

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

**SoftBank Group Corp.**  
**Consolidated Financial Report**  
**For the Nine-Month Period Ended December 31, 2020 (IFRS)**

Tokyo, February 8, 2021

**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	%
<b>Nine-month period ended December 31, 2020</b>	<b>¥4,138,038</b>	<b>6.1</b>	<b>¥3,361,504</b>	<b>133.0</b>	<b>¥3,096,695</b>	<b>371.7</b>	<b>¥3,055,162</b>	<b>541.1</b>	<b>¥2,543,236</b>	<b>398.1</b>
Nine-month period ended December 31, 2019	¥3,901,300	-	¥1,442,665	-	¥656,460	(58.3)	¥476,587	(69.0)	¥510,581	(63.8)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
<b>Nine-month period ended December 31, 2020</b>	<b>¥1,572.09</b>	<b>¥1,476.17</b>
Nine-month period ended December 31, 2019	¥218.55	¥212.47

Notes:

- Net sales and income before income tax are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales and income before income tax for the nine-month period ended December 31, 2019 are not presented because corresponding amounts for the nine-month period ended December 31, 2019 are revised and presented respectively. Please refer to page 81 “Note 3. Discontinued operations” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.
- The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

**(2) Financial Position**

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
<b>As of December 31, 2020</b>	<b>¥37,858,793</b>	<b>¥8,622,306</b>	<b>¥7,625,039</b>	<b>20.1</b>
As of March 31, 2020	¥37,257,292	¥7,372,917	¥5,913,613	15.9

## 2. Dividends

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

Note:

\* The Company determines the end of the year and the end of the second quarter as the record dates for dividends under the articles of incorporation. However, the forecasted dividend amounts for the fiscal year ending March 31, 2021 are still yet to be determined.

### \* Notes

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

Newly consolidated: None

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

Notes:

1. Please refer to page 53 “(1) Significant Changes in Scope of Consolidation for the Nine-Month Period Ended December 31, 2020” under “2. Notes to Summary Information” for details.

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

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

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

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

(2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: Yes

Please refer to page 53 “(2) Changes in Accounting Estimates” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

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

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

[2] Number of shares of treasury stock:

As of December 31, 2020:	288,169,439 shares
As of March 31, 2020:	21,818,471 shares

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

As of December 31, 2020:	1,929,114,012 shares
As of December 31, 2019:	2,075,041,260 shares

Note:

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

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

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

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

On February 8, 2021 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company’s website in both Japanese and English at <https://group.softbank/en/ir/presentations>. 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 fund, including SoftBank Vision Fund 1 and SoftBank Vision Fund 2, managed by a subsidiary of SoftBank Group Corp., including SB Investment Advisers (UK) Limited or its 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 SoftBank Group Corp. (“SBG”) may be a “passive foreign investment company” (“PFIC”) under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. We recommend that U.S. holders of SBG’s shares consult their tax advisers with respect to U.S. federal income tax consequences if SBG is classified as a PFIC.

### Definition of Company Names and Abbreviations Used in This Appendix

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

Company names / Abbreviations	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
<i>*Each of the following name or abbreviations indicates the respective company and its subsidiaries, if any.</i>	
SB Northstar	SB Northstar LP
SoftBank Vision Fund 1 or SVF1 <sup>*1</sup>	SoftBank Vision Fund L.P. and its alternative investment vehicles
SoftBank Vision Fund 2 or SVF2	SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles <sup>*2</sup>
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2020
The second quarter	Three-month period ended September 30, 2020
The third quarter	Three-month period ended December 31, 2020
The period	Nine-month period ended December 31, 2020
The third quarter-end	December 31, 2020
The fiscal year	Fiscal year ending March 31, 2021
The previous fiscal year	Fiscal year ended March 31, 2020
The previous fiscal year-end	March 31, 2020

Notes:

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

### Exchange Rates Used for Translations

Average rate for the quarter

	Fiscal year ended March 31, 2020				Fiscal year ending March 31, 2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
USD / JPY	¥110.00	¥107.70	¥108.98	¥109.22	¥107.74	¥105.88	¥104.45

Rate at the end of the period

	March 31, 2020	December 31, 2020
USD / JPY	¥108.83	¥103.50

## CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS

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

### Changes in presentation of Consolidated Statement of Income

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

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

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

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

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

On September 17, 2020 (U.S. time), the Company reached an agreement to sell all of its shares in Brightstar Global Group Inc. (“Brightstar”)<sup>1</sup> and completed the transaction on October 22, 2020 (U.S. time). Accordingly, Brightstar’s net income or loss up until the completion of the transaction has been classified in the Consolidated Statement of Income as “net income from discontinued operations.” Brightstar’s income or loss for the same period of the previous fiscal year has also been restated retrospectively as “net income from discontinued operations.”

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<sup>1</sup> As part of consideration for the transaction, the Company has received a 25% stake (fully diluted basis) in a subsidiary of Brightstar Capital Partners, which acquired all of the shares of Brightstar. Following the completion of the transaction, Brightstar ceased to be a subsidiary of the Company.

**Changes in reportable segments****New establishment of the Investment Business of Holding Companies segment**

In light of the greater importance of investment activities to the Company's overall consolidated financial results, as mentioned above, the Investment Business of Holding Companies segment was newly established in the first quarter. See "OVERVIEW" under "(a) Investment Business of Holding Companies Segment" in "b. Results by Segment" in "(1) Overview of Results of Operations" on page 19 for the overview of the segment.

**Removal of Brightstar segment**

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

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

## 1. Results of Operations

### (1) Overview of Results of Operations

#### 1. Highlights of results

##### ◆ Gain on investments of ¥3,799.5 billion

- Gain on investments at Investment Business of Holding Companies of ¥846.5 billion: In connection with the merger of Sprint and T-Mobile US, Inc. and the subsequent partial sale of T-Mobile shares, gain relating to sales of T-Mobile shares of ¥421.8 billion, unrealized gain on valuation of investments of ¥327.6 billion related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥324.5 billion resulting from an increase in the fair value of a contingent consideration were recorded. Conversely, investment loss from investments in listed stocks and other instruments of ¥301.4 billion was recorded.
- Gain on investments at SVF1 and SVF2 of ¥2,728.8 billion
  - SVF1 recorded realized gain on sales of investments (net) of ¥209.3 billion. In addition, SVF1 recorded unrealized gain on valuation (net) totaling ¥1,541.5 billion for listed portfolio companies, particularly DoorDash and Uber, reflecting strong stock price performance, and unrealized gain on valuation (net) totaling ¥530.6 billion for unlisted portfolio companies, reflecting increases in their fair values.
  - SVF2 recorded unrealized gain on valuation (net) of ¥542.7 billion, mainly due to share price increases of KE Holdings and Seer following their listings.

##### ◆ Income before income tax of ¥3,361.5 billion (increased ¥1,911.8 billion yoy)

- Finance cost of ¥224.3 billion\*
- Derivative loss (excluding gain (loss) on investments) of ¥480.7 billion\*
- Change in third-party interests in SVF1 of ¥(956.7) billion\*

\* recorded as a cost for the period

##### ◆ Net income attributable to owners of the parent of ¥3,055.2 billion (increased ¥2,578.6 billion yoy)

- Net income from discontinued operations of ¥711.5 billion was recorded, primarily reflecting gain relating to loss of control of Sprint.

#### 2. Continued listing of investments

- ◆ SVF1: DoorDash listed on the NYSE on December 9, 2020; Opendoor began trading on the Nasdaq on December 21, 2020 following the merger with a special purpose acquisition company (SPAC).<sup>2</sup>
- ◆ SVF2: Seer listed on the Nasdaq on December 4, 2020.
- ◆ SBIA's controlled company SVF Investment Corp., a SPAC, listed on the Nasdaq on January 8, 2021.

#### 3. Progress of the ¥4.5 trillion program

- ◆ Completion of sale or monetization of assets: The Company completed sale or monetization of assets totaling ¥5.6 trillion over the six months from April to September 2020, through the partial sale of T-Mobile shares, borrowings using T-Mobile shares, partial monetization of Alibaba shares through prepaid forward contracts, and partial sale of SoftBank Corp. shares (including an additional sale). The use of the proceeds exceeding ¥4.5 trillion will be decided considering the Company's financial balance.
- ◆ Share repurchase: Of a total ¥2 trillion authorized share repurchases, the Company repurchased shares totaling ¥1.1 trillion as of December 31, 2020, and a cumulative total of ¥1.3 trillion as of January 31, 2021.
- ◆ Debt reduction: The Company repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion and repaid early ¥300.0 billion of a senior loan by September 30, 2020.

<sup>2</sup> On December 18, 2020, Opendoor Labs Inc. merged with Social Capital Hedosophia Holdings Corp. II, a SPAC, and the merged company's name was changed to Opendoor Technologies, Inc. The Opendoor Technologies, Inc. common stock began trading on the Nasdaq Capital Market (the "Nasdaq") on December 21, 2020.



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

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

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

### Asset sales or monetization for the six months from April to September 2020

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

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

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

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

On April 1, 2020, the merger of Sprint, which had been a U.S. subsidiary of the Company, and T-Mobile US, Inc. in an all-stock transaction (the "Merger") was completed. As consideration for the Merger, the Company received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional consideration if certain conditions are met (the "Contingent Consideration"). As of the same date, Sprint ceased to be a subsidiary of the Company, and the combined new company, T-Mobile, became an equity method associate of the Company with

24.7% shareholding. See “(1) Sprint” under “3. Discontinued operations” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

#### b. Partial sale of T-Mobile shares

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

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

#### Details of the Partial Sale

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

In addition, Deutsche Telekom AG (“Deutsche Telekom”) received call options for 101,491,623 T-Mobile shares continued to be held by the Company after the Partial Sale (the “Deutsche Telekom Call Options”).<sup>3</sup>

- (i) For a call option over 44,905,479 shares out of the 101,491,623 shares, the strike price is \$103.00 per share. Deutsche Telekom can exercise this option at any time after the option grant date.
- (ii) For a call option over 56,586,144 shares out of the 101,491,623 shares, the strike price is equal to the average of the daily volume-weighted average prices of the shares of T-Mobile common stock for each of the 20 trading days immediately prior to the date of exercise. Deutsche Telekom can exercise this option after the exercise of option (i) above or after October 2, 2020.

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

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

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

**c. Borrowings using T-Mobile shares**

On July 30, 2020, SBG's wholly owned subsidiary borrowed \$4.38 billion using its T-Mobile shares pledged as collateral (margin loan). Because SBG has, as an exception, guaranteed a portion of the margin loan, \$2.3 billion is considered as the amount of assets monetized under the ¥4.5 trillion program (after deducting the \$2.08 billion cap on the guaranteed obligations). As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral for the margin loan.

**2. Partial monetization of Alibaba shares through prepaid forward contracts**

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

In October and November 2020, of the abovementioned prepaid forward contracts concluded from April to August 2020, the cap (upper limit) and floor (lower limit) for the price of shares to be settled were revised for the collar contract, and the forward contract was changed to a collar contract with a set cap and floor for the price of the shares to be settled. At the same time, the cap and floor for the price of shares to be settled were also revised for the prepaid forward contract using Alibaba shares (collar contract) concluded in the previous fiscal year. These revisions were made in response to a rise in the price of Alibaba shares at the time, with a view to capturing the upside potential during a phase of further share price increases. For details of the amendments to the contract, see "10. Interest-bearing debt" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

**3. Partial sale of SoftBank Corp. shares**

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

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

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

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

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

### **Share repurchases based on the ¥4.5 trillion program**

*As of January 31, 2021*

#### **In progress**

Date of Board resolution	Total number of shares repurchased	Total amount of repurchase	Repurchase period
July 30, 2020	37,538,100	¥312.2 billion	From December 14, 2020 to January 31, 2021
Resolution details	Maximum of 240,000,000	Maximum of ¥1 trillion	From July 31, 2020 to July 30, 2021

#### **Completed**

Date of Board resolution	Total number of shares repurchased	Total amount of repurchase	Repurchase period
May 15, 2020	81,940,400	¥500 billion	From June 17, 2020 to August 3, 2020
June 25, 2020	70,579,400	¥500 billion	From September 15, 2020 to December 11, 2020

(Reference: Share repurchase resolved before the ¥4.5 trillion program)

March 13, 2020	107,679,300	¥500 billion	From March 16, 2020 to June 15, 2020
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### **Reduction of debt based on the ¥4.5 trillion program**

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

#### **a. Repurchase of domestic unsecured corporate bonds**

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

**b. Repayment of senior loan**

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

**Borrowing Using Alibaba Shares (Margin Loan)**

In July 2020, Skywalk Finance GK, a wholly owned subsidiary of the Company, repaid \$9.44 billion in borrowings made using Alibaba shares as part of the debt reductions in the ¥4.5 trillion program. On the other hand, in October 2020, asset management subsidiary SB Northstar, which invests in listed stocks and other instruments, borrowed \$6.0 billion using Alibaba shares. The Company continues to have a flexible approach to borrow using Alibaba shares, and the balance may fluctuate on occasion.

## ENTRY INTO AGREEMENT FOR SALE OF ALL SHARES IN ARM

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

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

A breakdown of the transaction value is presented below.

(Billions of U.S. dollars)

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

Notes:

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

**(1) \$12.0 billion in cash**

(a) \$2.0 billion

Upon the execution of the Purchase Agreement on September 13, 2020, SBGC and Arm received cash totaling \$2.0 billion. Of this amount, \$1.25 billion was received as a deposit for part of the consideration in the Transaction (refundable to NVIDIA subject to certain conditions until the closing of the Transaction, after which such amount will become non-refundable) and \$0.75 billion was received by Arm as consideration for a license agreement that Arm and NVIDIA entered into concurrently with the execution of the Purchase Agreement.

(b) \$10.0 billion

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

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

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

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

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

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

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

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

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

Since Arm is a subsidiary of the Company, unrealized valuation gain and loss associated with the change in valuation on SVF1's holding of Arm shares is recorded under segment income as "gain (loss) on investments at SVF1 and

SVF2 (unrealized valuation gain (loss) recorded for the fiscal year),” but is eliminated in consolidation, and is not included in “gain (loss) on investments at SVF1 and SVF2” in the Condensed Interim Consolidated Statement of Income.

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

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

#### **a. Impact on the Condensed Interim Consolidated Statement of Income**

A gain relating to loss of control of Sprint of ¥721.1 billion was recorded under “net income from discontinued operations.”

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

##### *Assets*

- The fair value of T-Mobile shares, which were received as consideration for the Merger, of ¥2.7 trillion was recorded under “investments accounted for using the equity method” (as a result of the partial sale of T-Mobile shares mentioned below, the T-Mobile shares continued to be held by the Company were reclassified to “investment securities” at fair value).
- The Contingent Consideration, which was received as consideration for the Merger, of ¥520.8 billion was recorded under “derivative financial assets.” An increase in the fair value of ¥324.5 billion was recognized as of the third quarter-end, after the fair value of ¥196.3 billion was recorded at the time of the Merger (this increase was recorded as derivative gain under “gain on investments at Investment Business of Holding Companies”).

### **Impact of the partial sale of T-Mobile shares**

#### **a. Impact on the Condensed Interim Consolidated Statement of Income**

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

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

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

##### *Assets*

T-Mobile shares continued to be held by the Company were recorded under “investment securities” at fair value (third quarter-end: ¥1,483.5 billion). T-Mobile shares continued to be held by the Company are measured at fair value at each quarter-end, with changes recorded under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income. Unrealized gain on valuation of investments of ¥327.6 billion related to T-Mobile shares was recorded for the period from June 26, 2020 to the third quarter-end.



### ***Liabilities***

The Deutsche Telekom Call Options were recorded under “derivative financial liabilities” at fair value (the third quarter-end: ¥235.9 billion). The Deutsche Telekom Call Options are measured at fair value at each quarter-end, with changes recorded as derivative gain or loss under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income.

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

#### ***Cash flows from investing activities***

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

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

There is still no sign of an end to the COVID-19 pandemic. From October 2020, infections began to spread broadly again in countries around the world. Data collected by Johns Hopkins University in the U.S. indicate that, as of February 1, 2021 (Japan time), the total number of COVID-19 cases surpassed 102.92 million and the number of deaths surpassed 2.23 million worldwide. Although some countries have started their vaccination programs, it will take time to achieve widespread vaccine coverage, and global stock markets remain volatile due to concerns about the slowdown in economic activity.

SVF1 recorded unrealized gain on valuation of ¥2,072,036 million for the period, supported by a recovery in the fair values of listed portfolio companies due to a rebound in the public equity markets, as well as increases in the fair values of unlisted portfolio companies that had new funding rounds or where exits have been decided, or have seen increased customer usage of services during the COVID-19 crisis. COVID-19 continues to have an uneven effect on SBIA’s portfolio companies. Businesses in sectors such as e-commerce, entertainment, healthcare, education, food delivery, and the future of work have benefited from the accelerated adoption of digital services. Many SVF1 companies in these sectors have successfully raised additional funding from new and existing investors at higher valuations than in prior rounds. The Company believes these new funding rounds reflect the strong underlying growth of each company’s business. Conversely, companies in sectors such as travel and hospitality are recovering at a slower pace. The pandemic is expected to continue to affect each portfolio company differently in the future.

**a. Consolidated Results of Operations**

(Millions of yen)				
Nine months ended December 31				
	2019	2020	Change	Change %
<b>Continuing operations</b>				
Net sales	3,901,300	<b>4,138,038</b>	236,738	6.1% <b>A</b>
Gross profit	2,007,695	<b>2,168,300</b>	160,605	8.0%
Gain on investments				
Gain on investments at Investment Business of Holding Companies	840,664	<b>846,477</b>	5,813	0.7% <b>B</b>
Gain (loss) on investments at SVF1 and SVF2	(729,007)	<b>2,728,778</b>	3,457,785	- <b>C</b>
Gain on other investments	20,130	<b>224,201</b>	204,071	-
Total gain on investments	131,787	<b>3,799,456</b>	3,667,669	-
Selling, general and administrative expenses	(1,445,721)	<b>(1,575,206)</b>	(129,485)	9.0%
Finance cost	(215,525)	<b>(224,322)</b>	(8,797)	4.1% <b>D</b>
Income on equity method investments	472,535	<b>379,431</b>	(93,104)	(19.7%) <b>E</b>
Derivative loss (excluding gain (loss) on investments)	(17,586)	<b>(480,665)</b>	(463,079)	- <b>F</b>
Change in third-party interests in SVF1	190,005	<b>(956,736)</b>	(1,146,741)	-
Other gain	319,475	<b>251,246</b>	(68,229)	(21.4%)
Income before income tax	1,442,665	<b>3,361,504</b>	1,918,839	133.0%
Income taxes	(731,908)	<b>(975,983)</b>	(244,075)	33.3% <b>G</b>
Net income from continuing operations	710,757	<b>2,385,521</b>	1,674,764	235.6%
<b>Discontinued operations</b>				
Net income from discontinued operations	(54,297)	<b>711,174</b>	765,471	- <b>H</b>
Net income	656,460	<b>3,096,695</b>	2,440,235	371.7%
Net income attributable to owners of the parent	476,587	<b>3,055,162</b>	2,578,575	541.0%
Total comprehensive income	510,581	<b>2,543,236</b>	2,032,655	398.1%
Comprehensive income attributable to owners of the parent	344,500	<b>2,488,577</b>	2,144,077	622.4%

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

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

**A Net Sales**

Net sales increased in the SoftBank and Arm segments.

**B Gain on Investments at Investment Business of Holding Companies**

In relation to the merger of Sprint and T-Mobile and subsequent partial sale of T-Mobile shares, the Company recorded gain relating to sales of T-Mobile shares of ¥421,755 million, unrealized gain on valuation of ¥327,564

million related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥324,518 million associated with an increase in the fair value of the Contingent Consideration. Meanwhile, investment loss of ¥301,437 million from investment in listed stocks and other instruments was also recorded. In the same period of the previous fiscal year, a gain of ¥1,218,527 million relating to settlement of prepaid forward contracts using Alibaba shares was recorded. See “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment” for details.

### **C Gain on Investments at SVF1 and SVF2**

Realized gain on sales of investments (net) of ¥209,317 million was recorded as a result of the sale by SVF1 of a portion of its shares in four portfolio companies and all shares of seven portfolio companies (including share exchanges with the shares of affiliated portfolio companies). In addition, SVF1 recorded unrealized gain on valuation (net) totaling ¥1,541,453 million for listed portfolio companies, particularly DoorDash, Inc. (“DoorDash”) and Uber Technologies, Inc. (“Uber”), reflecting strong stock price performance, and ¥530,583 million for unlisted portfolio companies, as a result of increases in the fair value of investments that had new funding rounds or where exits have been decided, or have seen increased customer usage of services during the COVID-19 crisis. SVF2 recorded unrealized gain on valuation (net) of ¥542,711 million, mainly driven by share price increases of KE Holdings Inc. (“KE Holdings”) and Seer, Inc. (“Seer”) following their listings. See “(b) SVF1 and Other SBIA-Managed Funds Segment” under “b. Results by Segment” for details.

**Primarily as a result of B and C, total gain on investments was ¥3,799,456 million.**

### **D Finance Cost**

Interest expenses increased ¥10,169 million in the Investment Business of Holding Companies segment and ¥5,010 million in the SoftBank segment. On the other hand, interest expenses decreased ¥9,458 million in the SVF1 and Other SBIA-Managed Funds segment.

### **E Income on Equity Method Investments**

Income on equity method investments related to Alibaba was ¥340,040 million,<sup>4</sup> a decrease of ¥125,404 million (26.9%) year on year, which was boosted by ¥277,175 million in the same period of the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Small and Micro Financial Services Group Co., Ltd. (currently Ant Group Co., Ltd., “Ant Financial”) using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries.

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

Derivative loss of ¥485,436 million was recorded in connection with prepaid forward contracts using Alibaba shares

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<sup>4</sup> The Company applies the equity method to Alibaba’s consolidated financial statements for a reporting period staggered by three months in the past because it is impractical to align reporting periods with Alibaba due to factors such as contracts with the company. Necessary adjustments have been made to reflect important transactions and events announced by Alibaba during the staggered three-month period.

entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

**Primarily as a result of A through F, income before income tax was ¥3,361,504 million, an increase of ¥1,918,839 million (133.0%) year on year.**

#### **G Income Taxes**

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

#### **H Net Income from Discontinued Operations**

The Company recorded a gain of ¥721,068 million relating to loss of control of Sprint in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint and T-Mobile US, Inc.

**Primarily as a result of A through H, net income attributable to owners of the parent was ¥3,055,162 million, an increase of ¥2,578,575 million (541.0%) year on year.**

For basic information used to calculate income (loss) on equity method investments related to Alibaba, see the Data Sheets in “Materials” under “Earnings Results Briefing” to be posted in a few days on the Company’s website at <https://group.softbank/en/ir/presentations/>.

## b. Results by Segment

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

The following is a summary of the reportable segments.

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

### (a) Investment Business of Holding Companies Segment

- 1. Recorded gain relating to sales of T-Mobile shares of ¥421.8 billion, unrealized gain on valuation of ¥327.6 billion related to T-Mobile shares continued to be held by the Company, and derivative gain of ¥324.5 billion associated with an increase in the fair value of the Contingent Consideration.**
- 2. Completed the sale and monetization of assets for the ¥4.5 trillion program**
- 3. Recorded investment loss of ¥301.4 billion from investment in listed stocks and other instruments (total investment gain and loss of SBG and SB Northstar)**

### OVERVIEW

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

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

Note:

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

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

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

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

**FINANCIAL RESULTS**

(Millions of yen)

	Nine months ended December 31			
	2019	2020	Change	Change %
<b>Gain on investments</b>	840,664	<b>846,477</b>	5,813	0.7% <b>A</b>
Gain relating to sales of T-Mobile shares	-	<b>421,755</b>	421,755	-
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-	(1,218,527)	-
Realized loss on sales of investments at asset management subsidiaries	-	<b>(92,459)</b>	(92,459)	-
Unrealized gain on valuation of investments at asset management subsidiaries	-	<b>105,658</b>	105,658	-
Derivative loss on investments at asset management subsidiaries	-	<b>(577,602)</b>	(577,602)	-
Realized gain on sales of investments	21,371	<b>206,233</b>	184,862	865.0%
Unrealized gain (loss) on valuation of investments	(396,329)	<b>532,146</b>	928,475	-
Derivative gain (loss) on investments	(6,118)	<b>248,558</b>	254,676	-
Other	3,213	<b>2,188</b>	(1,025)	(31.9%)
Selling, general and administrative expenses	(52,675)	<b>(74,094)</b>	(21,419)	40.7%
Finance cost	(147,600)	<b>(157,769)</b>	(10,169)	6.9% <b>B</b>
Income on equity method investments	471,259	<b>363,660</b>	(107,599)	(22.8%) <b>C</b>
Derivative loss (excluding gain (loss) on investments)	(17,839)	<b>(482,668)</b>	(464,829)	- <b>D</b>
Other gain	309,787	<b>267,379</b>	(42,408)	(13.7%) <b>E</b>
<b>Segment income (income before income tax)</b>	1,403,596	<b>762,985</b>	(640,611)	(45.6%)

**A Gain on investments: ¥846,477 million**

- Gain relating to sales of T-Mobile shares of ¥421,755 million was recorded. This gain resulted from (1) a gain of ¥280,341 million on sales of shares of associates in connection with the sale of 173,564,426 shares of the 304,606,049 T-Mobile shares held on June 26, 2020; (2) a gain of ¥296,013 million on the revaluation of T-Mobile shares continued to be held by the Company following the exclusion of T-Mobile from the Company's equity method associates; (3) a derivative loss of ¥154,491 million relating to the call options received by Deutsche Telekom for 101,491,623 T-Mobile shares held by the Company; and (4) a realized loss on sales of investments of ¥3,122 million from the sales of 5,000,000 T-Mobile shares held by the Company on July 16, 2020 and a further 19,750,000 shares on August 3, 2020, as well as a derivative gain of ¥3,014 million following the derecognition of derivative liabilities.
- Realized loss on sales of investments at asset management subsidiaries of ¥92,459 million and unrealized gain on valuation of investments at asset management subsidiaries of ¥105,658 million were recorded. This was due to investments in listed stocks by SB Northstar.
- Derivative loss on investments at asset management subsidiaries of ¥577,602 million was recorded. This was due to recording losses mainly related to call options on listed stocks and short stock index futures contracts at SB Northstar.
- Realized gain on sales of investments of ¥206,233 million and unrealized gain on valuation of investments of ¥532,146 million were recorded. The former was mainly due to recording realized gain of ¥207,919 million on

investments SBG made in listed stocks. The latter was mainly due to the recording of valuation gain of ¥327,564 million on investment in T-Mobile shares recognized during the period from June 26 to December 31, 2020 and unrealized gain on valuation of ¥55,047 million on investments SBG made in listed stocks.

- Derivative gain on investments of ¥248,558 million was recorded. This was mainly due to the recording of a gain of ¥324,518 million, representing an increase in the fair value of the right to purchase T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger between Sprint and T-Mobile US, Inc.

B Finance cost: ¥157,769 million (increased ¥10,169 million year on year)

- Interest expenses at SBG<sup>5</sup> increased ¥7,236 million to ¥154,592 million. This was mainly due to an increase in interest-bearing debt at wholly owned subsidiaries conducting fund procurement.

C Income on equity method investments: ¥363,660 million (decreased ¥107,599 million year on year)

- Income on equity method investments related to Alibaba was ¥340,040 million, a decrease of ¥125,404 million (26.9%) year on year, which was boosted by ¥277,175 million in the same period of the previous fiscal year as a result of Alibaba acquiring newly issued shares (33% equity stake) of Ant Financial using consideration from the transfer of certain intellectual property rights and assets held by Alibaba to Ant Financial and its subsidiaries. There was also an impact from the recording of investment loss on Alibaba's investments classified as financial assets at FVTPL for the three-month period ended March 31, 2020, following the fall in stock markets due to the COVID-19 pandemic.
- Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1 to June 25, 2020 was recorded, however such income was not recorded for the same period of the previous fiscal year.

D Derivative loss (excluding gain (loss) on investments): ¥482,668 million

- Derivative loss of ¥485,436 million was recorded in connection with the prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to August 2020 (including the impact of amendments to some of the contracts made in October and November 2020).

E Other gain: ¥267,379 million

- Foreign exchange gain of ¥87,484 million was recorded for U.S. dollar-denominated borrowings from overseas subsidiaries conducted by SBG mainly due to the stronger yen.
- In the three-month period ended March 31, 2020 (the fourth quarter of the previous fiscal year), the Company recorded provisions for allowance for financial guarantee contract losses and loan commitment losses of ¥52,349 million and ¥90,210 million, respectively, in connection with a credit support by the Company for a letter of credit facility provided to WeWork by financial institutions and a purchase by the Company's wholly owned

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<sup>5</sup> The presentation of interest expenses at SBG includes interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C.



subsidiary of unsecured notes to be issued by WeWork. However, mainly due to the improvement in the credit risk of WeWork, the Company reversed ¥31,341 million and ¥46,918 million, respectively.

#### **¥4.5 TRILLION PROGRAM**

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

**INVESTMENT IN LISTED STOCKS AND OTHER INSTRUMENTS BY THE ASSET MANAGEMENT SUBSIDIARIES**
**Main impact on the financial position and gain (loss) on investments**

(Millions of yen)

Investor	Investment type	Condensed Interim Consolidated Statement of Financial Position Account	Balance at Q3-end (Parentheses show liabilities)	Condensed Interim Consolidated Statement of Income Account				
				Q1	Q2	Q3	Q1-Q3	
SBG	Actual stocks	Investment securities		Realized gain on sales of investments*1	64,470	102,768	40,681	207,919
			14,204	Unrealized gain (loss) on valuation of investments*1	20,880	75,693	(41,526)	55,047
SB Northstar	Actual stocks	Investments from asset management subsidiaries	1,039,940	Realized loss on sales of investments at asset management subsidiaries	-	(8,060)	(84,399)	(92,459)
		Securities pledged as collateral	1,227,560	Unrealized gain (loss) on valuation of investments at asset management subsidiaries	-	(95,082)	200,740	105,658
	Credit transactions	Borrowed securities	-*2					
	Derivatives	Long call options of listed stocks	173,997	Derivative loss on investments at asset management subsidiaries	-	(292,346)	(285,256)	(577,602)
		Short call options of listed stocks	(24,633)					
		Short stock index futures contracts	(18,713)					
		Total return swap contracts related to listed stocks	137					
			Derivative financial liabilities in asset management subsidiaries					

## Notes:

- Some of the listed shares acquired by SBG during the first quarter were transferred to SB Northstar during the second quarter. The difference between the acquisition value paid by SBG and the value for its transfer to SB Northstar (the "Difference Amount") for a portion of the transferred shares that was sold outside the Group by SB Northstar is included in "realized gain (loss) on sales of investments." The Difference Amount for the portion of shares that continued to be held by SB Northstar at the end of the third quarter is included in "unrealized gain (loss) on valuation of investments." When SB Northstar sells the listed shares outside the Group, the corresponding Difference Amount is reclassified from "unrealized gain (loss) on valuation of investments" to "realized gain (loss) on sales of investments."
- The fair value of the securities borrowed for short credit transactions. There were no securities borrowed for short credit transactions at the third quarter-end.
- 33% of the gain (loss) on investments at SB Northstar
- Excludes impacts such as selling, general and administrative expenses and tax expenses.

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

	<b>85,350</b>	<b>(217,027)</b>	<b>(169,760)</b>	<b>(301,437)</b>
Gain (loss) on investments attributable to non-controlling interests*3	-	131,829	56,305	188,134
<b>Gain (loss) on investments attributable to owners of the parent*4</b>	<b>85,350</b>	<b>(85,198)</b>	<b>(113,455)</b>	<b>(113,303)</b>

**Impact of the Asset Management Subsidiaries on SBG's Consolidated Statement of Financial Position <sup>\*1</sup>**
*As of December 31, 2020*

	(Millions of yen)
	December 31, 2020
Cash and cash equivalents	284,932
Investments from asset management subsidiaries	1,039,940
Derivative financial assets in asset management subsidiaries	174,134
Other financial assets	1,381,392
Other	9,887
<b>Total assets</b>	<b>2,890,285</b>
Interest-bearing debt	1,528,759
Derivative financial liabilities in asset management subsidiaries	64,721
Other	14,318
<b>Total liabilities</b>	<b>1,607,798</b>
Investments from Delaware subsidiaries (defined below) <sup>*2</sup>	1,929,946
Equivalent amount of cash investments by SBG in Delaware subsidiaries	39,786
Equivalent amount of loans to and receivables of Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management)	1,870,267
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 <b>A</b>
Retained earnings	(576,045) <b>B</b>
Exchange differences on translating foreign operations	(71,414)
<b>Equity</b>	<b>1,282,487 C</b>

Notes:

- SB Northstar's statement of financial position, excluding the impact of Alibaba shares contributed in kind to SB Northstar by SBG via Delaware subsidiaries, is presented for reference to show the impact of SB Northstar on Condensed Interim Consolidated Statement of Financial Position of SBG.
- Investment from the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. ("Delaware subsidiaries"), to the asset management subsidiary, SB Northstar.

**(Calculation of non-controlling interests)**

	(Millions of yen)
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 <b>A</b>
Gain (loss) attributable to non-controlling interests <sup>*3</sup>	(191,978)
Exchange differences on translating foreign operations	(24,624)
<b>Non-controlling interests (interests of Masayoshi Son)</b>	<b>(196,709) D</b>

Note:

- One-third of B in the table

**(Interests in equity (C above))**

	(Millions of yen)
Interests of SBG	1,479,196
Non-controlling interests (interests of Masayoshi Son)	(196,709) <b>D</b>
<b>Equity</b>	<b>1,282,487 C</b>

**Status of assets**
*As of December 31, 2020*
**a. Actual stocks**

(Millions of U.S. dollars)	
	Fair value as of December 31, 2020
AbCellera Biologics Inc.	272
Adobe Inc.	10
Alphabet Inc. Class C Capital Stock	1,375
Amazon.com, Inc.	7,386
Facebook, Inc.	3,279
Microsoft Corporation	1,105
Netflix, Inc.	582
Pacific Biosciences of California, Inc.	238
PayPal Holdings, Inc.	1,438
salesforce.com, inc.	677
Taiwan Semiconductor Manufacturing Company Limited ADR	1,302
4D Molecular Therapeutics, Inc.	30
Others	4,213
NVIDIA Corporation	137
<b>Total</b>	<b>22,045</b>

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

**b. Derivatives**

(Millions of U.S. dollars)		
	Fair value as of December 31, 2020 <sup>*1</sup>	Notional Principal <sup>*2</sup>
Long call options of listed stocks	1,681	44,324
Short call options of listed stocks	(238)	(30,549)
Short stock index futures contracts	(181)	(4,458)
Total return swap contracts related to listed stocks	(205)	1,727
<b>Total</b>	<b>1,057</b>	<b>11,044</b>

Notes:

1. Parentheses show liabilities
2. Parentheses show short positions

**MAIN INTEREST-BEARING DEBT IN THIS SEGMENT**

Borrower	Type	Balance as of December 31, 2020 in Condensed Interim Consolidated Statement of Financial Position
SBG	Borrowings	¥920.7 billion
	Corporate bonds	¥4,734.8 billion
	Lease liabilities	¥13.6 billion
	Commercial paper	¥171.5 billion
<b>(Wholly owned subsidiaries conducting fund procurement<sup>*1</sup>)</b>		
West Raptor Holdings, LLC	Prepaid forward contracts using Alibaba shares (floor contracts and collar contracts)	¥2,866.4 billion
West Raptor Holdings 2, LLC		
Skybridge LLC		
Skylark 2020 Holdings Limited		
Scout 2020 Holdings Limited		
Tigress 2020 Holdings Limited		
Moonlight Finance GK	Borrowings using SoftBank Corp. shares	¥498.4 billion
Delaware Project 6 L.L.C.	Borrowings using T-Mobile shares	¥449.7 billion
SB Northstar	Borrowings	¥1,528.8 billion

## Note:

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

## (b) SVF1 and Other SBIA-Managed Funds Segment

### 1. Gain on investment (net) was ¥2,767.3 billion. Segment income, after deducting change in third-party interests, was ¥1,758.1 billion.

#### ◆ SVF1

- Realized gain on sales of investments (net) of ¥209.8 billion: Sold a portion of its shares in four portfolio companies, etc.
- Unrealized gain on valuation of investments (net) of ¥2,110.0 billion from investments held at the third quarter-end: Recorded ¥1,541.5 billion gain on investments in listed portfolio companies, particularly DoorDash and Uber, due to strong stock price performance, and ¥568.5 billion on investments in unlisted portfolio companies driven by increases in their fair values.

#### ◆ SVF2

- Unrealized gain on valuation of investments (net) of ¥542.7 billion: Recorded ¥550.5 billion gain due to share price increases of KE Holdings and Seer following their listings.

### 2. Progress of investment

#### ◆ SVF1

- Investments before exit: Held 82 investments as of the third quarter-end at cost totaling \$76.3 billion, with the fair value amounting to \$90.0 billion.
- Cumulative gross gain<sup>\*1</sup> since SVF1's inception reached \$20.4 billion, including cumulative realized gain of \$5.2 billion and cumulative derivative gain of \$1.5 billion.

#### ◆ SVF2

- Held 26 investments as of the third quarter-end at cost totaling \$4.3 billion, with the fair value amounting to \$9.3 billion.

#### ◆ Other

- On January 8, 2021, SBIA's controlled company SVF Investment Corp., a SPAC, listed on the Nasdaq.

Note:

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

## OVERVIEW

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

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

SVF2 launched in October 2019 with committed capital from SBG, aiming to facilitate the continued acceleration of the AI revolution through investment in market-leading, tech-enabled growth companies across vintage years. As of the third quarter-end, SBG is the sole limited partner investing in SVF2, with a total committed capital of \$10.0 billion.

To bridge the SoftBank Group's private and public investing strategies by enabling it to potentially pursue a wider range of investment opportunities beyond the investment mandate for the private funds, in the third quarter, SBIA initiated investment through a SPAC, the first step of which was the initial public offering of its controlled

company SVF Investment Corp. on the Nasdaq on January 8, 2021. SVF Investment Corp. is an investment vehicle incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the company has not yet identified at the time of the offering, and it aims to complete such business combination within two years from January 12, 2021 (the closing of the offering). SVF Investment Corp. intends to identify, acquire, and manage a business in a technology-enabled sector, leveraging the SoftBank Group's access to a wide range of compelling investment opportunities through its broad international presence and deep local networks. After such business combination, the combined company is expected to cease to be SBIA's controlled company.

### Outline of principal funds in the segment

*As of December 31, 2020*

	SoftBank Vision Fund 1	SoftBank Vision Fund 2
Major limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.
Total committed capital (Billions of U.S. dollars)	98.6	10.0
	The Company: 33.1* <sup>1</sup> Third-party investors: 65.5	The Company: 10.0
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SVF II GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019	(Investment period and minimum fund life are not presented as they are subject to change following the participation of third-party investors.)
Minimum fund life	Until November 20, 2029 (in principle)	

Note:

- The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and \$2.5 billion (decreased from the previous \$5.0 billion) earmarked for purposes of an incentive scheme related to SVF1.

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

## Capital deployment of SVF1

As of December 31, 2020

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital <sup>6</sup> (B)	84.5	28.9	55.6
Return of capital (non-recallable) (C)	8.6	0.9	7.7
Outstanding capital (D) = (B) – (C)	75.9	28.0	47.9
Remaining committed capital (E) = (A) – (B)	14.1	4.2	9.9

Note: The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and \$2.5 billion (decreased from the previous \$5.0 billion) earmarked for purposes of an incentive scheme related to SVF1.

As of the third quarter-end, SBG has contributed \$4.4 billion of its committed capital to SVF2.

## FINANCIAL RESULTS

	(Millions of yen)			
	Nine months ended December 31			
	2019	2020	Change	Change %
Gain (loss) on investments at SVF1 and SVF2	(729,007)	2,767,257	3,496,264	- A
Realized gain on sales of investments	14,643	205,274	190,631	-
Unrealized gain (loss) on valuation of investments	(754,828)	2,545,550	3,300,378	-
Change in valuation for the fiscal year	(727,327)	2,652,701	3,380,028	-
Reclassified to realized gain recorded in the past fiscal year <sup>*1</sup>	(27,501)	(107,151)	(79,650)	-
Dividend income from investments	10,067	8,219	(1,848)	(18.4%)
Derivative gain on investments	-	1,091	1,091	-
Effect of foreign exchange translation	1,111	7,123	6,012	541.1%
Selling, general and administrative expenses	(68,466)	(45,199)	23,267	(34.0%)
Finance cost	(17,092)	(7,634)	9,458	(55.3%) B
Change in third-party interests in SVF1	190,005	(956,736)	(1,146,741)	- C
Other gain	596	429	(167)	(28.0%)
<b>Segment income (income before income tax)</b>	(623,964)	1,758,117	2,382,081	-

Note:

- Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in the fiscal year is reclassified to "realized gain on sales of investments."

During the period, SVF1 made follow-on investments totaling \$3.5 billion in existing portfolio companies and their joint ventures,<sup>7</sup> and sold a portion of its shares in four portfolio companies and all of its shares in seven portfolio companies<sup>7</sup> for a total of \$4.2 billion,<sup>8</sup> of which the initial acquisition costs were \$2.2 billion. SVF2 made new and follow-on investments totaling \$2.3 billion.

<sup>6</sup> Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.

<sup>7</sup> Includes share exchanges. During the first quarter, SVF1 exchanged all of its shares in two portfolio companies for shares in their affiliated companies, which are also existing portfolio companies. Such share exchanges are treated as exits from investments and acquisitions of new investments, with the sale price and acquisition cost being recorded in gross, respectively, and with the difference between the acquisition cost of shares initially held and sale price (acquisition cost of the exchanged shares) being recorded as realized gain and loss on the investments.

<sup>8</sup> After deducting transaction fees, etc.



## Segment income

### A Gain on investments at SVF1 and SVF2: ¥2,767,257 million

#### · SVF1

- Realized gain on sales of investments of ¥209,849 million was recorded as a result of the sale by SVF1 of a portion of its shares in four portfolio companies and all shares of seven portfolio companies.<sup>7</sup>
- Unrealized gain on valuation of investments held by SVF1 at the third quarter-end was ¥2,109,989 million (\$20,068 million, net) (see “Portfolio of SVF1” below for a breakdown). Unrealized valuation gain totaling \$14,667 million for listed portfolio companies, particularly DoorDash and Uber, was recorded due to strong stock price performance. In addition, unrealized valuation gain totaling \$5,401 million was recorded for unlisted portfolio companies, as a result of increases in the fair values of investments that had new funding rounds or where exits have been decided, as well as increases in the fair values of investments in online businesses such as e-commerce and property technology, which have seen increased customer usage of services during the COVID-19 crisis.

#### · SVF2

- Unrealized gain on valuation of investments was ¥542,711 million (\$5,126 million, net). This was primarily due to the recording of unrealized valuation gain totaling \$5,201 million on investments in KE Holdings and Seer, reflecting share price increases following their listings. See “Portfolio of SVF2” below for other details.

### B Finance cost: ¥7,634 million (decreased ¥9,458 million year on year)

Interest expenses decreased primarily due to a decline in the outstanding balance of borrowings made by SVF1, resulting from the repayments of borrowings made under a line of credit set up mainly to increase capital efficiency to fund investments (the “Fund Level Facility”) and those made for the purpose of monetizing a portion of certain investments (the “Portfolio Financing Facility”).

### C Change in third-party interests in SVF1: ¥(956,736) million

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

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

**Portfolio of SVF1**

As of December 31, 2020

(Billions of U.S. dollars)

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

	Cumulative number of investments	Cumulative investment cost A1+B1+C1	Cumulative investment return A2+B2+C2	Cumulative gain*1 A3+B3+C3
	<b>92</b>	<b>84.5</b>	<b>104.9</b>	<b>20.4</b>

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

Sector	Number of investments	Investment cost A1	Fair value A2	Cumulative unrealized valuation gain (loss)*2 A3	Unrealized valuation gain (loss) recorded in the fiscal year Q1-Q3
a Consumer	12	10.4	14.8	4.4	3.0
b Edtech	1	0.7	1.1	0.4	0.4
c Enterprise	8	2.5	3.9	1.4	0.8
d Fintech	11	4.4	3.4	(1.0)	(1.2)
e Frontier Tech	9	11.0	11.2	0.2	0.6
f Health Tech	8	2.0	4.3	2.3	1.4
g Logistics	14	8.0	16.9	8.9	8.4
h Proptech	9	10.1	5.9	(4.2)	0.8
i Transportation	10	27.2	28.5	1.3	5.9
<b>Total</b>	<b>82</b>	<b>76.3</b>	<b>90.0</b>	<b>13.7</b>	<b>20.1</b>

## (Reference)

Listed companies*3	8	9.7	24.8	15.1	14.7
d OneConnect		0.1	0.1	(0.0)	0.0
d ZhongAn Insurance		0.2	0.1	(0.1)	0.0
f Guardant Health		0.1	0.8	0.7	0.4
f Relay Therapeutics		0.3	1.2	0.9	0.9
f Vir Biotechnology		0.2	0.6	0.4	(0.1)
g DoorDash		0.7	9.0	8.3	7.1
h Opendoor		0.4	1.7	1.3	1.3
i Uber		7.7	11.3	3.6	5.1
Unlisted companies	74	66.6	65.2	(1.4)	5.4
<b>Total</b>	<b>82</b>	<b>76.3</b>	<b>90.0</b>	<b>13.7</b>	<b>20.1</b>

**(2) Exited investments**

	Number of investments	Investment cost B1	Sale price B2	Cumulative realized gain*1 B3	Realized gain recorded in the fiscal year Q1-Q3
Partial exit	-	1.1	2.7	1.6	1.2
Full exit <sup>7</sup>	10	7.1	10.7	3.6	0.8
<b>Total</b>	<b>10</b>	<b>8.2</b>	<b>13.4</b>	<b>5.2</b>	<b>2.0</b>

**(3) Derivative gain and loss relating to investment**

	Derivative cost C1	Fair value/ settlement price C2	Cumulative derivative gain C3
Settled	0.0	1.5	1.5
<b>Total</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>

Notes:

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

**Portfolio of SVF2**

As of December 31, 2020

(Billions of U.S. dollars)

**Total ((1) + (2) below)**

	Cumulative number of investments	Cumulative investment cost A1+B1	Cumulative investment return A2+B2	Cumulative gain*1 A3+B3
	26	4.3	9.3	5.0

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

Company	Number of investments	Investment cost*2 A1	Fair value*2 A2	Cumulative unrealized valuation gain (loss) A3	Unrealized valuation gain (loss) recorded in the fiscal year Q1-Q3
Listed companies	2	1.4	6.6	5.2	5.2
KE Holdings		1.4	6.4	5.0	5.1
Seer		0.0	0.2	0.2	0.1
Unlisted companies	24	2.9	2.7	(0.2)	(0.1)
<b>Total</b>	<b>26</b>	<b>4.3</b>	<b>9.3</b>	<b>5.0</b>	<b>5.1</b>

**(2) Exited investments**

	Number of investments	Investment cost B1	Sale price B2	Cumulative realized gain (loss)*1 B3	Realized loss recorded in the fiscal year Q1-Q3
Partial exit	-	0.0	0.0	(0.0)	(0.0)
<b>Total</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>

Notes:

- Before deducting third-party interests, tax, and expenses
- The investment amount 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.

**Listings and announced listing plans for SVF1 and SVF2 portfolio companies**

As of December 31, 2020; excluding those already listed at the time of investment

Fund	Company	Listing date	Listing method
SVF1	<b>Investments before exit</b>		
	Zhongan Insurance	September 28, 2017	IPO
	Guardant Health	October 4, 2018	IPO
	Uber	May 10, 2019	IPO
	Vir Biotechnology	October 11, 2019	IPO
	OneConnect	December 13, 2019	IPO
	Relay Therapeutics	July 16, 2020	IPO
	DoorDash	December 9, 2020	IPO
	Opendoor	December 21, 2020	Merger with SPAC
	View	March quarter, 2021 (expected)	Merger with SPAC <sup>9</sup>
	<b>Exited investments</b>		
	Ping An Good Doctor	May 4, 2018	IPO
	Slack	June 20, 2019	Direct listing
	10x Genomics	September 12, 2019	IPO
SVF2	<b>Investments before exit</b>		
	KE Holdings	August 13, 2020	IPO
	Seer	December 4, 2020	IPO

<sup>9</sup> The merger between View, Inc. and CF Finance Acquisition Corp. II, a SPAC, was announced on November 30, 2020 (U.S. time). The merger has not yet closed as of February 8, 2021.

**(c) SoftBank Segment**

- 1. Segment income increased 1.8% yoy: Z Holdings Corporation and the enterprise business performed strongly.**
- 2. Business integration of Z Holdings Corporation and LINE Corporation is expected to be completed in March 2021.**

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2019	2020		
Net sales	3,617,784	<b>3,805,561</b>	187,777	5.2%
Segment income (income before income tax)	733,329	<b>746,219</b>	12,890	1.8%
Depreciation and amortization	(506,588)	<b>(537,640)</b>	(31,052)	6.1%
Gain (loss) on investments	5,541	<b>(4,496)</b>	(10,037)	-
Finance cost	(43,839)	<b>(48,849)</b>	(5,010)	11.4%
Loss on equity method investments* <sup>1</sup>	(26,371)	<b>(26,205)</b>	166	-
Derivative loss (excluding gain (loss) on investments)	(3)	<b>(135)</b>	(132)	-

Note:

1. This refers mainly to loss on equity method investments related to PayPay Corporation. At SoftBank Corp., PayPay Corporation is classified as an equity method associate; however, PayPay Corporation has consistently been classified as a subsidiary of SBG since its founding in June 2018 and with its financial results included in "Other." For this reason, loss on equity method investments related to PayPay Corporation recognized in the SoftBank segment is eliminated in the "Reconciliations" account in segment information.

**FINANCIAL RESULTS**

Segment income increased ¥12,890 million (1.8%) year on year, to ¥746,219 million. This mainly reflected strong performance by Z Holdings Corporation and the enterprise business, despite recording an impairment loss on equity method investments following a writedown of the equivalent amount of goodwill with regard to an investment in WeWork Japan GK (an equity method associate) and a deterioration in gain on investments.

Income increased in Z Holdings Corporation, mainly due to the consolidation of ZOZO, Inc. in November 2019 and an increase in revenue of the existing e-commerce business. Income in the enterprises business increased due to an increase in mobile revenue, along with an increase in net sales of cloud services and security solutions following growth in demand for remote work-related products and services to address the COVID-19 pandemic. For the consumer business, income increased year on year, mainly due to the reversal of contract liabilities related to *Half Price Support*<sup>10</sup> in revenues and a decline in sales commissions due to the impact of an amendment to the Telecommunications Business Act,<sup>11</sup> which became effective in October 2019.

**Business integration of Z Holdings Corporation and LINE Corporation**

In December 2019, Z Holdings Corporation and LINE Corporation, along with SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration (the "Business Integration").

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

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

In August 2020, procedures required by competition laws, investment rules, and the laws in each country to carry out the Business Integration were completed. As part of the transactions to realize the Business Integration, SoftBank Corp. conducted a joint tender offer for shares of LINE Corporation from August to September 2020, after which the shares of LINE Corporation were delisted from the First Section of the Tokyo Stock Exchange in December 2020.<sup>12</sup> Furthermore, on January 20, 2021, LINE Corporation decided to conduct a tender offer for the shares of Z Holdings Corporation.

The share exchange, which will be conducted as part of a series of transactions to achieve the Business Integration, is scheduled to become effective on March 1, 2021. In addition, Z Holdings Corporation, as the listed integrated company resulting from the Business Integration, is expected to become a subsidiary of the Company and SoftBank Corp.

For more information on SoftBank Corp.'s financial results and business operations, please refer to its website at <https://www.softbank.jp/en/corp/ir/>.

#### (d) Arm Segment

##### 1. Net sales increased 14.6% yoy

- ◆ Technology licensing revenue increased 24.9% yoy (U.S. dollar-based) due to strong demand for Arm's expanding product portfolio since the Company's acquisition, which has encouraged adoption of more Arm technology by a wider range of customers.
- ◆ Technology royalty revenue increased 17.2% yoy (U.S. dollar-based) largely due to the strong ramp in 5G smartphones and networking equipment as well as increasing shipments into servers.

##### 2. Segment loss deteriorated yoy

- ◆ Segment loss deteriorated ¥9.7 billion yoy mainly due to charges relating to share-based remuneration following the agreement for sale of all shares in Arm to NVIDIA, and increased bonus payments relating to achieving certain strategic goals.

##### 3. New licenses signed for Arm's product portfolio expanded by accelerated R&D investments

- ◆ During the period, Arm signed licenses for many products including new processors for Arm-based servers, smartphones, networking equipment, autonomous systems including industrial robotics and autonomous vehicles, and computational storage.<sup>13</sup>

(Millions of yen)

	Nine months ended December 31			
	2019	2020	Change	Change %
Net sales	143,008	<b>163,912</b>	20,904	14.6%
Segment income (income before income tax)	(35,712)	<b>(45,401)</b>	(9,689)	-

Note: Segment income includes amortization expenses of ¥36,063 million for the period and ¥37,738 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.

<sup>12</sup> The American Depositary Shares listed on the New York Stock Exchange were also delisted in December 2020.

<sup>13</sup> Data storage devices with computational capabilities

## OVERVIEW

Arm's operations primarily consist of licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or increase its share of the existing markets and expand into new markets.

### Industry trends and their impact

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

Although those risks still remain, as market conditions improve, Arm expects that its business will continue to grow. In addition, Arm is expecting that, as technology becomes more advanced, its technology will be further utilized and opportunities will expand over the long term.

## FINANCIAL RESULTS

### Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based in U.S. dollars.

(Millions of U.S. dollars)

	Nine months ended December 31									
	2019				2020				Change	Change %
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total		
Technology licensing	125	87	130	342	122	154	151	427	85	24.9%
Technology royalty	240	254	312	806	282	323	340	945	139	17.2%
Software and services	53	55	63	171	53	58	65	176	5	2.9%
<b>Total net sales</b>	<b>418</b>	<b>396</b>	<b>505</b>	<b>1,319</b>	<b>457</b>	<b>535</b>	<b>556</b>	<b>1,548</b>	<b>229</b>	<b>17.4%</b>

Net sales for the period increased \$229 million (17.4%) year on year as technology licensing revenue, technology royalty revenue, and software and services revenues all increased.

### Technology licensing

Technology licensing revenue for the period increased \$85 million (24.9%) year on year. Since being acquired by the Company, Arm has increased investment in R&D, which has now resulted in a product portfolio that has expanded the breadth of Arm technology to include processors optimized for servers, automotive electronics, and AI acceleration. This has led to a wider range of customers licensing Arm technology, as well as existing customers having more Arm technology to choose from, both of which are helping to drive licensing revenues. Despite ongoing uncertainty in the semiconductor industry from the impact of COVID-19, Arm saw strong demand from major customers for its latest technologies which led to Arm signing multiple high-valued licenses. This included

licenses for processors used by customers intending to build Arm-based server chips, smartphones, networking equipment and for autonomous systems such as industrial robotics and autonomous vehicles.

### Technology royalty

Technology royalty revenue for the period increased \$139 million (17.2%) year on year. Royalty revenues were driven by the strong ramp in shipments of Arm-based 5G smartphones and the deployment of networking equipment into 5G base stations as well as increasing shipments into servers.

### Software and services

Software and services revenues increased \$5 million (2.9%) year on year.

### Segment income

Segment loss was ¥45,401 million for the period, deteriorating by ¥9,689 million year on year. This was mainly due to charges of \$93.7 million relating to the increases in the fair value of share-based remuneration already granted to Arm employees and the expected acceleration of the vesting date that were triggered by the proposed acquisition of Arm by NVIDIA (including one-off charges), and due to a true-up of employee bonus payments of \$47.3 million related to achieving certain strategic goals that will support Arm's long-term success.

In addition, Arm continues to enhance its R&D capabilities by hiring more employees, mainly technology-related personnel. The number of Arm employees increased 479 (7.3%) from the end of the same period of the previous fiscal year, to 6,999 at the third quarter-end.

## OPERATIONS

### Royalty units<sup>14</sup>

	2019		2020		
	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30	Jul 1 to Sep 30
<b>Royalty units as reported by</b>					
<b>Arm's licensees</b>	6.2 billion	6.0 billion	5.4 billion	5.6 billion	<b>6.7 billion</b>
Growth rate (yoy)	3.3%	13.2%	17.4%	3.7%	<b>8.1%</b>

Arm's licensees reported shipments of 6.7 billion Arm-based chips for the three-month period ended September 30, 2020. Arm's unit shipments increased 8.1% year on year, while shipments by the Arm-relevant part of the semiconductor industry increased 2.5%<sup>15</sup> during the same period.

<sup>14</sup> This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended September 30, 2020, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, technology royalty revenues are accrued in the same quarter the chips are shipped, based on estimates. During the third quarter, historic chip shipments were restated following a review of the method used to aggregate royalty units.

<sup>15</sup> Worldwide Semiconductor Trade Statistics (WSTS) as of January 2021. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.

## TECHNOLOGY DEVELOPMENT

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

### Arm's primary investment areas and main developments

#### Mobile computing

Opportunity	:	Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
The first quarter	:	Arm announced the introduction of a new technology family for premium smartphones, including a processor, a machine learning accelerator, and a graphics processor.
The second quarter	:	Arm announced two new processors to be delivered in 2022. These processors are optimized for AI algorithms and augmented reality applications, have enhanced security features, and will deliver increased top performance.
The third quarter	:	<ul style="list-style-type: none"> <li>· Qualcomm Technologies, Inc. announced the Snapdragon 888 chip for next generation 5G smartphones based on the Arm <i>Cortex-X1</i> processor.</li> <li>· MediaTek Inc. announced the MT8195 chipset designed for next-generation mobile computers, including Chromebooks, based on Arm <i>Cortex-A78</i> CPU and Arm <i>Mali G57</i> GPU.</li> </ul>

#### Infrastructure

Opportunity	:	Arm has a growing share in networking infrastructure and a nascent share in data center servers.
The first quarter	:	<ul style="list-style-type: none"> <li>· Supercomputer <i>Fugaku</i> with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, ranked number one in the TOP500, a global ranking based on calculation speed of supercomputers.</li> <li>· Amazon Web Services, Inc. launched two new Arm-based Graviton2 services optimized for compute-intensive and memory-intensive applications.</li> </ul>
The second quarter	:	Arm launched two new processors, <i>Neoverse V1</i> targeting high-performance computing and <i>Neoverse N2</i> for energy-efficient data center and edge computing applications.
The third quarter	:	Amazon Web Services, Inc. launched new services optimized for networking applications, based on its Arm-based Graviton2 chips which delivers a 40% better price/performance relative to the prior generation (not Arm-based).

#### Automotive

Opportunity	:	As vehicles become smarter, they require more computational capability. Arm is well positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
The first quarter	:	Arm announced the development of new software that enables its graphics processors to be shared by different applications within a vehicle such as infotainment and the dashboard. AUDI AG and Samsung Electronics Co., Ltd. are among customers implementing Arm's graphics IP in vehicles to be launched in 2022.
The second quarter	:	Arm launched three new processors, <i>Cortex-A78AE</i> , <i>Mali-G78AE</i> , and <i>Mali-C71AE</i> , designed to make autonomous systems, including industrial robotics and autonomous vehicles, safer and more reliable.
The third quarter	:	Telechips Inc., a leading automotive technology provider, announced that it has adopted a suite of Arm technology for its next automotive chip including Arm <i>Mali-G78AE</i> graphics processor, Arm <i>Cortex-A76</i> processor, and Arm <i>Ethos-N78</i> AI processor.

#### IoT

Opportunity	:	For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.
The second quarter	:	Arm announced the introduction of <i>Cortex-R82</i> processor, designed specifically for computational storage, <sup>13</sup> a new market segment that will help enable IoT gateways, which connect IoT devices and the network, and edge servers.
The third quarter	:	NXP Semiconductors N.V. announced that it will expand its Arm-based i.MX products for the Industrial and IoT Edge with the integration of Arm's <i>Ethos</i> AI processors.

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



**(e) Other**

(Millions of yen)				
Nine months ended December 31				
	2019	2020	Change	Change %
Net sales	159,868	<b>183,381</b>	23,513	14.7%
Segment income (income before income tax)	(65,253)	<b>156,391</b>	221,644	-
Depreciation and amortization	(33,036)	<b>(29,811)</b>	3,225	(9.8%)
Gain on investments	14,406	<b>228,642</b>	214,236	-
Finance cost	(10,885)	<b>(12,243)</b>	(1,358)	12.5%
Income on equity method investments	2,468	<b>19,489</b>	17,021	689.7%
Derivative gain (excluding gain (loss) on investments)	178	<b>681</b>	503	282.6%

Segment income for the Other segment totaled ¥156,391 million. This was primarily due to recording income before income tax of ¥121,626 million in the investment fund business in Latin America, led by recording gain on investments of ¥124,933 million following an increase in fair value of investments from the previous fiscal year-end. As of the third-quarter end, the cumulative investment amount by the investment fund business in Latin America totaled \$2,314 million, with a fair value of \$3,048 million. In addition, Fortress Investment Group LLC also recorded gain on investments of ¥94,847 million driven by increases in the fair values of investments held by the company, which resulted in income before income tax of ¥96,122 million.

On the other hand, PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥40,920 million, mainly reflecting its continued marketing promotions aimed at gaining users and driving service usage, along with proactive measures to increase the number of stores where its services can be used. Loss before income tax was lower year on year, mainly due to an increase in payment commission revenue, as well as curbed expenses related to acquiring and retaining users through measures such as changing the basic allocation rate of points to customers. PayPay Corporation's payment services continued to see strong growth, with the number of payments for the period reaching 1,423 million, a 3.3-fold increase year on year.

**Results of PayPay Corporation included in the Other segment**

(Millions of yen)				
Nine months ended December 31				
	2019	2020	Change	Change %
Net sales	4,872	<b>19,790</b>	14,918	306.2%
Loss before income taxes	(55,621)	<b>(40,920)</b>	14,701	-

For a list of portfolio companies of the fund business in Latin America, see the Data Sheets in "Materials" under "Earnings Results Briefing" to be posted in a few days on the Company's website at <https://group.softbank/en/ir/presentations/>.

## (2) Overview of Financial Position

### 1. The ¥4.5 trillion program and main impacts

#### ◆ Sale and monetization of assets

##### i. Partial sale and monetization of T-Mobile shares\*<sup>1</sup>

- Recorded T-Mobile shares totaling ¥1,483.5 billion (as of the third quarter-end) as investment securities for those shares continued to be held by the Company after the sale.
- Borrowed \$4.38 billion using T-Mobile shares (margin loan). Of this, \$2.3 billion is included as proceeds from the ¥4.5 trillion program.

##### ii. Entry into several prepaid forward contracts using Alibaba shares

- After concluding several prepaid forward contracts using Alibaba shares from April to August 2020, amendments to some of the contracts were made in October and November 2020. Financial liabilities totaling ¥2,866.4 billion (as of the third quarter-end) were recorded relating to sale of shares by prepaid forward contracts, including the contract concluded in the previous fiscal year.

##### iii. Partial sale of SoftBank Corp. shares

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

#### ◆ Reduction of debt

- SBG repaid early ¥300.0 billion of senior loans and repurchased domestic unsecured corporate bonds of ¥167.6 billion (face value).

#### ◆ Share repurchase

- The Company repurchased ¥1,607.8 billion of its own shares during the period. Of this, the amount acquired based on the ¥4.5 trillion program was ¥1,123.8 billion.

### 2. Status of main investments and fund procurement related to the asset management subsidiaries\*<sup>2</sup>

- Investments in listed stocks: Investments from asset management subsidiaries of ¥1,039.9 billion  
Securities pledged as collateral (other financial assets) of ¥1,227.6 billion
- Derivative investments: Derivative financial assets in asset management subsidiaries of ¥174.1 billion  
Derivative financial liabilities in asset management subsidiaries of ¥64.7 billion
- Fund procurement: Executed borrowings (margin loan) of \$6.0 billion using Alibaba shares as collateral.

### 3. Carrying amount of investments from SVF1 and SVF2 accounted for using FVTPL of ¥9,394.9 billion, an increase of ¥2,502.7 billion from the previous fiscal year-end\*<sup>3</sup>

Mainly reflecting the increases in fair values of investments, the carrying amount of investments from SVF1 amounted to ¥8,430.8 billion (up ¥1,749.1 billion from the previous fiscal year-end) and carrying amount of investments from SVF2 amounted to ¥964.2 billion (up ¥753.6 billion from the previous fiscal year-end).

Notes:

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

	March 31, 2020	December 31, 2020	Change	Change %
Total assets	37,257,292	37,858,793	601,501	1.6%
Total liabilities	29,884,375	29,236,487	(647,888)	(2.2%)
Total equity	7,372,917	8,622,306	1,249,389	16.9%

**(a) Assets**

	(Millions of yen)		
	March 31, 2020	December 31, 2020	Change
Cash and cash equivalents	3,369,015	<b>4,452,099</b>	1,083,084 <b>A</b>
Trade and other receivables	2,072,326	<b>2,236,789</b>	164,463 <b>B</b>
Investments from asset management subsidiaries	-	<b>1,039,940</b>	1,039,940 <b>C</b>
Derivative financial assets in asset management subsidiaries	-	<b>174,134</b>	174,134 <b>D</b>
Other financial assets	313,487	<b>1,802,697</b>	1,489,210 <b>E</b>
Inventories	185,097	<b>159,919</b>	(25,178)
Other current assets	460,970	<b>161,062</b>	(299,908)
Assets classified as held for sale	9,236,048	<b>40,287</b>	(9,195,761) <b>F</b>
<b>Total current assets</b>	<b>15,636,943</b>	<b>10,066,927</b>	(5,570,016)
Property, plant and equipment	1,264,516	<b>1,511,844</b>	247,328 <b>G</b>
Right-of-use assets	1,293,692	<b>1,163,782</b>	(129,910) <b>H</b>
Goodwill	3,998,167	<b>3,875,949</b>	(122,218) <b>I</b>
Intangible assets	1,985,972	<b>1,859,023</b>	(126,949) <b>J</b>
Costs to obtain contracts	212,036	<b>234,189</b>	22,153
Investments accounted for using the equity method	3,240,361	<b>3,730,319</b>	489,958 <b>K</b>
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	<b>9,394,949</b>	2,502,717 <b>L</b>
SVF1	6,681,671	<b>8,430,770</b>	1,749,099
SVF2	210,561	<b>964,179</b>	753,618
Investment securities	1,211,511	<b>3,370,933</b>	2,159,422 <b>M</b>
Derivative financial assets	59,278	<b>1,066,301</b>	1,007,023 <b>N</b>
Other financial assets	1,100,694	<b>1,291,438</b>	190,744
Deferred tax assets	221,371	<b>156,538</b>	(64,833)
Other non-current assets	140,519	<b>136,601</b>	(3,918)
<b>Total non-current assets</b>	<b>21,620,349</b>	<b>27,791,866</b>	6,171,517
<b>Total assets</b>	<b>37,257,292</b>	<b>37,858,793</b>	601,501

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<u>Current assets</u>	
<b>A</b> Cash and cash equivalents	Cash and cash equivalents increased mainly due to the sale and monetization of assets based on the ¥4.5 trillion program. For details, see “(Reference) Cash and cash equivalents by entity” and “(3) Overview of Cash Flows.”
<b>B</b> Trade and other receivables	<ul style="list-style-type: none"> <li>· Trade receivables of SB C&amp;S Corp. and receivables (call loans and loans of the banking business) of The Japan Net Bank, Limited increased.</li> <li>· Brightstar recorded trade receivables of ¥143,000 million as of the previous fiscal year-end, but it ceased to be a subsidiary of the Company in the third quarter.</li> </ul>
<b>C</b> Investment from asset management subsidiaries	The fair values of listed stocks held by SB Northstar at the third quarter-end were recorded.
<b>D</b> Derivative financial assets in asset management subsidiaries	The fair values of long call options of listed stocks and total return swap contracts related to listed stocks held by SB Northstar at the third quarter-end were recorded.
<b>E</b> Other financial assets	SB Northstar pledged collateral for transactions of investment acquisition using borrowings, short stock index futures contracts, and total return swap contracts. Securities pledged as collateral of ¥1,227,560 million, margin deposits of ¥90,051 million, and restricted cash of ¥63,781 million were recorded at the third quarter-end. For details of other financial assets, see “6. Other financial assets (current)” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”
<b>F</b> Assets classified as held for sale	<ul style="list-style-type: none"> <li>· Sprint’s assets were separately presented in this category at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these assets were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>· Boston Dynamics, Inc.’s assets were separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale at the third quarter-end.</li> </ul>

Components	Main reasons for changes from the previous fiscal year-end
<u>Non-current assets</u>	
<b>G</b> Property, plant and equipment	SoftBank Corp. acquired telecommunications equipment including that for 5G.
<b>H</b> Right-of-use assets	SoftBank Corp. amortized right-of-use assets related to telecommunications equipment.
<b>I</b> Goodwill	Goodwill of Arm decreased ¥92,837 million due to the stronger yen against the U.S. dollar.
<b>J</b> Intangible assets	Intangible assets of Arm such as technology and customer relationships decreased due to regular amortization.
<b>K</b> Investments accounted for using the equity method	Income on equity investments related to Alibaba was recorded.
<b>L</b> Investments from SVF1 and SVF2 accounted for using FVTPL	<ul style="list-style-type: none"> <li>· SVF1 recorded unrealized gain on valuation of investments (net) of ¥2,072,036 million, reflecting increases in the fair value of investments held at the third quarter-end.</li> <li>· SVF2 recorded unrealized gain on valuation of investments (net) of ¥542,711 million, mainly due to share price increases of KE Holdings and Seer following their listings.</li> </ul> For details of the status of investments at SVF1 and SVF2, see “(b) SVF1 and Other SBIA-Managed Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations” on page 27.
<b>M</b> Investment securities	<ul style="list-style-type: none"> <li>· The fair value of T-Mobile shares continued to be held by the Company after the partial sale totaled ¥1,483,510 million, increasing ¥327,564 million from the time of initial recognition on June 26, 2020 to the third quarter-end. For details, see “(1) Completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, etc.” on page 6 under “PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)” in “(1) Overview of Results of Operations.”</li> <li>· At the investment fund business in Latin America, the fair value of investments increased ¥198,495 million mainly due to valuation uplifts in several portfolio companies.</li> </ul>

Components	Main reasons for changes from the previous fiscal year-end
N Derivative financial assets	<ul style="list-style-type: none"> <li>· Derivative financial assets of ¥520,831 million were recorded related to the Company's right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger of Sprint and T-Mobile US, Inc. The fair value of these shares increased ¥324,518 million from the time of the Merger to the third quarter-end.</li> <li>· Derivative financial assets related to several prepaid forward contracts using Alibaba shares increased ¥463,044 million. Following amendments to some of the contracts (including the contract concluded in the previous fiscal year) in the third quarter, derivative financial liabilities of ¥476,301 million related to the amended contracts was derecognized, while derivative financial assets of ¥333,193 million was recognized for newly concluded contracts. For details, see "10. Interest-bearing debt" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."</li> </ul>

**(Reference) Cash and cash equivalents by entity**

(Millions of yen)

	March 31, 2020	December 31, 2020	Change
<b>SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement, etc.*<sup>1</sup> / SB Northstar</b>			
SoftBank Group Corp.	1,455,385	<b>1,728,351</b>	272,966
Wholly owned subsidiaries conducting fund procurement, etc.* <sup>1</sup>	14,730	<b>23,955</b>	9,225
SB Northstar	-	<b>284,932</b>	284,932
<b>SVF1 and Other SBIA-Managed Funds segment</b>			
SVF1	186,028	<b>42,389</b>	(143,639)
SVF2	1,193	<b>4,247</b>	3,054
SBIA	38,517	<b>35,300</b>	(3,217)
<b>SoftBank segment</b>			
SoftBank Corp.	148,127	<b>572,845</b>	424,718
Z Holdings Corporation* <sup>2</sup>	242,977	<b>367,194</b>	124,217
Others	742,125	<b>751,383</b>	9,258
<b>Others</b>	539,933	<b>641,503</b>	101,570
<b>Total</b>	3,369,015	<b>4,452,099</b>	1,083,084

## Notes:

1. Includes wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C.
2. Includes Yahoo Japan Corporation.

**(b) Liabilities**

	(Millions of yen)		
	March 31, 2020	December 31, 2020	Change
Interest-bearing debt	3,845,153	<b>5,352,218</b>	1,507,065
Lease liabilities	378,383	<b>317,258</b>	(61,125)
Deposits for banking business	873,087	<b>1,105,380</b>	232,293
Third-party interests in SVF1	24,691	-	(24,691)
Trade and other payables	1,585,326	<b>1,628,668</b>	43,342
Derivative financial liabilities in asset management subsidiaries	-	<b>64,721</b>	64,721 <b>A</b>
Derivative financial liabilities	9,267	<b>239,263</b>	229,996 <b>B</b>
Other financial liabilities	248,010	<b>96,488</b>	(151,522) <b>C</b>
Income taxes payables	164,298	<b>329,489</b>	165,191 <b>D</b>
Provisions	11,448	<b>23,673</b>	12,225
Other current liabilities	596,499	<b>642,690</b>	46,191
Liabilities directly relating to assets classified as held for sale	6,454,971	<b>10,818</b>	(6,444,153) <b>E</b>
<b>Total current liabilities</b>	<b>14,191,133</b>	<b>9,810,666</b>	(4,380,467)
Interest-bearing debt	9,286,729	<b>11,242,464</b>	1,955,735
Lease liabilities	761,943	<b>711,421</b>	(50,522)
Third-party interests in SVF1	4,559,728	<b>5,455,916</b>	896,188
Derivative financial liabilities	128,075	<b>89,472</b>	(38,603) <b>F</b>
Other financial liabilities	77,207	<b>110,188</b>	32,981
Provisions	88,791	<b>101,208</b>	12,417
Deferred tax liabilities	711,216	<b>1,548,821</b>	837,605 <b>G</b>
Other non-current liabilities	79,553	<b>166,331</b>	86,778 <b>H</b>
<b>Total non-current liabilities</b>	<b>15,693,242</b>	<b>19,425,821</b>	3,732,579
<b>Total liabilities</b>	<b>29,884,375</b>	<b>29,236,487</b>	(647,888)

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<u>Current liabilities</u>	
<b>A</b> Derivative financial liabilities in asset management subsidiaries	The fair values of short call options of listed stocks, short stock index futures contracts, and total return swap contracts related to listed stocks held by SB Northstar at the third quarter-end were recorded.
<b>B</b> Derivative financial liabilities	Derivative financial liabilities of ¥235,930 million were recorded for the call options received by Deutsche Telekom for T-Mobile shares held by the Company.
<b>C</b> Other financial liabilities	Valuation loss allowances decreased ¥149,448 million in relation to the financial guarantee contract and loan commitment for WeWork, mainly due to the improvement of its credit risk.
<b>D</b> Income taxes payables	Income taxes payables were recorded primarily for a gain on the partial sale of SoftBank Corp. shares at SBGJ.
<b>E</b> Liabilities directly relating to assets classified as held for sale	<ul style="list-style-type: none"> <li>· Sprint's liabilities were separately presented in this category at the previous fiscal year-end in conjunction with the classification of Sprint in the disposal group classified as held for sale; however, these liabilities were removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>· Boston Dynamics, Inc.'s liabilities were separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale at the third quarter-end.</li> </ul>
<u>Non-current Liabilities</u>	
<b>F</b> Derivative financial liabilities	Derivative financial liabilities of ¥476,301 million related to some of the prepaid forward contracts using Alibaba shares (including the contract concluded in the previous fiscal year) were derecognized, following amendments to those contracts in the third quarter. Meanwhile, derivative financial assets of ¥333,193 million were recognized for newly concluded contracts. For details, see "10. Interest-bearing debt" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."
<b>G</b> Deferred tax liabilities	Deferred tax liabilities increased at SBG.
<b>H</b> Other non-current liabilities	A deposit of \$1.25 billion received for the sale of all shares of Arm was recorded. For details, see "ENTRY INTO AGREEMENT FOR SALE OF ALL SHARES IN ARM" under "(1) Overview of Results of Operations" on page 11.



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

	(Millions of yen)		
	March 31, 2020	December 31, 2020	Change
<b>SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement*<sup>1</sup> /</b>			
<b>SB Northstar</b>	8,247,063	<b>11,183,700</b>	2,936,637
<b>SoftBank Group Corp.</b>	6,528,734	<b>5,840,543</b>	(688,191)
Borrowings	1,388,240	<b>920,685</b>	(467,555)
Corporate bonds	5,034,494	<b>4,734,780</b>	(299,714)
Lease liabilities	-	<b>13,578</b>	13,578
Commercial paper	106,000	<b>171,500</b>	65,500
<b>Wholly owned subsidiaries conducting fund procurement*<sup>1</sup></b>	1,718,329	<b>3,814,398</b>	2,096,069
Borrowings	1,522,228	<b>948,021</b>	(574,207)
Financial liabilities relating to sale of shares by prepaid forward contracts	196,101	<b>2,866,377</b>	2,670,276
<b>SB Northstar</b>	-	<b>1,528,759</b>	1,528,759
Borrowings	-	<b>1,528,759</b>	1,528,759
<b>SVF1 and Other SBIA-Managed Funds segment</b>			
<b>SVF1</b>	581,543	<b>260,321</b>	(321,222)
Borrowings	581,543	<b>260,321</b>	(321,222)
<b>SBIA</b>	535	<b>385</b>	(150)
Lease liabilities	535	<b>385</b>	(150)
<b>SoftBank segment</b>			
<b>SoftBank Corp.</b>	3,828,904	<b>4,436,750</b>	607,846
Borrowings	2,856,027	<b>3,262,017</b>	405,990
Corporate bonds	40,000	<b>260,000</b>	220,000
Lease liabilities	832,877	<b>747,032</b>	(85,845)
Commercial paper	100,000	<b>167,701</b>	67,701
<b>Z Holdings Corporation*<sup>2</sup></b>	839,042	<b>860,618</b>	21,576
Borrowings	463,598	<b>302,573</b>	(161,025)
Corporate bonds	354,327	<b>543,910</b>	189,583
Lease liabilities	21,117	<b>14,135</b>	(6,982)
Other	413,127	<b>507,084</b>	93,957
<b>Others</b>			
Other interest-bearing debt	259,801	<b>285,810</b>	26,009
Lease liabilities	102,193	<b>88,693</b>	(13,500)
<b>Total</b>	<b>14,272,208</b>	<b>17,623,361</b>	3,351,153

**Notes:**

- Indicates the interest-bearing debts of Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, Scout 2020 Holdings Limited, Tigress 2020 Holdings Limited, Moonlight Finance GK, and Delaware Project 6 L.L.C. All of these are entirely non-recourse to SBG, except for the interest-bearing debt of Delaware Project 6 L.L.C. The interest-bearing debt of Delaware Project 6 L.L.C. of \$4.38 billion is exceptionally guaranteed by SBG to a limit of \$2.08 billion. As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares that have been pledged as collateral.
- Includes Yahoo Japan Corporation.

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

### **SBG / Wholly owned subsidiaries conducting fund procurement / SB Northstar**

#### **SBG**

- SBG repaid senior loans totaling ¥359.9 billion (including early repayment of ¥300.0 billion).
- SBG redeemed domestic unsecured corporate bonds totaling ¥150.0 billion at maturity and repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion.
- Commercial paper increased ¥65.5 billion.

#### **(Wholly owned subsidiaries conducting fund procurement)**

##### **Skywalk Finance GK**

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

##### **West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited,**

##### **Scout 2020 Holdings Limited, and Tigress 2020 Holdings Limited**

- As a result of entering into several prepaid forward contracts using Alibaba shares with financial institutions from April to August 2020, financial liabilities relating to sale of shares by prepaid forward contracts of ¥2,866,377 million were recorded at the third quarter-end, including the contract concluded in the previous fiscal year. Following amendments to some of the contracts (including the contract concluded in the previous fiscal year) in the third quarter, financial liabilities relating to the sale of shares by prepaid forward contracts of ¥1,382,751 million related to the amended contracts were derecognized, while financial liabilities relating to the sale of shares by prepaid forward contracts of ¥2,179,156 million were recognized for newly concluded contracts. For details, please see “10. Interest-bearing debt” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

##### **Delaware Project 6 L.L.C.**

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

##### **SB Northstar**

- Short-term borrowings for the purpose of acquiring listed stocks increased ¥909,982 million.
- Borrowings of \$6.0 billion were made using Alibaba shares (margin loan).

### **SVF1 and Other SBIA-Managed Funds segment**

- Borrowings under the Fund Level Facility in SVF1 decreased \$2.03 billion following repayments.
- Borrowings under the Portfolio Financing Facility in SVF1 decreased \$0.80 billion following repayments.

### **SoftBank segment**

#### **SoftBank Corp.**

- Borrowings increased mainly due to the securitization of receivables related to telecommunications and the sale and leaseback of telecommunications equipment.
- Domestic straight corporate bonds totaling ¥220.0 billion were issued.

#### **Z Holdings Corporation**

- Short-term borrowings were repaid.
- Domestic straight corporate bonds totaling ¥200.0 billion were issued.

**(c) Equity**

	(Millions of yen)		
	March 31, 2020	December 31, 2020	Change
Common stock	238,772	<b>238,772</b>	-
Capital surplus	1,490,325	<b>2,401,783</b>	911,458 <b>A</b>
Other equity instruments	496,876	<b>496,876</b>	-
Retained earnings	3,945,820	<b>6,899,351</b>	2,953,531 <b>B</b>
Treasury stock	(101,616)	<b>(1,687,395)</b>	(1,585,779) <b>C</b>
Accumulated other comprehensive income	(362,259)	<b>(722,766)</b>	(360,507) <b>D</b>
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	<b>(1,582)</b>	(207,277) <b>E</b>
Total equity attributable to owners of the parent	5,913,613	<b>7,625,039</b>	1,711,426
Non-controlling interests	1,459,304	<b>997,267</b>	(462,037) <b>F</b>
Total equity	7,372,917	<b>8,622,306</b>	1,249,389

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<b>A</b> Capital surplus	Changes in interests in subsidiaries of ¥932,388 million were recorded in conjunction with the partial sale of SoftBank Corp. shares.
<b>B</b> Retained earnings	Net income attributable to owners of the parent of ¥3,055,162 million was recorded.
<b>C</b> Treasury stock	<ul style="list-style-type: none"> <li>· The Company repurchased 102,960 thousand of its own shares for ¥483,971 million in accordance with the March 13, 2020 Board resolution. In the previous fiscal year, the Company repurchased 4,720 thousand shares for ¥16,028 million in accordance with the resolution.</li> <li>· The Company repurchased 81,940 thousand of its own shares for ¥500,000 million in accordance with the May 15, 2020 Board resolution.</li> <li>· The Company repurchased 70,579 thousand of its own shares for ¥500,000 million in accordance with the June 25, 2020 Board resolution.</li> <li>· The Company repurchased 14,993 thousand of its own shares for ¥123,847 million in the third quarter in accordance with the July 30, 2020 Board resolution with a maximum total repurchase amount of ¥1 trillion.</li> </ul>
<b>D</b> Accumulated other comprehensive income	Exchange differences from the translation of foreign operations, which arise from translating overseas subsidiaries and associates into yen, decreased ¥388,435 million due to a stronger yen against the major currencies.

Components	Main reasons for changes from the previous fiscal year-end
<b>E</b> Accumulated other comprehensive income directly relating to assets classified as held for sale	<ul style="list-style-type: none"> <li>· Sprint's accumulated other comprehensive income was separately presented in this category at the previous fiscal year-end in conjunction with the classification of the company in the disposal group classified as held for sale; however, this was removed as Sprint ceased to be a subsidiary of the Company at the beginning of the fiscal year.</li> <li>· Boston Dynamics, Inc.'s accumulated other comprehensive income was separately presented in this category in conjunction with the classification of the company in the disposal group classified as held for sale at the third quarter-end.</li> </ul>
<b>F</b> Non-controlling interests	<ul style="list-style-type: none"> <li>· Sprint's non-controlling interests of ¥424,746 million (as of the previous fiscal year-end) were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc. at the beginning of the fiscal year.</li> <li>· Non-controlling interests decreased ¥215,857 million in conjunction with SB Northstar recording a net loss.</li> <li>· Non-controlling interests increased ¥134,413 million in conjunction with the partial sale of SoftBank Corp. shares.</li> </ul>

### (3) Overview of Cash Flows

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

- ◆ Completed the sale and monetization of assets totaling ¥5.6 trillion in the six months between April and September 2020 through a combination of partial sales of shares and borrowings/monetization using T-Mobile, Alibaba, and SoftBank Corp. shares.
- ◆ Repurchased a cumulative total of ¥1,123.8 billion of own shares by December 31, 2020 (a cumulative total of ¥1,607.8 billion for the period, combined with share repurchases resolved before the ¥4.5 trillion program). In reducing debts, the Company repurchased domestic unsecured corporate bonds with a total face value of ¥167.6 billion and repaid early ¥300.0 billion of senior loans by September 30, 2020.

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

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

(Millions of yen)

	Nine months ended December 31		Change
	2019	2020	
Cash flows from operating activities	623,709	(72,971)	(696,680)
Cash flows from investing activities	(3,759,057)	(805,934)	2,953,123
Cash flows from financing activities	3,064,630	2,055,659	(1,008,971)

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

#### (a) Cash Flows from Operating Activities

Cash flows from operating activities decreased ¥696,680 million year on year. This was mainly due to the negative impact of ¥885,643 million from asset management subsidiary SB Northstar (before elimination of intercompany transactions), which includes realized loss on investments in listed stocks and derivatives, on cash flows from operating activities for the period. The year-on-year decrease was also attributable to Sprint recording cash flows of ¥431,386 million in the same period of the previous fiscal year.

On the other hand, income taxes paid decreased ¥631,944 million year on year mainly due to income taxes of ¥321,290 million being paid in the same period of the previous fiscal year on items such as a gain on the sale of SoftBank Corp. shares at SBGJ that arose in the fiscal year ended March 2019, as well as a withholding income tax of ¥422,648 million on dividends from SBGJ to SBG. The latter withholding income tax was refunded in July 2019.

**(b) Cash Flows from Investing Activities**
**Primary components**

Components	Primary details
Payments for acquisition of investments ¥(3,092,052) million	<ul style="list-style-type: none"> <li>· SBG acquired highly liquid listed stocks for ¥2,705,425 million with the aim of diversifying its assets and managing surplus funds.</li> <li>· SoftBank Corp. acquired shares of LINE Corporation through a joint tender offer.</li> </ul>
Proceeds from sales/redemption of investments ¥2,953,239 million	<ul style="list-style-type: none"> <li>· SBG received proceeds of ¥675,688 million from the sale of a portion of the abovementioned highly liquid listed stocks.</li> <li>· SBG received proceeds of ¥2,099,746 million from the partial sale of its T-Mobile shares held through a subsidiary.</li> </ul>
Payments for acquisitions of investments by SVF1 and SVF2 ¥(576,756) million	<ul style="list-style-type: none"> <li>· SVF1 made follow-on investments totaling \$3.2 billion in existing portfolio companies and their joint ventures.</li> <li>· SVF2 made new and follow-on investments totaling \$2.3 billion.</li> </ul>
Proceeds from sale of investments by SVF1 ¥399,204 million	SVF1 sold investments.
Outlays for purchase of property, plant and equipment, and intangible assets ¥(488,852) million	SoftBank Corp. purchased telecommunications equipment including that for 5G.

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

**(c) Cash Flows from Financing Activities**
**Primary components**

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥1,421,556 million* <sup>1</sup>	<ul style="list-style-type: none"> <li>· Short-term borrowings for the purpose of acquiring listed stocks at SB Northstar increased ¥918,335 million (net).</li> <li>· Borrowings made through the securitization of receivables related to telecommunications at SoftBank Corp. increased ¥262,000 million (net).</li> </ul>
Proceeds from interest-bearing debt ¥5,090,846 million	
Proceeds from borrowings ¥3,009,894 million* <sup>2</sup>	<ul style="list-style-type: none"> <li>· SBG made short-term borrowings of ¥414,650 million.</li> <li>· Delaware Project 6 L.L.C. procured \$4.38 billion through borrowings made using T-Mobile shares (margin loan).</li> <li>· SB Northstar procured \$6.0 billion through borrowings made using Alibaba shares (margin loan).</li> <li>· SVF1 borrowed \$1.38 billion through the Fund Level Facility, which is a form of loan that allows borrowing up to a maximum amount of \$1.48 billion. In the period, SVF1 made several borrowings and repayments under the facility (see “Repayment of borrowings” below).</li> <li>· SoftBank Corp. borrowed ¥722,010 million. Z Holdings Corporation made short-term borrowings of ¥190,100 million and borrowings of ¥150,000 million.</li> </ul>

Components	Primary details
Proceeds from issuance of bonds ¥420,000 million	SoftBank Corp. and Z Holdings Corporation issued domestic straight corporate bonds totaling ¥220,000 million and ¥200,000 million, respectively.
Proceeds from procurement by prepaid forwards contract using shares ¥1,660,952 million	The Company's wholly owned subsidiaries conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured an aggregate amount of \$15.4 billion.
Repayment of interest-bearing debt ¥(4,017,518) million	
Repayment of borrowings ¥(3,689,332) million <sup>*2</sup>	<ul style="list-style-type: none"> <li>· SBG repaid short-term borrowings of ¥512,250 million and senior loans of ¥359,860 million (including early repayment of ¥300,000 million).</li> <li>· SVF1 repaid \$3.41 billion of borrowings under the Fund Level Facility and \$0.80 billion of borrowings under the Portfolio Financing Facility.</li> <li>· Skywalk Finance GK repaid \$9.44 billion in borrowings made using Alibaba shares (margin loan).</li> <li>· SoftBank Corp. repaid borrowings of ¥612,087 million and Z Holdings Corporation repaid short-term borrowings of ¥555,070 million.</li> </ul>
Redemption of corporate bonds ¥(328,185) million	SBG redeemed domestic unsecured corporate bonds totaling ¥150,000 million at maturity and repurchased domestic unsecured corporate bonds with a total face value of ¥167,595 million.
Contributions into SVF1 from third-party investors ¥774,726 million	SVF1 received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SVF1 to third-party investors ¥(602,731) million	SVF1 made distributions and repayments of investments to third-party investors.
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥1,552,957 million	SBG sold portions of SoftBank Corp. shares it owns through SBGJ in May and September 2020.
Purchase of treasury stock ¥(1,607,840) million	SBG repurchased its own shares in accordance with resolutions of the Board of Directors on March 13, May 15, June 25, and July 30, 2020.

Notes:

1. "Proceeds in short-term interest-bearing debt, net" presents 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 ¥1,040,132 million and outlays of ¥1,662,468 million, respectively, related to borrowings with a contracted term of one year or less.

#### (4) Forecasts

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

## 2. Notes to Summary Information

### (1) Significant Changes in Scope of Consolidation for the Nine-month Period Ended December 31, 2020

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

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

### (2) Changes in Accounting Estimates

(Changes in estimate for use of loss carryforwards)

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

As a result of the transactions, it was probable that taxable income would be available for a loss carry forward whose deferred tax asset was not recognized in SBGJ. Accordingly, a credit of income taxes (profit) was recorded due to the change in estimate. The details are described in “Note 9. Income taxes” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Allowance for loan commitment losses)

As of December 31, 2020, expected credit losses for a loan commitment for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded. The details are described “Notes 1” in “Note 17. Other gain” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Allowance for financial guarantee contract losses)

As of December 31, 2020, expected credit losses for a financial guarantee contract for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded. The details are described “Notes 4” in “Note 17. Other gain” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”



## (Impairment of assets)

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

### 3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

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

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

#### Condensed Interim Consolidated Statement of Financial Position

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

#### Condensed Interim Consolidated Statement of Income

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

#### Condensed Interim Consolidated Statement of Cash Flows

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

#### Segment information

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

**(1) Condensed Interim Consolidated Statement of Financial Position**

	As of March 31, 2020	(Millions of yen) As of December 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,369,015	4,452,099
Trade and other receivables	2,072,326	2,236,789
Investments from asset management subsidiaries	-	1,039,940
Derivative financial assets in asset management subsidiaries	-	174,134
Other financial assets	313,487	1,802,697
Inventories	185,097	159,919
Other current assets	460,970	161,062
Subtotal	<u>6,400,895</u>	<u>10,026,640</u>
Assets classified as held for sale	<u>9,236,048</u>	<u>40,287</u>
Total current assets	15,636,943	10,066,927
<b>Non-current assets</b>		
Property, plant and equipment	1,264,516	1,511,844
Right-of-use assets	1,293,692	1,163,782
Goodwill	3,998,167	3,875,949
Intangible assets	1,985,972	1,859,023
Costs to obtain contracts	212,036	234,189
Investments accounted for using the equity method	3,240,361	3,730,319
Investments from SVF1 and SVF2 accounted for using FVTPL	6,892,232	9,394,949
Investment securities	1,211,511	3,370,933
Derivative financial assets	59,278	1,066,301
Other financial assets	1,100,694	1,291,438
Deferred tax assets	221,371	156,538
Other non-current assets	140,519	136,601
Total non-current assets	<u>21,620,349</u>	<u>27,791,866</u>
<b>Total assets</b>	<u><u>37,257,292</u></u>	<u><u>37,858,793</u></u>

	As of March 31, 2020	(Millions of yen) As of December 31, 2020
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	3,845,153	5,352,218
Lease liabilities	378,383	317,258
Deposits for banking business	873,087	1,105,380
Third-party interests in SVF1	24,691	-
Trade and other payables	1,585,326	1,628,668
Derivative financial liabilities in asset management subsidiaries	-	64,721
Derivative financial liabilities	9,267	239,263
Other financial liabilities	248,010	96,488
Income taxes payables	164,298	329,489
Provisions	11,448	23,673
Other current liabilities	596,499	642,690
Subtotal	7,736,162	9,799,848
Liabilities directly relating to assets classified as held for sale	6,454,971	10,818
Total current liabilities	14,191,133	9,810,666
<b>Non-current liabilities</b>		
Interest-bearing debt	9,286,729	11,242,464
Lease liabilities	761,943	711,421
Third-party interests in SVF1	4,559,728	5,455,916
Derivative financial liabilities	128,075	89,472
Other financial liabilities	77,207	110,188
Provisions	88,791	101,208
Deferred tax liabilities	711,216	1,548,821
Other non-current liabilities	79,553	166,331
Total non-current liabilities	15,693,242	19,425,821
<b>Total liabilities</b>	29,884,375	29,236,487
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	1,490,325	2,401,783
Other equity instruments	496,876	496,876
Retained earnings	3,945,820	6,899,351
Treasury stock	(101,616)	(1,687,395)
Accumulated other comprehensive income	(362,259)	(722,766)
Subtotal	5,707,918	7,626,621
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	(1,582)
Total equity attributable to owners of the parent	5,913,613	7,625,039
<b>Non-controlling interests</b>	1,459,304	997,267
<b>Total equity</b>	7,372,917	8,622,306
<b>Total liabilities and equity</b>	37,257,292	37,858,793

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

For the nine-month period ended December 31

### Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
<b>Continuing operations<sup>1</sup></b>		
<b>Net sales</b>	3,901,300	4,138,038
Cost of sales	(1,893,605)	(1,969,738)
<b>Gross profit</b>	2,007,695	2,168,300
<b>Gain on investments</b>		
Gain on investments at Investment Business of Holding Companies	840,664	846,477
Gain (loss) on investments at SVF1 and SVF2	(729,007)	2,728,778
Gain on other investments	20,130	224,201
<b>Total gain on investments</b>	131,787	3,799,456
Selling, general and administrative expenses	(1,445,721)	(1,575,206)
Finance cost	(215,525)	(224,322)
Income on equity method investments	472,535	379,431
Derivative loss (excluding gain (loss) on investments)	(17,586)	(480,665)
Change in third-party interests in SVF1	190,005	(956,736)
Other gain	319,475	251,246
<b>Income before income tax</b>	1,442,665	3,361,504
Income taxes	(731,908)	(975,983)
<b>Net income from continuing operations</b>	710,757	2,385,521
<b>Discontinued operations<sup>1</sup></b>		
<b>Net income from discontinued operations</b>	(54,297)	711,174
<b>Net income</b>	656,460	3,096,695
<b>Net income attributable to</b>		
Owners of the parent	476,587	3,055,162
Net income from continuing operations	521,841	2,343,703
Net income from discontinued operations	(45,254)	711,459
Non-controlling interests	179,873	41,533
Net income from continuing operations	188,916	41,818
Net income from discontinued operations	(9,043)	(285)
	656,460	3,096,695
<b>Earnings per share<sup>3</sup></b>		
Basic earnings per share (Yen)		
Continuing operations	240.36	1,203.29
Discontinued operations	(21.81)	368.80
Total basic earnings per share	218.55	1,572.09
Diluted earnings per share (Yen)		
Continuing operations	234.24	1,108.32
Discontinued operations	(21.77)	367.85
Total diluted earnings per share	212.47	1,476.17

## Notes:

1. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the nine-month period ended December 31, 2020 and the three-month period ended December 31, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the nine-month period ended December 31, 2019 and the three-month period ended December 31, 2019. The details are described in “Note 3. Discontinued operations.”
2. Presentation method for the condensed interim consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in “Note 1. Changes in presentation.”
3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
<b>Net income</b>	656,460	3,096,695
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	(12,195)	-
Equity financial assets at FVTOCI	(725)	9,424
Total items that will not be reclassified to profit or loss	(12,920)	9,424
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt financial assets at FVTOCI	(486)	863
Cash flow hedges	43,588	34,682
Exchange differences on translating foreign operations	(189,209)	(577,126)
Share of other comprehensive income of associates	13,148	(21,302)
Total items that may be reclassified subsequently to profit or loss	(132,959)	(562,883)
<b>Total other comprehensive income, net of tax</b>	(145,879)	(553,459)
<b>Total comprehensive income</b>	510,581	2,543,236
<b>Total comprehensive income*</b>		
Comprehensive income from continuing operations	618,982	2,034,854
Comprehensive income from discontinued operations	(108,401)	508,382
<b>Total comprehensive income attributable to*</b>		
Owners of the parent	344,500	2,488,577
Comprehensive income from continuing operations	431,216	1,979,909
Comprehensive income from discontinued operations	(86,716)	508,668
Non-controlling interests	166,081	54,659
	510,581	2,543,236

Note:

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



For the three-month period ended December 31

Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three-month period ended December 31, 2019	Three-month period ended December 31, 2020
<b>Continuing operations<sup>1</sup></b>		
<b>Net sales</b>	1,361,581	1,507,507
Cost of sales	(668,640)	(759,019)
<b>Gross profit</b>	692,941	748,488
<b>Gain on investments</b>		
Gain on investments at Investment Business of Holding Companies	111,247	266,863
Gain (loss) on investments at SVF1 and SVF2	(199,679)	1,392,140
Gain on other investments	4,253	107,142
<b>Total gain on investments</b>	(84,179)	1,766,145
Selling, general and administrative expenses	(530,295)	(563,905)
Finance cost	(74,953)	(70,514)
Income on equity method investments	18,552	178,601
Derivative gain (loss) (excluding gain (loss) on investments)	(25,300)	280,892
Change in third-party interests in SVF1	9,230	(499,199)
Other gain	263,996	79,524
<b>Income before income tax</b>	269,992	1,920,032
Income taxes	(140,435)	(703,701)
<b>Net income from continuing operations</b>	129,557	1,216,331
<b>Discontinued operations<sup>1</sup></b>		
<b>Net income from discontinued operations</b>	(5,282)	987
<b>Net income</b>	124,275	1,217,318
<b>Net income attributable to</b>		
Owners of the parent	55,035	1,171,951
Net income from continuing operations	59,413	1,170,966
Net income from discontinued operations	(4,378)	985
Non-controlling interests	69,240	45,367
Net income from continuing operations	70,144	45,365
Net income from discontinued operations	(904)	2
	124,275	1,217,318
<b>Earnings per share<sup>3</sup></b>		
Basic earnings per share (Yen)		
Continuing operations	24.87	626.58
Discontinued operations	(2.12)	0.53
Total basic earnings per share	22.75	627.11
Diluted earnings per share (Yen)		
Continuing operations	23.46	575.02
Discontinued operations	(2.11)	0.53
Total diluted earnings per share	21.35	575.55

## Notes:

1. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the nine-month period ended December 31, 2020 and the three-month period ended December 31, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the nine-month period ended December 31, 2019 and the three-month period ended December 31, 2019. The details are described in “Note 3. Discontinued operations.”
2. Presentation method for the condensed interim consolidated statement of income has been changed from the three-month period ended June 30, 2020. The details are described in “Note 1. Changes in presentation.”
3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three-month period ended December 31, 2019	Three-month period ended December 31, 2020
<b>Net income</b>	124,275	1,217,318
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	9,651	-
Equity financial assets at FVTOCI	(200)	3,938
Total items that will not be reclassified to profit or loss	9,451	3,938
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt financial assets at FVTOCI	(1,108)	38
Cash flow hedges	6,952	3,960
Exchange differences on translating foreign operations	406,611	(212,291)
Share of other comprehensive income of associates	12,118	(32,046)
Total items that may be reclassified subsequently to profit or loss	424,573	(240,339)
<b>Total other comprehensive income, net of tax</b>	434,024	(236,401)
<b>Total comprehensive income</b>	558,299	980,917
<b>Total comprehensive income*</b>		
Comprehensive income from continuing operations	511,784	974,985
Comprehensive income from discontinued operations	46,515	5,932
<b>Total comprehensive income attributable to*</b>		
Owners of the parent	481,796	924,908
Comprehensive income from continuing operations	441,297	918,977
Comprehensive income from discontinued operations	40,499	5,931
Non-controlling interests	76,503	56,009
	558,299	980,917

Note:

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

**(3) Condensed Interim Consolidated Statement of Changes in Equity**

For the nine-month period ended December 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
<b>As of April 1, 2019</b>	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	-	-	-	13,997	-	-	13,997
<b>As of April 1, 2019 (after adjustments)</b>	238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
<b>Comprehensive income</b>							
Net income	-	-	-	476,587	-	-	476,587
Other comprehensive income	-	-	-	-	-	(132,087)	(132,087)
<b>Total comprehensive income</b>	-	-	-	476,587	-	(132,087)	344,500
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(68,752)	-	-	(68,752)
Distribution to owners of other equity instruments	-	-	-	(15,344)	-	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(7,596)	-	7,596	-
Purchase and disposal of treasury stock	-	(739)	-	(1,265)	(207,026)	-	(209,030)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	40,875	-	-	-	-	40,875
Changes in associates' interests in their subsidiaries	-	(30,934)	-	-	-	-	(30,934)
Changes in interests in associates' capital surplus	-	4,126	-	-	-	-	4,126
Share-based payment transactions	-	2,999	-	-	-	-	2,999
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	16,327	-	(651,093)	351,110	7,596	(276,060)
<b>As of December 31, 2019</b>	238,772	1,484,089	496,876	5,410,776	(92,372)	165,777	7,703,918

	(Millions of yen)	
	Non- controlling interests	Total equity
<b>As of April 1, 2019</b>	1,387,723	9,009,204
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	(1,357)	12,640
<b>As of April 1, 2019 (after adjustments)</b>	1,386,366	9,021,844
<b>Comprehensive income</b>		
Net income	179,873	656,460
Other comprehensive income	(13,792)	(145,879)
<b>Total comprehensive income</b>	166,081	510,581
<b>Transactions with owners and other transactions</b>		
Cash dividends	(157,598)	(226,350)
Distribution to owners of other equity instruments	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(209,030)
Retirement of treasury stock	-	-
Changes from business combination	191,396	191,396
Changes in interests in subsidiaries	(95,949)	(55,074)
Changes in associates' interests in their subsidiaries	-	(30,934)
Changes in interests in associates' capital surplus	-	4,126
Share-based payment transactions	(2,810)	189
Other	15	15
<b>Total transactions with owners and other transactions</b>	(64,946)	(341,006)
<b>As of December 31, 2019</b>	<u>1,487,501</u>	<u>9,191,419</u>

Note:

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

For the nine-month period ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of the parent						Subtotal
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2020</b>	238,772	1,490,325	496,876	3,945,820	(101,616)	(362,259)	5,707,918
<b>Comprehensive income</b>							
Net income	-	-	-	3,055,162	-	-	3,055,162
Other comprehensive income	-	-	-	-	-	(360,890)	(360,890)
<b>Total comprehensive income</b>	-	-	-	3,055,162	-	(360,890)	2,694,272
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(86,841)	-	-	(86,841)
Distribution to owners of other equity instruments	-	-	-	(15,339)	-	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,199	-	(1,199)	-
Purchase and disposal of treasury stock	-	-	-	(650)	(1,585,779)	-	(1,586,429)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	909,691	-	-	-	-	909,691
Changes in associates' interests in their subsidiaries	-	1,486	-	-	-	-	1,486
Changes in interests in associates' capital surplus	-	1,243	-	-	-	-	1,243
Share-based payment transactions	-	(962)	-	-	-	-	(962)
Transfer of accumulated other comprehensive income held for sale	-	-	-	-	-	1,582	1,582
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	911,458	-	(101,631)	(1,585,779)	383	(775,569)
<b>As of December 31, 2020</b>	<u>238,772</u>	<u>2,401,783</u>	<u>496,876</u>	<u>6,899,351</u>	<u>(1,687,395)</u>	<u>(722,766)</u>	<u>7,626,621</u>

(Millions of yen)

	Equity attributable to owners of the parent			
	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
<b>As of April 1, 2020</b>	205,695	5,913,613	1,459,304	7,372,917
<b>Comprehensive income</b>				
Net income	-	3,055,162	41,533	3,096,695
Other comprehensive income	(205,695)	(566,585)	13,126	(553,459)
<b>Total comprehensive income</b>	(205,695)	2,488,577	54,659	2,543,236
<b>Transactions with owners and other transactions</b>				
Cash dividends	-	(86,841)	(219,314)	(306,155)
Distribution to owners of other equity instruments	-	(15,339)	-	(15,339)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(1,586,429)	-	(1,586,429)
Changes from loss of control	-	-	(427,985)	(427,985)
Changes in interests in subsidiaries	-	909,691	133,066	1,042,757
Changes in associates' interests in their subsidiaries	-	1,486	-	1,486
Changes in interests in associates' capital surplus	-	1,243	-	1,243
Share-based payment transactions	-	(962)	(775)	(1,737)
Transfer of accumulated other comprehensive income held for sale	(1,582)	-	-	-
Other	-	-	(1,688)	(1,688)
<b>Total transactions with owners and other transactions</b>	(1,582)	(777,151)	(516,696)	(1,293,847)
<b>As of December 31, 2020</b>	(1,582)	7,625,039	997,267	8,622,306

**(4) Condensed Interim Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
<b>Cash flows from operating activities</b>		
Net income from continuing operations	710,757	2,385,521
Net income from discontinued operations	(54,297)	711,174
Net income	656,460	3,096,695
Depreciation and amortization	1,513,845	628,486
Gain on investments at Investment Business of Holding Companies	(840,664)	(1,410,871)
Loss (gain) on investments at SVF1 and SVF2	729,007	(2,728,778)
Finance cost	456,616	226,366
Income on equity method investments	(470,759)	(379,176)
Derivative loss (excluding (gain) loss on investments)	12,422	480,598
Change in third-party interests in SVF1	(190,005)	956,736
Gain on other investments and other gain	(344,190)	(460,054)
Income taxes	688,918	978,066
Decrease in investments from asset management subsidiaries	-	1,195,610
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	-	(114,332)
Increase in restricted cash in asset management subsidiaries	-	(65,797)
Increase in securities pledged as collateral in asset management subsidiaries	-	(1,241,711)
Increase in margin deposits in asset management subsidiaries	-	(94,181)
Increase in trade and other receivables	(391,414)	(286,893)
Increase in inventories	(323,685)	(26,932)
Increase in trade and other payables	165,013	163,701
Gain relating to loss of control over discontinued operations	-	(722,231)
Other	85,975	175,418
Subtotal	1,747,539	370,720
Interest and dividends received	34,947	19,579
Interest paid	(430,475)	(187,476)
Income taxes paid	(1,170,817)	(538,873)
Income taxes refunded	442,515	263,079
Net cash provided by (used in) operating activities	623,709	(72,971)



	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
<b>Cash flows from investing activities</b>		
Payments for acquisition of investments	(985,064)	(3,092,052)
Proceeds from sales/redemption of investments	183,595	2,953,239
Payments for acquisition of investments by SVF1 and SVF2	(1,705,911)	(576,756)
Proceeds from sales of investments by SVF1	48,809	399,204
Payments for acquisition of control over subsidiaries	(385,626)	(13,824)
Payments for acquisition of marketable securities for short-term trading	(57,756)	(78,290)
Proceeds from sales/redemption of marketable securities for short-term trading	58,494	227,683
Purchase of property, plant and equipment, and intangible assets	(937,399)	(488,852)
Payments for loan receivables	(158,027)	(210,460)
Collection of loan receivables	79,089	27,761
Other	100,739	46,413
Net cash used in investing activities	<u>(3,759,057)</u>	<u>(805,934)</u>
<b>Cash flows from financing activities</b>		
Proceeds in short-term interest-bearing debt, net	419,214	1,421,556
Proceeds from interest-bearing debt	7,398,547	5,090,846
Repayment of interest-bearing debt	(4,613,146)	(4,017,518)
Repayment of lease liabilities	(525,009)	(308,875)
Contributions into SVF1 from third-party investors	1,583,011	774,726
Distribution/repayment from SVF1 to third-party investors	(688,696)	(602,731)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	435	1,552,957
Purchase of shares of subsidiaries from non-controlling interests	(84,225)	(68,063)
Distribution to owners of other equity instruments	(15,344)	(15,339)
Purchase of treasury stock	(215,946)	(1,607,840)
Cash dividends paid	(68,510)	(86,509)
Cash dividends paid to non-controlling interests	(154,843)	(148,726)
Other	29,142	71,175
Net cash provided by financing activities	<u>3,064,630</u>	<u>2,055,659</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	16,911	(87,890)
<b>Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale</b>	-	(5,780)
<b>(Decrease) increase in cash and cash equivalents</b>	<u>(53,807)</u>	<u>1,083,084</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>3,858,518</u>	<u>3,369,015</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>3,804,711</u></u>	<u><u>4,452,099</u></u>

## Notes:

- Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in "Note 3. Discontinued operations."
- Presentation method for the condensed interim consolidated statement of cash flows has been changed from the three-month period ended June 30, 2020. The details are described in "Note 1. Changes in presentation."

**(5) Significant Doubt about Going Concern Assumption**

There are no applicable items.

**(6) Notes to Condensed Interim Consolidated Financial Statements****1. Changes in presentation**

(Condensed interim consolidated statement of income)

- a. Operating results related to Brightstar are presented as discontinued operations, separately from continuing operations for the nine-month period ended December 31, 2020 and the three-month period ended December 31, 2020. In order to reflect these changes in presentation, similar reclassifications have been made for the nine-month period ended December 31, 2019 and the three-month period ended December 31, 2019. The details are described in “Note 3. Discontinued operations.”
- b. SoftBank Group Corp. is a strategic investment holding company that conducts investments and manages investment portfolios in a number of companies directly (including investments through subsidiaries) or through investment funds (such as SVF1). The Company has been focusing on the investment activities including those led by SVF1 that began its operation in 2017, thereby transforming business structures.

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

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

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

In order to reflect these changes in presentation, similar reclassifications have been made to the condensed interim consolidated statement of income for the nine-month period ended December 31, 2019 and the three-month period ended December 31, 2019. The details of the reclassifications in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2019 are as follows.

For the nine-month period ended December 31, 2019

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)	Reclassification amounts	After changes in presentation	
Continuing operations		Continuing operations	
Net sales	3,901,300	-	3,901,300
Cost of sales	(1,893,605)	-	(1,893,605)
Gross profit	2,007,695	-	2,007,695
			Gain (loss) on investments
		840,664	840,664
		(729,007)	(729,007)
		20,130	20,130
	131,787	131,787	131,787
			Gain (loss) on investments at Investment Business of Holding Companies
			Gain (loss) on investments at SVF1 and SVF2
			Gain (loss) on other investments
			Total gain (loss) on investments
Selling, general and administrative expenses	(1,376,956)	(68,765)	(1,445,721)
Gain relating to loss of control over subsidiaries <sup>1</sup>	11,879	(11,879)	-
Other operating income (loss) <sup>2</sup>	6,349	(6,349)	-
Operating income (excluding operating income from SoftBank Vision Fund and other SBIA-managed funds)	648,967	(648,967)	-
Operating income from SoftBank Vision Fund and other SBIA-managed funds <sup>3</sup>	(797,763)	797,763	-
Operating income	(148,796)	148,796	-
Finance cost	(215,525)	-	(215,525)
Income (loss) on equity method investments	469,184	3,351	472,535
Dilution gain from changes in equity interest <sup>4</sup>	332,230	(332,230)	-
Foreign exchange gain (loss) <sup>5</sup>	(8,844)	8,844	-
Derivative gain (loss) <sup>6</sup>	(24,556)	6,970	(17,586)
			Derivative gain (loss) (excluding gain (loss) on investments)
Gain relating to settlement of variable prepaid forward contracts using Alibaba shares <sup>7</sup>	1,218,527	(1,218,527)	-
Gain (loss) from financial instruments at FVTPL <sup>8</sup>	(357,740)	357,740	-
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	190,005	-	190,005
Other non-operating income (loss) <sup>9</sup>	(11,820)	11,820	-
		319,475	319,475
Income before income tax	1,442,665	-	1,442,665
Income taxes	(731,908)	-	(731,908)
Net income from continuing operations	710,757	-	710,757
			Change in third-party interests in SVF1
			Other gain (loss)
			Income before income tax
			Income taxes
			Net income from continuing operations
Discontinued operations			Discontinued operations
Net income from discontinued operations	(54,297)	-	(54,297)
Net income	656,460	-	656,460

## Notes:

1. ¥11,879 million previously presented in “Gain relating to loss of control over subsidiaries” was reclassified as “Other gain (loss).”
2. ¥6,349 million previously presented in “Other operating income (loss)” was reclassified as “Gain (loss) on other investments” for ¥9,147 million, “Income (loss) on equity method investments” for ¥3,351 million, and “Other gain (loss)” for ¥(6,149) million.
3. Of ¥(797,763) million previously presented in “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” gain and loss on investments was reclassified as “Gain (loss) on investments at SVF1 and SVF2” for ¥(729,007) million and other amounts were reclassified as “Selling, general and administrative expenses” for ¥(68,766) million and “Other gain (loss)” for ¥10 million.
4. “Dilution gain from changes in equity interest,” which was separately presented, was reclassified as “Other gain (loss)” since the amount became not significant.
5. ¥(8,844) million previously presented in “Foreign exchange gain (loss)” was reclassified as “Other gain (loss).”
6. Derivative gain and loss relating to gain and loss on investments of ¥(6,970) million, which was previously presented in “Derivative gain (loss),” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(6,118) million and “Gain (loss) on other investments” for ¥(852) million.
7. ¥1,218,527 million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies.”
8. ¥(357,740) million previously presented in “Gain (loss) from financial instruments at FVTPL” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” for ¥(371,746) million and “Gain (loss) on other investments” for ¥14,006 million.
9. Of ¥(11,820) million previously presented in “Other non-operating income (loss),” dividend income and gain and loss on sales of shares of associates were reclassified as “Gain (loss) on other investments” for ¥(2,169) million and other amount was reclassified as “Other gain (loss)” for ¥(9,651) million.

## (Condensed interim consolidated statement of cash flows)

For the nine-month period ended December 31, 2019

(Millions of yen)

Before changes in presentation	Reclassification amounts		After changes in presentation
Cash flows from operating activities			Cash flows from operating activities
Net income from continuing operations	710,757	-	710,757
Net income from discontinued operations	(54,297)	-	(54,297)
Net income	656,460	-	656,460
Depreciation and amortization	1,513,845	-	1,513,845
Gain relating to loss of control over subsidiaries <sup>1</sup>	(11,879)	11,879	-
	-	(840,664)	(840,664)
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	729,007	-	729,007
Finance cost	456,616	-	456,616
(Income) loss on equity method investments	(467,408)	(3,351)	(470,759)
Dilution gain from changes in equity interest <sup>2</sup>	(332,230)	332,230	-
Derivative (gain) loss <sup>3</sup>	19,392	(6,970)	12,422
Gain relating to settlement of variable prepaid forward contract using Alibaba shares <sup>4</sup>	(1,218,527)	1,218,527	-
(Gain) loss from financial instruments at FVTPL <sup>5</sup>	357,353	(357,353)	-
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(190,005)	-	(190,005)
Foreign exchange (gain) loss and other non-operating (income) loss <sup>6</sup>	16,467	(16,467)	-
		(344,190)	(344,190)
Income taxes	688,918	-	688,918
(Increase) decrease in trade and other receivables	(391,414)	-	(391,414)
(Increase) decrease in inventories	(323,685)	-	(323,685)
Increase (decrease) in trade and other payables	165,013	-	165,013
Other <sup>7</sup>	79,616	6,359	85,975
Subtotal	1,747,539	-	1,747,539

## Notes:

1. ¥(11,879) million previously presented in “Gain relating to loss of control over subsidiaries” was reclassified as “(Gain) loss on other investments and other (gain) loss.”
2. “Dilution gain from changes in equity interest,” which was separately presented, was reclassified as “(Gain) loss on other investments and other (gain) loss” since the amount became not significant.
3. Derivative gain and loss relating to gain and loss on investments of ¥6,970 million, which was previously included in “Derivative (gain) loss,” was reclassified as “(Gain) loss on investments at Investment Business of Holding Companies” for ¥6,118 million and “(Gain) loss on other investments and other (gain) loss” for ¥852 million.
4. ¥(1,218,527) million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “(Gain) loss on investments at Investment Business of Holding Companies.”
5. ¥357,353 million previously presented in “(Gain) loss from financial instruments at FVTPL” was reclassified as “(Gain) loss on investments at Investment Business of Holding Companies” for ¥371,746 million and “(Gain) loss on other investments and other (gain) loss” for ¥(14,393) million.
6. ¥16,467 million previously presented in “Foreign exchange (gain) loss and other non-operating (income) loss” was reclassified as “(Gain) loss on other investments and other (gain) loss.”
7. ¥(6,359) million previously included in “Other” was reclassified as “(Income) loss on equity method investments” for ¥(3,351) million and “(Gain) loss on other investments and other (gain) loss” for ¥(3,008) million.

## 2. Significant accounting policies

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

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

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

#### a. Consolidation of SVF1 and SVF2 by the Company

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

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

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

#### b. Portfolio company investments made by SVF1 and SVF2

##### (a) Investments in subsidiaries

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

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



(b) Investments in associates and joint ventures

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

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

(c) Other investments

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

c. Contribution from limited partners to SVF1 and SVF2

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

No contributions from limited partners other than the Company were made into SVF2 from inception to December 31, 2020.

(a) Contribution from limited partners other than the Company

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

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

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

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

(b) Contribution from the Company

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

(2) Significant accounting policies for the asset management subsidiary

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

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

a. Investments from the asset management subsidiary

The investments made by SB Northstar (except for investments in associates) are accounted for as financial assets at FVTPL as the investments meet the definition of financial assets held for sale in accordance with IFRS 9 and presented as “Investments from assets management subsidiaries” under current assets in the condensed interim consolidated statement of financial position. At initial recognition, the investments are measured at fair value and transaction costs directly arising from the acquisition of financial assets are recognized as net of profit and loss. Subsequent to initial recognition, they are measured at fair value and valuation gain and loss arising from changes in fair value and dividend income are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the condensed interim consolidated statement of income. In addition, the changes in investment amounts due to acquisition and sale of investments from SB Northstar are presented as net of “(Increase) decrease in investments from asset management subsidiaries (cash flows from operating activities)” in the condensed interim consolidated statement of cash flows. The investments in associates of the Company made by SB Northstar are accounted for using the equity method and included in “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position.

#### b. Restricted cash

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

#### c. Securities pledged as collateral

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

#### d. Margin deposits

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

#### e. Borrowed securities

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

### 3. Discontinued operations

#### (1) Sprint

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

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

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

As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value less costs to sell as of April 1, 2020 for acquired T-Mobile shares as consideration of the merger transaction and acquiring shares when certain contingency is satisfied (the “contingent consideration”), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as gain relating to loss of control for the nine-month period ended December 31, 2020. In addition, the carrying amount of non-controlling interests in Sprint at the time of loss of control over Sprint is ¥424,746 million.

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

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

Operating results related to Sprint for the nine-month period ended December 31, 2019 and gain relating to loss of control over Sprint for the nine-month period ended December 31, 2020 are presented as discontinued operations, separately from continuing operations, in the condensed interim consolidated statement of income.

In addition, of 304,606,049 shares of T-Mobile common stock held, 173,564,426 shares were transferred by the Company on June 26, 2020. As a result of the transaction, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company. The details are described in “Note 19. Additional information.”

## a. Disposal group classified as held for sale

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

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

b. Results of operations from discontinued operations

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Net sales	2,492,101	-
Cost of sales	(1,574,616)	-
Selling, general and administrative expenses	(719,137)	-
Finance cost	(235,662)	-
Other	(52,430)	-
Income from discontinued operations before income tax	(89,744)	-
Income taxes	46,631	-
Income from discontinued operations after income tax	(43,113)	-
Gain relating to loss of control over discontinued operations <sup>1,2</sup>	-	721,068
Net income from discontinued operations	<u>(43,113)</u>	<u>721,068</u>
Net income from discontinued operations	(43,113)	721,068
Other comprehensive income from discontinued operations	(52,669)	(205,694)
Comprehensive income from discontinued operations	<u>(95,782)</u>	<u>515,374</u>

Notes:

1. Tax expense is presented as zero in the condensed interim consolidated statement of income because the expected taxable income at SoftBank Group Corp. will not be material for the fiscal year despite income related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc. was generated at SoftBank Group Corp.
2. The Company may indemnify T-Mobile and its subsidiaries against any losses incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstances based on the Business Combination Agreement, which the Company entered into with the parties, including Sprint, T-Mobile US, Inc., and Deutsche Telekom, in principle. It was probable that the Company would indemnify the losses incurred. Accordingly, ¥26,139 million including ¥4,315 million which is the reasonably estimated provision as of December 31, 2020, was recorded as the indemnification for the nine-month period ended December 31, 2020. The indemnification and expenses arising from the merger transaction are deducted from gain relating to loss of control under discontinued operations.

## c. Cash flows from discontinued operations

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Cash flows from operating activities	431,386	(41,833)
Cash flows from investing activities	(423,408)	-
Cash flows from financing activities	(423,840)	-
	<u>(415,862)</u>	<u>(41,833)</u>

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

## (2) Brightstar

On September 17, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar to a newly formed subsidiary of Brightstar Capital Partners. Upon this agreement, it was highly probable that Brightstar would no longer be a subsidiary of the Company at the completion of the transaction. Accordingly, assets, liabilities, and accumulated other comprehensive income of Brightstar were reclassified as a disposal group classified as held for sale. Brightstar was measured at the fair value less costs to sell (expected sale price) as the expected sale price is lower than the carrying amount of Brightstar. As a result, the Company recorded an impairment loss on goodwill for ¥12,423 million.

On October 22, 2020, the sale of all shares in Brightstar was completed. As a result of the transaction, Brightstar was excluded from the scope of consolidation of the Company. The difference between the consideration less costs to sell and the carrying amount of Brightstar (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Brightstar) was recorded as gain relating to loss of control for the nine-month period ended December 31, 2020.

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

The consideration consists of cash proceeds of \$685 million and a 25% stake (equivalent to \$90 million) in a newly formed subsidiary of Brightstar Capital Partners, which holds all shares in Brightstar. The acquired shares are preferred stock investments whose feature is substantially different from common stock, therefore the preferred stock is measured at fair value and accounted for as financial instruments at FVTPL.



## a. Results of operations from discontinued operations

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Net sales	696,403	330,929
Cost of sales	(661,289)	(303,409)
Selling, general and administrative expenses	(37,090)	(18,992)
Finance cost	(5,429)	(2,044)
Other	(139)	(15,459)
Income from discontinued operations before income tax	(7,544)	(8,975)
Income taxes	(3,640)	(2,082)
Income from discontinued operations after income tax	(11,184)	(11,057)
Gain relating to loss of control over discontinued operations	-	1,163
Net income from discontinued operations	(11,184)	(9,894)
Net income from discontinued operations	(11,184)	(9,894)
Other comprehensive income from discontinued operations	(1,435)	2,902
Comprehensive income from discontinued operations	(12,619)	(6,992)

## b. Cash flows from discontinued operations

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Cash flows from operating activities	48,567	38,733
Cash flows from investing activities	(3,295)	(4,807)
Cash flows from financing activities	(38,842)	(1,475)
	6,430	32,451

#### 4. Segment information

##### (1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

For the fiscal year ended March 31, 2020, the Company had four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint has been no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, business segments that are regularly reviewed by the Company's Board of Directors have been changed. As a result of the change, from the three-month period ended June 30, 2020, the Company has revised its segment classifications and the Investment Business of Holding Companies segment has been added to the reportable segments. In addition, from the three-month period ended September 30, 2020, the Company has entered into a definitive agreement with Brightstar Capital Partners, in order to sell all of its shares in Brightstar held by the Company to a newly formed subsidiary of Brightstar Capital Partners. It is highly probable that Brightstar will no longer be a subsidiary of the Company. As a result, Brightstar has been classified as discontinued operations and the Brightstar segment is excluded from the reportable segments.

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

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

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

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

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

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

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

Segment information for the nine-month period ended December 31, 2019 and for the three-month period ended December 31, 2019 is presented based on the reportable segments after the aforementioned change.

## (2) Net sales and income of reportable segments

Income of reportable segments is defined as "Income before income tax." In accordance with the change in presentation of the consolidated statement of income where "Operating income" is no longer presented, which has been implemented from the three-month period ended June 30, 2020, income of reportable segments to be reported to the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from "Operating income" to "Income before income tax." The details are described in "Note 1. Changes in presentation." As in the consolidated statement of income, "Gain (loss) on investments" included in segment income includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

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

For the nine-month period ended December 31, 2019

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	3,611,928	142,731
Intersegment	-	-	5,856	277
Total	-	-	3,617,784	143,008
Segment income	1,403,596	(623,964)	733,329	(35,712)
Depreciation and amortization	(2,143)	(230)	(506,588)	(52,915)
Gain (loss) on investments	840,664	(729,007)	5,541	183
Finance cost	(147,600)	(17,092)	(43,839)	(375)
Income (loss) on equity method investments	471,259	-	(26,371)	636
Derivative gain (loss) (excluding gain (loss) on investments)	(17,839)	-	(3)	78
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	3,754,659	146,641	-	3,901,300
Intersegment	6,133	13,227	(19,360)	-
Total	3,760,792	159,868	(19,360)	3,901,300
Segment income	1,477,249	(65,253)	30,669	1,442,665
Depreciation and amortization	(561,876)	(33,036)	-	(594,912)
Gain (loss) on investments	117,381	14,406	-	131,787
Finance cost	(208,906)	(10,885)	4,266	(215,525)
Income (loss) on equity method investments	445,524	2,468	24,543	472,535
Derivative gain (loss) (excluding gain (loss) on investments)	(17,764)	178	-	(17,586)

For the nine-month period ended December 31, 2020

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds*	SoftBank	Arm
Net sales				
Customers	-	-	3,798,193	163,257
Intersegment	-	-	7,368	655
Total	-	-	3,805,561	163,912
Segment income	762,985	1,758,117	746,219	(45,401)
Depreciation and amortization	(1,550)	(396)	(537,640)	(54,706)
Gain (loss) on investments	846,477	2,767,257	(4,496)	55
Finance cost	(157,769)	(7,634)	(48,849)	(620)
Income (loss) on equity method investments	363,660	-	(26,205)	1,852
Derivative gain (loss) (excluding gain (loss) on investments)	(482,668)	-	(135)	1,457
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	3,961,450	176,588	-	4,138,038
Intersegment	8,023	6,793	(14,816)	-
Total	3,969,473	183,381	(14,816)	4,138,038
Segment income	3,221,920	156,391	(16,807)	3,361,504
Depreciation and amortization	(594,292)	(29,811)	-	(624,103)
Gain (loss) on investments	3,609,293	228,642	(38,479)	3,799,456
Finance cost	(214,872)	(12,243)	2,793	(224,322)
Income (loss) on equity method investments	339,307	19,489	20,635	379,431
Derivative gain (loss) (excluding gain (loss) on investments)	(481,346)	681	-	(480,665)

Note:

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

For the three-month period ended December 31, 2019

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,242,340	54,371
Intersegment	-	-	2,144	92
Total	-	-	1,244,484	54,463
Segment income	307,812	(223,930)	214,881	(14,892)
Depreciation and amortization	(1,292)	(103)	(175,729)	(17,861)
Gain (loss) on investments	111,247	(199,679)	(2,359)	-
Finance cost	(50,423)	(7,868)	(15,264)	230
Income (loss) on equity method investments	17,562	-	(12,190)	413
Derivative gain (loss) (excluding gain (loss) on investments)	(25,218)	-	53	78
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,296,711	64,870	-	1,361,581
Intersegment	2,236	3,085	(5,321)	-
Total	1,298,947	67,955	(5,321)	1,361,581
Segment income	283,871	(24,457)	10,578	269,992
Depreciation and amortization	(194,985)	(13,674)	-	(208,659)
Gain (loss) on investments	(90,791)	6,612	-	(84,179)
Finance cost	(73,325)	(3,724)	2,096	(74,953)
Income (loss) on equity method investments	5,785	2,130	10,637	18,552
Derivative gain (loss) (excluding gain (loss) on investments)	(25,087)	(213)	-	(25,300)

For the three-month period ended December 31, 2020

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SVF1 and Other SBIA-Managed Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,375,149	57,586
Intersegment	-	-	2,645	329
Total	-	-	1,377,794	57,915
Segment income	737,637	844,128	212,935	(20,582)
Depreciation and amortization	(575)	(130)	(189,631)	(17,940)
Gain on investments	266,863	1,355,690	1,547	55
Finance cost	(49,594)	(1,406)	(15,929)	(201)
Income (loss) on equity method investments	169,053	-	(9,076)	175
Derivative gain (loss) (excluding gain (loss) on investments)	279,749	-	(93)	305
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,432,735	74,772	-	1,507,507
Intersegment	2,974	2,481	(5,455)	-
Total	1,435,709	77,253	(5,455)	1,507,507
Segment income	1,774,118	103,392	42,522	1,920,032
Depreciation and amortization	(208,276)	(8,479)	-	(216,755)
Gain on investments	1,624,155	105,540	36,450	1,766,145
Finance cost	(67,130)	(4,238)	854	(70,514)
Income (loss) on equity method investments	160,152	12,581	5,868	178,601
Derivative gain (loss) (excluding gain (loss) on investments)	279,961	931	-	280,892

## 5. SVF1 and other SBIA-managed funds business

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

#### a. Overview

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

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

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

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

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Gain (loss) on investments at SVF1 and SVF2		
Realized gain on sales of investments	14,643	205,274
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year <sup>1</sup>	(727,327)	2,652,701
Reclassified to realized loss recorded in the past fiscal year <sup>2</sup>	(27,501)	(107,151)
Dividend income from investments	10,067	8,219
Derivative gain on investments	-	1,091
Effect of foreign exchange translation <sup>3</sup>	1,111	7,123
	(729,007)	2,767,257
Selling, general and administrative expenses	(68,466)	(45,199)
Finance cost (interest expenses)	(17,092)	(7,634)
Change in third-party interests in SVF1	190,005	(956,736)
Other gain	596	429
Segment income arising from the SVF1 and other SBIA-managed funds business (income before income tax)	(623,964)	1,758,117



Notes:

1. In September 2020, the Company entered into a definitive agreement with NVIDIA Corporation in order to sell all of its shares in Arm, a subsidiary of the Company, held by the Company (including shares held by SVF1). Given entry into the definitive agreement, SVF1 recorded ¥38,387 million of unrealized gain for the nine-month period ended December 31, 2020 upon the fair value estimation of Arm held by SVF1.

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

2. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SVF1 and SVF2” in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.
3. Unrealized gain and loss on investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gain and loss and realized gain and loss.

## (2) Third-party interests in SVF1

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

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

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

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

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

## b. Changes in interests attributable to Third-Party Investors

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

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2020	4,584,419		
Contributions from third-party investors	774,726	-	774,726
Changes in third-party interests	956,736	(956,736)	-
Attributable to investors entitled to fixed distribution	152,379		
Attributable to investors entitled to performance-based distribution	804,357		
Distribution/repayment to third-party investors	(602,731)	-	(602,731)
Exchange differences on translating third-party interests*	(257,234)	-	-
As of December 31, 2020	<u>5,455,916</u>		

Note:

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

## c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of December 31, 2020 was \$9.9 billion.

No contributions from Third-Party Investors were made into SVF2 from the inception to December 31, 2020, and there were no third-party interests in SVF2 as of December 31, 2020.

### (3) Management fees and performance fees to SBIA

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

#### a. Management fees to SBIA

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

#### b. Performance fees to SBIA

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

From the inception of SVF1 to December 31, 2020, the cumulative amount of performance fees paid to SBIA was \$439 million. For the nine-month period ended December 31, 2020, no performance fees were paid to SBIA.

In addition, the performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

## 6. Other financial assets (current)

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

	As of March 31, 2020	(Millions of yen) As of December 31, 2020
Marketable securities pledged as collateral in asset management subsidiaries <sup>1</sup>	-	1,227,560
Derivative financial assets <sup>2</sup>	30,087	240,702
Restricted cash <sup>3</sup>	23,907	106,492
Margin deposits in asset management subsidiaries <sup>4</sup>	-	90,051
Marketable securities	230,234	66,181
Time deposits (maturities of more than three months)	9,925	34,517
Other	19,334	37,194
Total	313,487	1,802,697

Notes:

- The details are described in “c. Securities pledged as collateral” in “(2) Significant accounting policies for the asset management subsidiary” under “Note 2. Significant accounting policies.”
- The increase was primarily due to prepaid forward contracts using Alibaba shares. The details are described in “Notes 3” in “(1) Components of interest-bearing debt” under “Note 10. Interest-bearing debt.”
- ¥63,781 million of restricted cash in the asset management subsidiary is included as of December 31, 2020. The details are described in “b. Restricted cash” in “(2) Significant accounting policies for the asset management subsidiary” under “Note 2. Significant accounting policies.”
- The details are described in “d. Margin deposits” in “(2) Significant accounting policies for the asset management subsidiary” under “Note 2. Significant accounting policies.”

## 7. Disposal group classified as held for sale

As of December 11, 2020, the Company agreed on main terms of a transaction with South Korea-based Hyundai Motor Company and its affiliates (collectively “Hyundai Motor Group”) and Euisun Chung, Chairman of Hyundai Motor Group, pursuant to which (i) the Company will sell the majority of its shares held in Boston Dynamics, Inc. (“Boston Dynamics”), to Hyundai Motor Group and Euisun Chung, and (ii) Hyundai Motor Group and Euisun Chung will subscribe for additional shares of Boston Dynamics. Upon this agreement, it is highly probable that Boston Dynamics will no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Boston Dynamics were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the consideration from the sale transaction was higher than the carrying amount of Boston Dynamics. The carrying amounts of assets, liabilities, and accumulated other comprehensive income in Boston Dynamics are ¥40,287 million, ¥10,818 million, and ¥(1,582 million), respectively as of December 31, 2020. The transaction requires regulatory approval and satisfaction of certain closing conditions and is expected to be completed by June 2021.

## 8. Derivative financial assets (non-current)

The increase was primarily due to the prepaid forward contracts using Alibaba shares and the contingent consideration related to the acquisition of T-Mobile shares. The details are described in “Notes 3” in “(1) Components of interest-bearing debt” under “Note 10. Interest-bearing debt” for the prepaid forward contracts using Alibaba shares and in “(1) Sprint” under “Note 3. Discontinued operations” for the contingent consideration related to the acquisition of T-Mobile shares.

## 9. Income taxes

For the nine-month period ended December 31, 2020

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

¥1,526,867 million of proceeds was received due to the transfers in May 2020 and in September 2020. SoftBank Corp. remains a subsidiary as of December 31, 2020. Accordingly, ¥460,067 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

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

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

## 10. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2020	(Millions of yen) As of December 31, 2020
<b>Current</b>		
Short-term borrowings <sup>1</sup>	1,529,458	2,188,611
Commercial paper	206,000	339,201
Current portion of long-term borrowings <sup>1,2</sup>	1,949,571	1,531,233
Current portion of corporate bonds	159,938	385,709
Current portion of installment payables	186	244
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts <sup>3</sup>	-	907,220
Total	3,845,153	5,352,218
<b>Non-current</b>		
Long-term borrowings <sup>1</sup>	3,821,473	4,129,816
Corporate bonds	5,268,883	5,152,981
Installment payables	272	509
Financial liabilities relating to sale of shares by prepaid forward contracts <sup>3</sup>	196,101	1,959,158
Total	9,286,729	11,242,464

Notes:

1. Short-term borrowings and long-term borrowings as of December 31, 2020 include ¥108,453 million and ¥151,868 million (¥408,465 million of short-term borrowings, ¥10,883 million of current portion of long-term borrowings, and ¥162,195 million of long-term borrowings as of March 31, 2020) in SVF1, respectively.
2. On July 8, 2020, Skywalk Finance GK, a wholly-owned subsidiary of the Company, made an early repayment for the total amount of borrowings (\$9.44 billion) using Alibaba shares pledged as collateral. As a result, current portion of long-term borrowings decreased by ¥1,024,872 million. Accordingly, the collateral was released on the same date.
3. For the fiscal year ended March 31, 2020, West Raptor Holdings, LLC (“WRH LLC”), a wholly-owned subsidiary of the Company, entered into a prepaid forward contract using Alibaba shares with a financial institution. As part of the “¥4.5 trillion program,” for the nine-month period ended December 31, 2020, West Raptor Holdings 2, LLC (“WRH2 LLC”), Skybridge LLC, and Skylark 2020 Holdings Limited (“Skylark Limited”), Scout 2020 Holdings Limited (“Scout Limited”) and Tigress 2020 Holdings Limited (“Tigress Limited”), wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions.
  - a. Contract for the fiscal year ended March 31, 2020: Procured amount ¥179,145 million (\$1.65 billion)

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

b. Contract for the nine-month period ended December 31, 2020: Procured total amount ¥1,660,952 million (\$15.4 billion)

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

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

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

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

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

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

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

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

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

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

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

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

For the nine-month period ended December 31, 2020, of the aforementioned prepaid forward contracts regarding the contracts a. and b. (c), amendment of the contract to revise the cap and floor for the price of shares settled has executed and regarding the contract b. (a) amendment of the contract to change to collar contract which a cap and a floor are set for the price of shares settles has executed. Due to the amendments, the settlement is expected: October 2021 and November 2021 for contract a.; October 2022 and November 2022 for contract b. (a); and from October 2021 to June 2022 for contract b. (c).

The amendments of the contracts are applicable for as exchanges of debt instruments with substantially different terms under IFRS, and accounted for as extinguishments of the original financial liabilities relating to the sale of shares by prepaid forward contracts and the recognition of new financial liabilities relating to the sale of shares by variable prepaid forward contracts. Including the new variable prepaid forward contracts, the aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value and the call spread is measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the variable prepaid forward contracts, a tax effect is recognized.

As a result of the amendments, upon the extinguishment of the original contracts, ¥1,382,751 million of financial liabilities related to the sale of shares by prepaid forward contracts and ¥476,301 million of derivative financial liabilities (non-current) are derecognized. On the other hand, ¥2,179,156 million of new financial liabilities related to the sale of shares by variable prepaid forward contracts and ¥333,193 million of derivative financial assets are newly recognized and ¥16,211 million of cash is paid as a difference in exchange value between the original and new contracts. Further, along with the fluctuation of derivative financial assets and derivative financial liabilities, ¥275,756 million of deferred tax liabilities is increased and the same amount of income taxes is increased, representing the tax effect.

Embedded derivatives are recognized for ¥212,516 million as “Derivative financial assets (current),” for ¥427,572 million as “Derivative financial assets (non-current),” and for ¥30,856 million as “Derivative financial liabilities (non-current)” and the call spread is recognized for ¥40,481 million as “Derivative financial assets (non-current)” in the condensed interim consolidated statement of financial position as of December 31, 2020.

WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited elect cash settlement, WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and except for the contract by Tigress Limited, the Company granted right of use to the financial institutions with respect to such shares. However the collateral can be released by cash settlement at the discretion of WRH LLC, WRH2 LLC, Skybridge LLC, Skylark Limited, Scout Limited, and Tigress Limited. Alibaba continues to be an equity method associate of the Company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. Alibaba shares, pledged as collateral by the Company in accordance with the prepaid forward contracts, are recognized as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of December 31, 2020 and the carrying amount is ¥526,640 million.

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

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

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Net increase of short-term borrowings	228,214	1,353,056
Net increase of commercial paper	191,000	68,500
Total	419,214	1,421,556



### (3) Components of proceeds from interest-bearing debt

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

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Proceeds from borrowings	5,989,402	3,009,894
Proceeds from issuance of corporate bonds	1,230,000	420,000
Proceeds from procurement by prepaid forward contracts using shares*	179,145	1,660,952
Total	7,398,547	5,090,846

Note:

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

### (4) Components of repayment of interest-bearing debt

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

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Repayment of borrowings	(3,682,050)	(3,689,332)
Redemption of corporate bonds	(922,545)	(328,186)
Payment of installment payables	(8,551)	-
Total	(4,613,146)	(4,017,518)

## 11. Financial instruments

### (1) Option contracts

The details of option contracts are as follows:

#### Option contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2020		As of December 31, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Long call option of listed stocks in asset management subsidiaries	-	-	173,997	-
Short call option of listed stocks in asset management subsidiaries	-	-	-	(24,633)
Contingent consideration relating to acquisition of T-Mobile shares <sup>1</sup>	-	-	520,831	-
Prepaid forward contracts using Alibaba shares <sup>2</sup>	5,009	-	640,088	(30,856)
Call spread contracts relating to prepaid forward contracts using Alibaba shares <sup>2</sup>	-	-	40,481	-
Short call option for T-Mobile shares to Deutsche Telekom AG <sup>3</sup>	-	-	-	(235,930)

Notes:

1. Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. The details are described in “(1) Sprint” under “Note 3. Discontinued operations.”
2. Increase was due to prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares. The details are described in “Notes 3” in “(1) Components of interest-bearing debt” under “Note 10. Interest-bearing debt.”
3. Call options for T-Mobile shares which the Company granted to Deutsche Telekom in relation to the transfer of T-Mobile share. The details are described in “Note 19. Additional information.”

### (2) Futures contracts

The details of futures contracts are as follows:

#### Futures contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2020		As of December 31, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Short stock index futures contracts in asset management subsidiaries	-	-	-	(18,713)

## (3) Swap contracts

The details of Swap contracts are as follows:

Swap contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2020		As of December 31, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Total return swap contracts of listed stocks in asset management subsidiaries	-	-	137	(21,375)

## 12. 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, 2020	As of December 31, 2020	(Yen)
USD	108.83	103.50	
CNY	15.31	15.88	
GBP*	133.32	-	

### (2) Average rate for the quarter

For the nine-month period ended December 31, 2019

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019	Three-month period ended December 31, 2019	(Yen)
USD	110.00	107.70	108.98	
CNY	16.13	15.37	15.46	
GBP*	140.88	132.73	139.55	

For the nine-month period ended December 31, 2020

	Three-month period ended June 30, 2020	Three-month period ended September 30, 2020	Three-month period ended December 31, 2020	(Yen)
USD	107.74	105.88	104.45	
CNY	15.16	15.27	15.71	

Note:

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

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

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

### 13. Equity

#### (1) Capital surplus

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

#### (2) Other equity instruments

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

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

#### (3) Treasury stock

Changes in treasury stock are as follows:

	Nine-month period ended December 31, 2019	(Thousands of shares) Nine-month period ended December 31, 2020
Balance at the beginning of the period	46,827	21,818
Increase during the period*	28,619	270,476
Decrease during the period	(56,991)	(4,125)
Balance at the end of the period	18,455	288,169

Note:

\* For the nine-month period ended December 31, 2020, due to purchases of treasury stock under the resolution passed at the Board of Directors meeting held on March 13, 2020, the number of treasury stock increased by 102,960 thousand shares (amount purchased ¥483,971 million). In addition, under the resolutions passed at the Board of Directors meetings held on May 15, 2020, June 25, 2020, and July 30, 2020, the number of treasury stock increased by 167,512 thousand shares (amount purchased ¥1,123,846 million) as part of “the ¥4.5 trillion program.”

## (4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2020	(Millions of yen) As of December 31, 2020
Equity financial assets at FVTOCI	5,115	2,518
Debt financial assets at FVTOCI	580	395
Cash flow hedges	13,128	43,838
Exchange differences on translating foreign operations	(381,082)	(769,517)
Total	(362,259)	(722,766)

## 14. 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)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Gain relating to sales of T-Mobile shares <sup>1</sup>	-	421,755
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-
Realized loss on sales of investments at asset management subsidiaries	-	(92,459)
Unrealized gain on valuation of investments at asset management subsidiaries	-	105,658
Derivative loss on investments at asset management subsidiaries	-	(577,602)
Realized gain on sales of investments	3,181	204,947
Unrealized gain (loss) on valuation of investments	(378,139)	533,432
Derivative gain (loss) on investments <sup>2</sup>	(6,118)	248,558
Other	3,213	2,188
Total	840,664	846,477

Notes:

- On June 26, 2020, the Company transferred 173,564,426 shares out of 304,606,049 shares of T-Mobile common stock held and ¥280,341 million of gain on sales of shares of associates was recorded for the nine-month period ended December 31, 2020. Additionally, the Company transferred 5,000,000 shares on July 16, 2020 and 19,750,000 shares on August 3, 2020 at \$103.00 per a share. As a result of the transactions, ¥3,122 million of realized loss on sales of investments and ¥3,014 million of gain related to derecognition of derivative financial liabilities were recorded for the nine-month period ended December 31, 2020. The derivative financial liabilities were recorded as the difference between the carrying amount of T-Mobile shares as of June 26, 2020 and the fair value as of June 30, 2020 in the condensed interim consolidated financial statements as of June 30, 2020 because the transaction price was fixed at \$103.00 per a share under the agreement on June 26, 2020.

In addition, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company on June 26, 2020. Accordingly, ¥296,013 million of gain from remeasurement relating to discontinuing the use of the equity method for the shares, which were continuously held at the time of discontinuing the use of the equity method, was recorded for the nine-month period ended December 31, 2020.

Furthermore, ¥154,491 million of derivative loss in relation to call options over T-Mobile shares granted to Deutsche Telekom was recorded at the time of execution of the agreement for the nine-month period ended December 31, 2020.

As a result of the transactions, ¥421,755 million of gain relating to sales of T-Mobile shares was recorded for the nine-month period ended December 31, 2020. The details are described in “Note 19. Additional information.”

2. ¥324,518 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration acquired from the merger transaction with Sprint and T-Mobile US, Inc. for the nine-month period ended December 31, 2020. The details are described in “(1) Sprint” under “Note 3. Discontinued operations.”

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

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

(3) Gain and loss on other investments

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

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Realized gain (loss) on sales of investments	(3,678)	11,817
Unrealized gain on valuation of investments	17,241	194,290
Derivative gain (loss) on investments	(852)	9,485
Other	7,419	8,609
Total	20,130	224,201

**15. Finance cost**

The components of finance cost are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Interest expenses	(215,525)	(224,322)

**16. Derivative loss (excluding gain (loss) on investments)**

For the nine-month period ended December 31, 2020

Derivative loss of ¥485,436 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts related to the prepaid forward contracts using Alibaba shares. The details of the contracts are described in “Notes 3” in “(1) Components of interest-bearing debt” under “Note 10. Interest-bearing debt.”



## 17. Other gain

The components of other gain and loss are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2020
Interest income	23,268	11,422
Foreign exchange gain (loss)	(8,844)	87,110
Reversal of allowance for loan commitment losses <sup>1</sup>	-	46,918
Dilution gain from changes in equity interest <sup>2</sup>	332,230	45,631
Gain on liquidation of a subsidiary <sup>3</sup>	-	42,603
Reversal of allowance for financial guarantee contract losses <sup>4</sup>	-	35,528
Other	(27,179)	(17,966)
Total	319,475	251,246

Notes:

- For the nine-months period ended December 31, 2020, ¥46,918 million of reversal of allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market.
- Primarily represents the dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.
- Due to the realization of exchange differences resulted from the liquidation of Kahon 3 Oy, a wholly-owned subsidiary of the Company, for the nine-months period ended December 31, 2020.
- For the nine-months period ended December 31, 2020, ¥31,341 million of reversal of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market.

**18. Supplemental information to the condensed interim consolidated statement of cash flows****(1) Income taxes paid and income taxes refunded**

For the nine-month period ended December 31, 2020

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

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

**(2) Proceeds from sales/redemption of investments**

For the nine-month period ended December 31, 2020

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

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

For the nine-month period ended December 31, 2020

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

#### (4) Significant non-cash transactions

For the nine-month period ended December 31, 2020

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

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

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

For the nine-month period ended December 31, 2020, ¥1,096,868 million of account payables for acquisition of shares and ¥294,780 million of account receivables from sales of shares were offset, and the net amount of ¥802,088 million was recognized as “Payments for acquisition of investments.” Also, ¥961,358 million of account receivable from sales of shares and ¥292,573 million of account payables for acquisition of shares were offset, and the net amount of ¥668,785 million was recognized as “Proceeds from sales/redemption of investments.”

##### b. Sprint Merger

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

## 19. Additional information

(The transfer of T-Mobile shares)

### (1) Outline of the Transfer

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

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

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

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

Note:

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

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

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

### (3) Grant of call options to Deutsche Telekom

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

- a. For the Call Options over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is \$103.00 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.
- b. For the Call options over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20 trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above a or October 2, 2020.

Note:

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

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

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

Note:

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