

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 4 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Fiscal Year Ended March 31, 2022 (IFRS)

Tokyo, May 12, 2022

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 | % |
| Fiscal year ended March 31, 2022 | ¥6,221,534 | 10.5 | ¥(869,562) | - | ¥(1,462,199) | - | ¥(1,708,029) | - | ¥691,211 | (87.6) |
| Fiscal year ended March 31, 2021 | ¥5,628,167 | 7.4 | ¥5,670,456 | - | ¥5,078,236 | - | ¥4,987,962 | - | ¥5,578,244 | - |

| | Basic earnings per share (Yen) | Diluted earnings per share (Yen) | Ratio of net income to equity, attributable to owners of the parent (%) | Ratio of income before income tax to total assets (%) |
|---|--------------------------------|----------------------------------|---|---|
| Fiscal year ended March 31, 2022 | ¥(1,018.58) | ¥(1,025.67) | (16.9) | (1.9) |
| Fiscal year ended March 31, 2021 | ¥2,619.61 | ¥2,437.29 | 61.9 | 13.7 |

Notes:

1. Income on equity method investments

Fiscal year ended March 31, 2022: ¥341,385 million

Fiscal year ended March 31, 2021: ¥616,432 million

2. Net sales and income before income tax are presented based on the amounts from continuing operations only.

(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 (%) | Equity per share attributable to owners of the parent (Yen) |
|-----------------------------|--------------------|--------------------|---|--|---|
| As of March 31, 2022 | ¥47,544,670 | ¥11,707,762 | ¥9,975,674 | 21.0 | 5,755.92 |
| As of March 31, 2021 | ¥45,750,453 | ¥11,955,593 | ¥10,213,093 | 22.3 | 5,588.80 |

Note:

* “Equity per share attributable to owners of the parent” is based on “Equity attributable to owners of the parent” excluding the amount not attributable to ordinary shareholders.

(3) Cash Flows

| | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at the end of the year |
|---|----------------------|----------------------|----------------------|--|
| Fiscal year ended March 31, 2022 | ¥2,725,450 | ¥(3,018,654) | ¥602,216 | ¥5,169,001 |
| Fiscal year ended March 31, 2021 | ¥557,250 | ¥(1,468,599) | ¥2,194,077 | ¥4,662,725 |

2. Dividends

| | Dividends per share | | | | |
|--|---------------------|----------------|---------------|----------------|-------|
| | First quarter | Second quarter | Third quarter | Fourth quarter | Total |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) |
| Fiscal year ended March 31, 2021 | - | 22.00 | - | 22.00 | 44.00 |
| Fiscal year ended March 31, 2022 | - | 22.00 | - | 22.00 | 44.00 |
| Fiscal year ending March 31, 2023 (Forecasted) | - | 22.00 | - | 22.00 | 44.00 |

| | Total amount of dividends (Annual) | Payout ratio (Consolidated) | Ratio of dividend to equity attributable to owners of the parent (Consolidated) |
|--|------------------------------------|-----------------------------|---|
| | (Millions of yen) | % | % |
| Fiscal year ended March 31, 2021 | 79,592 | 1.7 | 1.1 |
| Fiscal year ended March 31, 2022 | 73,929 | - | 0.8 |
| Fiscal year ending March 31, 2023 (Forecasted) | | - | |

*** Notes**

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

Newly consolidated: None

Excluded from consolidation: One entity: Boston Dynamics, Inc.

Notes:

1. Please refer to page 55 “(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2022” under “3. 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 55 “(2) Changes in Accounting Estimates” under “3. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

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

As of March 31, 2022: 1,722,953,730 shares

As of March 31, 2021: 2,089,814,330 shares

[2] Number of shares of treasury stock:

As of March 31, 2022: 76,163,508 shares

As of March 31, 2021: 351,297,587 shares

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

As of March 31, 2022: 1,708,988,647 shares

As of March 31, 2021: 1,892,538,088 shares

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

(Percentages are shown as year-on-year changes)

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|---|-------------------|---------------|------------------|---------------|-------------------|----------|-------------------|----------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Fiscal year ended March 31, 2022 | ¥856,003 | (47.2) | ¥787,261 | (49.8) | ¥(200,263) | - | ¥(352,390) | - |
| Fiscal year ended March 31, 2021 | ¥1,622,615 | - | ¥1,569,569 | - | ¥1,258,459 | - | ¥1,403,478 | - |

| | Net income per share-basic (Yen) | Net income per share-diluted (Yen) |
|---|-------------------------------------|---------------------------------------|
| Fiscal year ended March 31, 2022 | ¥(206.20) | ¥- |
| Fiscal year ended March 31, 2021 | ¥741.58 | ¥739.48 |

Note:

* Net income per share-diluted for the fiscal year ended March 31, 2022 is not presented as net income per share-basic is negative.

(2) Non-Consolidated Financial Position

| | Total assets | Net Assets | Equity ratio (%) | Shareholders' equity per share (Yen) |
|-----------------------------|--------------------|-------------------|------------------|---|
| As of March 31, 2022 | ¥22,412,112 | ¥2,759,755 | 12.3 | ¥1,669.10 |
| As of March 31, 2021 | ¥19,234,339 | ¥3,536,120 | 18.3 | ¥2,027.26 |

Note:

* Shareholders' equity (Non-consolidated)

As of March 31, 2022: ¥2,748,655 million

As of March 31, 2021: ¥3,524,428 million

(3) Differences in Non-Consolidated Operating Results from the Previous Fiscal Year

The decreases in operating revenue, operating income, ordinary income, and net income in the fiscal year ended March 31, 2022 from the previous fiscal year ended March 31, 2021 were mainly attributable to a ¥766,956 million year-on-year decrease in dividends from subsidiaries and associates.

Financial Highlights (Non-Consolidated) are prepared in accordance with Accounting Principles Generally Accepted in Japan.

* **This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing 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 May 12, 2022 (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>. The Data Sheet will also be posted on the website in a few days at the same site.

(Appendix)

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Disclaimer

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

Notice Regarding PFIC Status

It is possible that SBG and certain subsidiaries of SBG may be a “passive foreign investment company” (“PFIC”) under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. For the fiscal year ended March 31, 2021, we believe that SBG and certain subsidiaries of SBG were PFICs. We recommend that U.S. holders of SBG’s shares consult their tax advisors with respect to the U.S. federal income tax consequences to them if SBG and its subsidiaries are classified as PFICs. SBG is not responsible for any tax treatments or consequences thereof with respect to U.S. holders of SBG’s shares.

Definition of Company Names and Abbreviations Used in This Appendix

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

| Company names / Abbreviations | Definition |
|---|--|
| SoftBank Group Corp. or SBG | SoftBank Group Corp. (stand-alone basis) |
| The Company | SoftBank Group Corp. and its subsidiaries |
| <i>*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.</i> | |
| SB Northstar | SB Northstar LP |
| SoftBank Vision Fund 1 or SVF1 ^{*1} | SoftBank Vision Fund L.P. and its alternative investment vehicles |
| SoftBank Vision Fund 2 or SVF2 ^{*1} | SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles |
| SVF2 LLC | SVF II Investment Holdings LLC |
| SBIA | SB Investment Advisers (UK) Limited |
| SBIA US | SB Investment Advisers (US) Inc. |
| SBGA | SB Global Advisers Limited |
| SoftBank Latin America Funds ^{*2} | SBLA Latin America Fund LLC |
| SoftBank Latin America Fund 1 or SBLAF1 | SBLA Holdings (Cayman) L.P. and SBLA Latin America Fund (Cayman) L.P. |
| SoftBank Latin America Fund 2 or SBLAF2 | SBLA Holdings II DE LLC and SLA Holdco I LLC |
| Arm | Arm Limited |
| Alibaba | Alibaba Group Holding Limited |
| MgmtCo | MASA USA LLC |
| The first quarter | Three-month period ended June 30, 2021 |
| The second quarter | Three-month period ended September 30, 2021 |
| The third quarter | Three-month period ended December 31, 2021 |
| The fourth quarter | Three-month period ended March 31, 2022 |
| The fiscal year | Fiscal year ended March 31, 2022 |
| The previous fiscal year | Fiscal year ended March 31, 2021 |
| The previous fiscal year-end | March 31, 2021 |

Notes:

- SoftBank Vision Fund 1 and SoftBank Vision Fund 2 are collectively referred to as SoftBank Vision Funds.
- Includes SoftBank Latin America Fund 1 and SoftBank Latin America Fund 2

Exchange Rates Used for Translations

| USD / JPY | Fiscal year ended March 31, 2021 | | | | Fiscal year ended March 31, 2022 | | | |
|-------------------------------|----------------------------------|---------|---------|---------|----------------------------------|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Average rate for the quarter | ¥107.74 | ¥105.88 | ¥104.45 | ¥106.24 | ¥110.00 | ¥110.47 | ¥113.60 | ¥117.10 |
| Rate at the end of the period | | | | ¥110.71 | | | | ¥122.39 |

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AND REPORTABLE SEGMENTS

Establishment of the Latin America Funds Segment

SoftBank Latin America Funds, which were previously included within “Other,” are newly presented as an independent reportable segment starting from the first quarter due to their greater financial significance. In line with this, “gain (loss) on investments at Latin America Funds,” which were previously included in “gain (loss) on other investments” in the Consolidated Statement of Income, are newly presented as an independent item. Information for the previous fiscal year has been reclassified and presented accordingly. For details of the business, see “OVERVIEW” under “(e) Latin America Funds Segment” in “b. Results by Segment” in “(1) Overview of Results

of Operations” in “1. Results of Operations.”

Because SoftBank Latin America Funds will be managed by SBGA, which manages SVF2, the Latin America Funds segment will be integrated into the SoftBank Vision Funds segment starting from the first quarter of the fiscal year ending March 31, 2023 (the three-month period ending June 30, 2022).

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

◆ Loss on investments of ¥3,434.7 billion

- ¥3,738.8 billion investment loss at SVF1, SVF2, and others (of which ¥972.7 billion was attributable to third-party interests)
- SVF1: Realized gain (net) of ¥1,226.1 billion was recorded mainly due to partial exits of listed portfolio companies, of which ¥1,463.8 billion had been recorded as unrealized gains on investments (net) in previous fiscal years. Unrealized loss on valuation (net) totaled ¥2,922.3 billion mainly due to a decline in the share prices of most listed portfolio companies caused by multiple factors, including overhang concerns, regulatory tightening, and the general avoidance of high-growth technology stocks in anticipation of higher interest rates. For the same reasons, growth in the fair value of unlisted portfolio companies was also sluggish.
- SVF2: Recorded realized gain of ¥128.6 billion, of which ¥314.1 billion had been recorded as unrealized gains on investments (net) in previous fiscal years, and unrealized loss on valuation (net) of ¥265.5 billion.

◆ Loss before income tax of ¥869.6 billion (deterioration of ¥6,540.0 billion yoy)

- Recorded finance cost of ¥382.5 billion and derivative gain (excluding gain (loss) on investments) of ¥1,234.7 billion, which was mainly related to prepaid forward contracts using Alibaba shares.

◆ Net loss attributable to owners of the parent of ¥1,708.0 billion (deterioration of ¥6,696.0 billion yoy)

2. New investments and share repurchases were made while maintaining LTV¹ less than 25%, with proceeds generated by SoftBank Vision Funds, as well as flexible financing.

◆ Distributions from SoftBank Vision Funds

- SVF1 and SVF2 distributed proceeds mainly from the partial sale and monetization of investments. The Company received such proceeds of \$6.79 billion from SVF1 and \$8.43 billion from SVF2.

◆ Fund procurement

- \$13.17 billion (net) was raised through prepaid forward contracts using Alibaba shares, from new contracts signed, rollovers and the early termination of existing contracts.
- \$8.0 billion was raised through borrowings made using Arm shares (asset-backed finance).

◆ Investments

- SVF1 made investments totaling \$3.33 billion in the fiscal year and held 82 investments^{*1} (including 22 listed portfolio companies) as of the fiscal year-end. 12 companies were newly listed in the fiscal year.
- SVF2 made new and follow-on investments totaling \$40.82 billion in the fiscal year, bringing the fund's total cost to \$47.54 billion. SVF2 held 250 investments^{*2} (including 14 listed portfolio companies) as of the fiscal year-end. 11 companies were newly listed in the fiscal year.
- SoftBank Latin America Funds made investments totaling \$4.3 billion in the fiscal year including 65 new investments and held 101 investments^{*3} as of the fiscal year-end.

◆ Share repurchase

- Of a total ¥1 trillion authorized share repurchases approved in November 2021, SBG repurchased shares totaling ¥344.6 billion as of March 31, 2022, and a cumulative total of ¥433.0 billion as of April 30, 2022.

◆ Dividends

- The Board of Directors resolved to propose a year-end dividend of ¥22 per share at the Annual General Meeting of Shareholders (to be held on June 24, 2022). The annual dividend for the fiscal year, including the interim dividend, will be ¥44 per share, the same as the previous fiscal year. This will bring the total dividend payout for the fiscal year to ¥73.9 billion.

3. Refinanced ¥1.2 trillion in bonds. Issued foreign currency-denominated straight bonds, taking advantage of the low-interest-rate-environment in a timely manner.

- SBG issued domestic hybrid bonds of ¥405.0 billion and domestic subordinated bonds of ¥500.0 billion and ¥550.0 billion. Domestic hybrid bonds of ¥455.6 billion and domestic subordinated bonds of ¥361.6 billion and ¥404.4 billion were redeemed.
- SBG issued foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion.

Notes:

1. Includes two investments accounted for as subsidiaries of the Company.
2. Includes one investment accounted for as a subsidiary of the Company.
3. Includes one investment accounted for as a subsidiary of the Company.

IMPACT OF THE SITUATION IN RUSSIA AND UKRAINE

SBG and SoftBank Vision Funds have no direct investments in Russian or Ukrainian companies as of March 31, 2022. In addition, no Russian investors are included as third-party investors of SVF1. Although some group companies and investees may have operating businesses in Russia or Ukraine or do business with Russian companies (including those that have already withdrawn or ceased operations or ceased transactions), the impact of such operations or transactions on the Company's consolidated financial statements is limited.

However, there are growing concerns of a global economic slowdown as energy prices have surged in the wake of economic sanctions against Russia following its invasion of Ukraine, combined with the onset of monetary tightening in the U.S. to curb inflation, and continued supply chain disruptions due to COVID-19. These macroeconomic headwinds have led to increased global stock market volatility, which has adversely affected the value of the Company's equity holdings and NAV (net asset value, calculated as equity value of holdings – adjusted net interest-bearing debt^{*1}). The Company remains committed to ensuring liquidity and diversity in its investment portfolio while adhering to its financial policy of maintaining a prudent LTV and cash position. Like many other international funds, SoftBank Vision Funds and Latin America Funds are not immune to changes in the external environment, hence they continue to carefully construct and manage their investment portfolios by closely monitoring the market and placing emphasis on assessing the fundamentals of the investees.

Note:

1. Equity value of holdings and net interest-bearing debt each exclude amounts to be settled at maturity or borrowings that are part of asset-backed finance. The calculation of adjusted net interest-bearing debt also excludes interest-bearing debt and cash and cash equivalents, etc. attributable to entities managed on a self-financing basis such as SoftBank Corp. (including Z Holdings Corporation and other subsidiaries), SoftBank Vision Fund 1, SoftBank Vision Fund 2, SoftBank Latin America Funds, Arm, and PayPay Corporation, as well as SB Northstar, an asset management subsidiary.

a. Consolidated Results of Operations

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % | |
|---|----------------------------|--------------------|--------------|----------|----------|
| | 2021 | 2022 | | | |
| Continuing operations | | | | | |
| Net sales | 5,628,167 | 6,221,534 | 593,367 | 10.5% | A |
| Gross profit | 2,874,929 | 3,265,574 | 390,645 | 13.6% | |
| Gain on investments | | | | | |
| Gain on investments at Investment Business of Holding Companies | 945,944 | 104,362 | (841,582) | (89.0%) | B |
| Gain (loss) on investments at SVF1, SVF2, and others | 6,292,024 | (3,738,825) | (10,030,849) | - | C |
| Gain on investments at Latin America Funds | 196,556 | 111,070 | (85,486) | (43.5%) | D |
| Gain on other investments | 94,482 | 88,651 | (5,831) | (6.2%) | |
| Total gain (loss) on investments | 7,529,006 | (3,434,742) | (10,963,748) | - | |
| Selling, general and administrative expenses | (2,271,497) | (2,551,722) | (280,225) | 12.3% | E |
| Finance cost | (307,250) | (382,512) | (75,262) | 24.5% | F |
| Foreign exchange loss | (137,166) | (706,111) | (568,945) | - | G |
| Income on equity method investments | 616,432 | 341,385 | (275,047) | (44.6%) | H |
| Derivative gain (loss) (excluding gain (loss) on investments) | (480,251) | 1,234,708 | 1,714,959 | - | I |
| Change in third-party interests in SVF1 and SVF2 | (2,246,417) | 972,674 | 3,219,091 | - | |
| Other gain | 92,670 | 391,184 | 298,514 | 322.1% | |
| Income before income tax | 5,670,456 | (869,562) | (6,540,018) | - | |
| Income taxes | (1,303,168) | (592,637) | 710,531 | (54.5%) | J |
| Net income from continuing operations | 4,367,288 | (1,462,199) | (5,829,487) | - | |
| Discontinued operations | | | | | |
| Net income from discontinued operations | 710,948 | - | (710,948) | - | K |
| Net income | 5,078,236 | (1,462,199) | (6,540,435) | - | |
| Net income attributable to owners of the parent | 4,987,962 | (1,708,029) | (6,695,991) | - | |
| Total comprehensive income | 5,578,244 | 691,211 | (4,887,033) | (87.6%) | |
| Comprehensive income attributable to owners of the parent | 5,482,739 | 449,419 | (5,033,320) | (91.8%) | |

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

Investment gain of ¥104,362 million was recorded. The Company recorded a gain related to settlement of prepaid forward contracts using Alibaba shares of ¥199,972 million and gain on investments in T-Mobile and Deutsche Telekom shares (derivative gain related to investments, unrealized valuation loss, and gain on sales of T-Mobile shares) of ¥70,307 million. On the other hand, the Company recorded a loss of ¥229,504 million on investments in listed stocks and other instruments. See “(a) Investment Business of Holding Companies Segment” under “b.

Results by Segment” for details.

C Loss on Investments at SVF1, SVF2, and Others

Investment loss of ¥3,738,825 million was recorded, of which ¥972,674 million was attributable to third-party interests. SVF1 recorded realized gain on investments (net) of ¥1,226,097 million, mainly as a result of sales² of entire or partial shareholding positions of certain investments, of which ¥1,463,810 million had been recorded as unrealized gains on investments (net) in previous fiscal years. In addition, SVF1 recorded unrealized loss on valuation (net) totaling ¥3,632,168 million for listed portfolio companies, including losses of ¥1,645,327 million recorded for Coupang, Inc. (“Coupang”) and ¥911,412 million for DiDi Global Inc. (“DiDi”). This reflected a decline in the share prices of most of its listed portfolio companies due to multiple factors, including overhang concerns and regulatory tightening, in addition to the general avoidance of high-growth technology stocks led by an anticipation of higher interest rates. For unlisted portfolio companies, SVF1 recorded unrealized gains on valuation (net) totaling ¥709,833 million, reflecting an overall increase in the fair values of certain portfolio companies in the fiscal year following successful funding rounds and strong business performance, while a wide range of portfolio companies was written down in the fourth quarter reflecting a decline in the share prices of public market comparable companies.

SVF2 recorded realized gain on investments of ¥128,577 million, of which ¥314,096 million had been recorded as unrealized gains on investments (net) in previous fiscal years, mainly due to the partial sale of its investment in KE Holdings Inc. (“KE Holdings”). In addition, SVF2 recorded unrealized loss on valuation (net) of ¥265,476 million due to a decline in the share price of KE Holdings and a decrease in fair values of unlisted portfolio companies, offsetting an increase in the share price of AutoStore Holdings Ltd. (“AutoStore”), which listed in the third quarter. See “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” for details.

D Gain on Investments at Latin America Funds

Gain on investments at Latin America Funds was ¥111,070 million. Unrealized gain on valuation of investments (net) totaled ¥118,922 million, mainly due to an increase in fair values of unlisted portfolio companies, such as QUINTOANDAR, LTD., Kavak Holdings Limited, and Creditas Financial Solutions, Ltd., while the share prices of listed portfolio companies, such as Banco Inter S.A. and VTEX declined. See “(e) Latin America Funds Segment” under “b. Results by Segment” for details.

Primarily as a result of B through D, total loss on investments was ¥3,434,742 million.

E Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥313,832 million in the SoftBank segment. This was due to the impact of the consolidation of LINE Corporation in March 2021 and an increase in sales promotion and other expenses at Yahoo Japan Corporation.

F Finance Cost

Interest expenses increased by ¥58,512 million in the Investment Business of Holding Companies segment. This mainly reflected increases in interest expenses at SBG³.

G Foreign Exchange Loss

Foreign exchange loss of ¥706,111 million (net) was recorded due to the weaker yen, mainly because the U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated straight

bonds) of SBG and fund procurement subsidiaries in Japan exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

At foreign subsidiaries and associates whose functional currency is not Japanese yen (primarily U.S. dollars), such as SoftBank Vision Funds, the yen value of their net assets increased due to the weaker yen. However, this positive impact is not included in foreign exchange gains; instead, it is included in the increase in exchange differences from the translation of foreign operations of ¥2,176,948 million, which is listed under accumulated other comprehensive income in equity of the Consolidated Statement of Financial Position.

H Income on Equity Method Investments

Income on equity method investments related to Alibaba was ¥387,911 million,⁴ a decrease of ¥184,605 million year on year. This was mainly due to a decrease in investment gain on Alibaba's investments classified as financial assets at FVTPL. The result also reflected increased investments in growth initiatives, increased spending for user enhancements, and increased support to e-commerce merchants.

Alibaba recorded an expense for the three-month period ended March 31, 2021 for the fine levied by China's State Administration for Market Regulation pursuant to China's Anti-Monopoly Law. The Company had already recorded the expense in the fourth quarter of the previous fiscal year as a significant event during the applicable period on a three-month time lag.

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

Derivative gain of ¥1,132,994 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in the fiscal years ended March 31, 2020, 2021, and 2022.

Within derivative gain (loss), gains and losses related to investing activities, such as acquisition and sale of shares, are included in "gain (loss) on investments." For example, this applies to derivative gains and losses arising from long call options of listed stocks held by asset management subsidiaries. Conversely, those related to non-investing activities, particularly gains and losses arising from derivatives used in fund procurement, are included in "derivative gain (loss) (excluding gain (loss) on investments)." For example, this applies to derivative gains and losses related to prepaid forward contracts using Alibaba shares and T-Mobile shares. However, in cases where the prepaid forward contracts are settled using shares rather than cash, gains and losses arising from the reversal of derivative financial assets or liabilities at settlement are included in "investment gain (loss)" as part of gains and losses related to settlement of prepaid forward contracts using shares.

Primarily as a result of A through I, loss before income tax was ¥869,562 million, a deterioration of ¥6,540,018 million year on year.

J Income Taxes

Current income taxes were recorded at SoftBank Corp. and Yahoo Japan Corporation. Meanwhile, deferred tax expenses were recorded due to the recording of derivative gain related to prepaid forward contracts using Alibaba shares.

K Net Income from Discontinued Operations

In the previous fiscal year, the Company recorded a gain of ¥720,842 million related to loss of control of Sprint Corporation in connection with Sprint Corporation ceasing to be a subsidiary of the Company following the completion of the merger between Sprint Corporation and T-Mobile US, Inc.

Primarily as a result of A through K, net loss attributable to owners of the parent was ¥1,708,029 million, a deterioration of ¥6,695,991 million year on year.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessments of performance are made. In the first quarter, the "Latin America Funds segment" was newly established. In the second quarter, the "SoftBank Vision Funds segment" was renamed from "SVF1 and Other SBIA-Managed Funds segment" due to change in the manager of SVF2 to SBGA. As of the fiscal year-end, there are five reportable segments: Investment Business of Holding Companies, SoftBank Vision Funds, SoftBank, Arm, and Latin America Funds.

The following is a summary of the reportable segments.

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

Because SoftBank Latin America Funds will be managed by SBGA, which manages SVF2, the Latin America Funds segment will be integrated into the SoftBank Vision Funds segment starting from the first quarter of the fiscal year ending March 31, 2023 (the three-month period ending June 30, 2022).

(a) Investment Business of Holding Companies Segment

- 1. Gain on investments of ¥104.1 billion: Recorded ¥200.0 billion gain related to settlement of prepaid forward contracts using Alibaba shares and a total of ¥70.3 billion investment gain in T-Mobile and Deutsche Telekom (derivative gain on investments, unrealized valuation loss, gain on sales of T-Mobile shares), despite investment losses totaling ¥229.7 billion^{*1} for listed stocks and other instruments.**
- 2. Segment income of ¥965.9 billion, as a result of the recording of ¥1,133.0 billion derivative gain related to prepaid forward contracts using Alibaba shares.**

Note:

1. Includes the impact of investments by SB Northstar in special purpose acquisition companies (SPACs) controlled by SBIA US, which has been eliminated from the scope of consolidation.

OVERVIEW

This segment is led by SBG, which conducts investment activities, either directly or through its subsidiaries, as a strategic investment holding company. The segment consists of SBG, SoftBank Group Capital Limited (“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 gains and losses on investments held by SBG either directly or through its subsidiaries but does not include gains and losses on investments pertaining to subsidiaries’ shares, such as dividend income from subsidiaries or impairment losses related to the subsidiaries’ shares.

The companies comprising this segment hold approximately 120 portfolio companies, including Alibaba, T-Mobile, and Deutsche Telekom, as well as investees of SB Northstar. They are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. Regarding the financial results of portfolio companies classified as equity method associates, income and losses 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.”

Investment in listed stocks and other instruments by asset management subsidiaries

SB Northstar acquires and sells listed stocks and other instruments and engages in derivative and credit transactions related to listed stocks, using surplus funds of SBG. However, its business scale is being downsized to reallocate funds to investments under SVF2, which is currently the primary focus of the Company. The balance of SB Northstar’s shareholdings^{*1} decreased from ¥2.2 trillion as of the previous fiscal year-end to ¥351.0 billion as of the fiscal year-end. SBG indirectly holds 67% and SBG’s Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son indirectly holds 33% of interests in SB Northstar. Masayoshi Son’s interest is deducted from the gains and losses on investments at SB Northstar as a non-controlling interest; therefore, 67% of the gains and losses on investments impacts net income attributable to owners of the parent. 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.

Investment decisions of SB Northstar were made by the Company’s wholly owned subsidiary SB MANAGEMENT LIMITED up until March 31, 2022; however, in conjunction with the downsizing of SB Northstar’s business, SB Northstar’s investment decisions have been made by its general partner, a wholly owned subsidiary of the Company, since April 1, 2022.

Note:

1. Includes NVIDIA Corporation shares held by SBG of ¥15.5 billion at the previous fiscal year-end and ¥35.1 billion at the fiscal year-end.

FINANCIAL RESULTS

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % | |
|---|----------------------------|------------------|----------------|--------------|----------|
| | 2021 | 2022 | | | |
| Gain on investments at Investment Business of Holding Companies | 946,107 | 104,131 | (841,976) | (89.0%) | A |
| Gain relating to settlement of prepaid forward contracts using Alibaba shares | - | 199,972 | 199,972 | - | |
| Gain relating to sales of T-Mobile shares | 421,755 | 3,149 | (418,606) | (99.3%) | |
| Realized gain (loss) on investments at asset management subsidiaries | (20,537) | 54,853 | 75,390 | - | |
| Unrealized gain (loss) on valuation of investments at asset management subsidiaries | 134,237 | (393,635) | (527,872) | - | |
| Derivative gain (loss) on investments at asset management subsidiaries | (610,690) | 89,476 | 700,166 | - | |
| Realized gain (loss) on investments | 222,161 | (265,897) | (488,058) | - | |
| Unrealized gain on valuation of investments | 608,448 | 282,824 | (325,624) | (53.5%) | |
| Change in valuation for the fiscal year | 609,734 | (156,603) | (766,337) | - | |
| Reclassified to realized gain (loss) recorded in the past fiscal year ^{*1} | (1,286) | 439,427 | 440,713 | - | |
| Derivative gain on investments | 185,769 | 101,524 | (84,245) | (45.3%) | |
| Effect of foreign exchange translation ^{*2} | - | 12,486 | 12,486 | - | |
| Other | 4,964 | 19,379 | 14,415 | 290.4% | |
| Selling, general and administrative expenses | (102,276) | (85,742) | 16,534 | (16.2%) | |
| Finance cost | (218,604) | (277,116) | (58,512) | 26.8% | B |
| Foreign exchange loss | (140,223) | (705,108) | (564,885) | - | C |
| Income on equity method investments | 601,364 | 376,433 | (224,931) | (37.4%) | D |
| Derivative gain (loss) (excluding gain (loss) on investments) <i>Mainly due to prepaid forward contracts using Alibaba shares</i> | (477,536) | 1,236,395 | 1,713,931 | - | E |
| Other gain | 152,095 | 316,891 | 164,796 | 108.4% | F |
| Segment income (income before income tax) | 760,927 | 965,884 | 204,957 | 26.9% | |

Notes:

- Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the fiscal year are reclassified as “realized gain (loss) on investments.”
- Unrealized gains and losses on valuation of investments are translated using the average exchange rate for the quarter in which the gains and losses were incurred, while realized gains and losses on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effects of foreign exchange translation” are amounts arising from the different foreign currency exchange rates used for these unrealized gains and losses on valuation and realized gains and losses.

A Gain on investments at Investment Business of Holding Companies: ¥104,131 million

- Gain relating to settlement of prepaid forward contracts using Alibaba shares of ¥199,972 million was recorded due to the settlement of a portion of the contracts through the delivery of Alibaba shares.
- Gain relating to sales of T-Mobile shares of ¥3,149 million was recorded in conjunction with a partial sale of T-Mobile shares in September 2021. See “Partial Sale of T-Mobile Shares in September 2021” for details of the sale transaction. Cumulative losses pertaining to the 45.4 million T-Mobile shares that were the subject of this sale were ¥13,447 million. This is the difference between the fair value of the 45.4 million shares as of June 26, 2020, when T-Mobile was excluded from the Company’s equity method associates, and the fair value of the 225.0

million Deutsche Telekom shares received as consideration upon completion of such sale.

- Realized gain of ¥54,853 million and unrealized valuation loss of ¥393,635 million were recorded on investments at asset management subsidiaries. This was a result of investments in listed stocks and other instruments by SB Northstar.
- Derivative gain on investments at asset management subsidiaries of ¥89,476 million was recorded. This was due to the recording of gains at SB Northstar mainly related to long call options on listed stocks.
- Realized loss on investments of ¥265,897 million and unrealized gain on valuation of investments of ¥282,824 million were recorded. These were mainly due to the sale of shares of a wholly owned subsidiary that held the shares of WeWork Inc. (“WeWork”) from SBG to SVF2. Following the sale, the Company recorded a realized loss of ¥458,716 million in this segment, while also reclassifying a ¥478,059 million unrealized valuation loss recorded in previous fiscal years as a realized gain. These gains and losses related to the sale are eliminated in consolidation as an intercompany transaction. From the acquisition of the WeWork shares to the sale of such shares, the Company recorded a cumulative loss of ¥636,135 million (\$5,924 million) in the segment, which includes the abovementioned investment gains and losses as well as gains and losses related to investments accounted for using the equity method. Unrealized gain (loss) on valuation of investments resulting from changes in valuation for the fiscal year also included a ¥22,786 million gain for T-Mobile, a ¥90,653 million loss for Lemonade, Inc., a ¥84,347 million loss for SoFi Technologies, Inc., and a ¥48,542 million loss for Deutsche Telekom.
- Derivative gain on investments of ¥101,524 million was recorded, mainly due to a gain of ¥93,039 million recorded pertaining to the right to acquire T-Mobile shares for no additional consideration if certain conditions are met.

B Finance cost: ¥277,116 million (increase of ¥58,512 million year on year)

Interest expenses increased by ¥56,026 million year on year at SBG³ to ¥266,675 million, due to an increase in interest-bearing debt mainly resulting from the issuance of bonds, and borrowings made through margin loans.

C Foreign Exchange Loss: ¥705,108 million

Foreign exchange loss of ¥705,108 million (net) was recorded due to the weaker yen, mainly because the U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated straight bonds) of SBG and fund procurement subsidiaries in Japan exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

D Income on equity method investments: ¥376,433 million (decrease of ¥224,931 million year on year)

Income on equity method investments related to Alibaba was ¥387,911 million,⁴ a decrease of ¥184,605 million year on year. This was mainly due a decrease in investment gain on Alibaba’s investments classified as financial assets at FVTPL. The result also reflected increased investments in growth initiatives, increased spending for user enhancements, and increased support to e-commerce merchants.

Alibaba recorded an expense for the three-month period ended March 31, 2021 for a fine levied by China’s State Administration for Market Regulation pursuant to China’s Anti-Monopoly Law. The Company had already recorded the expense in the fourth quarter of the previous fiscal year on a three-month time lag as a significant event during the period.

E Derivative gain (excluding gain (loss) on investments): ¥1,236,395 million

Derivative gain of ¥1,132,994 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in the fiscal years ended March 31, 2020, 2021, and 2022.

F Other gain: ¥316,891 million

Following the termination of the agreement with NVIDIA Corporation for the sale of all shares in Arm in February 2022, the deposit of \$1.25 billion, which the Company had received at the time of signing in September 2021, was non-refundable. Consequently, ¥109,796 million, which corresponds to 75.01% interests in Arm held by the Company's wholly owned subsidiary, SoftBank Group Capital Limited, was recognized as profit in the fourth quarter.

Partial sale of T-Mobile shares in September 2021

On September 6, 2021, the Company entered into a master framework agreement (the “Agreement”) with Deutsche Telekom, pursuant to which Deutsche Telekom agreed to partially exercise its right to acquire the shares of T-Mobile in accordance with the terms of the fixed and floating call options (“Deutsche Telekom Call Options”) granted by the Company to Deutsche Telekom in June 2020, and to amend certain execution conditions associated with the floating call options. Following the exercise of Deutsche Telekom Call Options, the Company sold 45,366,669 of its 106,291,623 T-Mobile shares to Deutsche Telekom and received 225,000,000 Deutsche Telekom shares (the reference price: €20 per share; 4.5% of Deutsche Telekom’s outstanding shares) as consideration. Under the Agreement, Deutsche Telekom also provided its consent for the Company to have additional flexibility to pledge its T-Mobile shares in connection with entry into margin loans and other monetization transactions. Following entry into the Agreement, the Company carried out the following monetization transactions using T-Mobile and Deutsche Telekom shares.

On April 12, 2022, Deutsche Telekom exercised additional Deutsche Telekom Call Options, upon which the Company sold an additional 21,153,145 of its T-Mobile shares to Deutsche Telekom for consideration of \$2.4 billion. Of this amount, approximately \$1.2 billion was used to partially prepay the margin loan which these shares underlie. Following the transaction, the Company owns 39,771,809 T-Mobile shares.

| Transaction | Procured amount | Execution timing | Number of shares held | |
|--|------------------|------------------|----------------------------|------------------------------------|
| | | | T-Mobile shares (millions) | Deutsche Telekom shares (millions) |
| a Borrowings made using 106,291,623 T-Mobile shares pledged as collateral (margin loan) | \$4.38 billion | Jul 2020 | | |
| Number of shares held as of June 30, 2021 | | | 106.3 | - |
| b Fund procurement through prepaid forward contracts using 17,935,000 T-Mobile shares | \$1.81 billion | | | |
| c Borrowings made using 42,989,954 T-Mobile shares pledged as collateral (margin loan) | \$2.65 billion | | | |
| d Repayment of borrowings in “a” using funds acquired in “b” and “c” | \$(4.38) billion | Sep 2021 | | |
| e 60-day loan using 45,366,669 T-Mobile shares pledged as collateral (bridge loan) | \$1.25 billion | | | |
| f Sale of 45,366,669 T-Mobile shares to Deutsche Telekom, receiving 225,000,000 Deutsche Telekom shares as consideration | - | | (45.4) | 225.0 |
| Number of shares held as of September 30, 2021 | | | 60.9 | 225.0 |
| g Fund procurement through collar transactions using 225,000,000 Deutsche Telekom shares | \$3.04 billion* | Oct 2021 | | |
| h Repayment of borrowings in “e” using part of the funds acquired in “g” | \$(1.25) billion | | | |
| Number of shares held as of December 31, 2021 | | | 60.9 | 225.0 |
| i Fund procurement through prepaid forward contracts using 6,865,000 T-Mobile shares | \$0.68 billion | Mar 2022 | | |
| j Partial repayment of borrowings in “c” using part of the funds acquired in “i” | \$(0.59) billion | | | |
| Number of shares held as of March 31, 2022 | | | 60.9 | 225.0 |
| k Sale of 21,153,145 T-Mobile shares to Deutsche Telekom, receiving \$2.40 billion as consideration | \$2.40 billion | Apr 2022 | (21.2) | |
| l Partial repayment of borrowings in “c” using part of the funds acquired in “k” | \$(1.20) billion | | | |

*The euro equivalent of the amount procured is €2.64 billion.

Impact of the asset management subsidiaries on the Company's Consolidated Statement of Financial Position ^{*1}

| | (Millions of yen) |
|--|--------------------|
| | March 31, 2022 |
| Cash and cash equivalents | 40,458 |
| Investments from asset management subsidiaries | 313,982 |
| Securities pledged as collateral in asset management subsidiaries | 1,927 |
| Derivative financial assets in asset management subsidiaries | 48,466 |
| Other financial assets | 131,474 |
| Other | 1,880 |
| Total assets | 538,187 |
| Interest-bearing debt | 33,515 |
| Derivative financial liabilities in asset management subsidiaries | 1,880 |
| Other financial liabilities | 170,320 |
| Other | 2,210 |
| Total liabilities | 207,925 |
| Investments from Delaware subsidiaries ^{*2} | 1,036,384 |
| Equivalent amount of cash investments by SBG in Delaware subsidiaries | 39,786 |
| Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management) | 976,705 |
| Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries | 19,893 A |
| Retained earnings | (748,753) B |
| Exchange differences on translating foreign operations | 42,631 |
| Equity | 330,262 C |

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 and investments made by SB Northstar in SPACs controlled by SBIA US) is presented for reference to show the impact of SB Northstar on the Consolidated Statement of Financial Position of the Company.
- Investments from the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. ("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 A |
| Cumulative loss attributable to non-controlling interests ^{*3} | (249,493) |
| Exchange differences on translating foreign operations | 11,461 |
| Non-controlling interests (interests of Masayoshi Son) | (218,139) D |

Note:

- One-third of B in the table

(Interests in equity (C above))

| | (Millions of yen) |
|--|--------------------|
| Interests of SBG | 548,401 |
| Non-controlling interests (interests of Masayoshi Son) | (218,139) D |
| Equity | 330,262 C |

MAIN INTEREST-BEARING DEBT AND LEASE LIABILITIES IN THE SEGMENT

| Borrower | Type | Balance as of March 31, 2022 in Consolidated Statement of Financial Position |
|--|---|--|
| SBG | Borrowings | ¥1,255.1 billion |
| | Corporate bonds | ¥5,918.3 billion |
| | Lease liabilities | ¥12.1 billion |
| | Commercial paper | ¥256.8 billion |
| Wholly owned subsidiaries conducting fund procurement ^{*1} | Borrowings using Arm shares (asset-backed finance) | ¥961.5 billion |
| | Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts) | ¥4,196.1 billion |
| | Borrowings using Alibaba shares (margin loan) | ¥731.5 billion |
| | Borrowings using SoftBank Corp. shares (margin loan) | ¥498.7 billion |
| | Prepaid forward contracts using T-Mobile shares (collar contracts) | ¥340.4 billion |
| | Borrowings using T-Mobile shares (margin loan) | ¥251.6 billion |
| | Collar transactions using Deutsche Telekom shares | ¥413.7 billion |
| SB Northstar | Borrowings | ¥33.5 billion |

Note:

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

(b) SoftBank Vision Funds Segment
1. Loss on investments (net) was ¥3,547.4 billion. Segment loss was ¥2,639.4 billion, after deducting change in third-party interests
◆ SVF1

- ¥1,226.1 billion realized gain on investments (net), of which ¥1,463.8 billion had been recorded as unrealized gains on investments (net) in previous fiscal years, mainly due to a partial sale of its interests in listed portfolio companies such as DoorDash, Coupang, and Uber.
- ¥2,768.0 billion unrealized valuation loss (net) on investments held at the fiscal year-end
 - ¥3,632.2 billion valuation loss (net) for listed portfolio companies: Share prices declined in a wide range of listed portfolio companies, including Coupang, DiDi, and Grab, due to multiple factors, including overhang concerns and regulatory tightening, in addition to the general avoidance of high-growth technology stocks led by an anticipation of higher interest rates.
 - ¥864.2 billion valuation gain (net) for unlisted portfolio companies: Write-downs were recorded for a wide range of portfolio companies in the fourth quarter, reflecting a decline in the share prices of public market comparable companies. However, for the entire fiscal year, net valuation gains were recorded due to an overall increase in the fair value of those with funding rounds, those that are expected to be listed and those whose performance is progressing faster than expected.

◆ SVF2

- ¥128.6 billion realized gain on investments. Of this, ¥314.1 billion had been recorded as unrealized gains on investments (net) in previous fiscal years.
- ¥271.9 billion unrealized valuation loss on investments (net) held at the fiscal year-end
 - ¥128.6 billion valuation loss (net) for listed portfolio companies
 - ¥143.2 billion valuation loss (net) for unlisted portfolio companies

2. Status of investment activities
◆ SVF1

- Investments before exit: Held 82 investments (including 22 listed portfolio companies) as of the fiscal year-end with fair value amounting to \$78.57 billion, at investment cost totaling \$70.37 billion.
- Cumulative gross gain^{*1} since SVF1's inception was \$28.75 billion, including cumulative realized gain of \$18.14 billion, cumulative derivative gain of \$1.48 billion, and cumulative dividend income of \$0.94 billion

◆ SVF2

- Held 250 investments (including 14 listed portfolio companies) as of the fiscal year-end with fair value amounting to \$45.98 billion, at investment cost totaling \$46.59 billion.
- Cumulative gross gain^{*1} since SVF2's inception was \$0.08 billion, including cumulative realized gain of \$1.11 billion and cumulative derivative loss of \$0.42 billion
- Committed capital totaled \$56.0 billion as of the fiscal year-end

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).

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 is 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'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.

While SVF2 was previously managed by SBIA, the fund has been managed since the second quarter by SBGA, a wholly owned subsidiary of the Company established in the U.K. Investment management decisions of SVF2 are made through an investment committee established in SBGA. SBGA is headed by Rajeev Misra, CEO of SBIA, who is also a member of the investment committee. SBGA outsources the majority of its investment and operating functions to SBIA and SBIA continues to support the management of SVF2 under a service agreement. In addition, MASA USA LLC (“MgmtCo”), an investment entity for the co-investment program, newly participated in the fund in the second quarter.⁵ The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. As of the fiscal year-end, SVF2’s total committed capital is \$56.0 billion.

In addition, SBIA US uses SPACs to complement its investments in listed and unlisted companies and to pursue a wider range of investment opportunities beyond the investment mandates for the private funds. In the third quarter, SVF Investment Corp. 3, a SPAC controlled by SBIA US, announced a definitive merger agreement with Symbotic LLC, a US developer of automated fulfillment solutions for retailers and distributors. SVF Investment Corp. 3 raised \$320 million at the time of its initial public offering on NASDAQ in March 2021 and is expected to raise additional funds from SVF2 and PIPE investors as a result of this merger. Upon completion of the merger, which is expected in the first half of 2022, the combined company will operate under the “Symbotic Inc.” name and will trade on NASDAQ under the ticker symbol “SYM.”

Co-investment program of SVF2

In the second quarter, SVF2 introduced a co-investment program with restricted rights to receive distributions (the “Program”). Under the Program, the Company’s management makes joint investments with the Company and shares both the profits and risks associated with the investments. The Program aims for the Company’s management to further focus on SVF2 and contribute to the Company’s earnings growth.

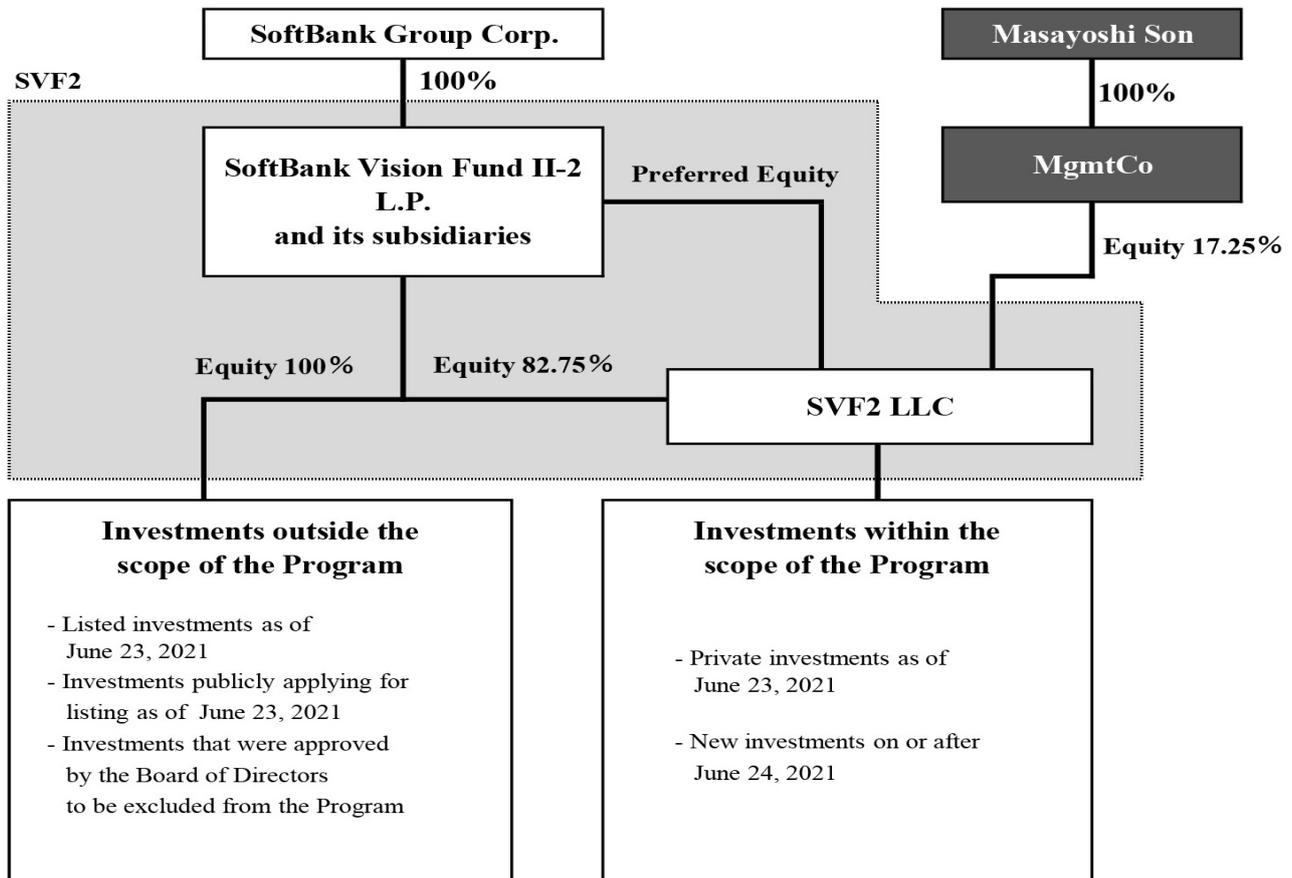
The Program targets an approved selection of SVF2’s investments, including investments in private portfolio companies held or intended to be held by SVF2 as of June 23, 2021, and any new investments executed on or after June 24, 2021 (excluding any follow-on investments in the portfolio companies outside of the Program’s scope). Target investments are indirectly held by SVF II Investment Holdings LLC (“SVF2 LLC”), a subsidiary of the Company established beneath SVF2. SVF2 LLC issued equity⁶ to the Company and MgmtCo. Accordingly, the Company holds 82.75% and MgmtCo holds 17.25% of the total equity interests. These equity interests are entitled to performance-based distributions that are allocated based on the proportion of respective equity contributions.

Distributions from SVF2 LLC to MgmtCo are subject to certain restrictions. Specifically, distribution will not be made to MgmtCo until the sum of proceeds received by SVF2 LLC from realized investments plus the aggregate fair market value of all of SVF2 LLC’s unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SVF2 LLC’s investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo will be released proportionately in increments of 10%. When the ratio reaches 200%, all restrictions will be released and MgmtCo will be entitled to receive the full amount of the distribution.

MgmtCo is entitled to make full or partial payment of its capital contribution in SVF2 LLC at any point in time and is required to pay a premium calculated at 3% per annum on the outstanding receivables of SVF2 LLC.⁷ Any distributable amount from SVF2 LLC to MgmtCo is offset against receivables at the time of the distribution notice and no distribution payment will be made to MgmtCo until SVF2 LLC’s receivables are paid in full.⁸ Furthermore, in the event that, upon the liquidation of SVF2 LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

In parallel with the introduction of the Program, the Company has decided to invest in SVF2 LLC in the form of

preferred equity,⁶ which generates a fixed distribution of 8% per annum, to enhance the efficiency of recovery of investment funds. The preferred equity interests have a priority right over the equity interests held by the Company and MgmtCo under the Program in terms of distributions and return of contributions. The Company continues to hold 100% of the equity for the investments in portfolio companies outside of the Program's scope.⁹



For details, see “(1) Introduction of Co-investment Program with Restricted Right to Receive Distributions and Preferred Equity to SVF2” under “4. SoftBank Vision Funds business” together with “20. Related party transactions regarding a co-investment program with restricted rights to receive distributions” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

Outline of principal funds in the segment

As of March 31, 2022

| | 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 | 56.0 |
| | The Company: 33.1 ^{*1} | The Company: 53.4 |
| | Third-party investors: 65.5 | Third-party investor (MgmtCo): 2.6 |
| General partner | SVF GP (Jersey) Limited (The Company's wholly owned foreign subsidiary) | SVF II GP (Jersey) Limited (The Company's wholly owned foreign subsidiary) |
| Investment period | Ended on September 12, 2019 | To be determined by the general partner |
| Minimum fund life | Until November 20, 2029 (in principle) | Until October 4, 2032 (in principle) |

Note:

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

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

Financing at SoftBank Vision Funds

SVF1 and SVF2 may independently make borrowings that are non-recourse to SBG, for the purpose of leveraging and maintaining liquidity. As of the fiscal year-end, two types of borrowings were in place: asset-backed finance, which utilizes assets held to enhance returns and distribute to limited partners; and fund-level facility, which provides bridge funding by way of a revolving loan for the period between capital calls and arrivals of funds, thereby allowing a quick execution of investment after the investment decision is made.

Capital deployment

As of March 31, 2022

SVF1

| | (Billions of U.S. dollars) | | |
|---|----------------------------|-------------|-----------------------|
| | Total | The Company | Third-party investors |
| Committed capital (A) | 98.6 | 33.1 | 65.5 |
| Drawn capital ¹⁰ (B) | 87.2 | 29.9 | 57.3 |
| Return of capital (non-recallable) (C) | 28.7 | 7.3 | 21.4 |
| Outstanding capital (D) = (B) – (C) | 58.5 | 22.6 | 35.9 |
| Remaining committed capital (E) = (A) – (B) | 11.4 | 3.2 | 8.2 |

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

SVF2

| | (Billions of U.S. dollars) |
|---|----------------------------|
| | Total |
| Committed capital (A) | 56.0 |
| Drawn capital (B) | 48.2 |
| Remaining committed capital (C) = (A) – (B) | 7.8 |

Note: Remaining committed capital includes recallable return of capital.

(Reference: Breakdown of committed capital as of March 31, 2022)

| | |
|---|------|
| Total committed capital | 56.0 |
| The Company's equity commitment to investments outside the scope of the Program | 8.2 |
| The Company's preferred equity commitment to SVF2 LLC | 32.8 |
| The Company's equity commitment to SVF2 LLC | 12.4 |
| MgmtCo's equity commitment to SVF2 LLC | 2.6 |

Note: As of the fiscal year-end, no capital has been paid by MgmtCo.

FINANCIAL RESULTS

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % |
|--|----------------------------|--------------------|--------------------|------------|
| | 2021 | 2022 | | |
| Gain (loss) on investments at SVF1, SVF2, and others* ¹ | 6,357,462 | (3,547,354) | (9,904,816) | - A |
| Realized gain on investments | 419,640 | 1,354,674 | 935,034 | 222.8% |
| Unrealized gain (loss) on valuation of investments | 5,897,059 | (4,817,764) | (10,714,823) | - |
| Change in valuation for the fiscal year | 6,013,404 | (3,039,858) | (9,053,262) | - |
| Reclassified to realized loss recorded in the past fiscal year* ² | (116,345) | (1,777,906) | (1,661,561) | - |
| Interest and dividend income from investments | 29,849 | 50,649 | 20,800 | 69.7% |
| Derivative gain (loss) on investments | 1,091 | (49,587) | (50,678) | - |
| Effect of foreign exchange translation | 9,823 | (85,326) | (95,149) | - |
| Selling, general and administrative expenses | (74,194) | (69,754) | 4,440 | (6.0%) |
| Finance cost | (10,419) | (31,616) | (21,197) | 203.4% |
| Derivative gain (excluding gain (loss) on investments) | - | 2,056 | 2,056 | - |
| Change in third-party interests in SVF1 and SVF2 | (2,246,417) | 972,674 | 3,219,091 | - B |
| Other gain | 391 | 34,591 | 34,200 | - C |
| Segment income (income before income tax) | 4,026,823 | (2,639,403) | (6,666,226) | - |

Notes:

- Unrealized gains and losses associated with the change in valuation of SoftBank Vision Funds' investment in shares in Arm and PayPay Corporation, which are subsidiaries of the Company, and dividend income received from such investments are included in segment income of the SoftBank Vision Funds segment as "gain (loss) on investments at SVF1, SVF2, and others," but are eliminated in consolidation and not included in "gain (loss) on investments at SVF1, SVF2, and others" in the Consolidated Statement of Income.
- Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."

During the fiscal year, SVF1 made new and follow-on investments totaling \$3.33 billion² and sold all of its interests in three portfolio companies and a portion of its interests in 13 portfolio companies for a total of \$18.89 billion,¹¹ of which the initial acquisition cost was \$7.95 billion.² SVF2 made new and follow-on investments totaling \$40.82 billion and sold all of its interest in one portfolio company and a portion of its interests in three portfolio companies for a total of \$2.06 billion, of which the initial acquisition cost was \$0.91 billion.

Segment income
A Loss on investments at SVF1, SVF2, and others: ¥(3,547,354) million

· SVF1

- Realized gain on investments (net) of ¥1,226,097 million was recorded, mainly due to the sale² of all of its interests in three portfolio companies and a portion of its interests in 13 portfolio companies including DoorDash Inc ("DoorDash"), Coupang, and Uber Technologies, Inc. ("Uber"). Of the gain for the fiscal year, ¥1,463,810 million had been recorded as unrealized gains on investments (net) in previous fiscal years.
- Unrealized loss on valuation of investments held by SVF1 at the fiscal year-end was ¥2,768,000 million (\$23,894 million, net) (see "SVF1" under "Investment performance" below for a breakdown). Valuation loss (net) totaling \$31,788 million for listed portfolio companies was recorded due to a decline in the share prices of 19 portfolio

companies, including Coupang, DiDi, and Grab. This was caused by multiple factors, including overhang concerns and regulatory tightening, in addition to the general avoidance of high-growth technology stocks led by an anticipation of higher interest rates, despite an increase in the share prices of three portfolio companies including SenseTime Group Inc. (“SenseTime”), which was listed in the third quarter. Of the loss, \$14,605 million was attributable to Coupang and \$8,015 million was attributable to DiDi. In contrast, valuation gain (net) totaling \$7,894 million was recorded for unlisted portfolio companies mainly due to an overall increase in the fair value of those with funding rounds, those that are expected to be listed and those whose performance is progressing faster than expected, while a wide range of portfolio companies was written down in the fourth quarter reflecting a decline in the share prices of public market comparable companies.

As of the fiscal year-end, cumulative gross gain since SVF1’s inception was \$28.75 billion. See “SVF1” under “Investment performance” below for a breakdown.

· SVF2

- Realized gain on investments of ¥128,577 million was recorded, as a result of the entire sale of its interest in one portfolio company and a partial sale of its interest in KE Holdings. Of the gain for the fiscal year, ¥314,096 million had been recorded as unrealized gains on investments (net) in previous fiscal years.
- Unrealized loss on valuation of investments was ¥271,858 million (\$2,202 million, net) (see “SVF2” under “Investment performance” below for a breakdown). Valuation loss (net) of \$1,049 million for listed portfolio companies was recorded. This was mainly due to a decline in the share price of KE Holdings in the fiscal year, which offset an increase in the share price of AutoStore, which was newly listed in the third quarter. In addition, valuation loss (net) of \$1,153 million was recorded for unlisted portfolio companies, mainly due to decreases in the fair values of a wide range of portfolio companies in the fourth quarter reflecting declines in the share prices of public market comparable companies.

As of the fiscal year-end, cumulative gross gain since SVF2’s inception was \$0.08 billion. See “SVF2” under “Investment performance” below for a breakdown.

B Change in third-party interests in SVF1 and SVF2: ¥972,674 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 gains and losses on investments at SVF1 and SVF2, net of (i) management and performance fees payable to SBIA from SVF1, (ii) management and performance-linked management fees payable to SBGA from SVF2, and (iii) operating and other expenses of SVF1 and SVF2. For details, see “(4) Third-party interests in SVF1 and SVF2” under “4. SoftBank Vision Funds business” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

C Other gain: ¥34,591 million

Following the termination of the agreement with NVIDIA Corporation for the sale of all shares in Arm in February 2022, the deposit of \$1.25 billion, which the Company had received at the time of signing in September 2021, was non-refundable. Consequently, ¥36,579 million, which corresponds to 24.99% interests in Arm held by SVF1, was recognized as profit in the fourth quarter.

Investments transferred from the Company to SVF2

The Company established a policy for handling the investment portfolio of SBG and its major investment subsidiaries, and, in accordance with this policy, is proceeding with the transfer of unlisted investments to SVF2 in principle. The Company transferred the investments shown below to SVF2 through sale or in-kind contribution as of the fiscal year-end.

| (Millions of U.S. dollars) | | | |
|--|----------------|-----------------------------|--|
| | Transfer month | Transfer method | Transfer value by the Company to SVF2 |
| UPSIDE Foods, Inc. | November 2020 | Sale | 51 |
| Berkshire Grey, Inc. | March 2021 | In-kind contribution | 115 |
| Cybereason Inc. | June 2021 | In-kind contribution | 317 |
| InMobi Pte. Ltd. | June 2021 | Sale | 597 |
| Treasure Data, Inc. | June 2021 | Sale | 519 |
| WeWork Inc. | August 2021 | Sale | 2,444 |
| Ola Electric Mobility Private Limited | November 2021 | Sale | 556 |
| PayPay Corporation | December 2021 | Sale | 1,467 |
| Kigen (UK) Limited | January 2022 | Sale | 25 |
| WeWork Inc. (warrants, etc.) ^{*1} | March 2022 | Sale / In-kind contribution | 100 |
| Total | | | 6,191 |

Notes:

* The value of investments transferred from the Company to SVF2 is based on either the Company's carrying amount as of the quarter-end immediately prior to the transfer date if the transfer is made by in-kind contribution, or on fair value available at the time of the transfer if the transfer is made by a sale. Investment gains and losses that occurred prior to the transfer are recorded in the reportable segment to which the investment belonged prior to the transfer.

1. Although WeWork Inc. listed in October 2021, its warrants were also transferred as SoftBank Vision Funds have historically invested in the company.

Investment performance
As of March 31, 2022
SVF1

(Billions of U.S. dollars)

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

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative gain ^{*1} |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|
| | 98 | 89.2 | 117.9 | 28.8 |

(Reference)

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative gain ^{*1} |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|
| Effects of share exchanges Uber Advanced Technologies Group and Aurora Innovation Inc. PT Tokopedia and GoTo | (2) | (1.7) | (1.7) | 0.0 |
| Effects of dividends in kind Treasure Data, Inc. Acetone Limited (Equity interest in Arm China JV) | (2) | - | - | - |
| Net of effects of share exchanges and dividends in kind ^{*2,3} | 94 | 87.4 | 116.2 | 28.8 |

(1) Investments before exit (investments held at the fiscal year-end)

| | Number of investments | Investment cost | Fair value | Cumulative unrealized valuation gain (loss) ^{*4} | Unrealized valuation gain (loss) recorded for the fiscal year |
|--------------------|-----------------------|-----------------|-------------|---|---|
| Listed companies | 22 | 33.2 | 30.6 | (2.6) | (31.8) |
| Unlisted companies | 60 | 37.2 | 48.0 | 10.8 | 7.9 |
| Total | 82 | 70.4 | 78.6 | 8.2 | (23.9) |

(2) Exited investments

| | Number of investments | Investment cost | Exit price | Cumulative realized gain ^{*1} | Realized gain recorded for the fiscal year |
|-------------------------|-----------------------|-----------------|-------------|--|--|
| Partial exit | - | 7.8 | 20.0 | 12.2 | 9.8 |
| Full exit ^{*5} | 16 | 11.0 | 16.9 | 5.9 | 1.1 |
| Total | 16 | 18.8 | 36.9 | 18.1 | 10.9 |

(3) Derivative gain and loss related to investment

| | Derivative cost | Fair value / settlement price | Cumulative derivative gain | Derivative gain recorded for the fiscal year |
|--------------|-----------------|-------------------------------|----------------------------|--|
| Unsettled | - | - | - | - |
| Settled | 0.0 | 1.5 | 1.5 | 0.0 |
| Total | 0.0 | 1.5 | 1.5 | 0.0 |

(4) Interest and dividend income from investments

| | Interest and dividend income | Cumulative income | Interest and dividend income recorded for the fiscal year |
|--------------|------------------------------|-------------------|---|
| Total | 0.9 | 0.9 | 0.4 |

Notes:

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

1. Before deducting third-party interests, tax, and expenses
2. For investments in which share exchanges occurred, acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. Similarly, investments acquired through dividends in kind from existing portfolio companies are deducted from investment count.
3. In addition to the share exchanges listed above, SVF1 exchanged all shares in two portfolio companies for shares in their affiliated companies, which are also existing portfolio companies. Acquisition costs and disposal prices (sale prices) of these investments are also deducted in this section.
4. For a certain investment that was initially determined to be transferred from the Company to SVF1 but later canceled, any unrealized valuation gains and losses incurred for the period leading up to the decision to cancel the transfer are not included in the presentation.
5. Includes disposal (sale) through share exchanges.

SVF2

(Billions of U.S. dollars)

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

| | Cumulative number of investments | Cumulative investment cost | Cumulative investment return | Cumulative gain ^{*1} |
|--|----------------------------------|----------------------------|------------------------------|-------------------------------|
| | 251 | 47.5 | 47.6 | 0.1 |

(1) Investments before exit (investments held at the fiscal year-end)

| | Number of investments | Investment cost ^{*2} | Fair value ^{*2} | Cumulative unrealized valuation gain (loss) | Unrealized valuation loss recorded for the fiscal year |
|--------------------|-----------------------|-------------------------------|--------------------------|---|--|
| Listed companies | 14 | 8.5 | 9.1 | 0.6 | (1.0) |
| Unlisted companies | 236 | 38.1 | 36.9 | (1.2) | (1.2) |
| Total | 250 | 46.6 | 46.0 | (0.6) | (2.2) |

(2) Exited investments

| | Number of investments | Investment cost | Exit price | Cumulative realized gain ^{*1} | Realized gain recorded for the fiscal year |
|--------------|-----------------------|-----------------|------------|--|--|
| Partial exit | - | 0.9 | 2.0 | 1.1 | 1.1 |
| Full exit | 1 | 0.0 | 0.1 | 0.0 | 0.0 |
| Total | 1 | 0.9 | 2.1 | 1.1 | 1.2 |

(3) Derivative gain and loss related to investment

| | Derivative cost | Fair value / Settlement price | Cumulative derivative loss | Derivative loss recorded for the fiscal year |
|--------------|-----------------|-------------------------------|----------------------------|--|
| Unsettled | - | (0.4) | (0.4) | (0.4) |
| Settled | - | - | - | - |
| Total | - | (0.4) | (0.4) | (0.4) |

(4) Interest and dividend income from investments

| | Interest and dividend income | Cumulative income | Interest and dividend income recorded for the fiscal year |
|--------------|------------------------------|-------------------|---|
| Total | 0.0 | 0.0 | 0.0 |

Notes:

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

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

(Reference) Investments before exit (investments held at the fiscal year-end)
As of March 31, 2022
SVF1

(Billions of U.S. dollars)

| Sector | Number of investments | Investment cost | Fair value | Cumulative unrealized valuation gain (loss) | Unrealized valuation gain (loss) recorded for the fiscal year |
|--------------------------------|-----------------------|-----------------|-------------|---|---|
| a Consumer | 14 | 10.5 | 28.8 | 18.3 | (8.7) |
| b Edtech | 1 | 0.7 | 0.1 | (0.6) | (1.0) |
| c Enterprise | 7 | 1.6 | 2.3 | 0.7 | 0.3 |
| d Fintech | 10 | 4.0 | 2.4 | (1.6) | 0.0 |
| e Frontier Tech | 11 | 11.4 | 15.1 | 3.7 | 2.9 |
| f Health Tech | 8 | 2.0 | 2.5 | 0.5 | (1.4) |
| g Logistics | 13 | 8.7 | 13.8 | 5.1 | (0.8) |
| h Proptech | 9 | 10.1 | 3.6 | (6.5) | (2.1) |
| i Transportation | 9 | 21.4 | 10.0 | (11.4) | (13.1) |
| Total | 82 | 70.4 | 78.6 | 8.2 | (23.9) |
| (Reference) | | | | | |
| Listed companies ^{*1} | 22 | 33.2 | 30.6 | (2.6) | (31.8) |
| a Coupang | | 2.2 | 8.2 | 6.0 | (14.6) |
| d One97 Communications (PayTM) | | 1.4 | 0.8 | (0.6) | (0.5) |
| d OneConnect | | 0.1 | 0.0 | (0.1) | (0.1) |
| d PB Fintech (Policybazaar) | | 0.1 | 0.4 | 0.3 | 0.2 |
| e Energy Vault | | 0.1 | 0.3 | 0.2 | 0.2 |
| e SenseTime | | 1.4 | 3.7 | 2.3 | 2.1 |
| e Zymergen | | 0.4 | 0.1 | (0.3) | (0.8) |
| f Guardant Health | | 0.0 | 0.0 | 0.0 | (0.0) |
| f Relay Therapeutics | | 0.3 | 0.8 | 0.5 | (0.1) |
| f Roivant Sciences | | 0.9 | 0.5 | (0.4) | (0.7) |
| f Vir Biotechnology | | 0.2 | 0.6 | 0.4 | (0.6) |
| g DoorDash | | 0.4 | 4.0 | 3.6 | (0.5) |
| g Full Truck Alliance | | 1.7 | 1.3 | (0.4) | (0.7) |
| h Compass | | 1.1 | 1.1 | (0.0) | (1.3) |
| h Opendoor | | 0.3 | 0.4 | 0.1 | (0.5) |
| h View | | 1.2 | 0.1 | (1.1) | (0.4) |
| h WeWork | | 3.2 | 0.6 | (2.6) | (0.0) |
| i Aurora Innovation | | 0.3 | 0.2 | (0.1) | (0.1) |
| i Auto1 | | 0.7 | 0.4 | (0.3) | (1.7) |
| i DiDi | | 12.1 | 2.4 | (9.7) | (8.0) |
| i Grab | | 3.0 | 2.5 | (0.5) | (2.5) |
| i Uber | | 2.1 | 2.2 | 0.1 | (1.2) |
| Unlisted companies | 60 | 37.2 | 48.0 | 10.8 | 7.9 |
| Total | 82 | 70.4 | 78.6 | 8.2 | (23.9) |

Note:

1. The letter corresponding to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

SVF2

(Billions of U.S. dollars)

| Sector | Number of investments | Investment cost | Fair value | Cumulative unrealized valuation gain (loss) | Unrealized valuation gain (loss) recorded for the fiscal year |
|--------------------------------|-----------------------|-----------------|-------------|---|---|
| a Consumer | 55 | 10.0 | 9.3 | (0.7) | (0.8) |
| b Edtech | 10 | 1.5 | 1.4 | (0.1) | (0.1) |
| c Enterprise | 57 | 7.7 | 7.6 | (0.1) | (0.1) |
| d Fintech | 35 | 8.5 | 7.4 | (1.1) | (0.8) |
| e Frontier Tech | 18 | 2.3 | 2.0 | (0.3) | (0.4) |
| f Health Tech | 38 | 3.8 | 3.4 | (0.4) | (0.4) |
| g Logistics | 15 | 5.4 | 6.7 | 1.3 | 1.4 |
| h Proptech | 8 | 5.1 | 5.0 | (0.1) | (1.7) |
| i Transportation | 9 | 2.2 | 3.1 | 0.9 | 0.7 |
| j Other | 5 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total | 250 | 46.6 | 46.0 | (0.6) | (2.2) |
| (Reference) | | | | | |
| Listed companies ^{*1} | 14 | 8.5 | 9.1 | 0.6 | (1.0) |
| a Dingdong | | 0.3 | 0.0 | (0.3) | (0.3) |
| b Zhangmen | | 0.1 | 0.0 | (0.1) | (0.1) |
| c AlInnovation | | 0.1 | 0.1 | (0.0) | (0.0) |
| e IonQ | | 0.1 | 0.1 | 0.0 | 0.0 |
| e Qualtrics | | 0.0 | 0.0 | (0.0) | (0.0) |
| f Exscientia | | 0.3 | 0.3 | (0.0) | (0.0) |
| f Pear Therapeutics | | 0.1 | 0.1 | 0.0 | 0.1 |
| f Seer | | 0.2 | 0.1 | (0.1) | (0.2) |
| g AutoStore | | 2.8 | 4.8 | 2.0 | 2.0 |
| g Berkshire Grey | | 0.7 | 0.2 | (0.5) | (0.4) |
| g Full Truck Alliance | | 0.2 | 0.1 | (0.1) | (0.1) |
| g JD Logistics | | 0.6 | 0.3 | (0.3) | (0.3) |
| h KE Holdings | | 0.5 | 0.5 | (0.0) | (1.7) |
| h WeWork | | 2.5 | 2.5 | (0.0) | (0.0) |
| Unlisted companies | 236 | 38.1 | 36.9 | (1.2) | (1.2) |
| Total | 250 | 46.6 | 46.0 | (0.6) | (2.2) |

Note:

1. The letter corresponding to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.

(c) SoftBank Segment

Segment income increased by 3.8% yoy mainly due to an increase in income in the Yahoo! JAPAN/ LINE and enterprise businesses, as well as the greater gain on investments, despite a decrease in income in the consumer business and an increased loss on equity method investments.

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % |
|---|----------------------------|------------------|----------|----------|
| | 2021 | 2022 | | |
| Net sales | 5,204,350 | 5,690,680 | 486,330 | 9.3% |
| Segment income (income before income tax) | 847,933 | 880,104 | 32,171 | 3.8% |
| Depreciation and amortization | (729,914) | (740,280) | (10,366) | 1.4% |
| Gain on investments | 1,433 | 41,946 | 40,513 | - |
| Finance cost | (64,322) | (62,445) | 1,877 | (2.9%) |
| Loss on equity method investments ^{*1} | (45,048) | (69,626) | (24,578) | - |
| Derivative gain (excluding gain (loss) on investments) | 410 | 750 | 340 | 82.9% |

Note:

1. Includes losses on equity method investments related to PayPay Corporation of ¥30,570 million for the fiscal year and ¥36,580 million for the previous fiscal year. 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 its financial results are included in "Other." For this reason, loss on equity method investments related to PayPay Corporation recognized in the SoftBank segment is eliminated in "Reconciliations" in segment information.

OVERVIEW

Segment results include the results of business activities conducted by SoftBank Corp. mainly in Japan, such as provision of mobile services and sale of mobile devices, as well as provision of broadband and e-commerce services. Under its *Beyond Carrier* strategy, SoftBank Corp. aims to strengthen its earnings base by going beyond the confines of a conventional telecommunications carrier, while further growing the telecommunications business, and expanding its businesses in three fields: telecommunications business, Yahoo! JAPAN/ LINE business, and new businesses.

FINANCIAL RESULTS

Segment income was ¥880,104 million, an increase of ¥32,171 million (3.8%) year on year. This was mainly due to an increase in income in the Yahoo! JAPAN/ LINE and enterprise businesses, and an increase in investment income, which absorbed a decrease in income in the consumer business and an increased loss on equity method investments.

Income in the Yahoo! JAPAN/ LINE business grew due to an increase in sales centered on advertising-related services mainly associated with the consolidation of LINE Corporation. Income in the enterprise business increased, reflecting growth in mobile revenue following greater demand for remote working and growth in sales of cloud and digital marketing advertising services as the digitization of enterprises accelerated. On the other hand, income in the consumer business decreased due to the impact of cutting mobile service charges. The increase in gain on investments was due to the recording of a valuation loss in the previous fiscal year on one of its investees, in which SoftBank Corp. invested as part of its efforts to expand its telecommunications network globally, as well as the increase in the fair value of the investment and gain on the exchange of shares of eBOOK Initiative Japan Co., Ltd. The increased loss on equity method investments was due to the impact of Demae-can Co., Ltd. and foreign equity method associates of LINE Corporation.

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. Continuing strong revenue growth, positive segment income

◆ Net sales increased by 43.0% yoy.

- Technology royalty revenue increased by 20.1% yoy (U.S. dollar-based) due to strong industry growth and market share gains.
- Technology non-royalty revenue increased by 61.0% yoy (U.S. dollar-based) due to the availability of Arm's newly developed products following years of planned R&D investment.

◆ The increase in segment income is due to the strong increase in revenue combined with slower increases in R&D costs as Arm focused its investments on key growth areas.

2. More Arm customers chose to adopt Arm's latest technology for their next generation products and services

In the fourth quarter, Arm signed licenses for its CPU and GPU IP that its customers will use in a wide range of end markets including automotive vision systems, networking equipment, servers and smartphones.

3. The Company announced that Arm will prepare for a future IPO.

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % |
|--|----------------------------|----------------|--------|----------|
| | 2021 | 2022 | | |
| Net sales | 209,848 | 300,013 | 90,165 | 43.0% |
| Segment income (income before income tax) *1 | (33,873) | 41,200 | 75,073 | - |

Notes:

* Since the fourth quarter of the previous fiscal year, the Internet-of-Things Services Group (ISG) business is managed separately from the Arm business and its results are therefore included in "Other" instead of the Arm segment.

1. Segment income included amortization expenses of ¥51,153 million for the fiscal year and ¥48,108 million for the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

Arm's operations primarily consist of the licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Following acquisition by the Company, Arm accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm develops new technologies with the intention to 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, both positively and negatively. The semiconductor industry has grown very strongly due to long-term trends such as more products and services depending on increasing amounts of embedded intelligence, such as cars providing more driver information and assistance, and smartphones improving camera technology generation after generation for better photography. Some markets have shown particularly strong growth in the fiscal year including 5G smartphones and networking equipment as well as embedded and automotive applications, where Arm has good exposure. This growth has benefited Arm's technology royalty revenue as it grows with industry sales. Industry growth also accelerated Arm's customers' design activity, creating new opportunities for Arm to license its latest technologies and thus driving non-royalty revenue (technology licensing revenue and software and services revenue). The industry is vulnerable to other external factors, including trade disputes and sanctions against specific companies, as well as the impact of temporary component shortages; for example, some automotive manufacturers and smartphone OEMs could not source sufficient numbers of chips resulting in delays in the production of cars and phones. If shipments of

consumer electronic devices weaken, it may lead to lower Arm’s technology royalty revenue, and if customers facing reduced revenues choose to delay licensing decisions, it may lead to lower technology non-royalty revenue. However, it is difficult to anticipate when these events may occur and the impact on the semiconductor industry in general or Arm specifically.

Arm is expecting that, as consumer and enterprise electronics become 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) | | | |
|------------------------|----------------------------|--------------|--------|----------|
| | Fiscal year ended March 31 | | | |
| | 2021 | 2022 | Change | Change % |
| Technology royalty | 1,278 | 1,536 | 258 | 20.1% |
| Technology non-royalty | 702 | 1,129 | 427 | 61.0% |
| Total net sales | 1,980 | 2,665 | 685 | 34.6% |

Net sales increased by \$685 million (34.6%) year on year due to increases in both technology royalty revenue and technology non-royalty revenue.

Technology royalty revenue

Technology royalty revenue increased by \$258 million (20.1%) year on year. Royalty revenues were driven by the strong ramp in shipments of Arm-based 5G smartphones, deployment of networking equipment into 5G base stations, and Arm’s customers gaining share in multiple markets such as automotive and servers. In addition, Arm’s customers benefitted from the very high demand for computer chips enabling prices to increase, and as Arm’s royalty revenue is often based on the price of chips, Arm is also benefiting from higher chip prices.

Technology non-royalty revenue

Technology non-royalty revenue increased by \$427 million (61.0%) year on year. This increase is primarily due to the availability of more Arm technology following the period of accelerated R&D spending since Arm was acquired by the Company. Over the past few years, 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 CPUs 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. This included licenses for CPUs used by customers intending to build Arm-based server and PC chips, smartphones, networking equipment, autonomous systems such as industrial robotics and self-driving vehicles and for AI enabled microcontrollers. In addition, in the fiscal year, strong industry demand for Arm-based chips encouraged Arm’s customers to invest in new R&D projects to develop more chips and therefore increased demand for Arm CPU licenses.

NVIDIA Technology license

In September 2020, as part of the proposed acquisition of Arm by NVIDIA Corporation, Arm received \$0.75 billion as consideration for a technology license agreement. In the fourth quarter, it was announced that NVIDIA Corporation was no longer planning to acquire Arm, nevertheless, the technology license remains extant with revenue being recognized in the period of the agreement.

Segment income

Segment income was ¥41,200 million, improving by ¥75,073 million year on year due to the strong revenue growth.

In the fourth quarter, Arm initiated a global restructuring of its non-engineering functions with the goal of improving operational efficiency. The restructuring will involve some redundancies, and, in some countries, redundancy proposals are subject to employee consultation processes according to local law. As the restructuring is still ongoing, the only restructuring costs that became highly probable to be incurred were recorded in the fourth quarter.

OPERATIONS

Royalty units¹²

| | (Billion) | | | |
|---|------------------------|-------------|--------|----------|
| | Year ended December 31 | | | |
| | 2020 | 2021 | Change | Change % |
| Royalty units as reported by Arm's licensees | 25.3 | 29.2 | 3.9 | 15.4% |

Arm's licensees reported shipments of 29.2 billion Arm-based chips in the year ended December 31, 2021, an increase of 15.4% year on year. This is the highest annual growth rate in four years.

TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving 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 introduced three new processors, <i>Cortex-X2</i> , <i>Cortex-A710</i> , and <i>Cortex-A510</i> , based on <i>Armv9</i> , and three new graphics processors, <i>Mali-G710</i> , <i>Mali-G510</i> , and <i>Mali-G310</i> , all targeting the smartphone and mobile computing segment. |
| The third quarter | : Mediatek Inc., Qualcomm Technologies, Inc. and Samsung Electronics Co., Ltd. announced their first chips for smartphones based on Arm CPUs developed with the <i>Armv9</i> architecture. These chips should start to appear in smartphones in 2022. |
| The fourth quarter | : Lenovo Group Limited announced their first ThinkPad laptop based on an Arm-based chip from Qualcomm Technologies, Inc. The Lenovo ThinkPad X13s uses four Arm high-performance CPUs and four Arm high efficiency CPUs and has a long battery life. |

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"> · Supercomputer Fugaku with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, has retained its number one ranking in the TOP500, a global ranking based on calculation speed of supercomputers. · Oracle Corporation announced that Oracle Cloud Infrastructure will include Arm-based servers using chips from Ampere Computing LLC. · NVIDIA Corporation and Marvell Technology, Inc. separately announced new 5G networking infrastructure chips based on Arm processor technology. |
| The second quarter | : Cloudflare, Inc. announced a blueprint for a zero-emissions internet, assisted by the deployment of low-power Arm-based technology. Cloudflare reported that it “achieved more than 50% improvement in requests per watt by deploying Arm <i>Neoverse</i> -based processors in its edge servers.” |
| The third quarter | : <ul style="list-style-type: none"> · Alibaba announced Yitian 710, their first Arm-based chip for data centers, featuring 128 <i>Armv9</i> cores. · Amazon Web Services Inc. announced Graviton3, their next generation of Arm-based chip for data centers, claiming 2-3x higher performance for certain workloads, including cryptographic and machine learning, compared to Graviton2. |
| The fourth quarter | : Fujitsu Limited announced it had successfully developed the world's fastest quantum computer simulator capable of handling 36 qubit quantum circuits on a cluster system using the same Arm-based A64FX CPU that powers the world's fastest supercomputer, Fugaku. |

Automotive

| | |
|-------------------|--|
| Opportunity | : As vehicles become smarter, they require more computational capability. Arm is well-positioned to gain market share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips. |
| The first quarter | : Arm and leading automotive companies and technology providers, including Audi AG, DENSO CORPORATION, and NXP Semiconductors N.V., have started a new collaboration to create standards for self-driving vehicles. |

- The second quarter : Arm introduced a new automotive design platform to enable the development of software-defined cars in the future; software can be downloaded to modify the performance and functionality of a car.
- The fourth quarter : Mobileye Technologies Limited, an Intel Corporation company and a pioneer in automotive vision-safety technology, announced that it has licensed Arm's newly introduced *Mali-C78AE* ISP and *Mali-G78AE* GPU, for Mobileye's next-generation EyeQ technology.

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 data in IoT device networks.
- The first quarter : Arm announced an initiative to help reduce the time to develop software for Arm-based microcontrollers by enabling more code-reuse and code-sharing between developers.
- The second quarter : Arm announced *Total Solutions for IoT*, an initiative which includes virtual development boards hosted on AWS, allowing software to be developed in parallel to a new chip design. This initiative could help reduce the time needed to develop an IoT product by up to two years.
- The fourth quarter : Arm announced the new *Cortex-M85* CPU for high-performance microcontrollers that require AI functionality, such as smart cameras with object recognition or face identification capability.

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

(e) Latin America Funds Segment

1. ¥111.1 billion gain on investments (net) was recorded due to increases in the fair values of unlisted portfolio companies.
2. As of the fiscal year-end, SoftBank Latin America Funds held a total of 101 investments, including seven¹³ listed portfolio companies. The investment cost totaled \$6.9 billion with a fair value amounting to \$9.4 billion.

(Millions of yen)

| | Fiscal year ended March 31 | | Change | Change % |
|--|----------------------------|-----------------|------------------|----------------|
| | 2021 | 2022 | | |
| Gain on investments at Latin America Funds | 196,556 | 111,070 | (85,486) | (43.5%) |
| Realized loss on investments | - | (9,114) | (9,114) | - |
| Unrealized gain on valuation of investments | 196,186 | 118,922 | (77,264) | (39.4%) |
| Change in valuation for the fiscal year | 196,186 | 110,888 | (85,298) | (43.5%) |
| Reclassified to realized loss recorded in the past fiscal year ^{*1} | - | 8,034 | 8,034 | - |
| Derivative gain (loss) on investments | 219 | (372) | (591) | - |
| Effect of foreign exchange translation | - | 364 | 364 | - |
| Other | 151 | 1,270 | 1,119 | - |
| Selling, general and administrative expenses | (7,503) | (24,198) | (16,695) | 222.5% |
| Finance cost | (410) | (1,661) | (1,251) | 305.1% |
| Derivative gain (excluding gain (loss) on investments) | - | 291 | 291 | - |
| Other gain (loss) | 31 | (1,051) | (1,082) | - |
| Segment income (income before income tax) | 188,674 | 84,451 | (104,223) | (55.2%) |

Notes:

* SoftBank Latin America Fund 1 has invested in one affiliated SPAC through the SPAC's sponsor, which is the Company's subsidiary in this segment. The operating results of the SPAC, as a subsidiary of the Company, are included in this segment.

1. Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the fiscal year are reclassified as "realized gain (loss) on investments."

OVERVIEW

Segment results include the results of the investments and operational activities of SoftBank Latin America Funds, primarily SoftBank Latin America Fund 1 (SBLAF1) and SoftBank Latin America Fund 2 (SBLAF2), which are managed by the Company's wholly owned U.S. subsidiary SBLA Advisers Corp. The Latin America Funds segment will be integrated into the SoftBank Vision Funds segment starting from the first quarter of the fiscal year ending March 31, 2023 (the three-month period ending June 30, 2022) as SoftBank Latin America Funds will be managed by SBGA, which manages SVF2.

SBLAF1 and SBLAF2 were established with the objective of investing in companies using technologies in all industries within rapidly developing Latin America. As of the fiscal year-end, total committed capital is \$5.0 billion for SBLAF1¹⁴ and \$2.3 billion for SBLAF2.

In the second quarter, SoftBank Latin America Funds introduced a co-investment program with restricted rights to receive distributions and preferred equity in the same way as SVF2.¹⁵ See "20. Related party transactions regarding a co-investment program with restricted rights to receive distributions" under "(6) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements and Primary Notes" for details.

FINANCIAL RESULTS

Unrealized gain on valuation of investments (net) totaled ¥118,922 million. This was mainly due to an increase in the fair values of unlisted portfolio companies, such as QUINTOANDAR, LTD., Kavak Holdings Limited, and Creditas Financial Solutions, Ltd., partly caused by the value of local currencies rising against the U.S. dollar, while the share price of listed portfolio companies, such as Banco Inter S.A. and VTEX, declined. In contrast, realized loss on investments of ¥9,114 million was recorded for two portfolio companies of SBLAF1 in the second quarter. These resulted in gain on investments of ¥111,070 million and segment income of ¥84,451 million. As of the fiscal year-end, SoftBank Latin America Funds held a combined total of 101 investments and invested a cumulative total of \$6.9 billion, with a fair value of \$9.4 billion.

For a list of portfolio companies of SoftBank Latin America Funds, 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/>.

(f) Other

| (Millions of yen) | | | | |
|---|----------------------------|-----------------|----------|----------|
| | Fiscal year ended March 31 | | Change | Change % |
| | 2021 | 2022 | | |
| Net sales | 238,774 | 260,550 | 21,776 | 9.1% |
| Segment income (income before income tax) | (96,049) | (22,347) | 73,702 | - |
| Depreciation and amortization | (42,843) | (31,511) | 11,332 | (26.5%) |
| Gain on investments | 92,685 | 46,402 | (46,283) | (49.9%) |
| Finance cost | (16,211) | (13,709) | 2,502 | (15.4%) |
| Income on equity method investments | 21,578 | 19,456 | (2,122) | (9.8%) |
| Derivative loss (excluding gain (loss) on investments) | (3,972) | (3,479) | 493 | - |

Note: Since the fourth quarter of the previous fiscal year, the ISG business (including Treasury Data, Inc.) is managed separately from the Arm business and its operating results are therefore included in “Other” instead of the Arm segment. In the third quarter, SBG’s shares of PayPay Corporation were transferred to SVF2. As PayPay Corporation continues to be a subsidiary of the Company, its operating results are included in “Other.”

Segment loss was ¥22,347 million. PayPay Corporation and Fortress Investment Group LLC recorded losses before income tax of ¥60,464 million and ¥30,825 million, respectively, while a gain of ¥72,936 million was recorded relating to the loss of control of Boston Dynamics, Inc. following its sale in June 2021. For details regarding the gain on loss of control of Boston Dynamics, Inc., see “7. Disposal group classified as held for sale” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

An overview of PayPay Corporation is as follows.

PayPay Corporation, which is engaged in smartphone payment services in Japan, recorded loss before income tax of ¥60,464 million. This was mainly due to recording expenses associated with campaigns aimed at acquiring users and promoting their use, as well as for the retention and expansion of stores where the service is available. On the other hand, loss before income tax narrowed year on year as revenues increased, mainly due to growth in gross merchandise volume and an increase in payment fees following the introduction of payment fees to small and medium-sized merchants in October 2021. PayPay Corporation’s payment services continued to see strong growth, with the number of payments for the fiscal year reaching 3,630 million, a 1.8-fold increase year on year.

Results of PayPay Corporation included in “Other”

| (Millions of yen) | | | | |
|--------------------------|----------------------------|-----------------|--------|----------|
| | Fiscal year ended March 31 | | Change | Change % |
| | 2021 | 2022 | | |
| Net sales | 29,986 | 57,437 | 27,451 | 91.5% |
| Loss before income taxes | (72,650) | (60,464) | 12,186 | - |

Note: In the fourth quarter, a lump-sum deduction of ¥6,399 million was made from net sales, including a portion of marketing costs for stores, which had been recorded as expenses in the first three quarters of the fiscal year. While the similar costs were incurred in the previous fiscal years, no retrospective adjustments have been made as the amounts were insignificant.

(2) Overview of Financial Position

1. Status of investment assets

◆ **Carrying amount of investments from SVF1 and SVF2 totaled ¥13,766.4 billion, an increase of ¥119.6 billion from the previous fiscal year-end.** ^{*1}

- Decrease at SVF1 of ¥4,038.0 billion: The balance decreased by \$25.28 billion due to a decrease in the fair value of investments held at the fiscal year-end and by \$21.62 billion mainly due to sales of investments. These were partially offset by an increase of \$3.05 billion due to new and follow-on investments.
- Increase at SVF2 of ¥4,157.6 billion: The balance increased by \$38.43 billion due to new and follow-on investments, despite decreases of \$3.87 billion in sales of investments and \$2.16 billion in the fair value of investments held at the fiscal year-end.

◆ **Carrying amount of investment securities of ¥4,208.6 billion, an increase of ¥501.8 billion from the previous fiscal year-end**

- T-Mobile shares: The balance decreased by ¥517.3 billion mainly due to the sales of shares to Deutsche Telekom. Deutsche Telekom shares were received in return for the sale (fiscal year-end balance: ¥518.0 billion).
- SoftBank Latin America Funds: The balance increased by ¥682.2 billion mainly due to new investments.

◆ **Carrying amount of stocks and other instruments held at asset management subsidiaries decreased from ¥2,182.5 billion at the previous fiscal year-end to ¥315.9 billion mainly due to sales.**

- The balance of investments from asset management subsidiaries was ¥314.0 billion, a decrease of ¥441.3 billion.
- The balance of securities pledged as collateral in asset management subsidiaries was ¥1.9 billion, a decrease of ¥1,425.4 billion.

2. Changes in liabilities associated with fund procurement

◆ **Interest-bearing debt of SBG increased by ¥1,283.9 billion from the previous fiscal year-end.**

- SBG issued domestic hybrid bonds of ¥405.0 billion and domestic subordinated bonds of ¥500.0 billion and ¥550.0 billion, as well as foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion. Meanwhile, domestic hybrid bonds of ¥455.6 billion and domestic subordinated bonds of ¥361.6 billion and ¥404.4 billion were redeemed.

◆ **Interest-bearing debt at wholly owned subsidiaries conducting fund procurement increased by ¥2,433.8 billion from the previous fiscal year-end.**

- Financial liabilities relating to sale of shares by prepaid forward contracts increased by ¥1,450.8 billion. Borrowings increased by ¥983.0 billion mainly due to borrowings of \$8.0 billion made using Arm shares (asset-backed finance).

◆ **Borrowings at SVF2 increased by ¥731.5 billion from the previous fiscal year-end, due to asset-backed finance.**

3. Changes in equity

◆ **Equity decreased by ¥247.8 billion in total from the previous fiscal year-end.**

- ¥1,708.0 billion net loss attributable to owners of the parent reduced retained earnings.
- ¥602.4 billion worth of shares were repurchased in the fiscal year (including ¥344.6 billion acquired out of a maximum ¥1 trillion authorized in November 2021).
- ¥2,176.9 billion increase in exchange differences from the translation of foreign operations due to the weaker yen.

◆ **Ratio of equity attributable to owners of the parent (equity ratio) was at 21.0% at the fiscal year-end, down from 22.3% at the previous fiscal year-end.**

Note:

1. Investments from SVF1 and SVF2 do not include their investments in the Company's subsidiaries or investments that are transferred from the Company to the funds and continue to be accounted for using the equity method (and included in "investments accounted for using the equity method") prior to and after the transfer.

| | (Millions of yen) | | | |
|-------------------|-------------------|-------------------|-----------|----------|
| | March 31, 2021 | March 31, 2022 | Change | Change % |
| Total assets | 45,750,453 | 47,544,670 | 1,794,217 | 3.9% |
| Total liabilities | 33,794,860 | 35,836,908 | 2,042,048 | 6.0% |
| Total equity | 11,955,593 | 11,707,762 | (247,831) | (2.1%) |

(a) Assets

| | (Millions of yen) | | |
|---|-------------------|-------------------|----------------------|
| | March 31, 2021 | March 31, 2022 | Change |
| Cash and cash equivalents | 4,662,725 | 5,169,001 | 506,276 |
| Trade and other receivables | 2,216,434 | 2,361,149 | 144,715 |
| Investments from asset management subsidiaries | 658,227 | 158,094 | (500,133) A |
| Securities pledged as collateral in asset management subsidiaries | 1,427,286 | 1,927 | (1,425,359) B |
| Derivative financial assets in asset management subsidiaries | 188,056 | 48,466 | (139,590) C |
| Derivative financial assets | 383,315 | 1,050,446 | 667,131 D |
| Other financial assets | 671,907 | 762,638 | 90,731 E |
| Inventories | 126,830 | 142,767 | 15,937 |
| Other current assets | 446,739 | 334,101 | (112,638) F |
| Assets classified as held for sale | 38,647 | - | (38,647) G |
| Total current assets | 10,820,166 | 10,028,589 | (791,577) |
| Property, plant and equipment | 1,668,578 | 1,842,749 | 174,171 |
| Right-of-use assets | 1,147,020 | 914,743 | (232,277) |
| Goodwill | 4,684,419 | 4,897,913 | 213,494 H |
| Intangible assets | 2,308,370 | 2,427,580 | 119,210 I |
| Costs to obtain contracts | 246,996 | 330,899 | 83,903 |
| Investments accounted for using the equity method | 4,349,971 | 5,234,519 | 884,548 J |
| Investments from SVF1 and SVF2 accounted for using FVTPL | 13,646,774 | 13,766,391 | 119,617 K |
| SVF1 | 12,403,286 | 8,365,274 | (4,038,012) |
| SVF2 | 1,243,488 | 5,401,117 | 4,157,629 |
| Investment securities | 3,706,784 | 4,208,567 | 501,783 L |
| Derivative financial assets | 908,660 | 1,333,787 | 425,127 M |
| Other financial assets | 1,919,262 | 2,250,640 | 331,378 N |
| Deferred tax assets | 206,069 | 163,255 | (42,814) |
| Other non-current assets | 137,384 | 145,038 | 7,654 |
| Total non-current assets | 34,930,287 | 37,516,081 | 2,585,794 |
| Total assets | 45,750,453 | 47,544,670 | 1,794,217 |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|--|--|
| <u>Current assets</u> | |
| A Investments from asset management subsidiaries | Listed stocks held by SB Northstar decreased primarily due to sales. |
| B Securities pledged as collateral in asset management subsidiaries | Securities pledged as collateral decreased due to SB Northstar's sale of investments. |
| C Derivative financial assets in asset management subsidiaries | The fair value of long call options of listed stocks held by SB Northstar decreased. |
| D Derivative financial assets | Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥674,504 million, due to the recording of derivative gains, the reclassified derivative financial assets with a remaining term of one year or less from non-current assets, and newly concluded prepaid forward contracts. |
| E Other financial assets | <ul style="list-style-type: none"> · Following the early termination and repayment of a portion of the collar contracts among the prepaid forward contracts using Alibaba shares in April 2021, restricted cash recorded at the previous fiscal year-end in relation to the contract termination decreased by ¥361,355 million. For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “9. Interest-bearing debt” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.” · Trust accounts at SPACs increased by ¥326,062 million due to the reclassifying funds that were raised through initial public offerings by SPACs sponsored by the Company's subsidiaries to current assets as the SPACs had a remaining life of one year or less. Since use of the procured funds is restricted to the merger of a SPAC or repayment of contribution to investors during its life (24 months from procurement), these funds had been recorded as other financial assets under non-current assets. |
| F Other current assets | Taxes receivable decreased by ¥103,125 million, partially due to a refund of a withholding income tax in July 2021, which was paid in the previous fiscal year in relation to dividends paid from SBGJ to SBG. |
| G Assets classified as held for sale | Boston Dynamics, Inc.'s assets were 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, these assets were derecognized following the completion of the sale in the first quarter. |
| <u>Non-current assets</u> | |
| H Goodwill | Goodwill of Arm increased by ¥276,576 million due to the weaker yen against the U.S. dollar. |
| I Intangible assets | Yahoo Japan Corporation entered into an agreement with Oath Holdings Inc. and other parties, with whom it had previously entered into a license agreement, to acquire trademarks in Japan related to <i>Yahoo!</i> , <i>Yahoo! JAPAN</i> , etc. for ¥178.5 billion. Intangible assets increased as a result of this acquisition. |

| Components | Main reasons for changes from the previous fiscal year-end |
|---|---|
| J Investments accounted for using the equity method | The consolidated carrying amount for Alibaba increased due to the weaker yen against the Chinese yuan and the recording of gain on equity method investments, offsetting a decrease due to the settlement in kind of certain prepaid forward contracts. |
| K Investments from SVF1 and SVF2 accounted for using FVTPL | <ul style="list-style-type: none"> · The carrying amount of investments at SVF1 decreased by ¥4,038.0 billion. This reflected a decrease of \$25.28 billion due to decreases in the fair value of portfolio companies held at the fiscal year-end and a decrease of \$21.62 billion mainly due to the sale of investments. These were partially offset by an increase of \$3.05 billion due to new and follow-on investments in existing portfolio companies. · The carrying amount of investments at SVF2 increased by ¥4,157.6 billion. This reflected an increase of \$38.43 billion due to new and follow-on investments in existing portfolio companies, partially offset by a decrease of \$3.87 billion due to the sale of investments and \$2.16 billion due to decreases in the fair value of portfolio companies held at the fiscal year-end. <p>For details of the status of investments at SVF1 and SVF2, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p> |
| L Investment securities | <ul style="list-style-type: none"> · The carrying amount of T-Mobile shares decreased by ¥517,301 million. This mainly reflected the sale to Deutsche Telekom of 45.4 million T-Mobile shares held by the Company due to Deutsche Telekom’s partial exercise of call options for T-Mobile shares. · The Company received 225 million Deutsche Telekom shares as consideration for the sale of T-Mobile shares (fiscal year-end balance: ¥517,960 million). · The carrying amount of investments from SoftBank Latin America Funds increased by ¥682,191 million due to new and follow-on investments, as well as increases in the fair values of portfolio companies (fiscal year-end balance: ¥1,123,199 million). |
| M Derivative financial assets | <ul style="list-style-type: none"> · Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥194,259 million due to the recording of derivative gains and newly concluded prepaid forward contracts, while assets with a remaining term of one year or less were reclassified as current assets. · The fair value of the contingent consideration related to T-Mobile shares increased by ¥130,720 million (fiscal year-end balance: ¥591,429 million). |
| N Other financial assets | <ul style="list-style-type: none"> · Accounts receivable of ¥423,326 million was recorded against MgmtCo. For details, see “Note 2” under “6. Other financial assets” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.” · Trust accounts in SPACs decreased by ¥327,569 million due to the reclassifying funds that were raised through initial public offerings by SPACs sponsored by the Company’s subsidiaries to current assets, since the SPACs had a remaining life of one year or less. |

(Reference) Cash and cash equivalents by entity

| | (Millions of yen) | | |
|---|-------------------|------------------|-----------|
| | March 31, 2021 | March 31, 2022 | Change |
| SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement | | | |
| / SB Northstar | 2,202,778 | 2,569,355 | 366,577 |
| SoftBank Group Corp. | 1,948,177 | 2,502,626 | 554,449 |
| Wholly owned subsidiaries conducting fund procurement | 33,320 | 26,271 | (7,049) |
| SB Northstar | 221,281 | 40,458 | (180,823) |
| SoftBank Vision Funds segment | | | |
| SVF1 | 67,580 | 47,754 | (19,826) |
| SVF2 | 63,470 | 150,462 | 86,992 |
| SBIA, SBGA | 25,895 | 19,898 | (5,997) |
| SoftBank segment | | | |
| SoftBank Corp. | 302,539 | 318,661 | 16,122 |
| Z Holdings Corporation ^{*1} | 420,941 | 383,093 | (37,848) |
| Others ^{*2} | 861,412 | 845,038 | (16,374) |
| Others | 718,110 | 834,740 | 116,630 |
| Total | 4,662,725 | 5,169,001 | 506,276 |

Notes:

1. Includes Yahoo Japan Corporation and LINE Corporation.

2. Includes PayPay Bank Corporation, whose balance of cash and cash equivalents was ¥334,387 million at the fiscal year-end.

(b) Liabilities

| | (Millions of yen) | | |
|--|-------------------|-------------------|--------------------|
| | March 31, 2021 | March 31, 2022 | Change |
| Interest-bearing debt | 7,735,239 | 7,328,862 | (406,377) |
| Lease liabilities | 307,447 | 240,241 | (67,206) |
| Deposits for banking business | 1,109,240 | 1,331,385 | 222,145 |
| Trade and other payables | 1,970,275 | 1,968,864 | (1,411) |
| Derivative financial liabilities | 322,213 | 119,592 | (202,621) A |
| Other financial liabilities | 65,958 | 554,814 | 488,856 B |
| Income taxes payable | 391,930 | 183,388 | (208,542) C |
| Provisions | 24,939 | 34,056 | 9,117 |
| Other current liabilities | 952,443 | 620,260 | (332,183) D |
| Liabilities directly relating to assets classified as held for sale | 11,271 | - | (11,271) E |
| Total current liabilities | 12,890,955 | 12,381,462 | (509,493) |
| Interest-bearing debt | 10,777,736 | 14,128,570 | 3,350,834 |
| Lease liabilities | 727,554 | 625,907 | (101,647) |
| Third-party interests in SVF1 and SVF2 | 6,601,791 | 5,559,835 | (1,041,956) |
| Derivative financial liabilities | 32,692 | 174,003 | 141,311 |
| Other financial liabilities | 415,407 | 210,512 | (204,895) F |
| Provisions | 110,586 | 107,961 | (2,625) |
| Deferred tax liabilities | 2,030,651 | 2,436,034 | 405,383 G |
| Other non-current liabilities | 207,488 | 212,624 | 5,136 |
| Total non-current liabilities | 20,903,905 | 23,455,446 | 2,551,541 |
| Total liabilities | 33,794,860 | 35,836,908 | 2,042,048 |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|--|--|
| *See “(Reference)” on the following page for a breakdown of interest-bearing debt. | |
| <u>Current liabilities</u> | |
| A Derivative financial liabilities | <ul style="list-style-type: none"> · Derivative financial liabilities decreased by ¥101,067 million mainly due to the partial exercise of call options for T-Mobile shares by Deutsche Telekom (fiscal year-end balance: ¥103,754 million). · With the completion of the tender offer for WeWork shares in April 2021, the Company reversed a derivative financial liability of ¥76,823 million recorded at the previous fiscal year-end as the difference between (1) the valuation amount of common stock and preferred stock expected to be acquired and (2) the planned acquisition amount. For details, see “(1) Option contracts” and “(3) Forward contracts” under “11. Financial instruments” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.” |
| B Other financial liabilities | Non-controlling interests with redemption options increased by ¥307,144 million. This was mainly due to the reclassifying the interests of investors other than the sponsor related to SPACs sponsored by the Company’s subsidiaries from non-current liabilities, since the SPACs had a remaining life of one year or less. |
| C Income taxes payable | SBGJ paid income tax of ¥197,432 million based on taxable income including a gain on sale of shares of SoftBank Corp. generated in the previous fiscal year. |
| D Other current liabilities | <ul style="list-style-type: none"> · Withholding income tax of ¥245,053 million was paid in relation to dividends paid from SBGJ to SBG in the previous fiscal year. · The deposit of \$1.25 billion that had been received for the sale of Arm was derecognized and recorded as profit. |
| E Liabilities directly relating to assets classified as held for sale | Boston Dynamics, Inc.’s liabilities were 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, these liabilities were derecognized following the completion of the sale in the first quarter. |
| <u>Non-current liabilities</u> | |
| F Other financial liabilities | Non-controlling interests with redemption options decreased by ¥298,092 million. This was due to the reclassifying the interests of investors other than the sponsor related to SPACs sponsored by the Company’s subsidiaries to current liabilities, since the SPACs had a remaining life of one year or less. |
| G Deferred tax liabilities | Deferred tax liabilities increased due to an increase in the fair value of derivative financial assets related to prepaid forward contracts using Alibaba shares concluded in the fiscal years ended March 31, 2020, 2021, and 2022. |

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

(Millions of yen)

| | March 31, 2021 | March 31, 2022 | Change |
|---|----------------|-------------------|----------------------|
| SoftBank Group Corp. / Wholly owned subsidiaries conducting fund procurement / | | | |
| SB Northstar | 12,984,650 | 14,869,325 | 1,884,675 |
| SoftBank Group Corp. | 6,158,350 | 7,442,237 | 1,283,887 |
| Borrowings | 1,152,934 | 1,255,116 | 102,182 |
| Corporate bonds | 4,745,549 | 5,918,265 | 1,172,716 A |
| Lease liabilities | 13,367 | 12,056 | (1,311) |
| Commercial paper | 246,500 | 256,800 | 10,300 |
| Wholly owned subsidiaries conducting fund procurement | 4,959,779 | 7,393,573 | 2,433,794 |
| Borrowings ^{*1} | 1,874,040 | 2,857,000 | 982,960 B |
| Financial liabilities relating to sale of shares by prepaid forward contracts | 3,085,739 | 4,536,573 | 1,450,834 C |
| SB Northstar | 1,866,521 | 33,515 | (1,833,006) |
| Borrowings | 1,866,521 | 33,515 | (1,833,006) D |
| SoftBank Vision Funds segment | | | |
| SVF1 | 444,227 | 336,535 | (107,692) |
| Borrowings | 444,227 | 336,535 | (107,692) E |
| SVF2 | - | 731,540 | 731,540 |
| Borrowings | - | 731,540 | 731,540 E |
| SBIA | 363 | 339 | (24) |
| Lease liabilities | 363 | 339 | (24) |
| SoftBank segment | | | |
| SoftBank Corp. | 4,166,323 | 4,236,453 | 70,130 |
| Borrowings | 3,037,229 | 3,085,954 | 48,725 |
| Corporate bonds | 260,000 | 469,252 | 209,252 |
| Lease liabilities | 706,393 | 559,846 | (146,547) |
| Commercial paper | 162,701 | 121,401 | (41,300) |
| Z Holdings Corporation^{*2} | 1,030,980 | 1,170,856 | 139,876 |
| Borrowings | 442,406 | 481,678 | 39,272 |
| Corporate bonds | 543,992 | 603,977 | 59,985 |
| Lease liabilities | 44,582 | 35,201 | (9,381) |
| Commercial paper | - | 50,000 | 50,000 |
| Other | 494,747 | 592,116 | 97,369 |
| Others | | | |
| Other interest-bearing debt | 334,917 | 296,166 | (38,751) |
| Lease liabilities | 91,769 | 90,250 | (1,519) |
| Total | 19,547,976 | 22,323,580 | 2,775,604 |

Notes:

- The interest-bearing debt of wholly owned subsidiaries conducting fund procurement is non-recourse to SBG. However, \$2.06 billion of borrowings made using T-Mobile shares is exceptionally guaranteed by SBG up to a limit of \$0.57 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 and LINE Corporation.

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

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

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

- A Corporate bonds**
- Domestic hybrid bonds of ¥405.0 billion were issued in the first quarter, while ¥455.6 billion was redeemed in the second quarter.
 - Foreign currency-denominated straight bonds of \$3.85 billion and €2.95 billion were issued in the second quarter.
 - Domestic subordinated bonds were issued in the amounts of ¥500.0 billion in the first quarter and ¥550.0 billion in the fourth quarter, while ¥361.6 billion was redeemed in the third quarter and ¥404.4 billion in the fourth quarter.

Wholly owned subsidiaries conducting fund procurement
B Borrowings
Through Arm shares

- \$8.0 billion was borrowed through asset-backed finance in the fourth quarter.

Through Alibaba shares

- \$1.88 billion was borrowed through margin loans in the first quarter.
- \$10.0 billion was repaid and \$6.0 billion was newly borrowed in margin loans in the third quarter.

Through T-Mobile shares

- In the second quarter, \$2.65 billion was borrowed through a margin loan, and in the same quarter, \$4.38 billion, which was borrowed through a margin loan in the previous fiscal year, was repaid early. In the fourth quarter, \$0.68 billion procured through prepaid forward contracts (collar contracts) was used to repay \$0.59 billion borrowed through a margin loan in the second quarter.

Through Deutsche Telekom shares

- €2.64 billion was raised in the third quarter through collar transactions.
- For details, see “Note 1,” “Note 4,” and “Note 6” under “(1) Components of interest-bearing debt” in “9. Interest-bearing debt” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

C Financial liabilities
Through Alibaba shares

- relating to sale of shares by prepaid forward contracts
- Certain collar contracts, among the prepaid forward contracts, were terminated early and \$2.86 billion was settled in cash in the first quarter. In addition, \$3.0 billion was raised by concluding new collar contracts.
 - Certain details of collar contracts, among the prepaid forward contracts, were amended in the second quarter. In addition, \$7.35 billion was raised by concluding new collar and forward contracts.
 - \$2.21 billion was raised in the third quarter by concluding prepaid forward contracts (forward contracts).
 - In the third and fourth quarters, certain prepaid forward contracts were settled in kind by delivering Alibaba shares. Consequently, financial liabilities of ¥784,197 million related to sale of shares by prepaid forward contracts were derecognized.
 - \$4.13 billion was raised in the fourth quarter by concluding prepaid forward contracts (forward contracts).

For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “9. Interest-bearing debt” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

Through T-Mobile shares

- \$1.81 billion was raised in the second quarter by concluding prepaid forward contracts (collar contracts).
- \$0.68 billion was raised in the fourth quarter by concluding prepaid forward contracts (collar contracts).

| Components | Details |
|---|---|
| SB Northstar | |
| D Borrowings | <ul style="list-style-type: none"> · Short-term borrowings decreased by ¥1,170,410 million. · \$6.0 billion was repaid among margin loans using Alibaba shares. |
| SoftBank Vision Funds segment*³ | |
| SVF1 | |
| E Borrowings | Borrowings made through asset-backed finance decreased by \$1.26 billion. |
| SVF2 | |
| E Borrowings | Borrowings made through asset-backed finance increased by \$5.98 billion. |

Note:

3. For financing at SVF1 and SVF2, see “Financing at SoftBank Vision Funds” under “OVERVIEW” in “(b) SoftBank Vision Funds segment” in “b. Results by Segment” in “(1) Overview of Results of Operations” in “1. Results of Operations.”

(c) Equity

| | March 31, 2021 | March 31, 2022 | (Millions of yen) Change |
|---|-------------------|-------------------|-----------------------------|
| Common stock | 238,772 | 238,772 | - |
| Capital surplus | 2,618,504 | 2,634,574 | 16,070 |
| Other equity instruments | 496,876 | 496,876 | - |
| Retained earnings | 8,810,422 | 4,515,704 | (4,294,718) A |
| Treasury stock | (2,290,077) | (406,410) | 1,883,667 B |
| Accumulated other comprehensive income | 338,329 | 2,496,158 | 2,157,829 C |
| Accumulated other comprehensive income directly relating to assets classified as held for sale | 267 | - | (267) |
| Total equity attributable to owners of the parent | 10,213,093 | 9,975,674 | (237,419) |
| Non-controlling interests | 1,742,500 | 1,732,088 | (10,412) |
| Total equity | 11,955,593 | 11,707,762 | (247,831) |

Reasons for changes by primary component

| Components | Main reasons for changes from the previous fiscal year-end |
|---|--|
| A Retained earnings | <ul style="list-style-type: none"> · Net loss attributable to owners of the parent of ¥1,708,029 million was recorded. · ¥2,475,817 million^{*1} was deducted following the retirement of 366,860,600 shares of treasury stock in May 2021 (equivalent to 17.6% of the total number of issued shares as of April 30, 2021). |
| B Treasury stock | <ul style="list-style-type: none"> · SBG repurchased 25,980,400 of its own shares for ¥257,777 million from April 1 to May 12, 2021, in accordance with a Board resolution on July 30, 2020, completing the share repurchase under that resolution. SBG also repurchased 67,257,900 of its own shares for ¥344,573 million from November 10, 2021 to March 24, 2022, in accordance with a Board resolution on November 8, 2021 to repurchase the Company's own shares up to ¥1 trillion. · SBG retired treasury stock in May 2021. |
| C Accumulated other comprehensive income | <ul style="list-style-type: none"> · Exchange differences from the translation of foreign operations, which arise from translating foreign subsidiaries and associates into yen, increased by ¥2,176,948 million due to a weaker yen against the U.S. dollar and the Chinese yuan. |

Note:

1. The number of shares retired is the same as the number of shares acquired from the share repurchase (the "Share Repurchase") conducted in accordance with respective resolutions of the Board of Directors in March, May, June, and July 2020. However, because the retirement amount is calculated based on the carrying amounts, including treasury stock held by the Company prior to the Share Repurchase, the retirement amount differs from the total repurchase amount of the Share Repurchase.

(3) Overview of Cash Flows

1. Cash flows from operating activities

- ◆ Net cash inflows from operating activities of ¥2,725.5 billion; contributed to by an increase in cash inflows of ¥2,044.5 billion mainly due to the recovery of funds from the sale of investments in SB Northstar as a result of the downsizing of the business.

2. Cash flows from investing activities

- ◆ Net cash outflow of ¥3,018.7 billion from investing activities, mainly due to new investments by SVF2 and sale of investments by SVF1
- Payments for acquisition of investments by SVF1 and SVF2: ¥4,077.5 billion of which ¥3,865.8 billion was by SVF2
- Proceeds from sale of investments by SVF1 and SVF2: ¥2,221.8 billion
 - ¥1,997.6 billion by SVF1; mainly due to partial sale of its interests in listed portfolio companies including Uber, DoorDash, and Coupang
 - ¥224.2 billion by SVF2; mainly due to partial sale of its interests in KE Holdings

3. Cash flows from financing activities

- ◆ Net cash inflow of ¥602.2 billion from financing activities, due to cash inflows through various financing activities exceeding cash outflows for debt repayment, etc.
- Proceeds from interest-bearing debt: ¥12,881.0 billion
 - Proceeds from financing using assets held: ¥5,201.4 billion
Which represents the total of proceeds from asset-backed finance using shares of Alibaba, Arm, T-Mobile, Deutsche Telekom, and assets held by SVF1 and SVF2
 - Proceeds from issuance of bonds: ¥2,580.2 billion of which ¥2,269.7 billion was by SBG
- Payments for interest-bearing debt and repayment in short-term interest-bearing debt (net; cash outflow): ¥9,971.5 billion
 - Repayment of funds procured using assets held: ¥2,737.0 billion
Which represents the total of repayments for asset-backed finance using shares of Alibaba, T-Mobile, and assets held by SVF1 and SVF2
 - Redemption of corporate bonds: ¥1,267.1 billion of which ¥1,226.6 billion was by SBG
 - Repayment in short-term interest-bearing debt (net; cash outflow): ¥1,173.8 billion
- Distribution/repayment of ¥1,228.7 billion from SVF1 to third-party investors
- Purchase of treasury stock of ¥602.4 billion
- Cash dividends of ¥309.6 billion paid to non-controlling interests

(Millions of yen)

| | Fiscal year ended March 31 | | Change |
|--------------------------------------|----------------------------|-------------|-------------|
| | 2021 | 2022 | |
| Cash flows from operating activities | 557,250 | 2,725,450 | 2,168,200 |
| Cash flows from investing activities | (1,468,599) | (3,018,654) | (1,550,055) |
| Cash flows from financing activities | 2,194,077 | 602,216 | (1,591,861) |

(a) Cash Flows from Operating Activities

Cash flows from operating activities increased by ¥2,168,200 million year on year. This is mainly due to sale and recovery of investments by SB Northstar pertaining to the downsizing of its business, which had an incremental impact on cash inflows of ¥2,044,495 million.

The amount of income taxes paid (cash outflow) increased by ¥285,102 million year on year. This was mainly due to payment in the first quarter of corporate taxes on taxable income at SBGJ including gains on the sale of SoftBank Corp. shares generated in the previous fiscal year, as well as payment of withholding income tax on dividends from SBGJ to SBG. Of this, the withholding income tax was refunded in the second quarter.

(b) Cash Flows from Investing Activities
Primary components

| Components | Primary details |
|---|---|
| Payments for acquisition of investments ¥(993,490) million | <ul style="list-style-type: none"> · SoftBank Latin America Funds made new and follow-on investments totaling ¥471,398 million (\$4.19 billion). · The Company acquired preferred stock and common stock of WeWork by tender offer, completed in April 2021, for ¥101,377 million. · The unpaid acquisition price of ¥115,274 million for shares of A Holdings Corporation established through the business integration of Z Holdings Corporation and LINE Corporation was paid after the shares were acquired from non-controlling interests in the previous fiscal year. |
| Payments for acquisition of investments by SVF1 and SVF2 ¥(4,077,451) million | <ul style="list-style-type: none"> · SVF2 made new and follow-on investments totaling ¥3,865,823 million (\$34.58 billion). · SVF1 made follow-on investments totaling ¥211,628 million (\$1.89 billion). |
| Proceeds from sales of investments by SVF1 and SVF2 ¥2,221,771 million | <ul style="list-style-type: none"> · SVF1 sold a portion of its interests mainly in listed portfolio companies, including Uber, DoorDash, and Coupang. · SVF2 sold all of its interest in one portfolio company and a portion of its interests in three portfolio companies including KE Holdings. |
| Purchase of property, plant and equipment and intangible assets ¥(835,073) million | <ul style="list-style-type: none"> · SoftBank Corp. purchased telecommunications equipment. · Yahoo Japan Corporation purchased intangible assets following an execution of an agreement with Oath Holdings Inc. and other parties, with whom it had previously entered into a license agreement, to acquire trademarks in Japan related to <i>Yahoo!</i> and <i>Yahoo! JAPAN</i> etc. and paid ¥178.5 billion. |
| Proceeds from withdrawal of restricted cash ¥486,820 million | In April 2021, restricted cash (a deposit of \$3.3 billion required for the early termination of a portion of the collar contracts out of the prepaid forward contracts using Alibaba shares) recorded at the previous fiscal year-end was withdrawn. In the same month, a payment of ¥313,411 million (\$2.86 billion) was completed for the early termination, and the cash outflow associated with the transaction was recorded as “repayment of interest-bearing debt” (cash flows from financing activities). |

(c) Cash Flows from Financing Activities

Primary components

| Components | Primary details |
|---|--|
| Proceeds (repayment) in short-term interest-bearing debt, net ¥(1,173,787) million ^{*1} (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities) | <ul style="list-style-type: none"> · Short-term borrowings at SB Northstar decreased by ¥1,183,150 million (net). · SoftBank Corp.'s short-term borrowings decreased by ¥132,234 million (net). · PayPay Card Corporation and LINE Corporation issued commercial paper of ¥88,000 million (net) and ¥44,000 million (net), respectively. |
| Proceeds from interest-bearing debt (total of A through C below) ¥12,880,985 million | |
| A Proceeds from borrowings ¥8,144,423 million ^{*2} | <ul style="list-style-type: none"> · SBG made short-term borrowings of ¥2,884,276 million. · Wholly owned subsidiaries conducting fund procurement made the following borrowings. <ul style="list-style-type: none"> - ¥936,800 million (\$8.0 billion) was borrowed through asset-backed finance using Arm shares. - A total of ¥205,594 million (\$1.88 billion) was borrowed through margin loans using Alibaba shares. - ¥292,494 million (\$2.65 billion) was borrowed through margin loans and ¥138,088 million (\$1.25 billion) was borrowed through a bridge loan, both using T-Mobile shares. ¥346,265 million (€2.64 billion) was borrowed through collar transactions using Deutsche Telekom shares. · SVF1 and SVF2 borrowed ¥332,036 million (\$3.0 billion) and ¥793,769 million (\$7.0 billion) through asset-backed finance, respectively. ^{*3} · SoftBank Corp. issued commercial paper of ¥137,400 million and procured ¥1,060,199 million mainly through the securitization of installment sales receivables and sale-and-leaseback transactions. · Z Holdings Corporation borrowed ¥329,520 million. |
| B Proceeds from issuance of corporate bonds ¥2,580,245 million | <ul style="list-style-type: none"> · SBG issued domestic hybrid bonds of ¥405,000 million, foreign currency-denominated straight bonds totaling ¥814,745 million (\$3.85 billion and €2.95 billion), and domestic subordinated bonds totaling ¥1,050,000 million. · SoftBank Corp. issued domestic straight bonds of ¥210,000 million. · Z Holdings Corporation issued domestic straight bonds of ¥100,000 million. |
| C Proceeds from procurement by prepaid forward contracts using shares ¥2,156,317 million | The Company's wholly owned subsidiaries conducting fund procurement raised an aggregate amount of ¥1,876,660 million (\$16.69 billion) through prepaid forward contracts using Alibaba shares. An aggregate amount of ¥279,657 million (\$2.49 billion) was also raised through prepaid forward contracts using T-Mobile shares. |

| Components | Primary details |
|---|--|
| Repayment of interest-bearing debt (total of D through F below) ¥(8,797,688) million | |
| D Repayment of borrowings ¥(7,209,092) million ^{*2} | <ul style="list-style-type: none"> · SBG repaid short-term borrowings of ¥2,796,305 million. · SB Northstar repaid a margin loan using Alibaba shares of ¥662,820 million (\$6.0 billion). · Wholly owned subsidiaries conducting fund procurement made the followings repayments. <ul style="list-style-type: none"> - In margin loans using Alibaba shares, existing borrowings of \$10.0 billion was repaid and \$6.0 billion was newly borrowed in the third quarter. As the settlement was made on a net basis, ¥454,680 million (\$4.0 billion) was recorded as a cash outflow for repayment of borrowings. - A margin loan using T-Mobile shares of ¥483,772 million (\$4.38 billion), which was borrowed in the previous fiscal year, was repaid early. A bridge loan of ¥142,000 million (\$1.25 billion) borrowed in the second quarter, was also repaid. In addition, a margin loan of ¥68,503 million (\$0.59 billion) was repaid using \$0.68 billion raised through prepaid forward contracts (collar contracts) concluded in the fourth quarter. · SVF1 and SVF2 repaid ¥495,760 million (\$4.28 billion) and ¥107,879 million (\$0.97 billion), respectively, in borrowings made through asset-backed finance. ^{*3} · SoftBank Corp. repaid ¥127,700 million in commercial paper and ¥899,392 million in borrowings made mainly through the securitization of installment sales receivables and sale-and-leaseback transactions. · Z Holdings Corp. repaid ¥204,550 million in borrowings. |
| E Redemption of corporate bonds ¥(1,267,059) million | SBG redeemed domestic hybrid bonds of ¥455,600 million and domestic subordinated bonds totaling ¥765,969 million. |
| F Payment of settlement of prepaid forward contracts ¥(321,537) million | The Company paid ¥313,411 million (\$2.86 billion) in connection with early termination of a portion of the collar contracts among the prepaid forward contracts using Alibaba shares in April 2021. |
| Distribution/repayment from SVF1 to third-party investors ¥(1,228,703) million | SVF1 made distributions to third-party investors. |
| Purchase of treasury stock ¥(602,361) million | SBG repurchased 25,980,400 of its own shares for ¥257,777 million from April 1 to May 12, 2021 in accordance with a Board resolution on July 30, 2020, completing the share repurchase under that resolution. In addition, SBG repurchased 67,257,900 of its own shares for ¥344,573 million from November 10, 2021 to March 24, 2022 in accordance with a Board resolution on November 8, 2021 to repurchase its own shares up to ¥1 trillion. |
| Cash dividends paid to non-controlling interests ¥(309,649) million | SoftBank Corp., A Holdings Corporation, and Z Holdings Corporation paid dividends to non-controlling interests. |

Notes:

1. "Proceeds (repayment) 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 ¥4,152,853 million and outlays of ¥4,097,720 million related to borrowings with a contracted term of one year or less.
3. For financing at SVF1 and SVF2, see "Financing at SoftBank Vision Funds" under "OVERVIEW" in "(b) SoftBank Vision Funds Segment" in "b. Results by Segment" in "1. Results of Operations."

(4) Forecasts

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

Notes regarding “1. Overview of Results of Operations”

- 1 The ratio of liabilities to holding assets, calculated as adjusted net interest-bearing debt divided by equity value of holdings. The Company strives to maintain this ratio below 25% in normal times in financial markets, with an upper threshold of 35% in times of emergency. Equity value of holdings and adjusted net interest-bearing debt each exclude amounts to be settled at maturity or borrowings that are part of asset-backed finance. The calculation of adjusted net interest-bearing debt also excludes interest-bearing debt and cash and cash equivalents, etc. attributable to entities managed on a self-financing basis such as SoftBank Corp. (including its subsidiaries such as Z Holdings Corporation), SoftBank Vision Fund 1, SoftBank Vision Fund 2, SoftBank Latin America Funds, Arm, and PayPay Corporation, as well as SB Northstar, an asset management subsidiary.
- 2 Includes a share exchange. In the first quarter, SVF1 exchanged all of its shares in PT Tokopedia (“Tokopedia”) for shares in GoTo, a newly formed company as a result of a merger between Tokopedia and PT Aplikasi Karya Anak Bangsa. This share exchange is treated as a full exit (entire sale) from the investment and an acquisition of a new investment, 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.
- 3 Interest expenses of SBG include interest expenses of its wholly owned subsidiaries conducting fund procurement.
- 4 The Company applied the equity method to Alibaba’s consolidated financial statements (the Company’s economic interests in Alibaba as of December 31, 2021: 24.28%) for each reporting period on a three-month time lag because it is impractical to align reporting periods with Alibaba due to contracts with the company, among others. Necessary adjustments are made to reflect significant transactions and events announced by Alibaba during the period on a three-month time lag.
- 5 As of the fiscal year-end, only Masayoshi Son, SBG’s Representative Director, Corporate Officer, Chairman & CEO, invests in MgmtCo. Participation by members of management other than Masayoshi Son was undecided as of April 30, 2022; however, such participation is planned for the future.
- 6 For the nature of equity and preferred equity, see “(1) Introduction of Co-investment Program with Restricted Right to Receive Distributions and Preferred Equity to SVF2” under “4. SoftBank Vision Funds business” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”
- 7 As of the fiscal year-end, none of the investment amounts from MgmtCo has been paid.
- 8 SVF2 LLC’s receivables include the transaction amounts incurred in connection with the acceptance of MgmtCo’s capital contribution. Such transaction amounts include (i) MgmtCo’s interest of 17.25% of the aggregate of the initial acquisition cost of investments held by SVF2 LLC and amounts of contributions made by the Company to SVF2 to meet other costs, (ii) increase in fair market value of the investments from its initial acquisition cost at SVF2 to June 30, 2021 multiplied by MgmtCo’s interest of 17.25%, and (iii) adjustments equivalent to the interest incurred for the period from the Company’s contribution to SVF2 until June 30, 2021.
- 9 For investments outside the scope of the co-investment program, see the Data Sheets in “Materials” under “Earnings Results Briefing” on the Company’s website at <https://group.softbank/en/ir/presentations/>.
- 10 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 11 After deducting transaction fees, etc.
- 12 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the 12-month period ended December 31, 2021, as reported by licensees in royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the royalty unit analysis for the fiscal year is based on chips shipped for ended December 31, 2021. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates. In the fourth quarter, previously announced royalty unit data has been restated based on information received by Arm from its licensees.
- 13 Includes a SPAC invested but not sponsored by the Company
- 14 In addition to the Company’s commitment, a co-investment program of employees involved in the management of SBLAF1 committed \$7 million to the fund. The program ended in the fourth quarter after distributing to employees.
- 15 For SBLAF1, investments in unlisted companies made on or after June 24, 2021 are subject to these.

2. Basic Approach to the Selection of Accounting Standards

The Company adopts International Financial Reporting Standards (IFRSs).

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2022

(Specified subsidiary (one entity) excluded from the scope of consolidation)

On June 21, 2021, the Company sold the majority of shares in Boston Dynamics, Inc. (“Boston Dynamics”) held by the Company through a wholly-owned subsidiary to Hyundai Motor Company and its affiliates (collectively, the “Hyundai Motor Group”) and Euisun Chung, Chairman of Hyundai Motor Group. On the same date, Hyundai Motor Group and Euisun Chung subscribed for additional shares of Boston Dynamics. Upon completion of the transaction, Boston Dynamics, which was a specified subsidiary of the Company, was no longer considered as a subsidiary of the Company. The details are described in “Note 7. Disposal group classified as held for sale” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

(2) Changes in Accounting Estimates

(Reversal of impairment losses on equity method investments)

Reversal of impairment losses on equity method investments was recorded for the equity method investment in WeWork Inc., an equity method associate of the Company. The details are described in “Notes 4” in “Note 17. Other gain” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

4. Consolidated Financial Statements and Primary Notes

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

Company names and abbreviations used in the 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 |
| SVF1 | SoftBank Vision Fund L.P. and its alternative investment vehicles |
| SVF2 | SoftBank Vision Fund II-2 L.P. and its alternative investment vehicles |
| SVF2 LLC | SVF II Investment Holdings LLC |
| SBIA | SB Investment Advisers (UK) Limited |
| SBGA | SB Global Advisers Limited |
| Arm | Arm Limited |
| SoftBank Latin America Funds | SBLA Latin America Fund LLC |
| Fortress | Fortress Investment Group LLC |
| Sprint | Sprint Corporation |
| Alibaba | Alibaba Group Holding Limited |
| WeWork | WeWork Inc. |
| MgmtCo | MASA USA LLC |

From the three-month period ended June 30, 2021, the account of consolidated statement of cash flows has been changed as follows:

Consolidated Statement of Cash Flows

| Previous | Current |
|--|---|
| Proceeds from sales of investments by SVF1 | Proceeds from sales of investments by SVF1 and SVF2 |

From the three-month period ended September 30, 2021, the names of accounts and a reportable segment have been changed as follows:

Consolidated Statement of Financial Position

| Previous | Current |
|-------------------------------|--|
| Third-party interests in SVF1 | Third-party interests in SVF1 and SVF2 |

Consolidated Statement of Income

| Previous | Current |
|---|--|
| Change in third-party interests in SVF1 | Change in third-party interests in SVF1 and SVF2 |

Consolidated Statement of Cash Flows

| Previous | Current |
|---|--|
| Change in third-party interests in SVF1 | Change in third-party interests in SVF1 and SVF2 |

Segment information

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

(1) Consolidated Statement of Financial Position

| | As of March 31, 2021 | (Millions of yen) As of March 31, 2022 |
|---|-------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 4,662,725 | 5,169,001 |
| Trade and other receivables | 2,216,434 | 2,361,149 |
| Investments from asset management subsidiaries | 658,227 | 158,094 |
| Securities pledged as collateral in asset management subsidiaries | 1,427,286 | 1,927 |
| Derivative financial assets in asset management subsidiaries | 188,056 | 48,466 |
| Derivative financial assets | 383,315 | 1,050,446 |
| Other financial assets | 671,907 | 762,638 |
| Inventories | 126,830 | 142,767 |
| Other current assets | 446,739 | 334,101 |
| Subtotal | 10,781,519 | 10,028,589 |
| Assets classified as held for sale | 38,647 | - |
| Total current assets | 10,820,166 | 10,028,589 |
| Non-current assets | | |
| Property, plant and equipment | 1,668,578 | 1,842,749 |
| Right-of-use assets | 1,147,020 | 914,743 |
| Goodwill | 4,684,419 | 4,897,913 |
| Intangible assets | 2,308,370 | 2,427,580 |
| Costs to obtain contracts | 246,996 | 330,899 |
| Investments accounted for using the equity method | 4,349,971 | 5,234,519 |
| Investments from SVF1 and SVF2 accounted for using FVTPL | 13,646,774 | 13,766,391 |
| Investment securities | 3,706,784 | 4,208,567 |
| Derivative financial assets | 908,660 | 1,333,787 |
| Other financial assets | 1,919,262 | 2,250,640 |
| Deferred tax assets | 206,069 | 163,255 |
| Other non-current assets | 137,384 | 145,038 |
| Total non-current assets | 34,930,287 | 37,516,081 |
| Total assets | 45,750,453 | 47,544,670 |

| | As of March 31, 2021 | (Millions of yen) As of March 31, 2022 |
|--|--------------------------|--|
| Liabilities and equity | | |
| Current liabilities | | |
| Interest-bearing debt | 7,735,239 | 7,328,862 |
| Lease liabilities | 307,447 | 240,241 |
| Deposits for banking business | 1,109,240 | 1,331,385 |
| Trade and other payables | 1,970,275 | 1,968,864 |
| Derivative financial liabilities | 322,213 | 119,592 |
| Other financial liabilities | 65,958 | 554,814 |
| Income taxes payable | 391,930 | 183,388 |
| Provisions | 24,939 | 34,056 |
| Other current liabilities | 952,443 | 620,260 |
| Subtotal | <u>12,879,684</u> | <u>12,381,462</u> |
| Liabilities directly relating to assets classified as held for sale | 11,271 | - |
| Total current liabilities | <u>12,890,955</u> | <u>12,381,462</u> |
| Non-current liabilities | | |
| Interest-bearing debt | 10,777,736 | 14,128,570 |
| Lease liabilities | 727,554 | 625,907 |
| Third-party interests in SVF1 and SVF2 | 6,601,791 | 5,559,835 |
| Derivative financial liabilities | 32,692 | 174,003 |
| Other financial liabilities | 415,407 | 210,512 |
| Provisions | 110,586 | 107,961 |
| Deferred tax liabilities | 2,030,651 | 2,436,034 |
| Other non-current liabilities | 207,488 | 212,624 |
| Total non-current liabilities | <u>20,903,905</u> | <u>23,455,446</u> |
| Total liabilities | <u>33,794,860</u> | <u>35,836,908</u> |
| Equity | | |
| Equity attributable to owners of the parent | | |
| Common stock | 238,772 | 238,772 |
| Capital surplus | 2,618,504 | 2,634,574 |
| Other equity instruments | 496,876 | 496,876 |
| Retained earnings | 8,810,422 | 4,515,704 |
| Treasury stock | (2,290,077) | (406,410) |
| Accumulated other comprehensive income | 338,329 | 2,496,158 |
| Subtotal | <u>10,212,826</u> | <u>9,975,674</u> |
| Accumulated other comprehensive income directly relating to assets classified as held for sale | 267 | - |
| Total equity attributable to owners of the parent | <u>10,213,093</u> | <u>9,975,674</u> |
| Non-controlling interests | <u>1,742,500</u> | <u>1,732,088</u> |
| Total equity | <u>11,955,593</u> | <u>11,707,762</u> |
| Total liabilities and equity | <u><u>45,750,453</u></u> | <u><u>47,544,670</u></u> |

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

Consolidated Statement of Income

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Continuing operations | | |
| Net sales | 5,628,167 | 6,221,534 |
| Cost of sales | (2,753,238) | (2,955,960) |
| Gross profit | 2,874,929 | 3,265,574 |
| Gain on investments | | |
| Gain on investments at Investment Business of Holding Companies | 945,944 | 104,362 |
| Gain (loss) on investments at SVF1, SVF2, and others | 6,292,024 | (3,738,825) |
| Gain on investments at Latin America Funds | 196,556 | 111,070 |
| Gain on other investments | 94,482 | 88,651 |
| Total gain on investments | 7,529,006 | (3,434,742) |
| Selling, general and administrative expenses | (2,271,497) | (2,551,722) |
| Finance cost | (307,250) | (382,512) |
| Foreign exchange loss | (137,166) | (706,111) |
| Income on equity method investments | 616,432 | 341,385 |
| Derivative gain (loss) (excluding gain (loss) on investments) | (480,251) | 1,234,708 |
| Change in third-party interests in SVF1 and SVF2 | (2,246,417) | 972,674 |
| Other gain | 92,670 | 391,184 |
| Income before income tax | 5,670,456 | (869,562) |
| Income taxes | (1,303,168) | (592,637) |
| Net income from continuing operations | 4,367,288 | (1,462,199) |
| Discontinued operations | | |
| Net income from discontinued operations | 710,948 | - |
| Net income | 5,078,236 | (1,462,199) |
| Net income attributable to | | |
| Owners of the parent | 4,987,962 | (1,708,029) |
| Net income from continuing operations | 4,276,729 | (1,708,029) |
| Net income from discontinued operations | 711,233 | - |
| Non-controlling interests | 90,274 | 245,830 |
| Net income from continuing operations | 90,559 | 245,830 |
| Net income from discontinued operations | (285) | - |
| Net income | 5,078,236 | (1,462,199) |
| Earnings per share | | |
| Basic earnings per share (Yen) | | |
| Continuing operations | 2,243.80 | (1,018.58) |
| Discontinued operations | 375.81 | - |
| Total basic earnings per share | 2,619.61 | (1,018.58) |
| Diluted earnings per share (Yen) | | |
| Continuing operations | 2,062.55 | (1,025.67) |
| Discontinued operations | 374.74 | - |
| Total diluted earnings per share | 2,437.29 | (1,025.67) |

Consolidated Statement of Comprehensive Income

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Net income | 5,078,236 | (1,462,199) |
| Other comprehensive income, net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plan | (40) | (114) |
| Equity financial assets at FVTOCI | 29,495 | 30,327 |
| Total items that will not be reclassified to profit or loss | 29,455 | 30,213 |
| Items that may be reclassified subsequently to profit or loss | | |
| Debt financial assets at FVTOCI | 554 | (1,378) |
| Cash flow hedges | 33,775 | (40,962) |
| Exchange differences on translating foreign operations | 502,085 | 2,217,469 |
| Share of other comprehensive income of associates | (65,861) | (51,932) |
| Total items that may be reclassified subsequently to profit or loss | 470,553 | 2,123,197 |
| Total other comprehensive income, net of tax | 500,008 | 2,153,410 |
| Total comprehensive income | 5,578,244 | 691,211 |
| Total comprehensive income | | |
| Comprehensive income from continuing operations | 5,070,088 | 691,211 |
| Comprehensive income from discontinued operations | 508,156 | - |
| Total comprehensive income attributable to | | |
| Owners of the parent | 5,482,739 | 449,419 |
| Comprehensive income from continuing operations | 4,974,298 | 449,419 |
| Comprehensive income from discontinued operations | 508,441 | - |
| Non-controlling interests | 95,505 | 241,792 |
| Total comprehensive income | 5,578,244 | 691,211 |

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2021

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | | |
|---|---|------------------|--------------------------|-------------------|--------------------|--|-------------------|
| | Common stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Accumulated other comprehensive income | Subtotal |
| As of April 1, 2020 | 238,772 | 1,490,325 | 496,876 | 3,945,820 | (101,616) | (362,259) | 5,707,918 |
| Comprehensive income | | | | | | | |
| Net income | - | - | - | 4,987,962 | - | - | 4,987,962 |
| Other comprehensive income | - | - | - | - | - | 700,472 | 700,472 |
| Total comprehensive income | - | - | - | 4,987,962 | - | 700,472 | 5,688,434 |
| Transactions with owners and other transactions | | | | | | | |
| Cash dividends | - | - | - | (86,841) | - | - | (86,841) |
| Distribution to owners of other equity instruments | - | - | - | (30,139) | - | - | (30,139) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | (383) | - | 383 | - |
| Purchase and disposal of treasury stock | - | - | - | (2,452) | (2,188,461) | - | (2,190,913) |
| Changes from business combination | - | - | - | - | - | - | - |
| Changes from loss of control | - | - | - | - | - | - | - |
| Changes in interests in subsidiaries | - | 1,126,469 | - | - | - | - | 1,126,469 |
| Changes in associates' interests in their subsidiaries | - | 4,794 | - | - | - | - | 4,794 |
| Share-based payment transactions | - | (3,278) | - | - | - | - | (3,278) |
| Transfer of accumulated other comprehensive income held for sale | - | - | - | - | - | (267) | (267) |
| Other | - | 194 | - | (3,545) | - | - | (3,351) |
| Total transactions with owners and other transactions | - | 1,128,179 | - | (123,360) | (2,188,461) | 116 | (1,183,526) |
| As of March 31, 2021 | <u>238,772</u> | <u>2,618,504</u> | <u>496,876</u> | <u>8,810,422</u> | <u>(2,290,077)</u> | <u>338,329</u> | <u>10,212,826</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 |
| As of April 1, 2020 | 205,695 | 5,913,613 | 1,459,304 | 7,372,917 |
| Comprehensive income | | | | |
| Net income | - | 4,987,962 | 90,274 | 5,078,236 |
| Other comprehensive income | (205,695) | 494,777 | 5,231 | 500,008 |
| Total comprehensive income | (205,695) | 5,482,739 | 95,505 | 5,578,244 |
| Transactions with owners and other transactions | | | | |
| Cash dividends | - | (86,841) | (219,698) | (306,539) |
| Distribution to owners of other equity instruments | - | (30,139) | - | (30,139) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | - |
| Purchase and disposal of treasury stock | - | (2,190,913) | - | (2,190,913) |
| Changes from business combination | - | - | 265,219 | 265,219 |
| Changes from loss of control | - | - | (424,226) | (424,226) |
| Changes in interests in subsidiaries | - | 1,126,469 | 559,955 | 1,686,424 |
| Changes in associates' interests in their subsidiaries | - | 4,794 | - | 4,794 |
| Share-based payment transactions | - | (3,278) | 3,777 | 499 |
| Transfer of accumulated other comprehensive income held for sale | 267 | - | - | - |
| Other | - | (3,351) | 2,664 | (687) |
| Total transactions with owners and other transactions | 267 | (1,183,259) | 187,691 | (995,568) |
| As of March 31, 2021 | 267 | 10,213,093 | 1,742,500 | 11,955,593 |

For the fiscal year ended March 31, 2022

(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 | |
| As of April 1, 2021 | 238,772 | 2,618,504 | 496,876 | 8,810,422 | (2,290,077) | 338,329 | 10,212,826 |
| Comprehensive income | | | | | | | |
| Net income | - | - | - | (1,708,029) | - | - | (1,708,029) |
| Other comprehensive income | - | - | - | - | - | 2,157,715 | 2,157,715 |
| Total comprehensive income | - | - | - | (1,708,029) | - | 2,157,715 | 449,686 |
| Transactions with owners and other transactions | | | | | | | |
| Cash dividends | - | - | - | (75,947) | - | - | (75,947) |
| Distribution to owners of other equity instruments | - | - | - | (32,043) | - | - | (32,043) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | (114) | - | 114 | - |
| Purchase and disposal of treasury stock | - | - | - | (2,768) | (592,150) | - | (594,918) |
| Retirement of treasury stock | - | - | - | (2,475,817) | 2,475,817 | - | - |
| Changes from loss of control | - | - | - | - | - | - | - |
| Changes in interests in subsidiaries | - | 15,897 | - | - | - | - | 15,897 |
| Changes in associates' interests in their subsidiaries | - | (1,489) | - | - | - | - | (1,489) |
| Share-based payment transactions | - | 1,605 | - | - | - | - | 1,605 |
| Other | - | 57 | - | - | - | - | 57 |
| Total transactions with owners and other transactions | - | 16,070 | - | (2,586,689) | 1,883,667 | 114 | (686,838) |
| As of March 31, 2022 | 238,772 | 2,634,574 | 496,876 | 4,515,704 | (406,410) | 2,496,158 | 9,975,674 |

(Millions of yen)

| | Equity attributable to owners of the parent | | | |
|---|--|-------------|---------------------------|--------------|
| | Accumulated other comprehensive income directly relating to assets classified as held for sale | Total | Non-controlling interests | Total equity |
| As of April 1, 2021 | 267 | 10,213,093 | 1,742,500 | 11,955,593 |
| Comprehensive income | | | | |
| Net income | - | (1,708,029) | 245,830 | (1,462,199) |
| Other comprehensive income | (267) | 2,157,448 | (4,038) | 2,153,410 |
| Total comprehensive income | (267) | 449,419 | 241,792 | 691,211 |
| Transactions with owners and other transactions | | | | |
| Cash dividends | - | (75,947) | (303,172) | (379,119) |
| Distribution to owners of other equity instruments | - | (32,043) | - | (32,043) |
| Transfer of accumulated other comprehensive income to retained earnings | - | - | - | - |
| Purchase and disposal of treasury stock | - | (594,918) | - | (594,918) |
| Retirement of treasury stock | - | - | - | - |
| Changes from loss of control | - | - | (18,156) | (18,156) |
| Changes in interests in subsidiaries | - | 15,897 | 38,013 | 53,910 |
| Changes in associates' interests in their subsidiaries | - | (1,489) | - | (1,489) |
| Share-based payment transactions | - | 1,605 | 26,221 | 27,826 |
| Other | - | 57 | 4,890 | 4,947 |
| Total transactions with owners and other transactions | - | (686,838) | (252,204) | (939,042) |
| As of March 31, 2022 | - | 9,975,674 | 1,732,088 | 11,707,762 |

(4) Consolidated Statement of Cash Flows

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Cash flows from operating activities | | |
| Net income from continuing operations | 4,367,288 | (1,462,199) |
| Net income from discontinued operations | 710,948 | - |
| Net income | 5,078,236 | (1,462,199) |
| Depreciation and amortization | 851,316 | 852,424 |
| Gain on investments at Investment Business of Holding Companies | (1,441,509) | (237,702) |
| (Gain) loss on investments at SVF1, SVF2, and others | (6,292,024) | 3,738,825 |
| Gain on investments at Latin America Funds | (196,556) | (111,070) |
| Finance cost | 309,294 | 382,512 |
| Foreign exchange loss | 137,166 | 706,111 |
| Income on equity method investments | (616,177) | (341,385) |
| Derivative loss (gain) (excluding (gain) loss on investments) | 480,184 | (1,234,708) |
| Change in third-party interests in SVF1 and SVF2 | 2,246,417 | (972,674) |
| Gain on other investments and other gain | (171,759) | (479,835) |
| Income taxes | 1,305,251 | 592,637 |
| Decrease in investments from asset management subsidiaries | 1,631,430 | 514,478 |
| Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries | (168,405) | 136,989 |
| (Increase) decrease in securities pledged as collateral in asset management subsidiaries | (1,351,311) | 1,423,990 |
| Increase in borrowed securities in asset management subsidiaries | 14,235 | 106,512 |
| Increase in trade and other receivables | (288,416) | (406,313) |
| Decrease (increase) in inventories | 6,276 | (11,623) |
| Increase in trade and other payables | 199,064 | 295,202 |
| Gain relating to loss of control over discontinued operations | (722,004) | - |
| Other | 108,467 | 167,125 |
| Subtotal | 1,119,175 | 3,659,296 |
| Interest and dividends received | 27,639 | 37,260 |
| Interest paid | (265,104) | (381,770) |
| Income taxes paid | (588,615) | (873,717) |
| Income taxes refunded | 264,155 | 284,381 |
| Net cash provided by operating activities | 557,250 | 2,725,450 |

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Cash flows from investing activities | | |
| Payments for acquisition of investments | (4,186,663) | (993,490) |
| Proceeds from sales/redemption of investments | 3,845,787 | 430,168 |
| Payments for acquisition of investments by SVF1 and SVF2 | (856,608) | (4,077,451) |
| Proceeds from sales of investments by SVF1 and SVF2 | 856,408 | 2,221,771 |
| Payments for acquisition of investments by asset management subsidiaries | (95,616) | (155,515) |
| Proceeds from acquisition of control over subsidiaries | 312,791 | 890 |
| Proceeds from loss of control over subsidiaries | 30,106 | 143,079 |
| Payments for acquisition of marketable securities for short-term trading | (107,890) | (118,600) |
| Proceeds from sales/redemption of marketable securities for short-term trading | 257,255 | 118,219 |
| Purchase of property, plant and equipment, and intangible assets | (646,888) | (835,073) |
| Payments for loan receivables | (293,669) | (132,247) |
| Collection of loan receivables | 42,970 | 84,997 |
| Payments into restricted cash | (351,343) | (131,936) |
| Proceeds from withdrawal of restricted cash | 11,031 | 486,820 |
| Payments into trust accounts in SPACs | (350,990) | (5,500) |
| Other | 64,720 | (54,786) |
| Net cash used in investing activities | (1,468,599) | (3,018,654) |
| Cash flows from financing activities | | |
| Proceeds (repayment) in short-term interest-bearing debt, net | 1,575,327 | (1,173,787) |
| Proceeds from interest-bearing debt | 7,965,114 | 12,880,985 |
| Repayment of interest-bearing debt | (5,790,901) | (8,797,688) |
| Repayment of lease liabilities | (402,257) | (330,276) |
| Contributions into SVF1 from third-party investors | 979,266 | 277,824 |
| Distribution/repayment from SVF1 to third-party investors | (1,362,066) | (1,228,703) |
| Proceeds from non-controlling interests subject to possible redemption | 345,466 | 5,500 |
| Proceeds from the partial sales of shares of subsidiaries to non-controlling interests | 1,552,957 | 458 |
| Purchase of shares of subsidiaries from non-controlling interests | (101,222) | (46,592) |
| Distribution to owners of other equity instruments | (30,139) | (32,043) |
| Purchase of treasury stock | (2,226,229) | (602,361) |
| Cash dividends paid | (86,760) | (75,847) |
| Cash dividends paid to non-controlling interests | (220,313) | (309,649) |
| Other | (4,166) | 34,395 |
| Net cash provided by financing activities | 2,194,077 | 602,216 |
| Effect of exchange rate changes on cash and cash equivalents | 12,230 | 197,264 |
| Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale | (1,248) | - |
| Increase in cash and cash equivalents | 1,293,710 | 506,276 |
| Cash and cash equivalents at the beginning of the year | 3,369,015 | 4,662,725 |
| Cash and cash equivalents at the end of the year | 4,662,725 | 5,169,001 |

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Consolidated Financial Statements

1. Changes in presentation

(Consolidated statement of financial position)

“Derivative financial assets (current),” which was included in “Other financial assets (current)” in the past fiscal year, is separately presented for the fiscal year ended March 31, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥383,315 million, which was included in “Other financial assets (current)” as of March 31, 2021, is reclassified as “Derivative financial assets (current).”

(Consolidated statement of income and consolidated statement of comprehensive income)

- a. “Gain on investments at Latin America Funds,” which was included in “Gain on other investments” in the past fiscal year, is separately presented for the fiscal year ended March 31, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥196,556 million, which was included in “Gain on other investments” for the fiscal year ended March 31, 2021, is reclassified as “Gain on investments at Latin America Funds.” The details of Latin America Funds are described in “Note 3. Segment information.”
- b. “Foreign exchange loss,” which was included in “Other loss” in the past fiscal year, is separately presented for the fiscal year ended March 31, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥(137,166) million, which was included in “Other loss” for the fiscal year ended March 31, 2021, is reclassified as “Foreign exchange loss.”

(Consolidated statement of cash flows)

- a. “Gain on investments at Latin America Funds” and “Foreign exchange loss,” which were included in “Gain on other investments and other loss” under cash flows from operating activities in the past fiscal year, are separately presented for the fiscal year ended March 31, 2022 since the amounts increased and became significant. In order to reflect the changes in presentation, ¥(196,556) million and ¥137,166 million, which were included in “Gain on other investments and other loss” for the fiscal year ended March 31, 2021, are reclassified as “Gain on investments at Latin America Funds” and “Foreign exchange loss,” respectively. In addition, “Increase in borrowed securities in asset management subsidiaries,” which was included in “Other” under cash flows from operating activities in the past fiscal year, is separately presented for the fiscal year ended March 31, 2022 since the amount increased and became significant. In order to reflect the change in presentation, ¥14,235 million, which was included in “Other” for the fiscal year ended March 31, 2021, is reclassified as “Increase in borrowed securities in asset management subsidiaries.”
- b. “Proceeds from loss of control over subsidiaries” and “Proceeds from withdrawal of restricted cash,” which were included in “Other” under cash flows from investing activities in the past fiscal year, are separately presented for the fiscal year ended March 31, 2022 since the amounts increased and became significant. In order to reflect the changes in presentation, ¥30,106 million and ¥11,031 million, which were included in “Other” for the fiscal year ended March 31, 2021, are reclassified as “Proceeds from loss of control over subsidiaries” and “Proceeds from withdrawal of restricted cash,” respectively.

2. Significant accounting policies

(1) Significant accounting policies for the SoftBank Vision 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 their respective general partners which are wholly-owned subsidiaries of the Company (SVF2 owns limited liability companies including SVF2 LLC) as its subsidiaries and by their forms of organization, qualify as structured entities. SVF1 and SVF2 are consolidated by the Company for the following reasons.

As of March 31, 2022, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF2 was previously managed by SBIA and has been managed by SBGA since September 2021. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and SBGA receives performance-linked management fees. The Company receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2.

Inter-company transactions such as management fees and performance fees to SBIA and management fees and performance-linked management fees to SBGA paid or to be paid, as applicable, from SVF1 or 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 and SVF2, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company’s consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1 and SVF2 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 “Investments in Associates and Joint Ventures” and presented as “Investments from SVF1 and SVF2 accounted for using FVTPL” in the 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 and SVF2” under cash flows from investing activities in the consolidated statement of cash flows.

If the investments in associates and joint ventures that were transferred from SoftBank Group Corp. and its subsidiaries to SVF1 or SVF2 were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1 or SVF2 and presented as “Investments accounted for using the equity method” in the consolidated statements of financial position. Gain and loss on the investments which were recognized in SVF1 or SVF2 are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as “Income (loss) on equity method investments” in the consolidated statements of income.

(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 consolidated statement of financial position and the consolidated statement of cash flows are the same as the above “(b) Investments in associates and joint ventures.”

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

The Company introduced a co-investment program with restricted rights to receive distributions to SVF2 in August 2021. Accordingly, SVF Investors other than the Company have invested in SVF2 for the purpose of the program since the three-month period ended September 30, 2021. The details are described in “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2” under “Note 4. SoftBank Vision Funds business.”

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

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

Third-Party Investor in SVF2 is entitled to make full or partial payment of their investment and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC to the end of company life of SVF2 LLC, and as of March 31, 2022, the Company has recognized receivables from Third-Party Investor. The receivables are included in “Other financial assets (non-current)” in the consolidated statement of financial position.

“Third-party interests in SVF1 and SVF2” fluctuates due to the results of SVF1 and SVF2 in addition to contributions from Third-Party Investors, and distributions and repayments of investments to Third-Party Investors, respectively. The fluctuations due to the results of SVF1 and SVF2 are presented as “Change in third-party interests in SVF1 and SVF2” in the 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 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 consolidated statement of cash flows. No cash contributions into SVF2 from Third-Party Investor and no cash distribution/repayment from SVF2 to Third-Party Investor were made as of March 31, 2022.

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

(b) Contribution from the Company

Contributions to SVF1 and SVF2 from the Company 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, credit transactions, and others for diversification of the assets held and management of surplus funds. “The asset management subsidiary” described in the 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 in securities made by SB Northstar (except for investments in associates accounted for using the equity method) 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 “Financial Instruments” and presented as “Investments from assets management subsidiaries” under current assets in the 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 gains and losses arising from changes in fair value and dividend income are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the 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 consolidated statement of cash flows. Of the investments in associates of the Company made by SB Northstar, investments in associates accounted for using the equity method are included in “Investments accounted for using the equity method” in the consolidated statement of financial position.

The investments in convertible bonds and others made by SB Northstar are accounted for as financial assets at FVTPL and are included in “Other financial assets (non-current)” in the consolidated statement of financial position. Valuation gains and losses arising from changes in fair value and dividend income are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the consolidated statement of income. In addition, payments for acquisition of convertible bonds and others made by SB Northstar are presented as “Payments for acquisition of investments by asset management subsidiaries (cash flows from investing activities)” in the consolidated statement of cash flows.

b. Securities pledged as collateral in the asset management subsidiary

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 presented as “Securities pledged as collateral in asset management subsidiaries” in the consolidated statement of financial position. In addition, changes in 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 consolidated statement of cash flows.

c. 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 consolidated financial position and changes in restricted cash in SB Northstar are included under cash flows from operating activities in the 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 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, changes in margin deposits in SB Northstar are included under cash flows from operating activities in the 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 “Financial Instruments.” Therefore, they are accounted for as financial instruments at FVTPL and included in “Other financial liabilities (current)” in the consolidated statement of financial position. At initial recognition and subsequent to initial recognition, they are measured at fair value and valuation gains and losses arising from changes in fair value are included in “Gain (loss) on investments at Investment Business of Holding Companies” in the consolidated statement of income. In addition, changes in borrowed securities in SB Northstar are included under cash flows from operating activities in the consolidated statement of cash flows.

3. 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, 2021, the Company had four reportable segments, the Investment Business of Holding Companies segment, the SoftBank Vision Funds segment, the SoftBank segment, and the Arm segment. The Latin America Funds segment previously included in "Other" has been added to the reportable segments from the three-month period ended June 30, 2021 since the materiality has increased. The SVF1 and Other SBIA-Managed Funds segment was renamed to the SoftBank Vision Funds segment from the three-month period ended September 30, 2021.

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 ("SBGC"), SoftBank Group Japan Corporation, 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, credit transactions, and others for diversification of the assets held and management of surplus funds. Gain and loss on investments at Investment Business of Holding Companies consist of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries including dividend income from subsidiaries and impairment loss on investments in subsidiaries are excluded.

The SoftBank Vision Funds segment conducts, mainly through SVF1 and SVF2, investment activities in a wide range of technology sectors. Primarily, gain and loss on investments at SVF1, SVF2, and others 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 services, sale of mobile devices, broadband services, and solution services in Japan, and through Yahoo Japan Corporation and Line Corporation, internet advertising and e-commerce services.

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

The Latin America Funds segment conducts, mainly through SoftBank Latin America Funds, investment activities all over the Latin America region. Primarily, gain and loss on investments at the Latin America Funds consist of gain and loss arising from investments held by SoftBank Latin America Funds. In addition, from the three-month period ending June 30, 2022, as a result of the revision for its segment classifications, the Latin America Funds segment will be integrated into the "SoftBank Vision Funds Segment" since SoftBank Latin America Funds will be managed by SBGA, which manages SVF2.

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

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

Segment information for the fiscal year ended March 31, 2021 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.” As in the consolidated statement of income, “Gain (loss) on investments” included in segment income includes realized gain and loss from investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

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

For the fiscal year ended March 31, 2021

(Millions of yen)

| | Reportable segments | | | | |
|---|---|--------------------------|-----------------|--------------|------------------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds | SoftBank | Arm | Latin America Funds |
| Net sales | | | | | |
| Customers | - | - | 5,190,976 | 208,917 | - |
| Intersegment | - | - | 13,374 | 931 | - |
| Total | - | - | 5,204,350 | 209,848 | - |
| Segment income | 760,927 | 4,026,823 | 847,933 | (33,873) | 188,674 |
| Depreciation and amortization | (2,304) | (535) | (729,914) | (71,225) | (111) |
| Gain (loss) on investments | 946,107 | 6,357,462 | 1,433 | 364 | 196,556 |
| Finance cost | (218,604) | (10,419) | (64,322) | (1,044) | (410) |
| Foreign exchange gain (loss) | (140,223) | 200 | 708 | - | 50 |
| Income (loss) on equity method investments | 601,364 | - | (45,048) | 1,958 | - |
| Derivative gain (loss) (excluding gain (loss) on investments) | (477,536) | - | 410 | 847 | - |
| | Total | Other | Reconciliations | Consolidated | |
| Net sales | | | | | |
| Customers | 5,399,893 | 228,274 | - | 5,628,167 | |
| Intersegment | 14,305 | 10,500 | (24,805) | - | |
| Total | 5,414,198 | 238,774 | (24,805) | 5,628,167 | |
| Segment income | 5,790,484 | (96,049) | (23,979) | 5,670,456 | |
| Depreciation and amortization | (804,089) | (42,843) | - | (846,932) | |
| Gain (loss) on investments | 7,501,922 | 92,685 | (65,601) | 7,529,006 | |
| Finance cost | (294,799) | (16,211) | 3,760 | (307,250) | |
| Foreign exchange gain (loss) | (139,265) | 2,099 | - | (137,166) | |
| Income (loss) on equity method investments | 558,274 | 21,578 | 36,580 | 616,432 | |
| Derivative gain (loss) (excluding gain (loss) on investments) | (476,279) | (3,972) | - | (480,251) | |

For the fiscal year ended March 31, 2022

(Millions of yen)

| | Reportable segments | | | | |
|---|---|---------------------------|-----------------|--------------|------------------------|
| | Investment Business of Holding Companies | SoftBank Vision Funds* | SoftBank | Arm | Latin America Funds |
| Net sales | | | | | |
| Customers | - | - | 5,677,748 | 299,516 | - |
| Intersegment | - | - | 12,932 | 497 | - |
| Total | - | - | 5,690,680 | 300,013 | - |
| Segment income | 965,884 | (2,639,403) | 880,104 | 41,200 | 84,451 |
| Depreciation and amortization | (4,435) | (603) | (740,280) | (75,443) | (152) |
| Gain (loss) on investments | 104,131 | (3,547,354) | 41,946 | 7,769 | 111,070 |
| Finance cost | (277,116) | (31,616) | (62,445) | (816) | (1,661) |
| Foreign exchange gain (loss) | (705,108) | (406) | 555 | - | 15 |
| Income (loss) on equity method investments | 376,433 | - | (69,626) | 1,198 | - |
| Derivative gain (loss) (excluding gain (loss) on investments) | 1,236,395 | 2,056 | 750 | (1,305) | 291 |
| | Total | Other | Reconciliations | Consolidated | |
| Net sales | | | | | |
| Customers | 5,977,264 | 244,270 | - | 6,221,534 | |
| Intersegment | 13,429 | 16,280 | (29,709) | - | |
| Total | 5,990,693 | 260,550 | (29,709) | 6,221,534 | |
| Segment income | (667,764) | (22,347) | (179,451) | (869,562) | |
| Depreciation and amortization | (820,913) | (31,511) | - | (852,424) | |
| Gain (loss) on investments | (3,282,438) | 46,402 | (198,706) | (3,434,742) | |
| Finance cost | (373,654) | (13,709) | 4,851 | (382,512) | |
| Foreign exchange gain (loss) | (704,944) | (1,167) | - | (706,111) | |
| Income (loss) on equity method investments | 308,005 | 19,456 | 13,924 | 341,385 | |
| Derivative gain (loss) (excluding gain (loss) on investments) | 1,238,187 | (3,479) | - | 1,234,708 | |

Note:

* The details of the difference between “Gain (loss) on investments” in the SoftBank Vision Funds segment and “Gain (loss) on investments at SVF1, SVF2, and others” in the consolidated statement of income are described in “Note 4. SoftBank Vision Funds business.”

4. SoftBank Vision Funds business

(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2

a. Co-investment Program with Restricted Rights to Receive Distributions

The Board of Directors of SoftBank Group Corp. resolved to introduce a co-investment program with restricted rights to receive distributions to SVF2. In July 2021, based on the resolution, the Company established SVF2 LLC, a wholly-owned subsidiary of the Company, beneath SVF2 for the program. SVF2 LLC has entered into a definitive agreement in August 2021 with the Company and MgmtCo, a participant in the program, which resulted in MgmtCo becoming an investor in SVF2 LLC.

MgmtCo is a company controlled by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SoftBank Group Corp., and a related party of the Company. The details of the related party transactions between the Company and MgmtCo are described in “Note 20. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

(a) Purpose of the program

The program has been introduced for the purpose of enabling Masayoshi Son to make a co-investment in SVF2, sharing risk of losses as well as benefit of profits in the success of SVF2, and leading to enhanced focus on the management of SVF2 investments, which in turn is intended to contribute to increases in the Company’s earnings. In making a co-investment in SVF2 under the terms of the program, MgmtCo both receives the benefit of profits from SVF2 and assumes the risk of losses from SVF2, and MgmtCo’s right to receive distributions from its investment is subject to certain restrictions.

(b) Overview of the program

Contributions by SVF Investors are classified as “Equity” and “Preferred Equity” depending on the terms and conditions of distribution. Overview of the program is as follows:

i. Investment in SVF2 LLC

Based on the definitive agreement entered into in August 2021, SVF2 LLC has issued Equity to the Company and MgmtCo. The Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries) holds 82.75% of the total Equity interests in SVF2 LLC and MgmtCo holds 17.25% of the total Equity interests in SVF2 LLC. The Equity interests held by the Company and MgmtCo are entitled to performance-based distributions that are allocated to each investor based on the proportion of their respective Equity contributions.

ii. Transfer of portfolio companies

After the definitive agreement signed in August 2021, for the purpose of the program, unlisted portfolio companies that were held or planned to be held by SVF2 as of June 23, 2021 have in principle been transferred to SVF2 LLC. As a result, the transfers of the portfolio companies had been conducted

sequentially, and as of March 31, 2022, the transfers have been completed.

iii. Investment from MgmtCo

Upon the completion of the transfers of the relevant portfolio companies from SVF2 to SVF2 LLC, the Equity for each portfolio company is issued from SVF2 LLC to the Company and MgmtCo. As a result, as of March 31, 2022, the total amount of capital contribution made by MgmtCo was \$2.6 billion and the total amount after adding the related adjustments to the capital contribution (the “Equity Acquisition Amount”) was \$2.9 billion, respectively.

iv. Receivables and premiums accrued on Equity Acquisition Amount

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time, at its discretion, from the date it became an investor in SVF2 LLC to the end of the company life of SVF2 LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion on the same terms and conditions as Equity Acquisition Amount. As of March 31, 2022, no cash payment has been made from MgmtCo for the Equity Acquisition Amount and the premium. The details of the receivables related to the Equity Acquisition Amount and the premium as of March 31, 2022 are described in “(b) Third-party interests in SVF2 and receivables” in “b. Changes in interests attributable to Third-Party Investors” under “(4) Third-party interests in SVF1 and SVF2.” Any distributable amount from SVF2 LLC to MgmtCo is offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until SVF2 LLC’s receivables are paid in full.

v. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC, all of the Equity interests in SVF2 LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of March 31, 2022, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

vi. Restrictions on rights to receive distributions to MgmtCo

Distributions from SVF2 LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SVF2 LLC from realized investments plus the aggregate fair value of all of SVF2 LLC’s unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SVF2 LLC’s investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distributions. In the event that, upon the liquidation of

SVF2 LLC, the amount of the distribution received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

vii. Nature of the Equity contribution by the Company and MgmtCo

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

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

The terms of the management fee and the performance-linked management fees to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SVF2 LLC. The details of the management fee and the performance-linked management fees to be charged to MgmtCo are described in “b. Management fees and performance-linked management fees in SVF2” under “(5) Management fees and performance fees.”

b. Preferred Equity Contribution to SVF2 by the Company

SoftBank Group Corp. has resolved at a meeting of its Board of Directors that SVF2 LLC issues to the Company (through SoftBank Vision Fund II-2 L.P. and its subsidiaries) a new class of Preferred Equity interests that is subject to fixed distribution separate from the Equity under the program. The purpose of issuing the Preferred Equity is to enhance the efficiency of recovery of investment funds. The Preferred Equity interests in the amount of \$24.1 billion have been issued to the Company from the introduction of Preferred Equity to March 31, 2022. The Preferred Equity interests have a priority right over the Equity interests held by the Company and MgmtCo under the program in terms of its distributions and return of the contributions, and the Company receives a fixed distribution amount calculated at 8% per annum on the amount of Preferred Equity contributions by the Company. The Company’s contributions to SVF2 LLC for new investments on and after June 24, 2021 are Preferred Equity contributions.

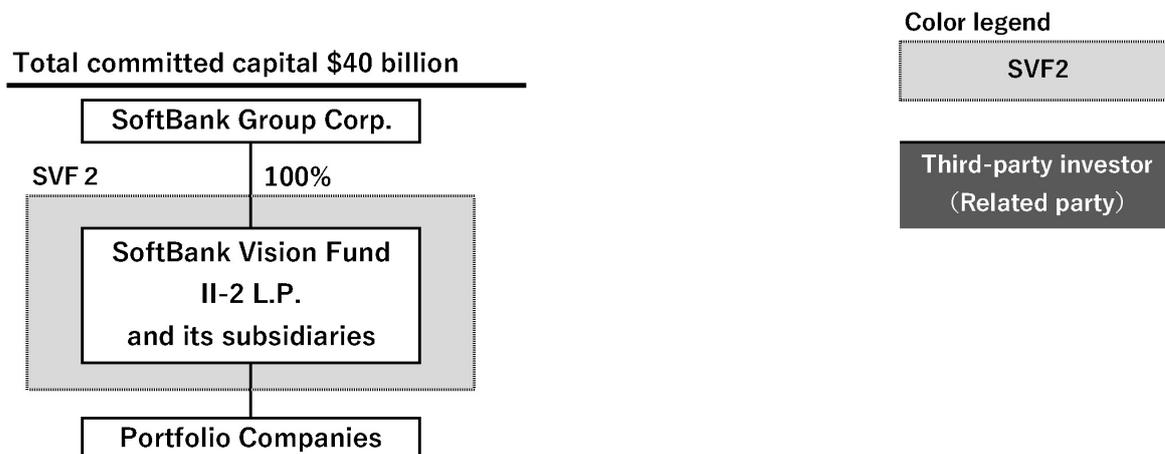
c. Committed capital

After the introduction of the program and Preferred Equity, \$2.6 billion was reduced from the Company’s committed capital and MgmtCo’s committed capital was increased by the same amount. As a result, the total committed capital for SVF2 as a whole amount after the introduction of the program was \$40 billion.

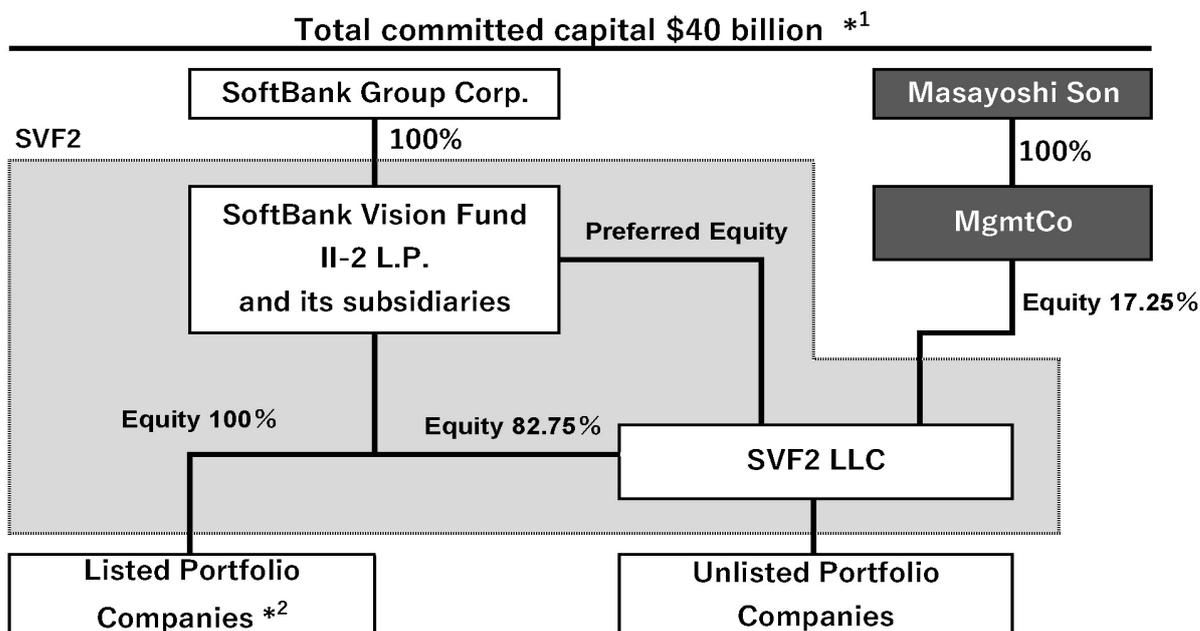
d. Structure

Please refer to the following scheme diagram for “a. Co-investment Program with Restricted Rights to Receive Distributions” and “b. Preferred Equity Contribution to SVF2 by the Company.”

(a) Structure prior to the introduction of the program and Preferred Equity



(b) Structure after the introduction of the program and Preferred Equity



Notes:

1. From the introduction of the program and Preferred Equity to March 31, 2022, the committed capital for SVF2 was increased by \$16.0 billion, which is attributable to the Company as an investor in SVF2. As a result, the total commitment capital for SVF2 as a whole was \$56.0 billion as of March 31, 2022.
2. Includes portfolio companies publicly filing for listing as of June 23, 2021, and portfolio companies that were approved by the Board of Directors to be excluded from the program. The Company continues to hold 100% of Equity for investments in the portfolio companies that are outside of the program’s scope.

(2) Change of a manager of SVF2

SVF2 was previously managed by SBIA and has been managed by SBGA, which is a wholly-owned subsidiary of the Company, since September 2021. SBGA outsources most of its operations to SBIA and SBIA continues to support the management of SVF2 as an outsourced service provider.

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

a. Overview

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

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 and SVF2.”

b. Segment income arising from the SoftBank Vision Funds business

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

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Gain (loss) on investments at SVF1, SVF2, and others | | |
| Realized gain on investments ¹ | 419,640 | 1,354,674 |
| Unrealized gain (loss) on valuation of investments | | |
| Change in valuation for the fiscal year ² | 6,013,404 | (3,039,858) |
| Reclassified to realized gain recorded in the past fiscal year ³ | (116,345) | (1,777,906) |
| Interest and dividend income from investments | 29,849 | 50,649 |
| Derivative gain (loss) on investments | 1,091 | (49,587) |
| Effect of foreign exchange translation ⁴ | 9,823 | (85,326) |
| Subtotal | <u>6,357,462</u> | <u>(3,547,354)</u> |
| Selling, general and administrative expenses | (74,194) | (69,754) |
| Finance cost (interest expenses) | (10,419) | (31,616) |
| Derivative gain (excluding gain (loss) on investments) | - | 2,056 |
| Change in third-party interests in SVF1 and SVF2 | (2,246,417) | 972,674 |
| Other gain | 391 | 34,591 |
| Segment income arising from the SoftBank Vision Funds business (income before income tax) | <u><u>4,026,823</u></u> | <u><u>(2,639,403)</u></u> |

Notes:

1. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by share exchange are included.
2. SVF1 recorded ¥154,525 million of unrealized gain on valuation for the fiscal year ended March 31, 2022 upon the fair value estimation of Arm held by SVF1.

The unrealized gain on valuation arising from Arm shares held by SVF1 is included in “Gain (loss) on investments at SVF1, SVF2, and others” (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, the unrealized gain on valuation is eliminated in consolidation as Arm is a subsidiary of the Company.

For the three-month period ended June 30, 2021, Arm transferred 75.01% of the shares of Treasure Data, Inc. to the Company’s wholly-owned foreign subsidiary and 24.99% of the shares to SVF1 as dividends in kind. The 75.01% of Treasure Data, Inc. shares were transferred through sales from the Company’s wholly-owned foreign subsidiary to SVF2. As a result, the fair value of Treasure Data, Inc. shares, which was included in the fair value of Arm shares as of March 31, 2021, is not included in the fair value of Arm shares as of March 31, 2022.

¥19,019 million of shares of Treasure Data, Inc. received as dividends in kind which SVF1 received from Arm is included in “Gain (loss) on investments at SVF1, SVF2, and others” (in Interest and dividend income from investments) in the above-mentioned segment income, however, the dividends are eliminated in consolidation.

For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. ¥1,375 million of the unrealized gain on valuation after the transfer date arising from WeWork common shares held by SVF2 is included in “Gain (loss) on investments at SVF1, SVF2, and others” (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, the unrealized gain on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.

The unrealized gain and loss on valuation and the dividends, that are eliminated in consolidation, are not included in “Gain (loss) on investments at SVF1, SVF2, and others” in the consolidated statement of income.

3. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SVF1, SVF2, and others” in the past fiscal years, which are reclassified to “Realized gain (loss) on investments” due to the realization for the fiscal year ended March 31, 2022.
4. Unrealized gain and loss on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.

(4) Third-party interests in SVF1 and SVF2

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

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

Performance-based distributions attributed to SVF Investors, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance, as applicable, of SVF1 and

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

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December. The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 are described in “a. Co-investment Program with Restricted Rights to Receive Distributions” under “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2.

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

b. Changes in interests attributable to Third-Party Investors

(a) Third-party interests in SVF1

Changes in interests attributable to Third-Party Investors in SVF1 (included in “Third-party interests in SVF1 and SVF2” in the consolidated statement of financial position) are as follows:

| | Third-party interests in SVF1 (Total of current liabilities and non-current liabilities) | (Millions of yen) | |
|---|--|---|---|
| | | (For reference purposes only) Links with the 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, 2021 | 6,601,791 | | |
| Contributions from third-party investors | 277,824 | - | 277,824 |
| Changes in third-party interests | (910,582) | 910,582 | - |
| Attributable to investors entitled to fixed distribution | 153,509 | | |
| Attributable to investors entitled to performance-based distribution | (1,064,091) | | |
| Distribution/repayment to third-party investors | (1,228,703) | - | (1,228,703) |
| Exchange differences on translating third-party interests* | 549,424 | - | - |
| As of March 31, 2022 | <u>5,289,754</u> | | |

Note:

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

(b) Third-party interests in SVF2 and receivables

Changes in interests attributable to Third-Party Investor in SVF2 (included in “Third-party interests in SVF1 and SVF2” in the consolidated statement of financial position) are as follows: Third-party Investor in SVF2 is the investor entitled to performance-based distribution.

| | (Millions of yen) | | |
|---|---|--|--|
| | Third-party interests in SVF2 (Total of current liabilities and non- current liabilities) | (For reference purposes only) Links with the consolidated financial statements | |
| | | Consolidated statement of income (Negative figures represent expenses) | Consolidated statement of cash flows (Negative figures represent payments) |
| As of April 1, 2021 | - | | |
| Acquisition of interest by third-party investor | 325,292 | - | - |
| Changes in third-party interests | (62,092) | 62,092 | - |
| Distribution/repayment to the third-party investor (Offsetting against the receivables) | (19,104) | - | - |
| Exchange differences on translating third-party interests* | 25,985 | - | - |
| As of March 31, 2022 | <u>270,081</u> | | |

Note:

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

The Company has receivables from Third-party Investor in SVF2. The changes in the receivables from Third-Party Investor in SVF2 (included in “Other financial assets (non-current)” in the consolidated statements of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “a. Co-investment Program with Restricted Rights to Receive Distributions” under “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2.”

| | (Millions of yen) |
|---|--|
| | Receivables from third-party investor in SVF2 |
| As of April 1, 2021 | - |
| Increase of receivables from Equity Acquisition Amount and accrued premiums charged to third-party investor | 332,629 |
| Reduction of receivables by offsetting distribution/repayment to third-party investor | (19,104) |
| Exchange differences on receivables | 29,138 |
| As of March 31, 2022 | <u>342,663</u> |

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1's Third-Party Investors as of March 31, 2022 was \$8.2 billion.

(5) Management fees and performance fees

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

a. Management fees and performance fees in SVF1

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

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

From the inception of SVF1 to March 31, 2022, the cumulative amount of performance fees paid to SBIA was \$439 million. For the fiscal year ended March 31, 2022, 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.

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

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

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

From the inception of SVF2 to March 31, 2022, no performance-linked management fees were paid to SBGA.

5. Business combinations

For the fiscal year ended March 31, 2021

Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation

(1) Overview of the business combination

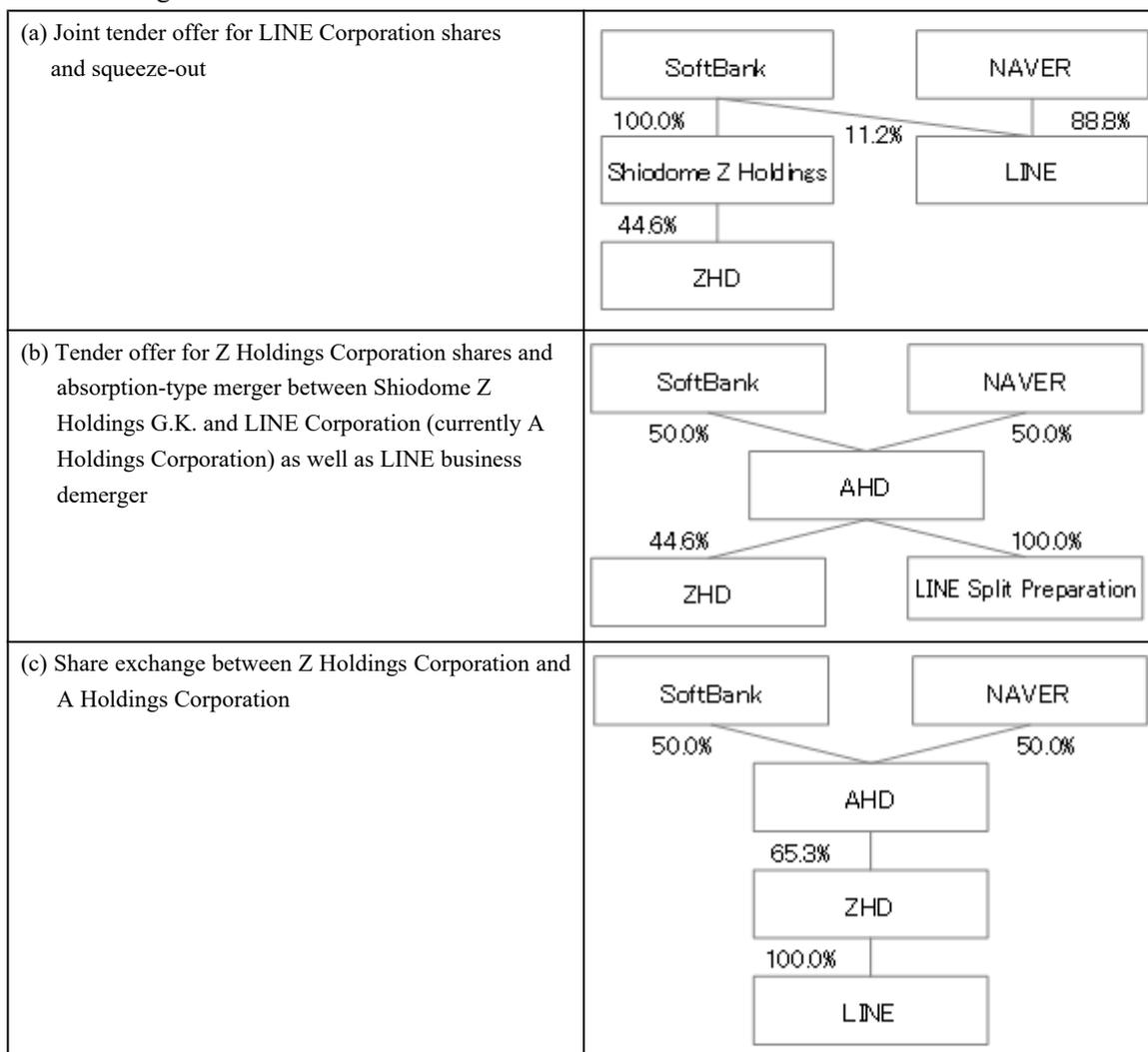
SoftBank Corp., a subsidiary of the Company, consolidated LINE Corporation and implemented the business integration of LINE Corporation and Z Holdings Corporation for the purpose of maximizing synergy in each business field pertaining to Z Holdings Corporation and LINE Group, aggregating management resources and enhancing growth in the new business fields.

Through this acquisition, SoftBank Corp. first transferred all the Z Holdings Corporation shares held by SoftBank Corp. to Shiodome Z Holdings Co., Ltd (subsequently, its corporate form was changed to Shiodome Z Holdings G.K.), and SoftBank Corp. and NAVER J.Hub Corporation wholly owned by NAVER Corporation, major shareholder of LINE Corporation, conducted a joint tender offer for the common stock of LINE Corporation and implemented squeeze-out procedures of minority shareholders as well as making adjustments of ownership interests toward the LINE Corporation shares held by SoftBank Corp. and NAVER J.Hub Corporation. As a result, SoftBank Corp. acquired 26,220 thousand common stock of LINE Corporation for ¥172,992 million excluding transaction costs and therefore the ratio of voting rights held by SoftBank Corp. in LINE Corporation became 11.2% as of February 25, 2021 (Refer to (a) under Structure Diagram below.)

LINE Corporation conducted a tender offer for the common stock of Z Holdings Corporation and an absorption-type merger with Shiodome Z Holdings G.K. As a result, the ratio of voting rights held by SoftBank Corp. and NAVER Corporation in LINE Corporation became 50.0% respectively as of February 26, 2021. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and changed its name to A Holdings Corporation. Under the joint venture agreement entered into with NAVER Corporation, SoftBank Corp. owns the rights to appoint the majority of the Board of Directors of A Holdings Corporation. As a result, A Holdings Corporation and LINE Split Preparation Corporation are considered substantially controlled by the Company, through SoftBank Corp., a subsidiary of the Company, and became subsidiaries of the Company, effective February 28, 2021, on which the legally binding joint venture agreement was entered into by conducting the absorption-type merger. Also, through A Holdings Corporation, SoftBank Corp., a subsidiary of the Company, owns the rights to appoint the majority of the Board of Directors of Z Holdings Corporation and accordingly, Z Holdings Corporation is considered continuously controlled by SoftBank Corp. (Refer to (b) under Structure Diagram below.)

In addition, effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation (the exchange ratio: allotted ratio of Z Holdings Corporation shares to be exchanged for one share of the LINE Split Preparation Corporation is 11.75 and the allotted number of Z Holdings Corporation shares is 2,831,284,030 shares) whereby LINE Split Preparation Corporation became the wholly-owned subsidiary of Z Holdings Corporation. As a result, the ratio of voting rights held by A Holdings Corporation in Z Holdings Corporation became 65.3%. Subsequently, LINE Split Preparation Corporation changed its name to LINE Corporation (Refer to (c) under Structure Diagram below.)

Structure Diagram



(2) Summary of acquiree

| | |
|--------------------|--|
| Name | LINE Corporation* |
| Nature of business | Advertising service based on the mobile messenger application “LINE,” core business including the sales of stamp and game services, and strategic business including Fintech, AI, and commerce service |

Note:

* Refer to LINE Corporation, surviving company through the absorption-type merger conducted by Shiodome Z Holdings G.K. As described in “Structure Diagram (b)” under “(1) Overview of the business combination,” LINE Corporation, acquiree, transitioned all the business to LINE Split Preparation Corporation (currently LINE Corporation) and changed its name to A Holdings Corporation, effective February 28, 2021.

(3) Acquisition date

February 28, 2021

(4) Consideration transferred and the component

| | | (Millions of yen) |
|---|---|---|
| | | Acquisition date (February 28, 2021) |
| Fair value of common shares in LINE Corporation already held at the time of acquisition of control | | 172,922 |
| Fair value of common shares in Shiodome Z Holdings G.K. transferred at the time of acquisition of control | | 689,150 |
| Total consideration transferred | A | <u>862,072</u> |

Acquisition-related costs incurred for the business combination were ¥1,970 million, of which ¥932 million and ¥1,038 million are included in “Selling, general and administrative expenses” in the consolidated statement of income for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2021, respectively. In addition, as a result of remeasuring interests in LINE Corporation held by SoftBank Corp. based on the fair value as of the acquisition date, difference on the step acquisition of ¥(70) million is recognized. The amount is included in “Equity financial assets at FVTOCI” in the consolidated statement of comprehensive income.

 (5) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date¹

| | | (Millions of yen) |
|---|---------|---|
| | | Acquisition date (February 28, 2021) |
| Cash and cash equivalents | | 312,791 |
| Trade and other receivables | | 67,553 |
| Other (current) | | 46,687 |
| Property, plant and equipment | | 21,905 |
| Right-of-use assets | | 62,940 |
| Intangible assets ² | | 395,947 |
| Investments accounted for using the equity method | | 167,873 |
| Other (non-current) | | 104,809 |
| Total assets | | <u>1,180,505</u> |
| Interest-bearing debt (current and non-current) | | 181,308 |
| Lease liabilities (current and non-current) | | 62,940 |
| Trade and other payables | | 233,671 |
| Other (current) | | 49,169 |
| Deferred tax liabilities | | 150,504 |
| Other (non-current) | | 20,745 |
| Total liabilities | | <u>698,337</u> |
| Net assets | B | <u>482,168</u> |
| Non-controlling interests ³ | C | <u>250,760</u> |
| Goodwill ⁴ | A-(B-C) | <u>630,664</u> |

Notes:

1. Amendment of provisional amounts

The consideration for acquisition is allocated to the acquired assets and the assumed liabilities based on the fair value on the acquisition date. For the three-month period ended September 30, 2021, the allocation of the consideration for acquisition has been completed. The main effects of the adjustments from the provisional amounts comprise of decrease in property, plant and equipment of ¥2,762 million, decrease in intangible assets including identifiable intangible assets of ¥14,092 million, decrease in deferred tax liabilities of ¥5,352 million, decrease in non-controlling interests of ¥5,861 million, and increase in goodwill of ¥5,861 million.

2. The amount of intangible assets includes ¥394,413 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The estimated useful lives of customer relationships and technology assets are from 12 to 18 years and 8 years, respectively. The trademarks are classified as intangible assets with indefinite useful lives. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

| | (Millions of yen) |
|--|---|
| | Acquisition date (February 28, 2021) |
| | <hr/> |
| Intangible assets with indefinite useful lives | |
| Trademarks | 160,116 |
| Intangible assets with definite useful lives | |
| Customer relationships | 232,019 |
| Technology assets | 2,278 |
| Total | <hr/> <hr/> 394,413 |

3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.

4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

(6) Proceeds from acquisition of control over subsidiaries

| | (Millions of yen) |
|--|---|
| | Acquisition date (February 28, 2021) |
| | <hr/> |
| Cash and cash equivalents held by the acquiree at the time of acquisition of control | 312,791 |
| Proceeds in cash from the acquisition of control over the subsidiary | <hr/> <hr/> 312,791 |

6. Other financial assets

The components of other financial assets are as follows:

| | (Millions of yen) | |
|--|-------------------------|-------------------------|
| | As of March 31, 2021 | As of March 31, 2022 |
| Current | | |
| Trust accounts in SPACs | - | 326,062 |
| Restricted cash ¹ | 480,100 | 142,246 |
| Marketable securities | 80,797 | 107,104 |
| Time deposits (maturities of more than three months) | 36,315 | 84,415 |
| Other | 85,630 | 118,549 |
| Allowance for doubtful accounts | (10,935) | (15,738) |
| Total | 671,907 | 762,638 |
| Non-current | | |
| Installment receivables | 481,943 | 463,440 |
| Loan receivables | 390,073 | 445,977 |
| Deposits for banking business | 384,394 | 441,260 |
| Receivables from MgmtCo ² | - | 423,326 |
| Investments from asset management subsidiaries | 97,023 | 155,888 |
| Trust accounts in SPACs | 327,569 | - |
| Other | 320,859 | 392,419 |
| Allowance for doubtful accounts | (82,599) | (71,670) |
| Total | 1,919,262 | 2,250,640 |

Notes:

- On April 13, 2021, the Company paid ¥313,411 million (\$2.9 billion) from ¥361,355 million (\$3.3 billion) of restricted cash which was required to be maintained in a segregated custody account as of March 31, 2021, for the early termination of the prepaid forward contract using Alibaba shares by cash. Accordingly, the Company completed the settlement of the prepaid forward contract using Alibaba shares. Also, ¥47,944 million of the rest of the restricted cash was released from usage limit and transferred to “Cash and cash equivalents” for the fiscal year ended March 31, 2022. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- Receivables from MgmtCo is outstanding balance of the receivables in relation to the Equity Acquisition Amount and accrued premiums from MgmtCo as a Third-Party Investor of SVF2 and SoftBank Latin America Funds. The receivables of SVF2 and SoftBank Latin America Funds are ¥342,663 million and ¥80,663 million, respectively. The details of receivables are described in “(1) Introduction of Co-investment Program with Restricted Rights to Receive Distributions and Preferred Equity to SVF2” under “Note 4. SoftBank Vision Funds business” and “Note 20. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

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 would 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 would subscribe for additional shares of Boston Dynamics. Upon this agreement, it was highly probable that Boston Dynamics would 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 for the fiscal year ended March 31, 2021. 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 were ¥38,647 million, ¥11,271 million, and ¥267 million, respectively as of March 31, 2021.

In addition, the transaction was completed following regulatory approval and satisfaction of certain conditions on June 21, 2021. Boston Dynamics is no longer a subsidiary of the Company from the same date and the shares continuously held as a minority shareholder are measured at fair value and accounted for as financial instruments at FVTPL. Accordingly, for the fiscal year ended March 31, 2022, the difference between the consideration from the sale transaction (excluding the cost to sell) and the fair value of shares continuously held, and the carrying amount of Boston Dynamics (assets, liabilities, accumulated other comprehensive income, and non-controlling interests) was recorded as a gain relating to loss of control over subsidiaries for ¥72,936 million under “Other gain” in the consolidated statement of income.

8. Income taxes

For the fiscal year ended March 31, 2022

Due to the enactment of the UK Finance Act of 2021 in June 2021, the corporate tax rate of the UK was increased from 19% to 25% on or after April 1, 2023. As a result, the Company reversed a deferred tax liability of ¥38,029 million (translated at the exchange rate as of March 31, 2021). In addition, credits of income taxes (profit) and other comprehensive income (profit) were recorded for ¥31,953 million and ¥5,890 million, respectively. This is primarily due to the fact that certain subsidiaries based in the UK, which were applicable for the calculation of aggregation of income earned by controlled foreign companies in SoftBank Group Corp., will be expected to be exempt from the calculation on or after April 1, 2023.

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

| | As of March 31, 2021 | (Millions of yen) As of March 31, 2022 |
|---|-------------------------|--|
| Current | | |
| Short-term borrowings ^{1,2} | 2,637,401 | 1,551,238 |
| Commercial paper | 409,201 | 527,201 |
| Current portion of long-term borrowings ² | 2,085,348 | 2,377,864 |
| Current portion of corporate bonds | 804,356 | 519,870 |
| Current portion of financial liabilities relating to sale of shares by prepaid forward contracts ³ | 1,798,701 | 2,352,539 |
| Current portion of installment payables | 232 | 150 |
| Total | 7,735,239 | 7,328,862 |
| Non-current | | |
| Long-term borrowings ^{1,2,4} | 4,745,058 | 5,472,605 |
| Corporate bonds ⁵ | 4,745,184 | 6,471,624 |
| Financial liabilities relating to sale of shares by prepaid forward contracts ^{3,6} | 1,287,038 | 2,184,034 |
| Installment payables | 456 | 307 |
| Total | 10,777,736 | 14,128,570 |

Notes:

- For the fiscal year ended March 31, 2022, Kronos I (UK) Limited, a wholly-owned subsidiary of the Company, entered into a facility agreement with financial institutions and made a borrowing of \$8.0 billion in total (combination of term facility loans of \$7.1 billion and bridge facility loans of \$0.9 billion) providing 75.01% (other than 24.99% held by SVF1) of Arm Limited shares held by SBGC, a wholly-owned subsidiary of the Company, all of Kronos I (UK) Limited's assets except for certain assets specified in the agreement and the equity interests of wholly-owned subsidiaries of the Company which were established for this facility purpose as collateral. As of March 31, 2022, the term facility loans of ¥852,570 million and the bridge facility loans of ¥108,948 million are included in long-term borrowings and short-term borrowings, respectively.

The term facility loans and the bridge facility loans shall be repaid in full on their maturity, which is the earlier of the date falling three months after the effective date of the listing of Arm and the date falling twenty-four months after the borrowing for the term facility loans, and the earlier of the date falling three months after the effective date of the listing of Arm and the date falling three months after the borrowing for the bridge facility loans, with an up to twelve months extension option for term facility loans which requires lender's consent, and an up to three months extension option for the bridge facility loans. The interest rates of both facility loans shall step-up based on the term of the loans.

The facility agreement includes mandatory prepayment provisions for a part or whole loans, which may be triggered under certain circumstances such as sales of Arm shares upon occurrence of a listing and adjusted EBITDA of Arm being lower than the threshold, and an additional cash collateral provision, which may be triggered if a fair value of Arm shares pledged as collateral decreases significantly at designated test date. In addition, Kronos I (UK) Limited is required to reserve an amount equivalent to interest for a certain period in the designated account. The borrowings of Kronos I (UK) Limited are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

2. The short-term borrowings, current portion of long-term borrowings, and long-term borrowings as of March 31, 2022 include ¥11,500 million, ¥120,447 million, and ¥204,588 million (as of March 31, 2021: ¥444,227 million of long-term borrowings) of borrowings in SVF1, respectively. The current portion of long-term borrowings and long-term borrowings as of March 31, 2022 include ¥13,183 million and ¥718,357 million of borrowings in SVF2, respectively.
3. These are primarily financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares. The details of contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”
4. For the fiscal year ended March 31, 2022, long-term borrowings decreased by ¥481,260 million as an early repayment was made for all of its borrowings of \$4.38 billion using T-Mobile shares held by a wholly-owned subsidiary and Alibaba shares held by the Company pledged as collateral. Accordingly, on the same date, the collaterals for T-Mobile shares and Alibaba shares were released. T-Mobile shares pledged as collateral are recorded for ¥1,474,356 million as “Investment securities” in the consolidated statement of financial position as of March 31, 2021. In addition, Alibaba shares pledged as collateral are recorded for ¥42,381 million as “Investments accounted for using the equity method” in the consolidated statement of financial position as of March 31, 2021. “T-Mobile” indicates T-Mobile US, Inc. after merging with Sprint.

For the fiscal year ended March 31, 2022, the wholly-owned subsidiary of the Company made a borrowing of \$2.06 billion by using T-Mobile shares held as collateral. As of March 31, 2022, ¥567,478 million of T-Mobile shares is pledged as collateral for ¥251,587 million of the long-term borrowing. T-Mobile shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2022. In addition, related to the transaction, Alibaba shares held by the Company are pledged as collateral. Alibaba shares pledged as collateral are recorded for ¥25,136 million as “Investments accounted for using the equity method” in the consolidated statement of financial position as of March 31, 2022.

For the fiscal year ended March 31, 2022, the wholly-owned subsidiary of the Company procured €2.64 billion by collar transactions using Deutsche Telekom AG (“Deutsche Telekom”) shares held. As of March 31, 2022, ¥517,960 million of Deutsche Telekom shares is pledged as collateral for ¥413,702 million of the long-term borrowings. Deutsche Telekom shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2022. The details of the acquisition of Deutsche Telekom shares are described in “Note 21. Additional information.” In addition, the collar contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

5. Primarily, SoftBank Group Corp. issued the 5th unsecured subordinated bonds with interest deferrable clause and early redeemable option (with a subordination provision) with June 21, 2021, as the due date for payment. Also, SoftBank Group Corp. issued USD-denominated Senior Notes due 2025, 2026, 2028, and 2031, and Euro-denominated Senior Notes due 2024, 2027, 2029, and 2032 with July 6, 2021, as the due date for payment, and issued the 4th unsecured subordinated corporate bond (with a subordination provision) with September 16, 2021, as the due date for payment, the 3rd unsecured subordinated corporate bond (with a subordination provision) with September 30, 2021, as the due date for payment, and the 5th unsecured subordinated corporate bond (with a subordination provision) with February 4, 2022, as the due date for payment. As a result, corporate bonds increased by ¥2,237,667 million.
6. For the fiscal year ended March 31, 2022, a wholly-owned subsidiary entered into prepaid forward contracts by using T-Mobile shares and procured \$2.49 billion. As of March 31, 2022, the Company pledges ¥389,577 million of T-Mobile shares held as collateral for ¥340,433 million of financial liabilities relating to sale of shares by prepaid forward contracts. The shares pledged as collateral are included in “Investment securities” in the consolidated statement of financial position as of March 31, 2022.

The number of T-Mobile 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, the prepaid forward contracts are collar contracts and classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

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

Wholly-owned subsidiaries of the Company entered into prepaid forward contracts with financial institutions

to procure funds using Alibaba shares, which are held by the subsidiaries.

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

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

The ending balance of the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts are described in “(1) Option contracts” and “(3) Forward contracts” under “Note 11. Financial Instruments.”

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

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

(For the fiscal year ended March 31, 2021)

For the fiscal year ended March 31, 2021, Entities for fund procurement by using Alibaba shares had exercised the option to settle the prepaid forward contract by cash and provided a notice to the counterparty for early termination in April 2021. Under the prepaid forward contract, Entities for fund procurement by using Alibaba shares are required to maintain cash that would exceed expected early termination amounts in a segregated custody account as restricted cash before the expected early termination date. ¥361,355 million (\$3.3 billion) of the restricted cash is recognized as “Other financial assets (current)” in the consolidated statement of financial position as of March 31, 2021.

On April 13, 2021, Entities for fund procurement by using Alibaba shares paid ¥313,411 million (\$2.9 billion) from restricted cash and completed the settlement of the transactions. ¥285,780 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥28,096 million of “Derivative financial liabilities (current),” which were recognized in the consolidated statement of financial position as of March 31, 2021, were derecognized. Accordingly, on the same date, ¥61,633 million of Alibaba shares recognized in the consolidated statement of financial position as of March 31, 2021 was released from the collateral.

(For the fiscal year ended March 31, 2022)

Entities for fund procurement by using Alibaba shares procured ¥329,852 million (\$3.0 billion) in total entering into collar contracts for the three-month period ended June 30, 2021, ¥812,502 million (\$7.4 billion) in total entering into collar contracts and a forward contract for the three-month period ended September 30, 2021, ¥251,045 million (\$2.2 billion) entering into a forward contract for the three-month period ended December 31, 2021, and ¥483,260 million (\$4.1 billion) entering into forward contracts for the three-month period ended March 31, 2022.

Also, for the three-month period ended September 30, 2021, a part of prepaid forward contracts has been amended in terms of the cap and floor for the price of shares settled and the term of the contracts. The amendments of the contracts are applicable for as exchanges of debt instruments with substantially different terms under IFRS 9 “Financial Instruments,” and accounted for as extinguishments of the original financial liabilities relating to sale of shares by prepaid forward contracts and the recognition of new financial liabilities relating to sale of shares by prepaid forward contracts.

As a result of the amendments, upon the extinguishment of the original contracts, ¥776,580 million of financial liabilities relating to sale of shares by prepaid forward contracts and ¥235,475 million of derivative financial assets are derecognized. On the other hand, ¥514,172 million of new financial liabilities relating to sale of shares by prepaid forward contracts and ¥45,476 million of derivative financial assets are newly recognized and ¥72,616 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, ¥62,674 million of deferred tax liabilities is decreased and the same amount of income taxes is recognized as a gain, representing the tax effect.

Further, for the three-month period ended December 31, 2021 and the three-month period ended March 31, 2022, the settlement date of a part of prepaid forward contracts arrived and were settled by Alibaba shares. As a result, ¥784,197 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts, ¥436,641 million of “Derivative financial assets (current),” and ¥156,971 million of Alibaba shares included in “Investments accounted for using the equity method” were derecognized from the consolidated statement of financial position, and ¥199,972 million of “Gain on investments at Investment Business of Holding Companies” was recorded in the consolidated statement of income. Alibaba continues to be an equity method associate of the Company after the completion of this transaction because the Company still has significant influence over Alibaba via voting rights.

As of March 31, 2022, the Company set ¥1,420,349 million of Alibaba shares, which is recognized as “Investments accounted for using the equity method” in the consolidated statement of financial position, as collateral for ¥2,352,539 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥1,843,601 million of financial liabilities relating to sale of shares by prepaid forward contracts.

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

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

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Net increase (decrease) of short-term borrowings | 1,452,826 | (1,280,587) |
| Net increase of commercial paper | 122,501 | 106,800 |
| Total | <u>1,575,327</u> | <u>(1,173,787)</u> |

(4) Components of proceeds from interest-bearing debt

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

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Proceeds from borrowings | 5,707,162 | 8,144,423 |
| Proceeds from issuance of corporate bonds | 597,000 | 2,580,245 |
| Proceeds from procurement by prepaid forward contracts using shares* | 1,660,952 | 2,156,317 |
| Total | <u>7,965,114</u> | <u>12,880,985</u> |

Note:

* The amount was procured under the prepaid forward contracts using Alibaba shares and T-Mobile shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” and in “Notes 6” under “(1) Components of interest-bearing debt.”

(5) Components of repayment of interest-bearing debt

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

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Repayment of borrowings | (5,223,271) | (7,209,092) |
| Redemption of corporate bonds | (567,630) | (1,267,059) |
| Repayment of settlement of prepaid forward contracts using shares* | - | (321,537) |
| Total | <u>(5,790,901)</u> | <u>(8,797,688)</u> |

Note:

* Primarily, the amount was paid due to the early settlement related to the prepaid forward contract using Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

10. Other financial liabilities

The components of other financial liabilities are as follows:

| | As of March 31, 2021 | (Millions of yen) As of March 31, 2022 |
|---|-------------------------|--|
| Current | | |
| Non-controlling interests subject to possible redemption ¹ | - | 307,144 |
| Borrowed securities in asset management subsidiaries ² | 8,713 | 125,004 |
| Allowance for financial guarantee contract losses | 24,381 | 22,280 |
| Derivative financial liabilities in asset management subsidiaries | 14,673 | 1,880 |
| Other | 18,191 | 98,506 |
| Total | 65,958 | 554,814 |
| Non-current | | |
| Third-party interests in SoftBank Latin America Funds | - | 80,663 |
| Non-controlling interests subject to possible redemption ¹ | 298,092 | - |
| Other | 117,315 | 129,849 |
| Total | 415,407 | 210,512 |

Notes:

- The equity interest of public market investors (investors other than the Company as sponsors) in SPACs formed by the Company.
- The details are described in “e. Borrowed securities” in “(2) Significant accounting policies for the asset management subsidiary” under “Note 2. Significant accounting policies.”

11. Financial instruments

(1) Option contracts

The details of option contracts are mainly as follows:

Option contracts to which hedge accounting is not applied

| | (Millions of yen) | | | |
|---|---------------------------------|-------------|---------------------------------|-------------|
| | As of March 31, 2021 | | As of March 31, 2022 | |
| | Carrying amount (fair value) | | Carrying amount (fair value) | |
| | Assets | Liabilities | Assets | Liabilities |
| Prepaid forward contracts using Alibaba shares ¹ | 661,615 | (28,096) | 1,379,801 | - |
| Call spread contracts relating to prepaid forward contracts using Alibaba shares ¹ | 42,059 | - | 2,302 | - |
| Contingent consideration relating to acquisition of T-Mobile shares ² | 460,709 | - | 591,429 | - |
| Short call option for T-Mobile shares to Deutsche Telekom ³ | - | (204,821) | - | (103,754) |
| Long call option of listed stocks in asset management subsidiaries | 176,627 | - | 48,466 | - |
| Short call option of listed stocks in asset management subsidiaries | - | (9,283) | - | - |

Notes:

- The details of prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. on April 1, 2020 and the Company has the right to acquire 48,751,557 shares of T-Mobile for no additional consideration if certain conditions are met.
- The decrease was primarily due to the partial exercise of the call options by Deutsche Telekom. The details are described in “Note 21. Additional information.”

(2) Swap contracts

The details of swap contracts are mainly as follows:

Swap contracts to which hedge accounting is not applied

| | (Millions of yen) | | | |
|---|---------------------------------|-------------|---------------------------------|-------------|
| | As of March 31, 2021 | | As of March 31, 2022 | |
| | Carrying amount (fair value) | | Carrying amount (fair value) | |
| | Assets | Liabilities | Assets | Liabilities |
| Total return swap contracts of listed stocks in asset management subsidiaries | 7,057 | (5,390) | - | - |

(3) Forward contracts

The details of forward contracts are mainly as follows:

Forward contracts to which hedge accounting is not applied

| | (Millions of yen) | | | |
|--|---------------------------------|-------------|---------------------------------|-------------|
| | As of March 31, 2021 | | As of March 31, 2022 | |
| | Carrying amount (fair value) | | Carrying amount (fair value) | |
| | Assets | Liabilities | Assets | Liabilities |
| Prepaid forward contracts using Alibaba shares ¹ | - | - | 190,334 | (67,672) |
| Forward contracts of listed stocks and others in asset management subsidiaries | 4,372 | - | - | (1,880) |
| Tender offer for WeWork shares ² | - | (76,823) | - | - |

Notes:

- The details of prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- In March 2021, a wholly-owned subsidiary of the Company other than SVF1 commenced a tender offer to purchase WeWork common shares and preferred shares from certain shareholders other than the Company at a price of \$19.19 per share for the total amount of \$922 million. The tender offer is considered as forward contracts and accounted for as derivatives. The difference between the valuation amount of common shares and preferred shares expected to purchase and the expected acquisition amount was recorded as “Derivative financial liabilities (current)” as of March 31, 2021. The tender offer was completed in April 2021 and the derivative financial liabilities are reversed and reduced from the initially recognized amount of the purchased common shares and preferred shares for the fiscal year ended March 31, 2022.

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 year

| | (Yen) | |
|-----|-------------------------|-------------------------|
| | As of March 31, 2021 | As of March 31, 2022 |
| USD | 110.71 | 122.39 |
| CNY | 16.84 | 19.26 |

(2) Average rate for the quarter

For the fiscal year ended March 31, 2021

| | (Yen) | | | |
|-----|--|---|--|---|
| | Three-month period ended June 30, 2020 | Three-month period ended September 30, 2020 | Three-month period ended December 31, 2020 | Three-month period ended March 31, 2021 |
| USD | 107.74 | 105.88 | 104.45 | 106.24 |
| CNY | 15.16 | 15.27 | 15.71 | 16.31 |

For the fiscal year ended March 31, 2022

| | (Yen) | | | |
|-----|--|---|--|---|
| | Three-month period ended June 30, 2021 | Three-month period ended September 30, 2021 | Three-month period ended December 31, 2021 | Three-month period ended March 31, 2022 |
| USD | 110.00 | 110.47 | 113.60 | 117.10 |
| CNY | 17.01 | 17.09 | 17.75 | 18.43 |

13. Equity

(1) Other equity instruments

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

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

(2) Treasury stock

Changes in treasury stock are as follows:

| | Fiscal year ended March 31, 2021 | (Thousands of shares) Fiscal year ended March 31, 2022 |
|---------------------------------------|-------------------------------------|--|
| Balance at the beginning of the year | 21,818 | 351,298 |
| Increase during the year ¹ | 336,166 | 93,240 |
| Decrease during the year ² | (6,686) | (368,374) |
| Balance at the end of the year | 351,298 | 76,164 |

Notes:

- For the fiscal year ended March 31, 2022, due to purchases of treasury stock under the resolutions passed at the Board of Directors meetings held on July 30, 2020, the number of treasury stock increased by 25,980 thousand shares (amount purchased ¥257,777 million) 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”). In addition, the purchases of treasury stock up to ¥2 trillion have been completed based on the ¥4.5 trillion program with the completion of purchases of treasury stock under the resolution. Moreover, due to purchases of treasury stock under the resolutions passed at the Board of Directors meeting held on November 8, 2021, the number of treasury stock increased by 67,258 thousand shares (amount purchased ¥344,573 million.)
- For the fiscal year ended March 31, 2022, the decrease was made mainly under the resolutions passed at the Board of Directors meeting held on April 28, 2021 and May 12, 2021. The Company retired its treasury stock of 366,860 thousand shares in total on May 11, 2021 and May 20, 2021. As a result of the transaction, retaining earnings and treasury stock decreased by ¥2,475,817 million, respectively.

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

| | As of March 31, 2021 | (Millions of yen) As of March 31, 2022 |
|---|-------------------------|--|
| Equity financial assets at FVTOCI | 24,099 | 46,338 |
| Debt financial assets at FVTOCI | 390 | 298 |
| Cash flow hedges | 42,962 | 1,696 |
| Exchange differences on translating foreign operations* | 270,878 | 2,447,826 |
| Total | 338,329 | 2,496,158 |

Note:

* The increase was primarily due to a weaker yen against the major currencies such as the U.S. dollar and Chinese yuan compared with the exchange rates as of March 31, 2021.

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) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Gain relating to settlement of prepaid forward contracts using Alibaba shares ¹ | - | 199,972 |
| Gain relating to sales of T-Mobile shares ² | 421,755 | 3,149 |
| Realized gain (loss) on investments at asset management subsidiaries | (20,537) | 54,853 |
| Unrealized gain (loss) on valuation of investments at asset management subsidiaries | 134,074 | (393,404) |
| Derivative gain (loss) on investments at asset management subsidiaries | (610,690) | 89,476 |
| Realized gain on investments | 220,875 | 79,336 |
| Unrealized gain (loss) on valuation of investments | 609,734 | (50,179) |
| Derivative gain on investments ³ | 185,769 | 101,524 |
| Other | 4,964 | 19,635 |
| Total | 945,944 | 104,362 |

Notes:

- A part of prepaid forward contracts using Alibaba shares was settled by Alibaba shares. The details of contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”
- On September 23, 2021, Deutsche Telekom partially exercised the call options over 45,366,669 shares out of 101,491,623 shares of T-Mobile held through a wholly-owned subsidiary of the Company and the wholly-owned subsidiary acquired newly issued 225,000,000 shares of Deutsche Telekom as its consideration. As a result, ¥3,149 million of gain relating to sales of T-Mobile shares was recorded for the fiscal year ended March 31, 2022. Cumulative losses on T-Mobile shares and the call options associated with the transaction are ¥13,447 million. Of this, ¥16,596 million of loss was recorded for the fiscal year ended March 31, 2021. The details are described in “Note 21. Additional information.”
- For the fiscal year ended March 31, 2022, ¥93,039 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of contingent consideration are described in “Notes 2” in “(1) Option contracts” under “Note 11. Financial instruments.”

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

The details are described in “Note 4. SoftBank Vision Funds business.”

(3) Gain and loss on investments at Latin America Funds

The components of gain and loss on investments at Latin America Funds are as follows:

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Realized loss on investments | - | (9,114) |
| Unrealized gain on valuation of investments | | |
| Change in valuation for the fiscal year | 196,186 | 110,888 |
| Reclassified to realized loss recorded in the past fiscal year ¹ | - | 8,034 |
| Derivative gain (loss) on investments | 219 | (372) |
| Effect of foreign exchange translation ² | - | 364 |
| Other | 151 | 1,270 |
| Total | <u>196,556</u> | <u>111,070</u> |

Notes:

1. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at Latin America Funds” in the past fiscal years, which are reclassified to “Realized gain (loss) on investments” due to the realization for the fiscal year ended March 31, 2022.
2. Unrealized gain and loss on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.

Also, in SoftBank Latin America Funds, SoftBank Group Corp. introduced a co-investment program with restricted rights to receive distributions in September 2021. The details are described in “Note 20. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

15. Finance cost

The components of finance cost are as follows:

| | (Millions of yen) | |
|-------------------|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Interest expenses | <u>(307,250)</u> | <u>(382,512)</u> |

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

For the fiscal year ended March 31, 2022, derivative gain of ¥1,132,994 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The details of the contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

17. Other gain

The components of other gain and loss are as follows:

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
| Interest income | 18,352 | 35,047 |
| Gain relating to the agreement for sale of Arm shares ¹ | - | 146,375 |
| Gain relating to loss of control over subsidiaries ² | 1,376 | 121,690 |
| Dilution gain from changes in equity interest ³ | 54,941 | 71,741 |
| Reversal of impairment losses on equity method investments ⁴ | 21,634 | 35,706 |
| Gain on liquidation of subsidiaries | 45,257 | 7,838 |
| Impairment loss on equity method investments | (68,215) | (26,436) |
| Impairment loss | (21,160) | (17,806) |
| Reversal of allowance for loan commitment losses | 61,312 | - |
| Reversal of allowance for financial guarantee contract losses | 58,208 | - |
| Loss on redemption of corporate bonds | (17,853) | - |
| Other | (61,182) | 17,029 |
| Total | 92,670 | 391,184 |

Notes:

- On September 13, 2020 (U.S. time), SBGC, a wholly-owned subsidiary, and SVF1 entered into a definitive agreement (the “Agreement”) with NVIDIA Corporation (“NVIDIA”), a U.S.-based semiconductor manufacturer, whereby the Company would sell all of its shares in Arm, a wholly-owned subsidiary, held by SBGC and SVF1 to NVIDIA (the “Transaction”). However, NVIDIA and the Company have agreed to terminate the Agreement on February 8, 2022, because of significant regulatory challenges preventing the consummation of the Transaction, despite good faith efforts by the parties. In accordance with the terms of the Agreement, the deposit of \$1.25 billion received by SBGC at the time of signing was non-refundable and therefore such amount was recorded as profit. 24.99% of that profit was attributable to SVF1 in accordance with the ownership ratio of Arm shares.
- For the fiscal year ended March 31, 2022, primarily, the gain was recorded as Boston Dynamics was no longer a subsidiary of the Company. The details are described in “Note 7. Disposal group classified as held for sale.”
- 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.
- For the fiscal year ended March 31, 2022, ¥35,706 million of reversal of impairment losses was recorded as the fair value of WeWork shares accounted for using the equity method increased.

18. Earnings per share

(1) Basic earnings per share

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net income attributable to ordinary shareholders of the parent (Millions of yen) | | |
| Net income attributable to owners of the parent | 4,987,962 | (1,708,029) |
| Net income not-attributable to ordinary shareholders of the parent ¹ | (30,246) | (32,709) |
| Net income used in the calculation of basic earnings per share | <u>4,957,716</u> | <u>(1,740,738)</u> |
| Net income used in the calculation of basic earnings per share | | |
| Net income from continuing operations attributable to ordinary shareholders of the parent | 4,246,483 | (1,740,738) |
| Net income from discontinued operations attributable to ordinary shareholders of the parent | 711,233 | - |
| Total | <u>4,957,716</u> | <u>(1,740,738)</u> |
| Weighted-average number of ordinary shares (Thousands of shares) | 1,892,538 | 1,708,989 |
| Basic earnings per share (Yen) | | |
| Continuing operations | 2,243.80 | (1,018.58) |
| Discontinued operations | 375.81 | - |
| Total | <u>2,619.61</u> | <u>(1,018.58)</u> |

(2) Diluted earnings per share

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Diluted net income attributable to ordinary shareholders of the parent (Millions of yen) | | |
| Continuing operations | | |
| Net income from continuing operations used in the calculation of basic earnings per share | 4,246,483 | (1,740,738) |
| Effect of dilutive securities issued by subsidiaries and associates | (331,927) | (12,127) |
| Subtotal | <u>3,914,556</u> | <u>(1,752,865)</u> |
| Discontinued operations | | |
| Net income from discontinued operations used in the calculation of basic earnings per share | 711,233 | - |
| Subtotal | <u>711,233</u> | <u>-</u> |
| Total | <u><u>4,625,789</u></u> | <u><u>(1,752,865)</u></u> |
| Weighted-average number of ordinary shares used in the calculation of diluted earnings per share (Thousands of shares) | | |
| Weighted-average number of ordinary shares | 1,892,538 | 1,708,989 |
| Adjustments: | | |
| Stock acquisition rights ² | 5,385 | - |
| Total | <u><u>1,897,923</u></u> | <u><u>1,708,989</u></u> |
| Diluted earnings per share (Yen) | | |
| Continuing operations | 2,062.55 | (1,025.67) |
| Discontinued operations | 374.74 | - |
| Total | <u><u>2,437.29</u></u> | <u><u>(1,025.67)</u></u> |

Notes:

1. Net income not-attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.
2. For the fiscal year ended March 31, 2022, stock acquisition rights are not included in the calculation for "Diluted earnings per share" as it has an antidilutive effect for the calculation.

19. Supplemental information to the consolidated statement of cash flows

(1) Cash flows from discontinued operations

Cash flows from continuing operations and cash flows from discontinued operations are included in the consolidated statement of cash flows.

(2) Income taxes paid and income taxes refunded

For the fiscal year ended March 31, 2022

Payment of withholding income taxes related to dividends within the group companies of ¥283,477 million is included in “Income taxes paid.”

In addition, refunded withholding income taxes related to dividends within the group companies of ¥247,259 million are included in “Income taxes refunded.”

(3) Proceeds from withdrawal of restricted cash

For the fiscal year ended March 31, 2022

¥359,038 million of proceeds, which was required to be maintained in a segregated custody account for the early termination of financial liabilities related to the settlement of prepaid forward contracts using Alibaba shares as of March 31, 2021, is included in “Proceeds from withdrawal of restricted cash.” The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

(4) Significant non-cash transactions

For the fiscal year ended March 31, 2022

Deutsche Telecom partially exercised the call option over T-Mobile shares which the Company granted in June 2020. Accordingly, the Company sold 45,366,669 shares of T-Mobile held, through a wholly-owned subsidiary, to Deutsche Telecom and received newly issued 225,000,000 shares of Deutsche Telecom as its consideration. The transaction corresponds to a non-cash transaction. The details are described in “Note 21. Additional information.”

In addition, for the fiscal year ended March 31, 2022, the settlement date of a part of prepaid forward contracts arrived, and ¥784,197 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥436,641 million of “Derivative financial assets (current)” were settled by Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 9. Interest-bearing debt.”

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

The Board of Directors of SoftBank Group Corp. has resolved to introduce a co-investment program with restricted rights to receive distributions to SVF2 and SoftBank Latin America Funds. As such, for the three-month period ended September 30, 2021, SVF2 LLC, a subsidiary of SVF2 and a subsidiary of the Company, and SLA Holdco II LLC (“SLA LLC”), a subsidiary of SoftBank Latin America Funds, and a subsidiary of the Company, have each entered into a definitive agreement with the Company and MgmtCo, a participant in the program, which resulted in MgmtCo becoming an investor in SVF2 LLC and SLA LLC.

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

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

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

| Name of the company or individual | Nature of relationship | Nature of transaction | Fiscal year ended | (Millions of yen) |
|---|---|---|---|---|
| | | | March 31, 2022 | As of |
| | | | Amount of transaction | Balance at period end |
| | | Receipt of capital contribution and related adjustments to SVF2 ^{1,2,3} | 326,942 ⁴ (\$2,923 million) | 342,663 ^{6,7} (\$2,800 million) |
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one- half of the voting rights | The premium received on SVF2 LLC's receivables | 5,687 ⁴ (\$50 million) | |
| | | Offsetting settlement of distributions (return of contribution) from SVF2 LLC and receivables ⁵ | 19,104 (\$173 million) | |
| | | MgmtCo's Equity interests in SVF2 LLC ⁸ | - | 270,081 (\$2,207 million) |
| | | Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) ⁹ | | 72,582 (\$593 million) |

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

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

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

4. The amount of transaction with MgmtCo related to receipt of capital contribution

The amount of the transaction for “Receipt of capital contribution and related adjustments in SVF2 LLC” is MgmtCo’s Equity Acquisition Amount in SVF2 LLC, which consists of ¥290,142 million (\$2,594 million) calculated based on MgmtCo’s Equity interests of 17.25% in the SVF2’s initial acquisition costs of the relevant portfolio companies held by SVF2 LLC and ¥35,150 million (\$314 million) of related adjustments calculated based on 17.25% interest in the increase in the portfolio companies’ fair value from the initial acquisition costs at SVF2 to June 30, 2021, and ¥1,650 million (\$15 million) of the adjustment equivalent to interests for the period from the Company’s contribution to SVF2 until June 30, 2021. As of March 31, 2022, capital contribution with respect to MgmtCo’s committed capital and related adjustments to SVF2 LLC under the Program have been completed.

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

5. Offsetting settlement between distributions from SVF2 LLC and receivables

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

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

Balance at period end is the balance of SVF2 LLC’s receivables consist of the balance related to receipt of capital contribution, related adjustments and premiums received, less any decrease in receivables due to offsetting settlement with distributions to MgmtCo.

7. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of March 31, 2022, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

8. MgmtCo’s Equity interest in SVF2 LLC

The amount represents SVF2 LLC’s net assets attributable to MgmtCo (before deduction of receivables), which is included in “Third-party interests in SVF1 and SVF2” in the consolidated statement of financial position.

9. Net balance at period end

Net balance at period end is the balance of receivables held by SVF2 LLC of ¥342,663 million (\$2,800 million) less MgmtCo’s Equity interest in SVF2 LLC of ¥270,081 million (\$2,207 million).

(2) Transactions between SoftBank Latin America Funds and related parties

| Name of the company or individual | Nature of relationship | Nature of transaction | Fiscal year ended | (Millions of yen) |
|---------------------------------------|---|---|--|---|
| | | | March 31, 2022 | As of March 31, 2022 |
| | | | Amount of transaction | Balance at period end |
| Masayoshi Son (MASA USA LLC (MgmtCo)) | Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights | Receipt of capital contribution in SLA LLC and related adjustments ^{1, 2, 3} | 71,450 ⁴ (\$649 million) | 80,663 ^{5, 6} (\$659 million) |
| | | The premium received on SLA LLC's receivables | 1,125 ⁴ (\$10 million) | |
| | | MgmtCo's Equity interests in SLA LLC ⁷ | - | 80,663 (\$659 million) |
| | | Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) ⁸ | | - |

Notes:

1. Restrictions on rights to receive distributions to MgmtCo

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

2. Nature of the Equity contribution by MgmtCo

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

3. Management fee and performance fees to be charged to MgmtCo

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

4. The amount of transaction with MgmtCo related to receipt of capital contribution

The amount of the transaction for “Receipt of capital contribution and related adjustments in SLA LLC” is MgmtCo’s Equity Acquisition Amount in SoftBank Latin America Fund, which consists of ¥41,266 million (\$375 million) calculated based on MgmtCo’s Equity interests of 17.25% in the SoftBank Latin America Funds’ initial acquisition costs of the portfolio companies held by SoftBank Latin America Funds and ¥29,498 million (\$268 million) of related adjustments calculated based on 17.25% interest in the increase in the portfolio companies’ fair value from the initial acquisition costs at SoftBank Latin America Funds to June 30, 2021, and ¥686 million (\$6 million) of the adjustment equivalent to interests for the period from the Company’s contribution to SoftBank Latin America Funds until June 30, 2021. As of September 30, 2021, capital contribution with respect to MgmtCo’s committed capital and related adjustments to SLA LLC under the Program have been completed. However, in March 2022, the constitutional agreement has been amended in order to exclude certain investments from the portfolio of SLA LLC due to regulatory reasons. Accordingly, “Receipt of capital contribution and related adjustments in SLA LLC” has been changed from ¥76,367 million (\$691 million) to ¥71,450 million (\$649 million). The gains from the excluded portfolio companies between September 30, 2021 and the date of the exclusion have attributed to the Company and no Equity interests have been allocated to MgmtCo.

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

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

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

Balance at period end is the balance of SLA LLC’s receivables which consists of the balance related to receipt of capital contribution, related adjustments, and premiums received.

6. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo were pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SLA LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceeds the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of March 31, 2022, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only where the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

7. MgmtCo’s Equity interest in SLA LLC

The amount represents SLA LLC’s net assets attributable to MgmtCo (before deduction of receivables), which is included in “Other financial liabilities (non-current)” in the consolidated statements of financial position.

8. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC of ¥80,663 million (\$659 million) less MgmtCo’s Equity interest in SLA LLC of ¥80,663 million (\$659 million).

21. Additional information

(Partial sale of T-Mobile shares for the fiscal year ended March 31, 2022)

On September 6, 2021, the Company entered into a master framework agreement (“the Agreement”) with Deutsche Telekom, pursuant to which Deutsche Telekom agreed to partially exercise its right to acquire the shares of T-Mobile in accordance with the terms of the call options (the “Call Options”) granted by the Company to Deutsche Telekom in June 2020, and to amend certain execution conditions. Following the exercise of the Call Options, the Company sold 45,366,669 shares of T-Mobile held, through a wholly-owned subsidiary of the Company, to Deutsche Telekom and received newly issued 225,000,000 shares of Deutsche Telekom as its consideration. Under the Agreement, Deutsche Telekom also provided its consent for the Company to have additional flexibility to pledge its T-Mobile shares in connection with the entry into margin loans and other monetization transactions and agreed that it will prioritize the use of cash proceeds from certain divestitures to exercise the additional Call Options for cash up to an aggregate of \$2.4 billion of total exercise price, subject to certain conditions. Following entry into the Agreement, the Company carried out the monetization transactions using T-Mobile shares and Deutsche Telekom shares.

(1) Outline of the Call Options to Deutsche Telekom

In June 2020, the Company granted to Deutsche Telekom the Call Options over 101,491,623 shares of T-Mobile.

- a. For the Call Options over 44,905,479 shares (the “Fixed Call Options”), a strike price of the call option is \$101.455 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 (the “Floating Call Options”), 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. from October 2, 2020 to May 22, 2024 and, after May 22, 2024, can exercise any time regardless of the exercise of rights described in the above a.

Note:

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

(2) Partial exercise of the Call Options

On September 23, 2021, Deutsche Telekom exercised the Fixed Call Options for 26,348,874 shares and the Floating Call Options for 19,017,795 shares and a wholly-owned subsidiary of the Company received newly issued 225,000,000 shares of Deutsche Telekom as its consideration. Adjustments were made for a strike price of the Floating Call Options to be equal to the acquired 225,000,000 shares of Deutsche Telekom from the partial exercise of the Call Options.

(3) Change in conditions for the unexercised Call Options

A strike price of the Floating Call Options was changed to the lesser of the following a. and b.

- a. The average of the daily volume weighted average prices of T-Mobile shares for the 20 scheduled trading days beginning on, and including, the Scheduled Trading Day immediately following the date of delivery of the Notice of Exercise.
- b. The average of the daily volume weighted average prices of T-Mobile shares for (a) the period of 20 Trading Days ending with the date of delivery of the Notice of Exercise (or ending on the immediately preceding Trading Day if the date of delivery of the Notice of Exercise is not a Trading Day) and (b) the 20 Scheduled Trading Days beginning on, and including, the Scheduled Trading Day immediately following the date of delivery of the Notice of Exercise.

In addition, the expiration time for the unexercised Call Options is May 28, 2024 and the Call Options can be exercised at any time.

(4) Number of T-Mobile shares to be sold by partial exercise of the Call Options, number of shares subject to the unexercised Call Options and number of the shares held by the Company before/after the transactions

| | |
|--|--------------------|
| a. Number of shares held before the partial exercise | 106,291,623 shares |
| b. Number of the sold shares by the partial exercise | 45,366,669 shares |
| c. Number of shares held after the partial exercise | 60,924,954 shares |
| d. Number of shares subject to the unexercised Call Options | 56,124,954 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.

(5) Outline of the monetization

For the fiscal year ended March 31, 2022, a wholly-owned subsidiary of the Company procured \$2.49 billion through prepaid forward contracts by using 24,800,000 shares of T-Mobile and \$2.06 billion through a new margin loan by using 36,124,954 shares of T-Mobile pledged as collateral, and made an early repayment of \$4.38 billion for the previous margin loan by using 106,291,623 shares of T-Mobile pledged as collateral. In addition, €2.64 billion was procured through collar transactions by using 225,000,000 shares of Deutsche Telekom. The details are described in “Notes 4 and 6” in “(1) Components of interest-bearing debt” under “Note 9. Interest bearing debts.”

(6) Transactions on and after April 1, 2022

On April 12, 2022, Deutsche Telekom additionally exercised the Fixed Call Options for 11,827,904 shares and the Floating Call Options for 9,325,241 shares by using the proceeds from sale of certain businesses. In connection with the additional exercise, a wholly-owned subsidiary of the Company received \$2.40 billion as consideration for the sale of T-Mobile shares. In addition, the wholly-owned subsidiary of the Company made a partial prepayment of \$1.20 billion for the margin loan which these shares underlie.

22. Significant subsequent events

There are no applicable items for the fiscal year ended March 31, 2022.