous fiscal year-end.**
 - SBG issued domestic hybrid bonds and secured a hybrid loan to replace the USD-denominated NC6 undated hybrid notes (which were recorded as equity) that it voluntarily redeemed in the second quarter.
- ◆ **Interest-bearing debt of wholly owned subsidiaries conducting fund procurement increased by ¥1,338.8 billion from the previous fiscal year-end.^{*2}**
 - Raised \$4.39 billion through the new conclusion of prepaid forward contracts using Alibaba shares.
- ◆ **Interest-bearing debt of SVF decreased by ¥780.5 billion from the previous fiscal year-end.**
 - SVF1 and SVF2 repaid borrowings totaling \$6.32 billion made through asset-backed finance.

3. Changes in equity

- ◆ **Total equity increased by ¥1,022.1 billion from the previous fiscal year-end.**
 - Disposal of Arm shares upon its IPO resulted in recording ¥674.4 billion in capital surplus (amount equivalent to gain on sale). Non-controlling interest in Arm at the second quarter-end was ¥170.8 billion.
 - Other equity instruments decreased by ¥220.9 billion following the voluntary redemption of USD-denominated NC6 undated hybrid notes.
 - Retained earnings decreased due to a ¥1,408.7 billion net loss attributable to owners of the parent.
 - Exchange differences from the translation of foreign operations increased by ¥1,784.6 billion due to the weaker yen.
- ◆ **Ratio of equity attributable to owners of the parent (equity ratio) was 21.2% at the second quarter-end, compared with 20.6% at the previous fiscal year-end.**

Notes:

1. Investments from SVF (FVTPL) do not include SVF's investments in the Company's subsidiaries (primarily PayPay Corporation) or investments that were transferred from the Company to the funds and continue to be accounted for using the equity method (and are included in "Investments accounted for using the equity method") prior to and after such transfer.
2. Includes increases in the carrying amount due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end
3. Additionally, SVF2's holdings in Symbotic Inc. ("Symbotic") are included in "Investments from SVF (FVTPL)" and SB Northstar's holdings are included in "Other financial assets (current)."

(Millions of yen)

| | March 31, 2023 | September 30, 2023 | Change | Change % |
|-------------------|----------------|--------------------|-----------|----------|
| Total assets | 43,936,368 | 46,010,042 | 2,073,674 | 4.7% |
| Total liabilities | 33,287,153 | 34,338,773 | 1,051,620 | 3.2% |
| Total equity | 10,649,215 | 11,671,269 | 1,022,054 | 9.6% |

(a) Assets

| | (Millions of yen) | | |
|---|-------------------|--------------------|------------------|
| | March 31, 2023 | September 30, 2023 | Change |
| Cash and cash equivalents | 6,925,153 | 6,707,813 | (217,340) |
| Trade and other receivables | 2,594,736 | 2,664,550 | 69,814 |
| Derivative financial assets | 249,414 | 387,945 | 138,531 A |
| Other financial assets | 371,313 | 447,731 | 76,418 |
| Inventories | 163,781 | 169,519 | 5,738 |
| Other current assets | 282,085 | 425,706 | 143,621 |
| Total current assets | 10,586,482 | 10,803,264 | 216,782 |
| Property, plant and equipment | 1,781,142 | 1,829,310 | 48,168 |
| Right-of-use assets | 858,577 | 824,107 | (34,470) |
| Goodwill | 5,199,480 | 5,601,576 | 402,096 B |
| Intangible assets | 2,409,641 | 2,460,450 | 50,809 |
| Costs to obtain contracts | 332,856 | 333,525 | 669 |
| Investments accounted for using the equity method | 730,440 | 879,331 | 148,891 |
| Investments from SVF (FVTPL) | 10,489,722 | 11,082,392 | 592,670 C |
| SVF1 | 6,110,527 | 6,327,303 | 216,776 |
| SVF2 | 3,646,305 | 3,897,823 | 251,518 |
| LatAm Funds | 732,890 | 857,266 | 124,376 |
| Investment securities | 7,706,501 | 8,139,078 | 432,577 D |
| Derivative financial assets | 1,170,845 | 1,313,674 | 142,829 E |
| Other financial assets | 2,303,620 | 2,336,439 | 32,819 |
| Deferred tax assets | 210,823 | 234,495 | 23,672 |
| Other non-current assets | 156,239 | 172,401 | 16,162 |
| Total non-current assets | 33,349,886 | 35,206,778 | 1,856,892 |
| Total assets | 43,936,368 | 46,010,042 | 2,073,674 |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|-------------------------------|--|
| <u>Current assets</u> | |
| A Derivative financial assets | <ul style="list-style-type: none"> · Derivative financial assets related to the prepaid forward contracts using Alibaba shares increased by ¥196,383 million, due to a fall in Alibaba share price and the impact of the yen's depreciation, as well as the reclassification of those contracts, for which settlement became due within one year, to current assets. · Contingent value rights, which were received in June 2020 in relation to the disposal of T-Mobile shares and recorded as derivative financial assets at the previous fiscal year-end in the amount of ¥67,308 million, were vested on June 1, 2023, and the Company received 3.6 million T-Mobile shares. The shares are recorded as investment securities in the same way as existing holdings of T-Mobile shares. |

| Components | Main reasons for changes from the previous fiscal year-end |
|---------------------------------------|--|
| <u>Non-current assets</u> | |
| B Goodwill | <p>Arm’s goodwill increased by ¥379,971 million due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end.</p> |
| C Investments from SVF (FVTPL) | <ul style="list-style-type: none"> · The carrying amount of investments at SVF1, SVF2, and LatAm Funds increased due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. · The carrying amount of investments at SVF1 increased by ¥216.8 billion. On a U.S. dollar basis, the carrying amount decreased by a total of \$3.46 billion, reflecting a decrease of \$2.07 billion due to a decrease in the fair value of investments held at the second quarter-end and a decrease of \$1.39 billion due to divestments.¹ · The carrying amount of investments at SVF2 increased by ¥251.5 billion. On a U.S. dollar basis, the carrying amount decreased by a total of \$1.25 billion, mainly reflecting decreases of \$2.72 billion due to a decrease in the fair value of investments held at the second quarter-end and \$0.41 billion due to divestments,¹ despite an increase of \$1.92 billion due to new¹ and follow-on investments. · The carrying amount of investments at LatAm Funds increased by ¥124.4 billion. On a U.S. dollar basis, the carrying amount increased by a total of \$0.24 billion, reflecting increases of \$0.24 billion in the fair value of portfolio companies held at the second quarter-end*¹ and \$0.03 billion due to new and follow-on investments, which were partially offset by a decrease of \$0.03 billion due to divestments. <p>For details see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p> |

| Components | Main reasons for changes from the previous fiscal year-end |
|--------------------------------------|--|
| D Investment securities | <ul style="list-style-type: none"> · The carrying amount of Alibaba shares decreased by ¥237,616 million (\$5.48 billion) due to a fall in the share price (balance at the second quarter-end: ¥4,604,689 million (\$30.78 billion)). · The carrying amount of T-Mobile shares increased by ¥138,672 million (\$0.31 billion) (balance at the second quarter-end: ¥907,878 million (\$6.07 billion)), despite a fall in the share price. This reflected the receipt of 3.6 million shares of T-Mobile (balance at the second quarter-end: ¥74,711 million) upon vesting contingent value rights received in June 2020 in relation to the disposal of T-Mobile shares. · The carrying amount of Deutsche Telekom shares decreased by ¥21,674 million (\$0.73 billion^{*2}), due to a fall in the share price (balance at the second quarter-end: ¥707,809 million (\$4.73 billion)). The carrying amount of Alibaba shares, T-Mobile shares, and Deutsche Telekom shares as of the second quarter-end also included the increase caused by a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations. · The carrying amount of bonds and other asset management products held by PayPay Bank Corporation increased by ¥143,660 million (balance at the second quarter-end: ¥432,443 million), the carrying amount of Symbotic shares increased by ¥106,866 million (balance at the second quarter-end: ¥134,589 million) mainly due to a \$0.50 billion additional purchase, and SBG purchased U.S. Treasury Bonds with a face value totaling \$0.40 billion (balance at the second quarter-end: ¥58,966 million). |
| E Derivative financial assets | <ul style="list-style-type: none"> · Derivative financial assets related to currency swap transactions, which are used to hedge foreign-exchange risk of foreign currency-denominated notes issued by SBG, increased by ¥80,533 million due to the depreciation of the yen against the target currencies compared with the previous fiscal year-end. · Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥25,431 million due to a fall in Alibaba share price and the yen's depreciation, while assets with a remaining term of one year or less were reclassified as current assets. · The fair value of the contingent consideration related to T-Mobile shares increased by ¥13,730 million (balance at the second quarter-end: ¥847,500 million) due to the yen's depreciation more than offsetting a \$0.58 billion negative impact of the lower share price. |

Notes:

1. Includes the impact from the stronger local currencies against the U.S. dollar
2. Includes the impact from the weaker euro against the U.S. dollar as the shares are held by a U.S. subsidiary

Reference: Cash and cash equivalents by entity

Consolidated cash and cash equivalents decreased by ¥217.3 billion to ¥6,707.8 billion from the previous fiscal year-end. Of this, cash and cash equivalents of SBG and wholly owned subsidiaries conducting fund procurement, etc. decreased by ¥107.7 billion to ¥3,908.4 billion. For details, see “(3) Overview of Cash Flows.”

| | (Millions of yen) | | |
|--|-------------------|--------------------|-----------|
| | March 31, 2023 | September 30, 2023 | Change |
| SBG and wholly owned subsidiaries | | | |
| conducting fund procurement, etc. | 4,016,085 | 3,908,360 | (107,725) |
| SBG | 3,454,474 | 2,861,434 | (593,040) |
| Wholly owned subsidiaries conducting fund procurement | 543,380 | 19,830 | (523,550) |
| SB Northstar | 18,231 | 1,027,096 | 1,008,865 |
| SoftBank Vision Funds segment | | | |
| SVF1 | 72,159 | 48,122 | (24,037) |
| SVF2 | 36,930 | 22,411 | (14,519) |
| LatAm Funds | 2,818 | 3,406 | 588 |
| SBIA, SBGA, SBLA Advisers Corp. | 97,546 | 48,243 | (49,303) |
| SoftBank segment | | | |
| SoftBank Corp. | 280,768 | 468,718 | 187,950 |
| Z Holdings Corporation ^{*1} | 89,821 | 176,110 | 86,289 |
| PayPay Corporation, PayPay Bank Corporation, ^{*2} PayPay Card Corporation | 857,430 | 637,315 | (220,115) |
| Yahoo Japan Corporation ^{*1} | 298,277 | 170,853 | (127,424) |
| Others | 532,871 | 558,346 | 25,475 |
| Others | 640,448 | 665,929 | 25,481 |
| Total | 6,925,153 | 6,707,813 | (217,340) |

Notes:

- As of October 1, 2023, Z Holdings Corporation completed the group reorganization including the merger primarily involving the three companies: the company itself, LINE Corporation, and Yahoo Japan Corporation, and changed its trade name to LY Corporation.
- Cash and cash equivalents of PayPay Bank Corporation at the second quarter-end were ¥258,630 million.

(b) Liabilities

| | (Millions of yen) | | |
|--------------------------------------|-------------------|--------------------|--------------------|
| | March 31, 2023 | September 30, 2023 | Change |
| Interest-bearing debt | 5,129,047 | 5,751,350 | 622,303 |
| Lease liabilities | 184,105 | 161,152 | (22,953) |
| Deposits for banking business | 1,472,260 | 1,552,052 | 79,792 |
| Trade and other payables | 2,416,872 | 2,343,456 | (73,416) |
| Derivative financial liabilities | 82,612 | 90,810 | 8,198 |
| Other financial liabilities | 180,191 | 271,040 | 90,849 A |
| Income taxes payable | 367,367 | 192,669 | (174,698) B |
| Provisions | 72,350 | 62,251 | (10,099) |
| Other current liabilities | 675,920 | 614,779 | (61,141) |
| Total current liabilities | 10,580,724 | 11,039,559 | 458,835 |
| Interest-bearing debt | 14,349,147 | 14,817,780 | 468,633 |
| Lease liabilities | 652,892 | 663,444 | 10,552 |
| Third-party interests in SVF | 4,499,369 | 5,022,811 | 523,442 C |
| Derivative financial liabilities | 899,351 | 426,493 | (472,858) D |
| Other financial liabilities | 58,545 | 44,125 | (14,420) |
| Provisions | 163,627 | 169,349 | 5,722 |
| Deferred tax liabilities | 1,828,557 | 1,849,468 | 20,911 |
| Other non-current liabilities | 254,941 | 305,744 | 50,803 |
| Total non-current liabilities | 22,706,429 | 23,299,214 | 592,785 |
| Total liabilities | 33,287,153 | 34,338,773 | 1,051,620 |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|--|---|
| *See “Reference” on the following page for a breakdown of interest-bearing debt. | |
| <u>Current liabilities</u> | |
| A Other financial liabilities | Allowance related to credit support provided by SVF2 for a letter of credit facility to WeWork from certain financial institutions (allowance for financial guarantee contract losses) increased by ¥57,509 million. |
| B Income taxes payable | SBG paid income taxes during the first quarter. This payment was accrued in the previous fiscal year based on taxable income, including gains on the sale of Alibaba shares to subsidiaries conducting fund procurement, which was carried out in relation to the early physical settlement of prepaid forward contracts using Alibaba shares. |
| <u>Non-current liabilities</u> | |
| C Third-party interests in SVF | The carrying amount increased due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. For details, see “(2) Third-party interests in SVF” under “3. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.” |
| D Derivative financial liabilities | Derivative financial liabilities related to prepaid forward contracts using Alibaba shares decreased by ¥408,991 million mainly due to a fall in its share price. |

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

| | (Millions of yen) | | |
|--|-------------------|--------------------|--------------------|
| | March 31, 2023 | September 30, 2023 | Change |
| SBG and wholly owned subsidiaries | | | |
| conducting fund procurement, etc. | 12,635,554 | 14,279,682 | 1,644,128 |
| SBG | 6,306,590 | 6,611,881 | 305,291 |
| Borrowings | 381,851 | 459,947 | 78,096 A |
| Corporate bonds | 5,753,022 | 5,958,396 | 205,374 B |
| Lease liabilities | 10,717 | 10,038 | (679) |
| Commercial paper | 161,000 | 183,500 | 22,500 |
| Wholly owned subsidiaries conducting fund procurement^{*1} | 6,328,964 | 7,667,780 | 1,338,816 |
| Borrowings | 2,065,361 | 2,239,479 | 174,118 C |
| Financial liabilities relating to sale of shares by prepaid forward contracts | 4,263,603 | 5,428,301 | 1,164,698 D |
| SB Northstar | - | 21 | 21 |
| Borrowings | - | 21 | 21 |
| SoftBank Vision Funds segment | | | |
| SVF1 | 552,681 | - | (552,681) |
| Borrowings | 552,681 | - | (552,681) E |
| SVF2 | 770,004 | 542,213 | (227,791) |
| Borrowings | 770,004 | 542,213 | (227,791) E |
| SBIA, SBLA Advisers Corp. | 14,873 | 16,184 | 1,311 |
| Lease liabilities | 14,873 | 16,184 | 1,311 |
| SoftBank segment | | | |
| SoftBank Corp. | 4,149,812 | 4,415,566 | 265,754 |
| Borrowings | 3,080,878 | 3,020,625 | (60,253) |
| Corporate bonds | 578,684 | 688,404 | 109,720 |
| Lease liabilities | 490,249 | 475,536 | (14,713) |
| Commercial paper | 1 | 231,001 | 231,000 |
| Z Holdings Corporation^{*2} | 1,064,457 | 1,031,846 | (32,611) |
| Borrowings | 485,470 | 532,711 | 47,241 |
| Corporate bonds | 578,987 | 499,135 | (79,852) |
| PayPay Corporation, PayPay Bank Corporation,^{*3} PayPay Card Corporation | 396,075 | 365,981 | (30,094) |
| Yahoo Japan Corporation^{*2} | 111,386 | 110,090 | (1,296) |
| Other | 412,961 | 402,497 | (10,464) |
| Others | | | |
| Other interest-bearing debt | 130,014 | 162,093 | 32,079 |
| Lease liabilities | 77,374 | 67,574 | (9,800) |
| Total | 20,315,191 | 21,393,726 | 1,078,535 |

Notes:

- The interest-bearing debt of wholly owned subsidiaries engaged in fund procurement is non-recourse to SBG.
- As of October 1, 2023, Z Holdings Corporation completed the group reorganization including the merger primarily involving the three companies: the company itself, LINE Corporation, and Yahoo Japan Corporation, and changed its trade name to LY Corporation.
- Deposits for banking business of PayPay Bank Corporation are not included in interest-bearing debt.

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

| Components | Details |
|------------|---------|
|------------|---------|

SBG and wholly owned subsidiaries conducting fund procurement, etc.
SBG

| | |
|--------------------------|--|
| A Borrowings | ¥53.1 billion was borrowed through a hybrid loan in the first quarter. |
| B Corporate bonds | <ul style="list-style-type: none"> · Domestic hybrid bonds with a face value of ¥222.0 billion were issued in the first quarter. · Foreign currency-denominated senior notes with face values of \$0.16 billion and 0.63 billion euros and domestic straight bonds with a face value of ¥19.5 billion were redeemed upon maturity in the first quarter. · Domestic hybrid bonds with a face value of ¥15.4 billion were early redeemed in the second quarter. · Foreign currency-denominated senior notes with face values of \$0.10 billion and 0.07 billion euros, as well as domestic straight bonds with a face value of ¥2.1 billion and domestic subordinated bonds with a face value of ¥20.9 billion, were repurchased from the market. · The carrying amount of foreign currency-denominated straight bonds increased due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. |

Wholly owned subsidiaries conducting fund procurement

| | |
|--|--|
| C Borrowings | Borrowings of \$8.50 billion (balance at the second quarter-end: ¥1,126.6 billion) made through asset-backed finance using Arm shares were repaid prior to the IPO of Arm in September 2023. Subsequently, after the IPO, borrowings of \$8.50 billion were newly made again through a margin loan using Arm shares (balance at the second quarter-end: ¥1,259.8 billion). For details, see “(1) Components of interest-bearing debt” under “4. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.” |
| D Financial liabilities relating to sale of shares by prepaid forward contracts | <ul style="list-style-type: none"> · \$4.39 billion was raised in the first quarter by concluding prepaid forward contracts (forward contracts) using Alibaba shares. For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “4. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.” · The carrying amount increased due to a 12.0% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. |

SoftBank Vision Funds segment
SVF1 and SVF2

| | |
|---------------------|--|
| E Borrowings | <ul style="list-style-type: none"> · SVF1 fully repaid \$4.16 billion in borrowings made through asset-backed financing. · SVF2 repaid \$2.16 billion in borrowings made through asset-backed financing. |
|---------------------|--|

(c) Equity

| | March 31, 2023 | September 30, 2023 | (Millions of yen) Change |
|---|-------------------|--------------------|-----------------------------|
| Common stock | 238,772 | 238,772 | - |
| Capital surplus | 2,652,790 | 3,319,485 | 666,695 A |
| Other equity instruments | 414,055 | 193,199 | (220,856) B |
| Retained earnings | 2,006,238 | 491,609 | (1,514,629) C |
| Treasury stock | (38,791) | (23,895) | 14,896 |
| Accumulated other comprehensive income | 3,756,785 | 5,543,616 | 1,786,831 D |
| Total equity attributable to owners of the parent | 9,029,849 | 9,762,787 | 732,938 |
| Non-controlling interests | 1,619,366 | 1,908,482 | 289,116 E |
| Total equity | 10,649,215 | 11,671,269 | 1,022,054 |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|---|---|
| A Capital surplus | In the second quarter, ¥674,370 million (\$4.65 billion) was recorded as the amount equivalent to the gain on the sale of Arm shares upon IPO. For details of the transaction, see “INTRA-GROUP TRANSACTION OF ARM SHARES AND IPO OF ARM” under “(1) Overview of Results of Operations.” |
| B Other equity instruments | In the second quarter, the Company redeemed USD-denominated NC6 undated hybrid notes (\$2.00 billion) on the first voluntary call date. The notes were classified as equity instruments under IFRSs. |
| C Retained earnings | Net loss attributable to owners of the parent of ¥1,408,727 million was recorded. |
| D Accumulated other comprehensive income | Exchange differences from the translation of foreign operations, which arose from translating foreign subsidiaries and associates into yen, increased by ¥1,784,638 million mainly due to the weaker yen against the U.S. dollar in the foreign currency exchange rate used for translations. |
| E Non-controlling interests | At the second quarter-end following its IPO, the amount of non-controlling interests in Arm was ¥170,771 million. |

(3) Overview of Cash Flows

1. Cash flows from operating activities

- ◆ Income taxes paid: ¥506.2 billion

2. Cash flows from investing activities: ¥767.4 billion cash outflow (net)

- ◆ Payments of ¥547.8 billion were made for the acquisition of investments, mainly due to the expansion of strategic investments by SBG and its wholly owned subsidiaries, as well as increase in investments in bonds and other asset management products by SBG and PayPay Bank.
- ◆ Monetization and investments continued at SVF
 - Payments for acquisition of investments by SVF: ¥187.3 billion
 - Proceeds from sales of investments by SVF: ¥279.3 billion
- ◆ Proceeds from loss of control over subsidiaries of ¥96.3 billion were recorded mainly as a result of selling 85% of the shares of SB Energy, formerly a wholly owned subsidiary of the Company.
- ◆ Outlays of ¥361.0 billion for the purchase of property, plant and equipment and intangible assets due to capital expenditure mainly at SoftBank

3. Cash flows from financing activities: ¥12.7 billion cash outflow (net)

- ◆ The Company received proceeds from the disposal of Arm shares and conducted financing through prepaid forward contracts using Alibaba shares, while repaying borrowings made by SVF through asset-backed finance
 - Proceeds from interest-bearing debt: ¥3,783.7 billion
 - Main proceeds at SBG: ¥537.7 billion
(from issuance of domestic hybrid bonds with a face value of ¥222.0 billion, short-term borrowings of ¥262.6 billion, and a hybrid loan of ¥53.1 billion)
 - Proceeds at wholly owned subsidiaries conducting fund procurement: ¥1,841.9 billion
(\$8.50 billion through margin loan using listed Arm shares, \$4.39 billion through prepaid forward contracts using Alibaba shares)
 - Repayment of interest-bearing debt: ¥4,023.3 billion
 - Main outlays at SBG (redemption of bonds and repayment of short-term borrowings): ¥416.5 billion
 - Outlays at wholly owned subsidiaries conducting fund procurement: ¥1,236.2 billion
(for repayment of asset-backed finance using Arm shares of \$8.50 billion)
 - Outlays at SVF: ¥918.0 billion
(for repayment of borrowings totaling \$6.32 billion made through asset-backed finance at SVF1 and SVF2)
 - Distributions and repayments to third-party investors at SVF: ¥240.0 billion
 - Proceeds from the partial sales of shares of subsidiaries to non-controlling interests: ¥745.1 billion
 - Proceeds of \$5.12 billion from the disposal of Arm shares at its IPO
 - Payment for redemption of other equity instruments: ¥277.8 billion
 - Redemption of USD-denominated NC6 undated hybrid notes of \$2.00 billion

4. Balance of cash and cash equivalents at the second quarter-end and its changes

- ◆ The balance of cash and cash equivalents stood at ¥6,707.8 billion at the second quarter-end, a decrease of ¥217.3 billion from the previous fiscal year-end, as a result of cash flows from operating, investing, and financing activities, as well as the effect of exchange rate changes on cash and cash equivalents of ¥473.9 billion reflecting the weaker yen.

| | (Millions of yen) | | |
|--|-------------------------------|------------------|-------------|
| | Six months ended September 30 | | Change |
| | 2022 | 2023 | |
| Cash flows from operating activities | 555,520 | 88,767 | (466,753) |
| Cash flows from investing activities | 271,294 | (767,376) | (1,038,670) |
| Cash flows from financing activities | (578,328) | (12,667) | 565,661 |
| Effect of exchange rate changes on cash and cash equivalents | 468,675 | 473,936 | 5,261 |
| Increase (decrease) in cash and cash equivalents | 717,161 | (217,340) | (934,501) |
| Cash and cash equivalents at the beginning of the period | 5,169,001 | 6,925,153 | 1,756,152 |
| Cash and cash equivalents at the end of the period | 5,886,162 | 6,707,813 | 821,651 |

(a) Cash Flows from Operating Activities

Cash flows from operating activities resulted in a net inflow of ¥88,767 million. The decrease in net inflow of ¥466,753 million from the same period of the previous fiscal year was mainly due to an increase in income taxes paid from ¥254,761 million to ¥506,154 million.

The increase in the amount of income taxes paid was mainly due to the payment of ¥238,221 million in income taxes by SBG. This was primarily due to the payment in the first quarter of income taxes on taxable income for the previous fiscal year arising in conjunction with the physical settlement of the prepaid forward contracts using Alibaba shares.

(b) Cash Flows from Investing Activities

Primary components

| Components | Primary details |
|--|--|
| Payments for acquisition of investments ¥(547,838) million | <ul style="list-style-type: none"> · SBG and its wholly owned subsidiaries acquired mainly strategic investments for ¥248,014 million. · SBG acquired U.S. Treasury Bonds with a face value totaling \$0.40 billion. · PayPay Bank Corporation acquired bonds and other asset management products for ¥185,812 million. |
| Payments for acquisition of investments by SVF ¥(187,324) million | SVF invested \$1.33 billion in total. |
| Proceeds from sales of investments by SVF ¥279,288 million | SVF sold investments for a total of \$1.97 billion. |
| Proceeds from loss of control over subsidiaries ¥96,333 million | Mainly from the sale of 85% of the shares of SB Energy Corp., formerly a wholly owned subsidiary of the Company. |
| Purchase of property, plant and equipment, and intangible assets ¥(361,042) million | SoftBank Corp. purchased property, plant and equipment, such as telecommunications equipment, and intangible assets, such as software. |

(c) Cash Flows from Financing Activities

Primary components

| Components | Primary details |
|--|---|
| Proceeds in short-term interest-bearing debt, net ¥286,684 million ^{*1} (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities) | <ul style="list-style-type: none"> · Short-term borrowings and commercial paper increased by ¥344,916 million (net) at SoftBank Corp. · Short-term borrowings and commercial paper decreased by ¥85,999 million (net) at Z Holdings Corporation and its subsidiaries. |
| Proceeds from interest-bearing debt (total of A through C below) ¥3,783,673 million | |
| A Proceeds from borrowings ¥2,836,046 million ^{*2} | <ul style="list-style-type: none"> · SBG made short-term borrowings of ¥262,646 million and procured ¥53,100 million through a hybrid loan. · A wholly owned subsidiary conducting fund procurement raised a total of ¥1,236,240 million (\$8.50 billion) through a margin loan using listed Arm shares. · SoftBank Corp. procured ¥418,879 million mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. The company also issued commercial paper for ¥178,000 million. · A subsidiary of LINE Corporation made short-term borrowings of ¥339,700 million associated with an increase in demand for personal unsecured loan services. |
| B Proceeds from issuance of corporate bonds ¥342,000 million | <ul style="list-style-type: none"> · SBG issued domestic hybrid bonds totaling ¥222,000 million. · SoftBank Corp. issued domestic straight bonds totaling ¥120,000 million. |
| C Proceeds from procurement by prepaid forward contracts using shares ¥605,627 million | Wholly owned subsidiaries conducting fund procurement raised a total of \$4.39 billion through prepaid forward contracts (forward contracts) using Alibaba shares. |
| Repayment of interest-bearing debt ¥(4,023,265) million | |
| A Repayment of borrowings ¥(3,750,012) million ^{*2} | <ul style="list-style-type: none"> · SBG repaid short-term borrowings of ¥235,840 million. · A wholly owned subsidiary conducting fund procurement repaid borrowings of ¥1,236,240 million (\$8.50 billion) made through asset-backed finance using Arm shares. · SVF1 and SVF2 repaid ¥604,823 million (\$4.16 billion) and ¥313,158 million (\$2.16 billion), respectively, in borrowings made through asset-backed finance. · SoftBank Corp. repaid ¥702,515 million in borrowings made mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. It also redeemed ¥71,000 million in commercial paper. · A subsidiary of LINE Corporation repaid short-term borrowings of ¥328,800 million made in association with an increase in demand for personal unsecured loan services. |

| Components | Primary details |
|--|---|
| B Redemption of corporate bonds ¥(270,708) million | SBG repurchased foreign currency-denominated senior notes of \$0.10 billion and 0.07 billion euros, domestic straight bonds of ¥2,100 million, and domestic subordinated bonds of ¥20,900 million and redeemed foreign currency-denominated senior notes of \$0.16 billion and 0.63 billion euros and domestic straight bonds of ¥19,500 million upon maturity, and early redeemed domestic hybrid bonds of ¥15,400 million. <ul style="list-style-type: none"> · SoftBank Corp. redeemed domestic straight bonds of ¥10,000 million upon maturity. · Z Holdings Corporation redeemed domestic straight bonds of ¥80,000 million upon maturity. All of the above amounts are face values. |
| Distribution/repayment from SVF to third-party investors ¥(239,971) million | SVF1 made distributions to third-party investors. |
| Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥745,082 million | The Company received the proceeds of \$5.12 billion from the disposal of Arm shares at its IPO. |
| Redemption of other equity instruments ¥(277,760) million | The Company redeemed USD-denominated NC6 undated hybrid notes with a face value of \$2.00 billion. These notes were classified as equity instruments under IFRSs. The effects arising from forward exchange contracts are recorded in “Other” under cash flows from financing activities. |
| Cash dividends paid ¥(32,144) million | SBG paid dividends. |
| Cash dividends paid to non-controlling interests ¥(144,092) million | SoftBank Corp., Z Holdings Corporation, and other subsidiaries paid dividends to non-controlling interests. |

 Notes:

1. “Proceeds in short-term interest-bearing debt, net” represents cash flows from financing activities that meet the requirement of “Reporting cash flows on a net basis” under IFRSs.
2. “Proceeds from borrowings” and “Repayment of borrowings” include proceeds of ¥972,402 million and outlays of ¥844,323 million related to borrowings with a contracted term of one year or less.

(4) Forecasts

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

Notes to “1. Results of Operations”

- 1 Includes share exchanges and disposals as a result of restructuring of portfolio companies
- 2 Interest expenses of SBG include interest expenses of its wholly owned subsidiaries conducting fund procurement.
- 3 Until Alibaba was excluded from the associates of the Company in the second quarter of the previous fiscal year, the Company had applied the equity method to Alibaba’s consolidated financial statements for the reporting periods staggered by the previous three months because it was impracticable to align the reporting periods with Alibaba due to various factors, such as contracts with Alibaba. Necessary adjustments were made to reflect significant transactions and events announced by Alibaba during the staggered three-month period.
- 4 After deducting transaction fees, etc.
- 5 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 6 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for six months ended June 30, 2023, as reported by licensees in the royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the royalty unit analysis in this report is based on chips shipped for six months ended June 30, 2023. In contrast, royalty revenues are accrued in the same quarter the chips are shipped based on estimates. Royalty unit data for 2022 has been restated based on updated information received from its licensees in the first quarter.
- 7 Counterpoint Technology Market Research, August 2023

2. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

| Company names / Abbreviations | Definition |
|---|---|
| SoftBank Group Corp. | SoftBank Group Corp. (stand-alone basis) |
| The Company | SoftBank Group Corp. and its subsidiaries |
| * Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any. | |
| SB Northstar or the asset management subsidiary | SB Northstar LP |
| SVF1 | SoftBank Vision Fund L.P. and its alternative investment vehicles |
| SVF2 | SoftBank Vision Fund II-2 L.P. |
| SVF2 LLC | SVF II Investment Holdings LLC |
| LatAm Funds | SBLA Latin America Fund LLC |
| SLA LLC | SLA Holdco II LLC |
| SVF | SVF1, SVF2, and LatAm Funds |
| SBIA | SB Investment Advisers (UK) Limited |
| SBGA | SB Global Advisers Limited |
| Arm | Arm Holdings plc or Arm Limited* |
| Fortress | Fortress Investment Group LLC |
| Alibaba | Alibaba Group Holding Limited |
| WeWork | WeWork Inc. |
| MgmtCo | MASA USA LLC |

Note:

* A corporate reorganization was undertaken in August 2023, pursuant to which Arm Holdings Limited, a former subsidiary of Arm Limited, acquired all the issued ordinary shares of Arm Limited, thereby making it a wholly-owned subsidiary. Subsequently, Arm Holdings Limited changed its name to Arm Holdings plc and was listed on the Nasdaq Global Select Market through an initial public offering on September 14, 2023.

(1) Condensed Interim Consolidated Statement of Financial Position

| | (Millions of yen) | |
|---|--------------------------|-----------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 6,925,153 | 6,707,813 |
| Trade and other receivables | 2,594,736 | 2,664,550 |
| Derivative financial assets | 249,414 | 387,945 |
| Other financial assets | 371,313 | 447,731 |
| Inventories | 163,781 | 169,519 |
| Other current assets | 282,085 | 425,706 |
| Total current assets | <u>10,586,482</u> | <u>10,803,264</u> |
| Non-current assets | | |
| Property, plant and equipment | 1,781,142 | 1,829,310 |
| Right-of-use assets | 858,577 | 824,107 |
| Goodwill | 5,199,480 | 5,601,576 |
| Intangible assets | 2,409,641 | 2,460,450 |
| Costs to obtain contracts | 332,856 | 333,525 |
| Investments accounted for using the equity method | 730,440 | 879,331 |
| Investments from SVF (FVTPL) | 10,489,722 | 11,082,392 |
| Investment securities | 7,706,501 | 8,139,078 |
| Derivative financial assets | 1,170,845 | 1,313,674 |
| Other financial assets | 2,303,620 | 2,336,439 |
| Deferred tax assets | 210,823 | 234,495 |
| Other non-current assets | 156,239 | 172,401 |
| Total non-current assets | <u>33,349,886</u> | <u>35,206,778</u> |
| Total assets | <u><u>43,936,368</u></u> | <u><u>46,010,042</u></u> |

| | (Millions of yen) | |
|--|--------------------------|-----------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Liabilities and equity | | |
| Current liabilities | | |
| Interest-bearing debt | 5,129,047 | 5,751,350 |
| Lease liabilities | 184,105 | 161,152 |
| Deposits for banking business | 1,472,260 | 1,552,052 |
| Trade and other payables | 2,416,872 | 2,343,456 |
| Derivative financial liabilities | 82,612 | 90,810 |
| Other financial liabilities | 180,191 | 271,040 |
| Income taxes payable | 367,367 | 192,669 |
| Provisions | 72,350 | 62,251 |
| Other current liabilities | 675,920 | 614,779 |
| Total current liabilities | <u>10,580,724</u> | <u>11,039,559</u> |
| Non-current liabilities | | |
| Interest-bearing debt | 14,349,147 | 14,817,780 |
| Lease liabilities | 652,892 | 663,444 |
| Third-party interests in SVF | 4,499,369 | 5,022,811 |
| Derivative financial liabilities | 899,351 | 426,493 |
| Other financial liabilities | 58,545 | 44,125 |
| Provisions | 163,627 | 169,349 |
| Deferred tax liabilities | 1,828,557 | 1,849,468 |
| Other non-current liabilities | 254,941 | 305,744 |
| Total non-current liabilities | <u>22,706,429</u> | <u>23,299,214</u> |
| Total liabilities | <u>33,287,153</u> | <u>34,338,773</u> |
| Equity | | |
| Equity attributable to owners of the parent | | |
| Common stock | 238,772 | 238,772 |
| Capital surplus | 2,652,790 | 3,319,486 |
| Other equity instruments | 414,055 | 193,199 |
| Retained earnings | 2,006,238 | 491,609 |
| Treasury stock | (38,791) | (23,895) |
| Accumulated other comprehensive income | 3,756,785 | 5,543,616 |
| Total equity attributable to owners of the parent | <u>9,029,849</u> | <u>9,762,787</u> |
| Non-controlling interests | <u>1,619,366</u> | <u>1,908,482</u> |
| Total equity | <u>10,649,215</u> | <u>11,671,269</u> |
| Total liabilities and equity | <u><u>43,936,368</u></u> | <u><u>46,010,042</u></u> |

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

For the six-month period ended September 30

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
|---|--|--|
| Net sales | 3,182,477 | 3,227,060 |
| Cost of sales | (1,461,148) | (1,494,743) |
| Gross profit | 1,721,329 | 1,732,317 |
| Gain on investments | | |
| Gain (loss) on investments at Investment Business of Holding Companies | 3,524,655 | (413,530) |
| Loss on investments at SoftBank Vision Funds | (4,353,542) | (583,282) |
| Gain (loss) on other investments | (20,711) | 33,257 |
| Total gain on investments | (849,598) | (963,555) |
| Selling, general and administrative expenses | (1,254,340) | (1,354,072) |
| Finance cost | (314,217) | (295,184) |
| Foreign exchange loss | (1,095,426) | (648,086) |
| Loss on equity method investments | (54,870) | (34,620) |
| Derivative gain (excluding gain (loss) on investments) | 1,029,780 | 701,718 |
| Change in third-party interests in SVF | 1,018,741 | (226,265) |
| Other gain | 91,237 | 180,322 |
| Income before income tax | 292,636 | (907,425) |
| Income taxes | (306,198) | (197,728) |
| Net income | (13,562) | (1,105,153) |
| Net income attributable to | | |
| Owners of the parent | (129,098) | (1,408,727) |
| Non-controlling interests | 115,536 | 303,574 |
| Net income | (13,562) | (1,105,153) |
| Earnings per share | | |
| Basic earnings per share (Yen) | (93.65) | (971.65) |
| Diluted earnings per share (Yen) | (95.14) | (974.03) |

Condensed Interim Consolidated Statement of Comprehensive Income

| | (Millions of yen) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Net income | (13,562) | (1,105,153) |
| Other comprehensive income, net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Equity financial assets at FVTOCI | 16,033 | 10,059 |
| Total items that will not be reclassified to profit or loss | 16,033 | 10,059 |
| Items that may be reclassified subsequently to profit or loss | | |
| Debt financial assets at FVTOCI | (936) | (1,220) |
| Cash flow hedges | (72,777) | (4,755) |
| Exchange differences on translating foreign operations | 2,511,285 | 1,775,444 |
| Share of other comprehensive income of associates | 101,162 | (5,216) |
| Total items that may be reclassified subsequently to profit or loss | 2,538,734 | 1,764,253 |
| Total other comprehensive income, net of tax | 2,554,767 | 1,774,312 |
| Total comprehensive income | 2,541,205 | 669,159 |
| Total comprehensive income attributable to | | |
| Owners of the parent | 2,452,050 | 377,178 |
| Non-controlling interests | 89,155 | 291,981 |
| Total comprehensive income | 2,541,205 | 669,159 |

For the three-month period ended September 30

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

| | Three-month period ended September 30, 2022 | Three-month period ended September 30, 2023 |
|---|--|--|
| Net sales | 1,610,447 | 1,669,553 |
| Cost of sales | (772,909) | (769,311) |
| Gross profit | 837,538 | 900,242 |
| Gain on investments | | |
| Gain on investments at Investment Business of Holding Companies | 3,413,432 | 276,167 |
| Loss on investments at SoftBank Vision Funds | (1,434,412) | (570,239) |
| Gain on other investments | 5,822 | 29,474 |
| Total gain on investments | 1,984,842 | (264,598) |
| Selling, general and administrative expenses | (627,827) | (705,992) |
| Finance cost | (200,078) | (155,583) |
| Foreign exchange loss | (275,457) | (183,444) |
| Income (loss) on equity method investments | 103,500 | (16,301) |
| Derivative gain (loss) (excluding gain (loss) on investments) | 1,289,030 | (147,911) |
| Change in third-party interests in SVF | 387,374 | (168,184) |
| Other gain | 86,169 | 10,540 |
| Income before income tax | 3,585,091 | (731,231) |
| Income taxes | (502,332) | (57,728) |
| Net income | 3,082,759 | (788,959) |
| Net income attributable to | | |
| Owners of the parent | 3,033,602 | (931,111) |
| Non-controlling interests | 49,157 | 142,152 |
| Net income | 3,082,759 | (788,959) |
| Earnings per share | | |
| Basic earnings per share (Yen) | 1,915.60 | (638.70) |
| Diluted earnings per share (Yen) | 1,912.05 | (639.90) |

Condensed Interim Consolidated Statement of Comprehensive Income

| | (Millions of yen) | |
|--|--|--|
| | Three-month period ended September 30, 2022 | Three-month period ended September 30, 2023 |
| Net income | 3,082,759 | (788,959) |
| Other comprehensive income, net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Equity financial assets at FVTOCI | 6,540 | 1,753 |
| Total items that will not be reclassified to profit or loss | 6,540 | 1,753 |
| Items that may be reclassified subsequently to profit or loss | | |
| Debt financial assets at FVTOCI | (432) | (1,488) |
| Cash flow hedges | (38,728) | 1,052 |
| Exchange differences on translating foreign operations | 418,301 | 522,600 |
| Share of other comprehensive income of associates | 115,917 | (1,660) |
| Total items that may be reclassified subsequently to profit or loss | 495,058 | 520,504 |
| Total other comprehensive income, net of tax | 501,598 | 522,257 |
| Total comprehensive income | 3,584,357 | (266,702) |
| Total comprehensive income attributable to | | |
| Owners of the parent | 3,546,846 | (402,575) |
| Non-controlling interests | 37,511 | 135,873 |
| Total comprehensive income | 3,584,357 | (266,702) |

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 30, 2022

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | | Total |
|---|---|------------------|--------------------------|-------------------|------------------|--|-------------------|
| | Common stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Accumulated other comprehensive income | |
| As of April 1, 2022 | 238,772 | 2,634,574 | 496,876 | 4,515,704 | (406,410) | 2,496,158 | 9,975,674 |
| Comprehensive income | | | | | | | |
| Net income | - | - | - | (129,098) | - | - | (129,098) |
| Other comprehensive income | - | - | - | - | - | 2,581,148 | 2,581,148 |
| Total comprehensive income | - | - | - | (129,098) | - | 2,581,148 | 2,452,050 |
| Transactions with owners and other transactions | | | | | | | |
| Cash dividends | - | - | - | (36,229) | - | - | (36,229) |
| Distribution to owners of other equity instruments | - | - | - | (19,723) | - | - | (19,723) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | 1,934 | - | (1,934) | - |
| Purchase and disposal of treasury stock | - | - | - | (953) | (518,276) | - | (519,229) |
| Changes from loss of control | - | - | - | - | - | - | - |
| Changes in interests in subsidiaries | - | 3,461 | - | - | - | - | 3,461 |
| Changes in associates' interests in their subsidiaries | - | (5,845) | - | - | - | - | (5,845) |
| Changes in interests in associates' capital surplus | - | 21,223 | - | - | - | - | 21,223 |
| Share-based payment transactions | - | 425 | - | - | - | - | 425 |
| Other | - | - | - | - | - | - | - |
| Total transactions with owners and other transactions | - | 19,264 | - | (54,971) | (518,276) | (1,934) | (555,917) |
| As of September 30, 2022 | <u>238,772</u> | <u>2,653,838</u> | <u>496,876</u> | <u>4,331,635</u> | <u>(924,686)</u> | <u>5,075,372</u> | <u>11,871,807</u> |

(Millions of yen)

| | Non- controlling interests | Total equity |
|---|----------------------------------|--------------|
| As of April 1, 2022 | 1,732,088 | 11,707,762 |
| Comprehensive income | | |
| Net income | 115,536 | (13,562) |
| Other comprehensive income | (26,381) | 2,554,767 |
| Total comprehensive income | 89,155 | 2,541,205 |
| Transactions with owners and other transactions | | |
| Cash dividends | (162,040) | (198,269) |
| Distribution to owners of other equity instruments | - | (19,723) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - |
| Purchase and disposal of treasury stock | - | (519,229) |
| Changes from loss of control | (5,429) | (5,429) |
| Changes in interests in subsidiaries | 17,125 | 20,586 |
| Changes in associates' interests in their subsidiaries | - | (5,845) |
| Changes in interests in associates' capital surplus | - | 21,223 |
| Share-based payment transactions | 23,166 | 23,591 |
| Other | (46,263) | (46,263) |
| Total transactions with owners and other transactions | (173,441) | (729,358) |
| As of September 30, 2022 | 1,647,802 | 13,519,609 |

For the six-month period ended September 30, 2023

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | | Total |
|---|---|-----------------|--------------------------|-------------------|----------------|--|-------------|
| | Common stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Accumulated other comprehensive income | |
| As of April 1, 2023 | 238,772 | 2,652,790 | 414,055 | 2,006,238 | (38,791) | 3,756,785 | 9,029,849 |
| Comprehensive income | | | | | | | |
| Net income | - | - | - | (1,408,727) | - | - | (1,408,727) |
| Other comprehensive income | - | - | - | - | - | 1,785,905 | 1,785,905 |
| Total comprehensive income | - | - | - | (1,408,727) | - | 1,785,905 | 377,178 |
| Transactions with owners and other transactions | | | | | | | |
| Cash dividends | - | - | - | (32,187) | - | - | (32,187) |
| Distribution to owners of other equity instruments | - | - | - | (16,708) | - | - | (16,708) |
| Redemption and cancellation of other equity instruments | - | (823) | (220,856) | (56,081) | - | - | (277,760) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | (926) | - | 926 | - |
| Purchase and disposal of treasury stock | - | 823 | - | - | 14,896 | - | 15,719 |
| Changes from loss of control | - | - | - | - | - | - | - |
| Changes in interests in subsidiaries | - | 673,405 | - | - | - | - | 673,405 |
| Changes in interests in associates' capital surplus | - | (91) | - | - | - | - | (91) |
| Share-based payment transactions | - | (6,618) | - | - | - | - | (6,618) |
| Other | - | - | - | - | - | - | - |
| Total transactions with owners and other transactions | - | 666,696 | (220,856) | (105,902) | 14,896 | 926 | 355,760 |
| As of September 30, 2023 | 238,772 | 3,319,486 | 193,199 | 491,609 | (23,895) | 5,543,616 | 9,762,787 |

(Millions of yen)

| | Non- controlling interests | Total equity |
|---|----------------------------------|--------------|
| As of April 1, 2023 | 1,619,366 | 10,649,215 |
| Comprehensive income | | |
| Net income | 303,574 | (1,105,153) |
| Other comprehensive income | (11,593) | 1,774,312 |
| Total comprehensive income | 291,981 | 669,159 |
| Transactions with owners and other transactions | | |
| Cash dividends | (145,267) | (177,454) |
| Distribution to owners of other equity instruments | - | (16,708) |
| Redemption and cancellation of other equity instruments | - | (277,760) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - |
| Purchase and disposal of treasury stock | - | 15,719 |
| Changes from loss of control | (5,216) | (5,216) |
| Changes in interests in subsidiaries | 81,160 | 754,565 |
| Changes in interests in associates' capital surplus | - | (91) |
| Share-based payment transactions | 63,384 | 56,766 |
| Other | 3,074 | 3,074 |
| Total transactions with owners and other transactions | (2,865) | 352,895 |
| As of September 30, 2023 | 1,908,482 | 11,671,269 |

(4) Condensed Interim Consolidated Statement of Cash Flows

| | (Millions of yen) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Cash flows from operating activities | | |
| Net income | (13,562) | (1,105,153) |
| Depreciation and amortization | 436,688 | 421,554 |
| (Gain) loss on investments at Investment Business of Holding Companies | (3,589,869) | 392,379 |
| Loss on investments at SoftBank Vision Funds | 4,353,542 | 583,282 |
| Finance cost | 314,217 | 295,184 |
| Foreign exchange loss | 1,095,426 | 648,086 |
| Loss on equity method investments | 54,870 | 34,620 |
| Derivative gain (excluding (gain) loss on investments) | (1,029,780) | (701,718) |
| Change in third-party interests in SVF | (1,018,741) | 226,265 |
| Loss (gain) on other investments and other gain | (70,526) | (213,579) |
| Income taxes | 306,198 | 197,728 |
| Decrease in investments from asset management subsidiaries | 114,993 | 19,764 |
| Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries | 49,806 | (238) |
| Decrease (increase) in restricted cash in asset management subsidiaries | 138,915 | (14,595) |
| (Decrease) increase in borrowed securities in asset management subsidiaries | (131,796) | 7,223 |
| Increase in trade and other receivables | (119,346) | (119,623) |
| Increase in inventories | (31,535) | (3,493) |
| (Decrease) increase in trade and other payables | (19,626) | 24,883 |
| Other | 35,927 | (78,404) |
| Subtotal | 875,801 | 614,165 |
| Interest and dividends received | 35,482 | 144,548 |
| Interest paid | (209,947) | (231,216) |
| Income taxes paid | (254,761) | (506,154) |
| Income taxes refunded | 108,945 | 67,424 |
| Net cash provided by operating activities | 555,520 | 88,767 |

| | (Millions of yen) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Cash flows from investing activities | | |
| Payments for acquisition of investments | (173,800) | (547,838) |
| Proceeds from sales/redemption of investments | 521,036 | 84,929 |
| Payments for acquisition of investments by SVF | (336,731) | (187,324) |
| Proceeds from sales of investments by SVF | 454,386 | 279,288 |
| Payments for acquisition of investments by asset management subsidiaries | - | (76,877) |
| Proceeds from loss of control over subsidiaries | - | 96,333 |
| Payments for acquisition of marketable securities for short-term trading | (41,541) | (31,212) |
| Proceeds from sales/redemption of marketable securities for short-term trading | 47,513 | 41,164 |
| Purchase of property, plant and equipment, and intangible assets | (342,658) | (361,042) |
| Payments for loan receivables | (12,964) | (68,728) |
| Collection of loan receivables | 68,992 | 75,594 |
| Other | 87,061 | (71,663) |
| Net cash provided by (used in) provided by investing activities | 271,294 | (767,376) |
| Cash flows from financing activities | | |
| Proceeds in short-term interest-bearing debt, net | 10,207 | 286,684 |
| Proceeds from interest-bearing debt | 4,597,463 | 3,783,673 |
| Repayment of interest-bearing debt | (3,955,916) | (4,023,265) |
| Repayment of lease liabilities | (140,144) | (115,010) |
| Contributions into SVF from third-party investors | 7,712 | - |
| Distribution/repayment from SVF to third-party investors | (347,747) | (239,971) |
| Proceeds from the partial sales of shares of subsidiaries to non-controlling interests | - | 745,082 |
| Redemption of other equity instruments | - | (277,760) |
| Distribution to owners of other equity instruments | (19,742) | (16,708) |
| Purchase of treasury stock | (523,083) | (2) |
| Cash dividends paid | (36,178) | (32,144) |
| Cash dividends paid to non-controlling interests | (162,307) | (144,092) |
| Other | (8,593) | 20,846 |
| Net cash used in financing activities | (578,328) | (12,667) |
| Effect of exchange rate changes on cash and cash equivalents | 468,675 | 473,936 |
| Increase (decrease) in cash and cash equivalents | 717,161 | (217,340) |
| Cash and cash equivalents at the beginning of the period | 5,169,001 | 6,925,153 |
| Cash and cash equivalents at the end of the period | 5,886,162 | 6,707,813 |

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Material accounting policies

Material accounting policies applied to the condensed interim consolidated financial statements are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2023. In addition, income taxes for the six-month period ended September 30, 2023 are calculated based on the estimated effective tax rate for the fiscal year.

Material accounting policies for the SoftBank Vision Funds segment are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2023. The details are described as follows.

(Material accounting policies for the SoftBank Vision Funds segment)

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

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

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

As of September 30, 2023, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and SBGA receives performance-linked management fees. The Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2.

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

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

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

(a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, SVF2, and LatAm Funds, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are subsidiaries of the Company. Accordingly, their results of operations, assets, and liabilities are included in the Company’s condensed interim consolidated financial statements.

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

(b) Investments in associates and joint ventures

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

The investments in associates and joint ventures of the Company made by SVF1, SVF2, and LatAm Funds are accounted for as financial assets at FVTPL in accordance with Paragraph 18 of IAS 28 “Investments in Associates and Joint Ventures” and presented as “Investments from SVF (FVTPL)” in the condensed interim consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SVF” and the proceeds from sales of these investments are presented as “Proceeds from sales of investments by SVF” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

If the investments in associates and joint ventures that were transferred from SoftBank Group Corp. and its subsidiaries to SVF1, SVF2, or LatAm Funds were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1, SVF2, or LatAm Funds and presented as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position.

Gain and loss on the investments which were recognized in SVF1, SVF2, or LatAm Funds are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as “Income (loss) on equity method investments” in the condensed interim consolidated statement of profit or loss.

(c) Other investments

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

c. Contribution from limited partners in SVF1 and SVF2, and investors in LatAm Funds, SVF2 LLC, and SLA LLC (collectively “SVF Investors”)

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

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

Third-Party Investor in SVF2 and LatAm Funds is entitled to make full or partial payments of its investments and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC or SLA LLC to the end of company life of SVF2 LLC or SLA LLC, and as of September 30, 2023, the Company has recognized receivables from Third-Party Investor. The receivables are included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position.

“Third-party interests in SVF” fluctuates due to the results of SVF1, SVF2, and LatAm Funds in addition to contributions from Third-Party Investors and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SVF1, SVF2, and LatAm Funds are presented as “Change in third-party interests in SVF” in the condensed interim consolidated statement of profit or loss.

Contributions from Third-Party Investors are included in “Contributions into SVF from third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SVF to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. No cash contributions into SVF2 and LatAm Funds from Third-Party Investors and no cash distributions/repayments from SVF2 and LatAm Funds to Third-Party Investors were made as of September 30, 2023.

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

(b) Contribution from the Company

Contributions to SVF1, SVF2, and LatAm Funds from the Company are eliminated in consolidation.

2. 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.

The Company has four reportable segments, the Investment Business of Holding Companies segment, the SoftBank Vision Funds segment, the SoftBank segment, and the Arm segment. In addition, PayPay Corporation, which was previously included in "Other," is classified in the SoftBank segment from the three-month period ended December 31, 2022, since PayPay Corporation became a subsidiary of SoftBank Corp. and Z Holdings Corporation*. Segment information for the six-month period ended September 30, 2022 and the three-month period ended September 30, 2022 is presented based on the reportable segments after the aforementioned change.

The Investment Business of Holding Companies segment conducts, mainly through SoftBank Group Corp. as a strategic investment holding company, investment activities in a wide range of sectors in Japan and overseas directly or through subsidiaries of the Company. The Investment Business of Holding Companies segment consists of SoftBank Group Corp., SoftBank Group Capital Limited, SoftBank Group Japan Corporation, SB Northstar that is an asset management subsidiary, and certain subsidiaries of the Company that conduct investment or funding. Gain and loss on investments at Investment Business of Holding Companies consist of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries, are excluded.

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

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

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

Information on business segments, which is not included in the reportable segments, is classified as "Other." "Other" includes mainly Fortress and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm and PayPay Corporation, subsidiaries of the Company, and WeWork, an equity method associate, and others, which are included in segment income of the SoftBank Vision Funds segment.

Note:

* Effective on October 1, 2023, the reorganization procedures involving Z Holdings Corporation (the surviving company) and its core subsidiaries, primarily LINE Corporation, and Yahoo Japan Corporation have been completed. On the same date, Z Holdings Corporation was renamed to LY Corporation, LINE Corporation to Z Intermediate Global Corporation, and Yahoo Japan Corporation was dissolved.

(2) Net sales and income of reportable segments

Income of reportable segments is defined as “Income before income tax.” As in the condensed interim consolidated statement of profit or loss, “Gain (loss) on investments” included in segment income includes realized gain and loss from investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

In August 2023, Arm shares held by SVF1 were sold to a wholly-owned subsidiary of the Company classified as the Investment Business of Holding Companies segment. The transaction price was established by reference to the terms of a prior contractual arrangement between the parties. The details are described in “Notes 2” in “b. Segment income arising from the SoftBank Vision Funds business” in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 3. SoftBank Vision Funds business.”

In addition, intersegment transaction prices other than the above are determined under the same general business conditions as applied for external customers.

For the six-month period ended September 30, 2022

(Millions of yen)

| | Reportable segments | | | |
|---|---|--------------------------|-----------------|--------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds | SoftBank | Arm |
| Net sales | | | | |
| Customers | - | - | 2,850,178 | 183,705 |
| Intersegment | - | - | 2,053 | - |
| Total | - | - | 2,852,231 | 183,705 |
| Segment income | 3,262,289 | (3,350,654) | 424,897 | 35,631 |
| Depreciation and amortization | (2,176) | (349) | (369,872) | (43,910) |
| Gain (loss) on investments | 3,524,708 | (4,312,342) | (3,450) | 202 |
| Finance cost | (240,639) | (35,795) | (31,079) | (534) |
| Foreign exchange gain (loss) | (1,100,143) | 503 | 1,490 | 3,008 |
| Income (loss) on equity method investments | (23,879) | - | (21,948) | 423 |
| Derivative gain (loss) (excluding gain (loss) on investments) | 1,041,501 | 620 | 1,541 | 480 |
| | Total | Other | Reconciliations | Consolidated |
| Net sales | | | | |
| Customers | 3,033,883 | 148,594 | - | 3,182,477 |
| Intersegment | 2,053 | 4,582 | (6,635) | - |
| Total | 3,035,936 | 153,176 | (6,635) | 3,182,477 |
| Segment income | 372,163 | (11,527) | (68,000) | 292,636 |
| Depreciation and amortization | (416,307) | (20,381) | - | (436,688) |
| Gain (loss) on investments | (790,882) | (17,463) | (41,253) | (849,598) |
| Finance cost | (308,047) | (8,357) | 2,187 | (314,217) |
| Foreign exchange gain (loss) | (1,095,142) | (284) | - | (1,095,426) |
| Income (loss) on equity method investments | (45,404) | 307 | (9,773) | (54,870) |
| Derivative gain (loss) (excluding gain (loss) on investments) | 1,044,142 | (14,362) | - | 1,029,780 |

For the six-month period ended September 30, 2023

(Millions of yen)

| | Reportable segments | | | |
|--|---|---------------------------|-----------------|--------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds* | SoftBank | Arm |
| Net sales | | | | |
| Customers | - | - | 2,932,294 | 205,797 |
| Intersegment | - | - | 1,747 | - |
| Total | - | - | 2,934,041 | 205,797 |
| Segment income | (543,252) | (197,823) | 515,232 | (8,439) |
| Depreciation and amortization | (1,584) | (1,050) | (362,898) | (45,630) |
| Gain (loss) on investments | (413,530) | 181,136 | 8,622 | 405 |
| Finance cost | (209,642) | (52,532) | (33,021) | (679) |
| Foreign exchange gain (loss) | (650,131) | (649) | (1,238) | 3,546 |
| Income (loss) on equity method investments | (4,062) | - | (12,139) | 19 |
| Derivative gain (excluding gain (loss) on investments) | 700,386 | - | 1,222 | 110 |
| | Total | Other | Reconciliations | Consolidated |
| Net sales | | | | |
| Customers | 3,138,091 | 88,969 | - | 3,227,060 |
| Intersegment | 1,747 | 7,493 | (9,240) | - |
| Total | 3,139,838 | 96,462 | (9,240) | 3,227,060 |
| Segment income | (234,282) | 84,337 | (757,480) | (907,425) |
| Depreciation and amortization | (411,162) | (10,392) | - | (421,554) |
| Gain (loss) on investments | (223,367) | 18,713 | (758,901) | (963,555) |
| Finance cost | (295,874) | (7,805) | 8,495 | (295,184) |
| Foreign exchange gain (loss) | (648,472) | 386 | - | (648,086) |
| Income (loss) on equity method investments | (16,182) | (18,251) | (187) | (34,620) |
| Derivative gain (excluding gain (loss) on investments) | 701,718 | - | - | 701,718 |

Note:

* The details of the difference between “Gain (loss) on investments” in the SoftBank Vision Funds segment and “Gain (loss) on investments at SoftBank Vision Funds” in the condensed interim consolidated statement of profit or loss are described in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 3. SoftBank Vision Funds business.”

For the three-month period ended September 30, 2022

(Millions of yen)

| | Reportable segments | | | |
|--|---|--------------------------|-----------------|--------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds | SoftBank | Arm |
| Net sales | | | | |
| Customers | - | - | 1,470,223 | 90,954 |
| Intersegment | - | - | 1,206 | - |
| Total | - | - | 1,471,429 | 90,954 |
| Segment income | 4,460,342 | (1,019,904) | 202,683 | 5,785 |
| Depreciation and amortization | (1,101) | (181) | (185,716) | (22,569) |
| Gain (loss) on investments | 3,413,475 | (1,378,497) | (4,583) | 163 |
| Finance cost | (160,610) | (20,394) | (15,738) | (262) |
| Foreign exchange gain (loss) | (278,108) | 427 | 1,294 | 1,350 |
| Income (loss) on equity method investments | 115,903 | - | (11,597) | 508 |
| Derivative gain (excluding gain (loss) on investments) | 1,286,487 | 121 | 640 | 1,782 |
| | Total | Other | Reconciliations | Consolidated |
| Net sales | | | | |
| Customers | 1,561,177 | 49,270 | - | 1,610,447 |
| Intersegment | 1,206 | 2,281 | (3,487) | - |
| Total | 1,562,383 | 51,551 | (3,487) | 1,610,447 |
| Segment income | 3,648,906 | 7,748 | (71,563) | 3,585,091 |
| Depreciation and amortization | (209,567) | (6,269) | - | (215,836) |
| Gain (loss) on investments | 2,030,558 | 10,242 | (55,958) | 1,984,842 |
| Finance cost | (197,004) | (4,191) | 1,117 | (200,078) |
| Foreign exchange gain (loss) | (275,037) | (420) | - | (275,457) |
| Income (loss) on equity method investments | 104,814 | 4,014 | (5,328) | 103,500 |
| Derivative gain (excluding gain (loss) on investments) | 1,289,030 | - | - | 1,289,030 |

For the three-month period ended September 30, 2023

(Millions of yen)

| | Reportable segments | | | |
|---|---|--------------------------|-----------------|--------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds | SoftBank | Arm |
| Net sales | | | | |
| Customers | - | - | 1,503,176 | 117,295 |
| Intersegment | - | - | 798 | - |
| Total | - | - | 1,503,974 | 117,295 |
| Segment income | (148,712) | (258,864) | 260,245 | 1,069 |
| Depreciation and amortization | (794) | (558) | (181,322) | (23,417) |
| Gain (loss) on investments | 276,167 | 21,363 | 6,405 | 319 |
| Finance cost | (112,386) | (28,904) | (16,881) | (365) |
| Foreign exchange gain (loss) | (184,024) | (574) | (997) | 2,393 |
| Income (loss) on equity method investments | (2,481) | - | (4,540) | 42 |
| Derivative gain (loss) (excluding gain (loss) on investments) | (148,389) | - | 398 | 80 |
| | Total | Other | Reconciliations | Consolidated |
| Net sales | | | | |
| Customers | 1,620,471 | 49,082 | - | 1,669,553 |
| Intersegment | 798 | 3,478 | (4,276) | - |
| Total | 1,621,269 | 52,560 | (4,276) | 1,669,553 |
| Segment income | (146,262) | (4,625) | (580,344) | (731,231) |
| Depreciation and amortization | (206,091) | (5,603) | - | (211,694) |
| Gain (loss) on investments | 304,254 | 17,233 | (586,085) | (264,598) |
| Finance cost | (158,536) | (4,192) | 7,145 | (155,583) |
| Foreign exchange gain (loss) | (183,202) | (242) | - | (183,444) |
| Income (loss) on equity method investments | (6,979) | (9,363) | 41 | (16,301) |
| Derivative gain (loss) (excluding gain (loss) on investments) | (147,911) | - | - | (147,911) |

3. SoftBank Vision Funds business

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

a. Overview

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

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

b. Segment income arising from the SoftBank Vision Funds business

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

| | (Millions of yen) | |
|---|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Gain (loss) on investments at SoftBank Vision Funds | | |
| Gain (loss) on investments at SVF1, SVF2, and LatAm Funds | | |
| Realized gain on investments ^{*1,2} | 5,398 | 855,769 |
| Unrealized loss on valuation of investments | | |
| Change in valuation for the fiscal year ^{*3} | (4,200,240) | (633,520) |
| Reclassified to realized gain recorded in the past fiscal years ^{*2,4} | (102,840) | (662) |
| Interest and dividend income from investments | 759 | 20,812 |
| Derivative gain on investments | 36,365 | 4,427 |
| Effect of foreign exchange translation ^{*2,5} | (55,645) | (78,360) |
| Subtotal | (4,316,203) | 168,466 |
| Gain on other investments | 3,861 | 12,670 |
| Total gain (loss) on investments at SoftBank Vision Funds | (4,312,342) | 181,136 |
| Selling, general and administrative expenses | (30,983) | (44,688) |
| Finance cost (interest expenses) | (35,795) | (52,532) |
| Derivative gain (excluding gain (loss) on investments) | 620 | - |
| Change in third-party interests in SVF | 1,018,741 | (226,265) |
| Other gain (loss) ^{*6} | 9,105 | (55,474) |
| Segment income arising from the SoftBank Vision Funds business (income before income tax) | (3,350,654) | (197,823) |

Notes:

1. The amount of realized gain and loss on investments is the exit price net of the investment cost. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by disposals as a result of share exchange and restructuring of portfolio companies are included.
2. In August 2023, SVF1 sold Arm shares for \$16.1 billion (the “Transaction Consideration”) to a wholly-owned subsidiary of the Company (the “Transaction”). In relation to the Transaction, the proceeds of the sale will be paid in four installments, with the first installment having been paid upon completion of the Transaction, with the remaining three installments to be paid over a two-year period through August 2025. At the date of sale, “Realized gain on investments” was recorded as the discounted present value of the Transaction Consideration (\$15.1 billion) net of the investment cost (\$8.2 billion). The difference between the Transaction Consideration and the discounted present value of the Transaction Consideration is recognized as income over the two years after the date of sale and recorded in “Realized gain on investments.” As a result of the Transaction, for the six-month period ended September 30, 2023, ¥1,004,337 million of the realized gain, ¥189,817 million of the unrealized loss on valuation (reclassified to realized gain recorded in the past fiscal years), and ¥(76,902) million of the effect of foreign exchange translation are included in “Gain (loss) on investments at SoftBank Vision Funds” in the above-mentioned segment income. However, these are eliminated in consolidation due to inter-company transactions relating to shares of a subsidiary.
3. For the six-month period ended September 30, 2023, ¥29,872 million of the unrealized gain (net) on valuation arising from shares of the Company’s subsidiaries held by SVF1 and SVF2 (mainly PayPay Corporation) is included in “Gain (loss) on investments at SoftBank Vision Funds” (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned segment income. However, the unrealized gain on valuation is eliminated in consolidation.

For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. For the six-month period ended September 30, 2023, ¥4,568 million of the unrealized loss on valuation arising from WeWork common shares held by SVF2 is included in “Gain (loss) on investments at SoftBank Vision Funds” (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned segment income. However, the unrealized loss on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.

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

4. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SoftBank Vision Funds” in the past fiscal years, which are reclassified to “Realized gain on investments” due to the realization for the six-month period ended September 30, 2023.
5. Unrealized gain and loss on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.
6. For the six-month period ended September 30, 2023, the provision for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded for ¥42,072 million considering the financial position of WeWork.

(2) Third-party interests in SVF

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

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

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

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December.

The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 and LatAm Funds are described in “Note 13. Related party transactions regarding a co-investment program with restricted rights to receive distributions.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2 and LatAm Funds.

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

b. Changes in interests attributable to Third-Party Investors

(a) Third-party interests in SVF1

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

| | | (Millions of yen) | |
|---|---|--|---|
| | | (For reference purposes only) Links with the condensed interim consolidated financial statements | |
| | Third-party interests in SVF1 (Total of current liabilities and non-current liabilities) | Consolidated statement of profit or loss (Negative figures represent expenses) | Consolidated statement of cash flows (Negative figures represent payments) |
| | (Breakdown) | | |
| As of April 1, 2023 | 4,470,717 | | |
| Contributions from Third-Party Investors | - | - | - |
| Changes in third-party interests | 235,008 | (235,008) | - |
| Attributable to investors entitled to fixed distribution | 83,189 | | |
| Attributable to investors entitled to performance-based distribution | 151,819 | | |
| Distribution/repayment to Third-Party Investors | (239,971) | - | (239,971) |
| Exchange differences on translating third-party interests * | 534,128 | - | - |
| As of September 30, 2023 | <u>4,999,882</u> | | |

Note:

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

(b) Third-party interests in SVF2 and receivables

There is no balance of interests attributable to Third-Party Investor in SVF2 (included in “Third-party interests in SVF” in the condensed interim consolidated statement of financial position) as of March 31, 2023 and September 30, 2023. There are no changes in interests attributable to Third-Party Investor in SVF2 for the six-month period ended September 30, 2023. Third-Party Investor in SVF2 is the investor entitled to performance-based distribution.

The Company has receivables from Third-Party Investor in SVF2. The changes in the receivables from Third-Party Investor in SVF2 (included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “(1) Transactions between SVF2 and related parties” under “Note 13. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

| | (Millions of yen) |
|---|--|
| | Receivables from Third-Party Investor in SVF2 |
| As of April 1, 2023 | 384,870 |
| Increase in receivables from accrued premiums charged to Third-Party Investor | 5,866 |
| Exchange differences on receivables | 46,582 |
| As of September 30, 2023 | 437,318 |

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

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

| | (Millions of yen) | | |
|--|--|---|---|
| | (For reference purposes only) Links with the condensed interim consolidated financial statements | | |
| | Third-party interests in LatAm Funds (Total of current liabilities and non-current liabilities) | Consolidated statement of profit or loss (Negative figures represent expenses) | Consolidated statement of cash flows (Negative figures represent payments) |
| As of April 1, 2023 | 28,652 | | |
| Changes in third-party interests | (8,743) | 8,743 | - |
| Exchange differences on translating third-party interests* | 3,020 | - | - |
| As of September 30, 2023 | 22,929 | | |

Note:

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

The Company has receivables from Third-Party Investor in LatAm Funds. The changes in the receivables from Third-Party Investor in LatAm Funds (included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in LatAm Funds are described in “(2) Transactions between LatAm Funds and related parties” under “Note 13. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

| | (Millions of yen) |
|---|---|
| | Receivables from Third-Party Investor in LatAm Funds |
| As of April 1, 2023 | 90,606 |
| Increase in receivables from accrued premiums charged to Third-Party Investor | 1,385 |
| Exchange differences on receivables | 10,966 |
| As of September 30, 2023 | 102,957 |

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of September 30, 2023 was \$8.2 billion.

(3) Management fees and performance fees

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

a. Management fees and performance fees in SVF1

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

Same as the performance-based distributions, the amount of the performance fees to SBIA from SVF1 is calculated using the allocation method as specified in the limited partnership agreement. SBIA is entitled to receive the performance fees when SVF1 receives cash through disposition, dividend, and monetization of an investment. The performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

From the inception of SVF1, the cumulative amount of performance fees paid to SBIA was \$454 million. For the three-month period ended June 30, 2023, the performance fee (net of tax) was distributed to the limited partners in accordance with the clawback provisions.

b. Management fees and performance-linked management fees in SVF2

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

The amount of the performance-linked management fees to SBGA from SVF2 is determined, based on the

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

From the inception of SVF2 to September 30, 2023, no performance-linked management fees were paid to SBGA.

c. Management fees, performance-linked management fees, and performance fees in LatAm Funds

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

LatAm Funds introduced the performance-linked management fees in July 2022. The amount of the performance-linked management fees to SBGA from LatAm Funds is determined, based on the investment performance for certain periods specified in the constitutional agreement, according to the agreed principle. SBGA is entitled to receive the performance-linked management fees after certain periods for the investment performance measurement specified in the constitutional agreement, provided that there are available cash proceeds through disposition, dividend, and monetization of investments in LatAm Funds.

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

From the inception of LatAm Funds to September 30, 2023, neither performance fees nor performance-linked management fees were paid to SBGA.

4. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

| | As of March 31, 2023 | (Millions of yen) As of September 30, 2023 |
|--|-------------------------|--|
| Current | | |
| Short-term borrowings | 900,502 | 1,071,229 |
| Commercial paper | 283,001 | 522,501 |
| Current portion of long-term borrowings ^{*1,2} | 2,955,480 | 1,308,451 |
| Current portion of corporate bonds | 653,237 | 1,146,120 |
| Current portion of financial liabilities relating to sale of shares by prepaid forward contracts ^{*3} | 336,730 | 1,702,889 |
| Current portion of installment payables | 97 | 160 |
| Total | 5,129,047 | 5,751,350 |
| Non-current | | |
| Long-term borrowings ^{*1,2} | 4,164,682 | 5,092,377 |
| Corporate bonds | 6,257,455 | 5,999,814 |
| Financial liabilities relating to sale of shares by prepaid forward contracts ^{*3} | 3,926,873 | 3,725,412 |
| Installment payables | 137 | 177 |
| Total | 14,349,147 | 14,817,780 |

Notes:

1. On September 12, 2023, Kronos I (UK) Limited, a wholly-owned subsidiary of the Company, repaid all of the term facility loan of \$8.5 billion that was secured by 75.01% of Arm shares before listing held by a wholly-owned subsidiary of the Company other than Kronos I (UK) Limited, all of Kronos I (UK) Limited's assets except for certain assets specified in the agreement, and the equity interests of wholly-owned subsidiaries of the Company which were established for this facility purpose as collateral. This resulted in the current portion of long-term borrowings decreased by ¥1,126,619 million.

On September 21, 2023, Kronos I (UK) Limited borrowed \$8.5 billion as a margin loan using 769,029,000 shares of Arm after listing held by a wholly-owned subsidiary of the Company other than Kronos I (UK) Limited and all of Kronos I (UK) Limited's assets except for certain assets specified in the agreement as collaterals. The margin loan is recorded for ¥1,259,771 million as long-term borrowings in the condensed interim consolidated statement of financial position as of September 30, 2023. The margin loan agreement includes an additional cash collateral provision and a mandatory prepayment clause, which may be triggered under certain circumstances, such as a significant decrease in the fair value of pledged Arm shares.

The margin loan is nonrecourse debt, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

2. SVF1 had made borrowings collateralized in the listed shares, Arm shares, which is a subsidiary of the Company, and the other investments. For the six-month period ended September 30, 2023, SVF1 repaid all of its borrowing of \$4.1 billion before the maturity date and the collateral for the shares and the other investments was released. The borrowings were recorded for ¥547,156 million as "Long-term borrowings" and ¥5,526 million as "Current portion of long-term borrowings" respectively, and the listed shares pledged as collateral were recorded for ¥946,893 million as "Investments from SVF (FVTPL)" in the condensed interim consolidated statement of financial position as of March 31, 2023.

3. These are primarily financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

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

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

In the prepaid forward contracts, the number of Alibaba shares settled by the prepaid forward contracts is fixed regardless of changes in market share price in the future in a forward contract or determined by reference to market price of the shares at the valuation dates prior to the settlement date. The latter type of contract includes floor contract that a floor is set for the price of shares settled and collar contract that a cap and a floor are set for the price of shares settled. A part of wholly-owned subsidiaries of the Company entering into prepaid forward contracts with financial institutions to procure funds using Alibaba shares (“Entities for fund procurement using Alibaba shares”), in addition to the prepaid forward contracts, enters into the call spread (combination of long position of call option and short position of call option with different strike prices) contracts in preparation for Alibaba shares price rise.

The aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives. The Company accounts for the contracts by bifurcating the main contracts and embedded derivatives, and the main contracts are recognized as financial liabilities relating to sale of shares by prepaid forward contracts then measured at amortized cost while the embedded derivatives are measured at fair value. Also, the call spread contracts are measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts, a tax effect is recognized. The ending balance of the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts are described in “Note 5. Financial instruments.”

Entities for fund procurement using Alibaba shares have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If Entities for fund procurement using Alibaba shares elect cash settlement, Entities for fund procurement using Alibaba shares will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by Entities for fund procurement using Alibaba shares are pledged as collateral in accordance with all of the prepaid forward contracts, and except for a certain contract, the Company granted the right of use to the financial institutions with respect to such shares. However, the collateral can be released by cash settlement at the discretion of Entities for fund procurement using Alibaba shares.

Entities for fund procurement using Alibaba shares procured ¥605,627 million (\$4.4 billion) in total by entering into forward contracts for the three-month period ended June 30, 2023.

As of September 30, 2023, the Company set ¥4,598,542 million of Alibaba shares, which is recognized as “Investment securities” in the condensed interim consolidated statement of financial position, as collateral for ¥1,278,714 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥3,661,690 million of financial liabilities relating to sale of shares by prepaid forward contracts.

(3) Components of proceeds in and repayment of 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, 2022 | Six-month period ended September 30, 2023 |
| Net increase in short-term borrowings | 68,507 | 159,684 |
| Net (decrease) increase in commercial paper | (58,300) | 127,000 |
| Total | <u>10,207</u> | <u>286,684</u> |

(4) Components of proceeds from interest-bearing debt

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

| | (Millions of yen) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Proceeds from borrowings | 2,093,970 | 2,836,046 |
| Proceeds from issuance of corporate bonds | 60,000 | 342,000 |
| Proceeds from procurement by prepaid forward contracts using shares [*] | 2,443,493 | 605,627 |
| Total | <u>4,597,463</u> | <u>3,783,673</u> |

Note:

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

(5) Components of repayment of interest-bearing debt

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

| | (Millions of yen) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Repayment of borrowings | (3,751,029) | (3,750,012) |
| Redemption of corporate bonds | (202,461) | (270,708) |
| Repayment for settlement of prepaid forward contracts using shares | (2,426) | (2,545) |
| Total | <u>(3,955,916)</u> | <u>(4,023,265)</u> |

5. Financial instruments

The details of derivative contracts are mainly as follows:

| | (Millions of yen) | | | |
|---|---------------------------------|-------------|---------------------------------|-------------|
| | As of March 31, 2023 | | As of September 30, 2023 | |
| | Carrying amount (fair value) | | Carrying amount (fair value) | |
| | Assets | Liabilities | Assets | Liabilities |
| Prepaid forward contracts using Alibaba shares (Option contracts) ^{*1} | 397,127 | - | 525,267 | - |
| Call spread contracts relating to prepaid forward contracts using Alibaba shares ^{*1} | 590 | - | 69 | - |
| Prepaid forward contracts using Alibaba shares (Forward contracts) ^{*1} | - | (805,039) | 94,195 | (421,549) |
| Contingent consideration relating to acquisition of T-Mobile shares ^{*2} | 833,770 | - | 847,500 | - |
| Short call option for T-Mobile shares to Deutsche Telekom | - | (55,056) | - | (53,409) |
| Contingent value rights relating to sale of T- Mobile shares ^{*3} | 67,308 | - | - | - |

Notes:

- The details of prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 4. Interest-bearing debt.”
- Acquired due to the merger transaction with Sprint Corporation (“Sprint”) and T-Mobile US, Inc. on April 1, 2020 and the Company has the right to acquire 48,751,557 shares of T-Mobile for no additional consideration if certain conditions are met. In addition, “T-Mobile” indicates T-Mobile US, Inc. after merging with Sprint.
- Contingent value rights were received in relation to the disposal of T-Mobile shares in a private placement through a trust. In addition, the rights were vested on June 1, 2023 and the Company received 3,566,400 shares of T-Mobile.

6. Foreign currency exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

(1) Rate at the end of the period

| | As of March 31, 2023 | As of September 30, 2023 |
|-----|-------------------------|-----------------------------|
| USD | 133.53 | 149.58 |

(Yen)

(2) Average rate for the quarter

For the six-month period ended September 30, 2022

| | Three-month period ended June 30, 2022 | Three-month period ended September 30, 2022 |
|------|---|--|
| USD | 129.04 | 138.68 |
| CNY* | 19.60 | 20.19 |

(Yen)

For the six-month period ended September 30, 2023

| | Three-month period ended June 30, 2023 | Three-month period ended September 30, 2023 |
|-----|---|--|
| USD | 138.11 | 145.44 |

(Yen)

Note:

* For the three-month period ended September 30, 2022, Alibaba ceased to be an equity method associate of the Company. As a result, exchange rates of Chinese yuan are not presented for the six-month period ended September 30, 2023, since it is no longer considered as a major currency used for translating financial statements of foreign operations.

7. Equity

(1) Capital surplus

For the six-month period ended September 30, 2023

With the initial public offering of Arm shares on September 14, 2023, the Company sold a portion of Arm shares (10.0% of the total number of outstanding shares) held by a wholly-owned subsidiary. Therefore, the Company's shareholding ratio in Arm was reduced to 90.0%.

As a result of the transaction, the amount of ¥674,370 million equivalent to the gain on sale of Arm shares on a consolidation basis is recorded as "Changes in interests in subsidiaries" under "Capital surplus."

(2) Other equity instruments

On July 19, 2017, the Company issued \$2.75 billion of USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes and \$1.75 billion of USD-denominated Undated Subordinated Non-Call 10 years Resetable Notes (collectively, the "Hybrid Notes").

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

In addition, on October 12, 2022, the Company purchased a portion of the above USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes (the face value of \$0.75 billion) and retired them on the same date. Subsequently, on July 19, 2023, the first optional redemption date, the remaining amount (the face value of \$2.0 billion) was fully redeemed. The amount of ¥823 million and ¥56,081 million reduced from "Capital surplus" and "Retained earnings," respectively, as "Redemption and cancellation of other equity instruments" in the condensed interim consolidated statement of changes in equity for the six-month period ended September 30, 2023, represents the difference between the issue amount and the purchase amount, including foreign exchange effects.

(3) Treasury stock

Changes in treasury stock are as follows:

| | (Thousands of shares) | |
|--|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Balance at the beginning of the period | 76,164 | 6,948 |
| Increase during the period | 97,807 | 0 |
| Decrease during the period | (906) | (2,668) |
| Balance at the end of the period | 173,065 | 4,280 |

(4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

| | As of March 31, 2023 | (Millions of yen) As of September 30, 2023 |
|---|-------------------------|--|
| Equity financial assets at FVTOCI | 43,201 | 50,852 |
| Debt financial assets at FVTOCI | 142 | 400 |
| Cash flow hedges | (71,598) | (77,314) |
| Exchange differences on translating foreign operations* | 3,785,040 | 5,569,678 |
| Total | <u>3,756,785</u> | <u>5,543,616</u> |

Note:

* The increase was primarily due to a weaker yen against the U.S. dollar compared with the exchange rate as of March 31, 2023.

8. 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, 2022 | Six-month period ended September 30, 2023 |
| Gain relating to settlement of prepaid forward contracts using Alibaba shares ^{*1} | 4,838,251 | - |
| Gain relating to sales of T-Mobile shares | 24,842 | - |
| Realized loss on investments at asset management subsidiaries | (54,226) | (88,342) |
| Unrealized gain (loss) on valuation of investments at asset management subsidiaries | (58,856) | 30,003 |
| Derivative loss on investments at asset management subsidiaries | (5,842) | (796) |
| Realized gain (loss) on investments ^{*2} | (147,666) | 75,585 |
| Unrealized loss on valuation of investments ^{*2} | (1,170,459) | (364,545) |
| Derivative gain (loss) on investments ^{*3} | 86,533 | (66,495) |
| Other | 12,078 | 1,060 |
| Total | 3,524,655 | (413,530) |

Notes:

1. During the course of the physical settlement under the board resolution in August 2022, the Company lost significant influence over Alibaba because the voting power against Alibaba held by the Company decreased to below 20%, and for the three-month period ended September 30, 2022, Alibaba ceased to be an equity method associate of the Company. At the same time, Alibaba shares held by the Company as of the date the Company lost significant influence over Alibaba (“remaining Alibaba shares”) were remeasured based on the stock price of that day and were included in “Investment securities” in the condensed interim consolidated statement of financial position.

“Gain relating to settlement of prepaid forward contracts using Alibaba shares” includes the gain on settlement of prepaid forward contracts using Alibaba shares upon completion of the settlement before Alibaba ceases to be an equity method associate of the Company and the effect of the remeasurement of remaining Alibaba shares based on the share price as of the date when Alibaba ceases to be an equity method associate of the Company.

2. Effects of stock price changes for the remaining Alibaba shares after being remeasured are included in “Realized gain (loss) on investments” or “Unrealized gain (loss) on valuation of investments” rather than “Gain relating to settlement of prepaid forward contracts using Alibaba shares.” For the six-month period ended September 30, 2023, ¥237,616 million of unrealized loss on valuation of investments was recognized related to the remaining Alibaba shares.

3. For the six-month period ended September 30, 2023, ¥78,500 million of derivative loss on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of contingent consideration are described in “Notes 2” under “Note 5. Financial instruments.”

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

The details of gain and loss on investments at SoftBank Vision Funds are described in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 3. SoftBank Vision Funds business.”

9. Finance cost

The components of finance cost are as follows:

| | (Millions of yen) | |
|-------------------|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Interest expenses | <u>(314,217)</u> | <u>(295,184)</u> |

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

For the six-month period ended September 30, 2023, derivative gain of ¥641,989 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The details of the contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 4. Interest-bearing debt.”

11. Other gain

The components of other gain and loss are as follows:

| | (Millions of yen) | |
|---|--|--|
| | Six-month period ended September 30, 2022 | Six-month period ended September 30, 2023 |
| Interest income | 29,418 | 112,808 |
| Gain relating to loss of control over subsidiaries ^{*1} | 16,438 | 117,471 |
| Dilution gain from changes in equity interest | 84,574 | 20,237 |
| Provision for allowance for financial guarantee contract losses ^{*2} | (18,081) | (42,072) |
| Loss on derecognition of unsecured notes issued by WeWork ^{*3} | - | (21,579) |
| Impairment loss on equity method investments | (23,611) | (4,568) |
| Provision for loss relating to litigation | (18,522) | (658) |
| Other | 21,021 | (1,317) |
| Total | <u>91,237</u> | <u>180,322</u> |

Notes:

- For the six-month period ended September 30, 2023, primarily, as a result of the sale of 85 % of shares in SB Energy Corp., a wholly-owned subsidiary of the Company, the gain arising from the loss of control over the entity was recorded. Subsequently, SB Energy Corp. (currently, Terras Energy Corporation) has become an equity method associate of the Company after the transaction.
- For the six-month period ended September 30, 2023, the provision for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded for ¥42,072 million considering the financial position of WeWork.
- For the six-month period ended September 30, 2023, unsecured notes issued by WeWork were exchanged into shares and convertible bonds newly issued by WeWork. The unsecured notes were derecognized and ¥21,579 million of loss was recorded.

12. 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, 2023, payment of withholding income tax related to dividends within the group companies of ¥102,949 million is included in “Income taxes paid.” In addition, refunded withholding income tax related to dividends within the group companies of ¥56,629 million is included in “Income taxes refunded.”

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

For the six-month period ended September 30, 2023

“Proceeds from the partial sales of shares of subsidiaries to non-controlling interests” is due to the sales of Arm shares.

(3) Redemption of other equity instruments

For the six-month period ended September 30, 2023

“Redemption of other equity instruments” is due to the full redemption of USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes.

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

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

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

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

| Name of the company or individual | Nature of relationship | Nature of transaction | For the six-month period ended September 30, 2023 | (Millions of yen) As of September 30, 2023 |
|---------------------------------------|---|--|---|---|
| | | | Amount of transaction | Balance at period end |
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights | Receipt of capital contribution in SVF2 LLC and related adjustments ^{*1,2} | - | 437,318 ^{*3,4} (\$2,924 million) |
| | | The premium received on SVF2 LLC's receivables | 5,866 ^{*3} (\$41 million) | |
| | | MgmtCo's Equity interests in SVF2 LLC ^{*5,6} | - | - |
| | | Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) ^{*7} | | 437,318 (\$2,924 million) |

Notes:

1. Restrictions on rights of MgmtCo to receive distributions

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

2. Nature of the Equity contribution by MgmtCo

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

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

Balance at period end is the balance of SVF2 LLC's receivables which consists of the balance related to receipt of capital contribution, related adjustments, and premiums received from MgmtCo, less any decrease in receivables due to offsetting settlement with distributions to MgmtCo. The amount of the transaction for "Receipt of capital contribution in SVF2 LLC and related adjustments" at the inception of the program is MgmtCo's Equity Acquisition Amount in SVF2 LLC, which consists of the amount calculated based on MgmtCo's Equity interests of 17.25% in the SVF2's initial acquisition costs of the relevant portfolio companies held by SVF2 LLC and related adjustments calculated based on 17.25% interest in the increase in the

portfolio companies' fair value from the initial acquisition costs at SVF2 to June 30, 2021, and the adjustment equivalent to interests for the period from the Company's contribution to SVF2 until June 30, 2021.

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

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

4. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of September 30, 2023, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only when the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

5. MgmtCo's Equity interest in SVF2 LLC

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

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

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

7. Net balance at period end

Net balance at period end is the balance of receivables held by SVF2 LLC less MgmtCo's Equity interest in SVF2 LLC.

(2) Transactions between LatAm Funds and related parties

| | | (Millions of yen) | | |
|---------------------------------------|---|--|---|--|
| | Nature of relationship | Nature of transaction | For the six-month period ended September 30, 2023 | As of September 30, 2023 |
| | | | Amount of transaction | Balance at period end |
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights | Receipt of capital contribution in SLA LLC and related adjustments ^{*1,2} | - | 102,957 ^{*3,4} (\$688 million) |
| | | The premium received on SLA LLC's receivables | 1,385 ^{*3} (\$10 million) | |
| | | MgmtCo's Equity interests in SLA LLC ^{*5,6} | - | 22,929 (\$153 million) |
| | | Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) ^{*7} | | 80,028 (\$535 million) |

Notes:

1. Restrictions on rights of MgmtCo to receive distributions

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

2. Nature of the Equity contribution by MgmtCo

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

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

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

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time, at its discretion, from

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

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

4. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SLA LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of September 30, 2023, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only when the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

5. MgmtCo’s Equity interest in SLA LLC

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

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

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

7. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC less MgmtCo’s Equity interest in SLA LLC.