

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

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

Tokyo, August 8, 2023

1. Financial Highlights

(Millions of yen; amounts are rounded to the nearest million yen)

(1) Results of Operations

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

	Net sales		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2023	¥1,557,507	(0.9)	¥(176,194)	-	¥(316,194)	-	¥(477,616)	-	¥935,862	-
Three-month period ended June 30, 2022	¥1,572,030	6.3	¥(3,292,455)	-	¥(3,096,321)	-	¥(3,162,700)	-	¥(1,043,151)	-

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three-month period ended June 30, 2023	¥(332.75)	¥(333.97)
Three-month period ended June 30, 2022	¥(1,949.55)	¥(1,950.29)

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2023	¥45,680,967	¥11,449,758	¥9,785,488	21.4
As of March 31, 2023	¥43,936,368	¥10,649,215	¥9,029,849	20.6

2. Dividends

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

Note:

* Revision of the latest forecasts on the dividends: No

*** Notes**

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

Newly consolidated: None

Excluded from consolidation: None

Note:

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

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

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

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

(2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

(3) Number of shares issued (common stock)

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

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

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

[2] Number of shares of treasury stock:

As of June 30, 2023: 5,956,040 shares

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

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

As of June 30, 2023: 1,463,178,016 shares

As of June 30, 2022: 1,627,687,814 shares

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

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

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

On August 8, 2023 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcasted live on the Company's website in both Japanese and English at <https://group.softbank/en/ir>. The data sheet will also be posted on the website in a few days at the same site.

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Disclaimer

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

In addition, this material does not constitute an offer to sell, or a solicitation of an offer to buy, any securities of Arm Limited. Any offers to sell, solicitations of offers to buy, or sales of securities will be made in accordance with the registration requirements of the U.S. Securities Act of 1933, as amended, and other applicable securities laws.

Notice Regarding PFIC Status

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

Definition of Company Names and Abbreviations Used in This Appendix

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

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

Exchange Rates Used for Translations

USD/JPY	Fiscal year ended March 31, 2023				Fiscal year ending
	Q1	Q2	Q3	Q4	March 31, 2024
Average rate for the quarter	¥129.04	¥138.68	¥141.16	¥133.26	¥138.11
Rate at the end of the period				¥133.53	¥144.99

1. Results of Operations

(1) Overview of Results of Operations

1. Results highlights

◆ ¥699.0 billion investment loss (¥2,834.4 billion loss for the same period of the previous fiscal year)

- ¥689.7 billion investment loss at Investment Business of Holding Companies, which includes realized gain of ¥17.7 billion, unrealized valuation loss of ¥620.4 billion, and derivative loss on investments of ¥97.0 billion
- ¥553.4 billion unrealized valuation loss on Alibaba shares included in the unrealized valuation loss above was offset by derivative gain of ¥769.9 billion relating to prepaid forward contracts using Alibaba shares (recorded as derivative gain (excluding gain or loss on investments)).
- ¥13.0 billion investment loss at SoftBank Vision Funds (excluding gains associated with SVF's investments in the Company's subsidiaries)

Note: The SoftBank Vision Funds segment recorded ¥159.8 billion gain on investments, however, this included gains associated with SVF's investments in shares of the Company's subsidiaries (mainly Arm).

- ¥38.7 billion loss at SVF1, ¥46.9 billion loss at SVF2, and ¥47.5 billion gain at LatAm Funds
- For the investments held at the first quarter-end, the fair value of public portfolio companies^{*1} increased due to rising share prices, while the fair value of private portfolio companies^{*1} decreased, mainly reflecting markdowns of weaker-performing companies.

◆ Loss before income tax of ¥176.2 billion (improvement of ¥3,116.3 billion yoy)

reflecting the recordings of:

- Finance cost of ¥139.6 billion
- Foreign exchange loss of ¥464.6 billion due to the impact of the weaker yen amid an excess of U.S. dollar-denominated liabilities (net) mainly at SBG over its U.S. dollar-denominated cash and cash equivalents and loans receivable
- Derivative gain (excluding gain or loss on investments) of ¥849.6 billion due to recording a gain relating to prepaid forward contracts using Alibaba shares following a fall in the share price, which offset unrealized valuation loss on the shares

◆ Net loss attributable to owners of the parent of ¥477.6 billion (improvement of ¥2,685.1 billion yoy)

reflecting the recordings of:

- Income tax of ¥140.0 billion
- Net income attributable to non-controlling interests of ¥161.4 billion

2. Balancing defense and offense

◆ LTV^{*2} improved from the previous fiscal year-end as a result of continued monetization

- Raised \$4.39 billion through prepaid forward contracts using Alibaba shares
- SVF sold investments for a total of \$0.92 billion, including full exits of four portfolio companies and partial exits of several public portfolio companies.¹

◆ Expanded investments

- SVF invested a total of \$1.58 billion.
- SBG and its wholly owned subsidiaries invested a total of ¥120.0 billion, mainly in strategic investments.

3. SVF

Gross performance since inception was \$12.4 billion in gain for SVF1 and \$18.6 billion in loss for SVF2.^{*3}

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

The Company issued domestic hybrid bonds of ¥222.0 billion in April 2023. Together with funds procured through the hybrid loan^{*4} of ¥53.1 billion in May 2023, the Company completed the replacement of USD-denominated NC6 undated hybrid notes (\$2.0 billion) with the first voluntary call date in July 2023. The Company also plans to replace JPY-denominated hybrid bonds (¥15.4 billion) in September 2023 with the first voluntary call date in the same month.

5. Confidential submission of draft registration statement on Form F-1 by Arm

Arm announced in April 2023 that it had confidentially submitted a draft registration statement on Form F-1 to the U.S. Securities and Exchange Commission relating to the proposed initial public offering of American depositary shares representing Arm's ordinary shares. The Company intends that Arm will continue to be a consolidated subsidiary following the completion of the proposed initial public offering. The Company does not expect that any such offering would have a material effect on its consolidated results or financial position.

Notes:

1. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
2. Loan-to-Value; the ratio of liabilities to holding assets, calculated as adjusted net interest-bearing debt divided by the equity value of holdings. 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 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 and PayPay Corporation), SVF1, SVF2, LatAm Funds, and Arm. Also excludes a part of SB Northstar's interest-bearing debt and short-term investments included in its cash position.
3. Gross amounts before deductions, such as third-party interests and taxes
4. The hybrid loan is eligible for 50% equity treatment for the drawn down amount by Japan Credit Rating Agency, Ltd. and S&P Global Ratings Japan Inc.

a. Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30		Change	Change %	
	2022	2023			
Net sales	1,572,030	1,557,507	(14,523)	(0.9%)	A
Gross profit	883,791	832,075	(51,716)	(5.9%)	
Gain on investments					
Gain (loss) on investments at Investment Business of Holding Companies	111,223	(689,697)	(800,920)	-	B
Loss on investments at SoftBank Vision Funds	(2,919,130)	(13,043)	2,906,087	-	C
Gain (loss) on other investments	(26,533)	3,783	30,316	-	
Total gain on investments	(2,834,440)	(698,957)	2,135,483	-	
Selling, general and administrative expenses	(626,513)	(648,080)	(21,567)	3.4%	
Finance cost	(114,139)	(139,601)	(25,462)	22.3%	D
Foreign exchange loss	(819,969)	(464,642)	355,327	-	E
Loss on equity method investments	(158,370)	(18,319)	140,051	-	F
Derivative gain (loss) (excluding gain (loss) on investments)	(259,250)	849,629	1,108,879	-	G
Change in third-party interests in SVF	631,367	(58,081)	(689,448)	-	
Other gain	5,068	169,782	164,714	-	H
Income before income tax	(3,292,455)	(176,194)	3,116,261	-	
Income taxes	196,134	(140,000)	(336,134)	-	I
Net income	(3,096,321)	(316,194)	2,780,127	-	
Net income attributable to owners of the parent	(3,162,700)	(477,616)	2,685,084	-	
Total comprehensive income	(1,043,151)	935,862	1,979,013	-	
Comprehensive income attributable to owners of the parent	(1,094,795)	779,754	1,874,549	-	

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

A Net Sales

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

B Loss on Investments at Investment Business of Holding Companies

Investment loss of ¥689,697 million was recorded at Investment Business of Holding Companies. This mainly reflected the recording of a loss on valuation of investments of ¥620,356 million due to declines in the share prices of Alibaba, Deutsche Telekom AG (“Deutsche Telekom”), and T-Mobile US, Inc. (“T-Mobile”). Among these, the loss of ¥553,354 million on Alibaba was offset by a derivative gain of ¥769,852 million related to prepaid forward contracts using Alibaba shares. For details, see “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment.”

C Loss on Investments at SoftBank Vision Funds

Investment loss of ¥13,043 million was recorded at SoftBank Vision Funds. This included losses of ¥38,749 million at SVF1 and ¥46,860 million at SVF2, as well as gains of ¥47,496 million at LatAm Funds and ¥25,070 million on other investments.

SVF1 recorded a realized loss on investments (net) of ¥86,940 million, mainly due to the full exits of two private portfolio companies and the partial exits of several public portfolio companies.¹ Meanwhile, SVF1 recorded unrealized valuation losses (net) totaling ¥45,870 million for investments held at the first quarter-end. This comprises an unrealized gain (net) totaling ¥51,479 million for public portfolio companies due to rising share prices and an unrealized loss (net) totaling ¥97,349 million for private portfolio companies, mainly reflecting markdowns of weaker-performing companies.

SVF2 recorded unrealized valuation losses (net) totaling ¥53,195 million as a result of fair value decrease in private portfolio companies, mainly reflecting markdowns due to their weaker performances, despite share price increases of Symbotic Inc. (“Symbotic”) and other public portfolio companies.

LatAm Funds recorded unrealized valuation gains (net) totaling ¥47,136 million, mainly due to share price increases of public portfolio companies. For details, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment.”

Primarily as a result of B through C, the total loss on investments was ¥698,957 million.

D Finance Cost

Interest expenses at SBG² increased by ¥17,363 million year on year to ¥96,650 million. This mainly reflected increases in interest expenses due to higher interest rates on prepaid forward contracts using Alibaba shares and the asset-backed finance using Arm shares, despite a decrease in interest expenses following the full repayment of a margin loan using Alibaba shares in the second quarter of the previous fiscal year and the repurchase of foreign currency-denominated senior notes in the third quarter of the previous fiscal year. Since the majority of SBG’s² interest-bearing debt is on fixed interest rates, the impacts of short-term interest rate increases on interest expenses are limited.

E Foreign Exchange Loss

Foreign exchange loss of ¥464,642 million (net) was recorded due to the weaker yen. This was mainly because U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated senior notes) of SBG and domestic subsidiaries used for fund procurement exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

The weaker yen in exchange rates used for translation increased the yen-translated value of net assets of foreign subsidiaries and associates, such as SoftBank Vision Funds, whose functional currency is not Japanese yen (primarily U.S. dollar). However, this positive impact is not included in foreign exchange gains; instead, it is included in the increase in exchange differences from the translation of foreign operations of ¥1,256,968 million, which is recorded under accumulated other comprehensive income in equity on the Condensed Interim Consolidated Statement of Financial Position.

F Loss on Equity Method Investments

In the same period of the previous fiscal year, loss on equity method investments of ¥135,517 million³ was recorded in relation to Alibaba; however, the company was excluded from the associates in the second quarter of the previous fiscal year.

G Derivative Gain (Excluding Gain or Loss on Investments)

Derivative gain of ¥769,852 million was recorded, mainly for the prepaid forward contracts using Alibaba shares.

H Other Gain

Gain relating to loss of control over subsidiaries of ¥108,832 million was recorded mainly as a result of selling 85% of shares in SB Energy Corp., then a wholly owned subsidiary of the Company. In addition, interest income increased by ¥48,528 million year on year to ¥57,146 million mainly due to an increase in interest rates on USD-denominated deposits. For a further breakdown, see “11. Other gain” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Primarily as a result of A through H, loss before income tax was ¥176,194 million, an improvement of ¥3,116,261 million year on year.

I Income Taxes

Income taxes were ¥140,000 million, mainly due to income taxes recorded at SBG and SoftBank Corp.

Primarily as a result of A through I, net loss attributable to owners of the parent was ¥477,616 million, an improvement of ¥2,685,084 million year on year.

b. Results by Segment

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

The following is a summary of the reportable segments.

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

(a) Investment Business of Holding Companies Segment

- 1. Investment loss of ¥689.7 billion was recorded, mainly due to declines in the share prices of Alibaba, Deutsche Telekom, and T-Mobile.**
- 2. Segment loss was ¥394.5 billion as foreign exchange loss of ¥466.1 billion was recorded, although the above investment loss was offset by ¥848.8 billion derivative gain (excluding gain or loss on investments).**

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, SoftBank Group Japan Corporation, the asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gains and losses on investments at Investment Business of Holding Companies comprise gains and losses on investments held by SBG either directly or through its subsidiaries but do not include gains and losses on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment losses related to subsidiaries' shares.

This segment has approximately 120 portfolio companies, including Alibaba, T-Mobile, and Deutsche Telekom, as well as investees of SB Northstar, most of which are investments classified as financial assets at FVTPL. 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 Profit or Loss as gains and losses on investments.

Alibaba

Alibaba shares held by the Company are classified as financial assets at FVTPL. They are measured at fair value every quarter, and any change in fair value is recorded in the Consolidated Statement of Profit or Loss as gain or loss on investments. In addition, derivative financial assets and liabilities are recognized for prepaid forward contracts using Alibaba shares. These are measured at fair value every quarter, and any change is recorded in the Consolidated Statement of Profit or Loss as derivative gain or loss (excluding gain or loss on investments).

Investment in listed stocks and other instruments by asset management subsidiaries

SB Northstar acquires and sells listed stocks and other instruments using surplus funds of SBG. Investment gain at asset management subsidiaries for the first quarter was ¥0.9 billion, which brings the cumulative investment loss since inception to ¥891.5 billion.*¹ The balance of its shareholdings and other instruments as of the first quarter-end was ¥85.8 billion.

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 impact 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.

Note:

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

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30		Change	Change %	
	2022	2023			
Gain (loss) on investments at Investment Business of Holding Companies	111,233	(689,697)	(800,930)	-	A
Gain relating to settlement of prepaid forward contracts using Alibaba shares	97,263	-	(97,263)	-	
Gain relating to sales of T-Mobile shares	24,842	-	(24,842)	-	
Realized gain (loss) on investments at asset management subsidiaries	7,176	(59)	(7,235)	-	
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	(69,479)	906	70,385	-	
Derivative gain (loss) on investments at asset management subsidiaries	(5,246)	18	5,264	-	
Realized gain (loss) on investments ^{*1}	(400)	17,686	18,086	-	
Unrealized loss on valuation of investments	(27,605)	(620,356)	(592,751)	-	
Change in valuation for the fiscal year	(27,941)	(620,343)	(592,402)	-	
Reclassified to realized gain (loss) recorded in the past fiscal years ^{*1}	336	(13)	(349)	-	
Derivative gain (loss) on investments	73,609	(97,024)	(170,633)	-	
Other	11,073	9,132	(1,941)	(17.5%)	
Selling, general and administrative expenses	(16,657)	(19,633)	(2,976)	17.9%	
Finance cost	(80,029)	(97,256)	(17,227)	21.5%	B
Foreign exchange loss	(822,035)	(466,107)	355,928	-	C
Loss on equity method investments	(139,782)	(1,581)	138,201	-	D
Derivative gain (loss) (excluding gain (loss) on investments)					
<i>Mainly due to prepaid forward contracts using Alibaba shares</i>	(244,986)	848,775	1,093,761	-	E
Other gain (loss)	(5,797)	30,959	36,756	-	
Segment income (income before income tax)	(1,198,053)	(394,540)	803,513	-	

Note:

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

A Loss on investments at Investment Business of Holding Companies: ¥689,697 million

- Unrealized loss of ¥620,356 million was recorded on valuation of investments. This mainly included unrealized valuation losses of ¥553,354 million for Alibaba shares, ¥77,200 million for Deutsche Telekom shares, and ¥31,869 million for T-Mobile shares, due to declines in their share prices.
- Derivative loss of ¥97,024 million on investments was recorded, mainly due to a loss of ¥105,377 million recorded pertaining to the right to acquire T-Mobile shares for no additional consideration if certain conditions are met.

B Finance cost: ¥97,256 million (increase of ¥17,227 million year on year)

Interest expenses at SBG² increased by ¥17,363 million year on year to ¥96,650 million, mainly due to higher interest expenses on prepaid forward contracts using Alibaba shares and the asset-backed finance using Arm shares, both of which were affected by rising interest rates. This was partially offset by a decrease in interest expenses

following the full repayment of a margin loan using Alibaba shares in the second quarter of the previous fiscal year and the repurchase of foreign currency-denominated senior notes in the third quarter of the previous fiscal year. Since the majority of SBG's² interest-bearing debt is on fixed interest rates, the impacts of short-term interest rate increases on interest expenses are limited.

C Foreign exchange loss: ¥466,107 million

Foreign exchange loss of ¥466,107 million (net) was recorded due to the weaker yen, mainly because the U.S. dollar-denominated debts (such as borrowings from subsidiaries and foreign currency-denominated senior notes) of SBG and domestic subsidiaries used for fund procurement exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

D Loss on equity method investments: ¥1,581 million (improvement of ¥138,201 million year on year)

In the same period of the previous fiscal year, loss on equity method investments of ¥135,517 million on Alibaba³ was recorded. The company was excluded from the associates in the second quarter of the previous fiscal year.

E Derivative gain (excluding gain or loss on investments): ¥848,775 million

Derivative gain of ¥769,852 million was recorded mainly for the prepaid forward contracts using Alibaba shares.

Reference: Impact of the asset management subsidiaries on the Company's Condensed Interim Consolidated Statement of Financial Position

	(Millions of yen)
	June 30, 2023
Cash and cash equivalents	248,330
Investments from asset management subsidiaries	80,802
Securities pledged as collateral in asset management subsidiaries	4,959
Derivative financial assets in asset management subsidiaries	44
Other financial assets	5,800
Other	1,641
Total assets	341,576
Interest-bearing debt	5,014
Derivative financial liabilities in asset management subsidiaries	5,228
Other financial liabilities	12,470
Other	2,405
Total liabilities	25,117
Investments from Delaware subsidiaries ^{*1}	1,114,259
Equivalent amount of cash investments by SBG in Delaware subsidiaries	39,786
Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management)	1,054,580
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Retained earnings	(905,259) B
Exchange differences on translating foreign operations	107,459
Equity	316,459 C

Note:

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

(Calculation of non-controlling interests)

	(Millions of yen)
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 A
Cumulative loss attributable to non-controlling interests ^{*2}	(301,657)
Exchange differences on translating foreign operations	42,750
Non-controlling interests (interests of Masayoshi Son)	(239,014) D

Note:

2. One-third of B in the above table

(Interests in equity (C above))

	(Millions of yen)
Interests of SBG	555,473
Non-controlling interests (interests of Masayoshi Son)	(239,014) D
Equity	316,459 C

Main interest-bearing debt and lease liabilities in this segment

		Balance as of June 30, 2023 in Condensed Interim Consolidated Statement of Financial Position
Borrower	Type	
SBG	Borrowings	¥429.0 billion
	Corporate bonds	¥5,950.4 billion
	Lease liabilities	¥10.4 billion
	Commercial paper	¥189.0 billion
Wholly owned subsidiaries conducting fund procurement ^{*1}	Borrowings using Arm shares (asset-backed finance)	¥1,225.3 billion
	Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts)	¥4,764.7 billion
	Borrowings using SoftBank Corp. shares (margin loan)	¥497.8 billion
	Prepaid forward contracts using T-Mobile shares (collar contracts)	¥409.8 billion
	Collar transactions using Deutsche Telekom shares	¥481.5 billion

Note:

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

(b) SoftBank Vision Funds Segment
1. Gross performance since inception was \$12.4 billion in gain for SVF1 and \$18.6 billion in loss for SVF2.*¹
SVF1: \$102.0 billion in cumulative returns*² on \$89.6 billion investments, with \$12.4 billion gross gain

- Investment gain was \$0.9 billion (¥131.2 billion) for the first quarter.
- The fair value of investments held at the first quarter-end increased by 1.6% from the previous quarter-end.*³
 - Up 1.9% for public portfolio companies,*⁴ mainly due to rise in share prices of Coupang, Grab, and Roivant, partially offset by decline in share prices of Chinese portfolio companies such as DiDi, and other companies
 - Up 1.5% for private portfolio companies,*⁴ mainly reflecting markups of a number of portfolio companies due to share price rises among market comparable companies, partially offset by markdowns of certain weaker-performing companies, consistent with private valuation methodologies adopted

SVF2: \$33.2 billion in cumulative returns on \$51.8 billion investments, with \$18.6 billion gross loss

- Investment loss was \$0.3 billion (¥44.0 billion) for the first quarter.
- The fair value of investments held at the first quarter-end increased by 0.2% from the previous quarter-end.
 - Up 1.6% for public portfolio companies, mainly due to rise in share price of Symbotic, partially offset by decline in share prices of WeWork and other companies
 - Flat for private portfolio companies. Markups of a number of portfolio companies mainly due to share price rises among market comparable companies, consistent with private valuation methodologies adopted, were offset by markdowns of select portfolio companies due to their weaker performances.

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

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

	Since Inception			The Fiscal Year* ⁵
	Investment cost* ⁶	Returns* ⁶	Gain/loss	Gain/loss Apr - Jun
SVF1				
Exited investments	25.2	43.3	18.1	(0.7)
Investments before exit	64.4	56.3	(8.1)	0.9
<i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i>				0.7
Derivatives/Interests/Dividends	0.0	2.4	2.4	(0.0)
Total	89.6	102.0	12.4	0.9
				¥131.2 billion
SVF2				
Exited investments	1.8	3.0	1.2	0.1
Investments before exit	50.0	30.4	(19.6)	(0.4)
<i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i>				(0.0)
Derivatives/Interests/Dividends	-	(0.2)	(0.2)	0.0
Total	51.8	33.2	(18.6)	(0.3)
				¥(44.0) billion

2. Expanding investments while continuing to monetize investments under a disciplined approach

- SVF2 made investments totaling \$1.56 billion in the first quarter
- SVF1 and SVF2 sold investments for a total of \$0.89 billion in the first quarter, including full exits of three portfolio companies and partial exits of several public portfolio companies.¹

Notes:

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

OVERVIEW

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

Outline of principal funds in the segment

As of June 30, 2023

SVF1 and SVF2

SVF1 and SVF2 aim to maximize returns from a medium- to long-term perspective through large-scale investments in high-growth-potential companies leveraging AI, particularly in “unicorns.”⁴ SVF1’s investment period has ended, and 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.

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

Notes:

- The Company’s committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion to be used for an incentive scheme related to SVF1.
- A co-investment program has been introduced for SVF2 for the Company’s management. MASA USA LLC (“MgmtCo”), an investment entity for the co-investment program, participates in this fund. The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. For details, see “(1) Transactions between SVF2 and related parties” under “13. Related party transactions regarding a co-investment program with restricted rights to receive distributions” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

LatAm Funds

LatAm Funds invests in companies harnessing the power of data and technology to redefine industries within rapidly developing Latin America.

LatAm Funds	
Primary limited liability company	SBLA Latin America Fund LLC
Total committed capital (billions of U.S. dollars)	7.6 ^{*1}
Manager	SBGA (The Company's wholly owned U.K. subsidiary)
Investment period	To be determined by the manager
Fund life	Until October 4, 2032 + Up to two 1-year extensions option by SBGA

Note:

1. A co-investment program has been introduced for LatAm Funds for the Company's management. MgmtCo participates in this fund. The interest attributable to MgmtCo is treated as a third-party interest in the Company's consolidated financial statements. For details, see "(2) Transactions between LatAm Funds and related parties" under "13. Related party transactions regarding a co-investment program with restricted rights to receive distributions" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "2. Condensed Interim Consolidated Financial Statements and Primary Notes."

Financing at SVF

SVF1, SVF2, and LatAm Funds may independently make borrowings that are non-recourse to SBG for the purpose of leveraging and maintaining liquidity. Types of borrowings include asset-backed finance, which utilizes assets held to enhance returns and distribute to limited partners.

Fair value measurement of investments

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

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30		Change	Change %
	2022	2023		
Gain (loss) on investments at SoftBank Vision Funds ^{*1}	(2,933,845)	159,773	3,093,618	- A
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds	(2,935,030)	134,703	3,069,733	-
Realized loss on investments ^{*2}	(26,722)	(68,179)	(41,457)	-
Unrealized gain (loss) on valuation of investments	(2,915,895)	212,237	3,128,132	-
Change in valuation for the fiscal year	(2,881,472)	120,887	3,002,359	-
Reclassified to realized gain (loss) recorded in the past fiscal years ^{*2}	(34,423)	91,350	125,773	-
Interest and dividend income from investments	415	1,491	1,076	259.3%
Derivative gain on investments	37,650	2,453	(35,197)	(93.5%)
Effect of foreign exchange translation	(30,478)	(13,299)	17,179	-
Gain on other investments	1,185	25,070	23,885	-
Selling, general and administrative expenses	(18,904)	(18,299)	605	(3.2%)
Finance cost	(15,401)	(23,628)	(8,227)	53.4%
Derivative gain (excluding gain (loss) on investments)	499	-	(499)	-
Change in third-party interests in SVF	631,367	(58,081)	(689,448)	- B
Other gain	5,534	1,276	(4,258)	(76.9%)
Segment income (income before income tax)	(2,330,750)	61,041	2,391,791	-

Notes:

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

Investments and disposals by SVF1 and SVF2

(Billions of U.S. dollars)

	Investments made during the first quarter	Disposals ⁵ made during the first quarter
SVF1	-	0.56
SVF2	1.56	0.33
Total	1.56	0.89

Note: Investments include new and follow-ons.

Segment income
A Gain on investments at SoftBank Vision Funds: ¥159,773 million

	(Millions of yen)		
	Three months ended June 30		
	2022	2023	Change
Gain (loss) on investments at SVF1	(1,313,041)	131,175	1,444,216
Loss on investments at SVF2	(1,297,053)	(43,968)	1,253,085
Gain (loss) on investments at LatAm Funds	(324,936)	47,496	372,432
Gain on other investments	1,185	25,070	23,885
Gain (loss) on investments at SoftBank Vision Funds (A)	(2,933,845)	159,773	3,093,618
Gain (loss) on SVF's investments in shares of the Company's subsidiaries, etc. (B)	(14,715)	172,816	187,531
Loss on investments at SoftBank Vision Funds in the Consolidated Statement of Profit or Loss (A) - (B)	(2,919,130)	(13,043)	2,906,087

B Change in third-party interests in SVF: ¥(58,081) 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 each fund, net of (i) management and performance fees payable to SBIA from SVF1; (ii) management and performance-linked management fees payable to SBGA from SVF2; (iii) management fees, performance-linked management fees, and performance fees payable to SBGA from LatAm Funds; and (iv) operating and other expenses of SVF. For details, see “(2) Third-party interests in SVF” under “3. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

Investment performance

As of June 30, 2023

SVF1

(Billions of U.S. dollars)

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

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain ^{*1}	Investment gain recorded for the fiscal year Apr - Jun
	102	89.6	102.0	12.4	0.9

(Reference)

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain ^{*1}	
<i>Effects of share exchanges^{*2}</i>	(4)	(2.0)	(2.0)	-	
<i>Effects of dividends in kind^{*3}</i>	(4)	-	-	-	
<i>Net of effects of share exchanges and dividends in kind</i>	94	87.6	100.0	12.4	

(1) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain ^{*1}	Realized gain (loss) recorded for the fiscal year Apr - Jun
Partial exit	-	4.2	13.2	9.0	0.0
Full exit ^{*4}	26	21.0	30.1	9.1	(0.7)
Total	26	25.2	43.3	18.1	(0.7)

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

	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation gain (loss) ^{*7}	Unrealized valuation gain recorded for the fiscal year Apr - Jun
Public ^{*6}	23	30.2	20.5	(9.7)	0.4
Private	53	34.2	35.8	1.6	0.5
Total	76	64.4	56.3	(8.1)	0.9

(3) Derivatives

	Derivative cost	Fair value / settlement price	Cumulative derivative gain (loss)	Derivative loss recorded for the fiscal year Apr - Jun
Unsettled	(0.0)	(0.0)	(0.0)	(0.0)
Settled	0.0	1.5	1.5	-
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 Apr - Jun
Total	0.9	0.9	-

Notes:

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

1. Before deducting third-party interests, taxes, and expenses

2. For investments in which share exchanges occurred, the acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. These include share exchanges between Uber Advanced Technologies Group and Aurora Innovation Inc., PT Tokopedia and PT GoTo Gojek Tokopedia Tbk, Grofers International Pte. Ltd. and Zomato Limited, Zymergen, Inc. and Ginkgo Bioworks Holdings, Inc., and Candy Digital, Inc. and Fanatics Holdings, Inc. (an existing portfolio company). In addition, SVF1 exchanged all shares in two portfolio companies

for shares in their affiliated companies in prior years, which are also existing portfolio companies. The acquisition costs and disposal prices (sale prices) of these investments are also deducted in this section.

3. Investments acquired through dividends in kind from existing portfolio companies are deducted from the investment count. These include two investments acquired from Arm (Treasure Data, Inc. and Acetone Limited (equity interest in Arm China JV)) and two investments acquired from Reef Global Inc. (REEF Proximity Aggregator LLC and Parking Aggregator LLC).
4. Includes disposals (sales) as a result of share exchanges and restructuring of portfolio companies.
5. The classification of portfolio companies as public/private is based on their status as of the first quarter-end.
6. Includes DiDi Global Inc., which is traded in the over-the-counter market
7. For a certain investment that was initially determined to be transferred from the Company to SVF1 but later canceled, any unrealized valuation gains and losses incurred for the period leading up to the decision to cancel the transfer are not included in the presentation.

SVF2

(Billions of U.S. dollars)

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

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative loss ^{*1}	Investment loss recorded for the fiscal year Apr - Jun
	277	51.8	33.2	(18.6)	(0.3)
(Reference)					
	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative loss ^{*1}	
<i>Effects of financial support to WeWork^{*2}</i>	(4)	-	-	-	
<i>Net of effects of financial support to WeWork</i>	273	51.8	33.2	(18.6)	

(1) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain (loss) ^{*1}	Realized gain recorded for the fiscal year Apr - Jun
Partial exit	-	0.2	0.1	(0.1)	0.0
Full exit	5	1.6	2.9	1.3	0.1
Total	5	1.8	3.0	1.2	0.1

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

	Number of investments	Investment cost ^{*5}	Fair value ^{*5}	Cumulative unrealized valuation loss	Unrealized valuation gain (loss) recorded for the fiscal year Apr - Jun
Public ^{*4}	14	8.7	4.9	(3.8)	0.0
Private	258	41.3	25.5	(15.8)	(0.4)
Total	272	50.0	30.4	(19.6)	(0.4)

(3) Derivatives

	Derivative cost	Fair value / settlement price	Cumulative derivative loss	Derivative gain (loss) recorded for the fiscal year Apr - Jun
Unsettled	-	(0.1)	(0.1)	0.0
Settled	-	(0.1)	(0.1)	(0.0)
Total	-	(0.2)	(0.2)	0.0

(4) Interest and dividend income from investments

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year Apr - Jun
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 third-party interests, taxes, and expenses
2. WeWork senior secured notes (1) purchased by SVF2 in accordance with an agreement between the Company and WeWork in October 2019 (redeemed by WeWork in May 2023), the convertible bonds (2 and 3) held by SVF2 in accordance with an agreement among WeWork, its principal bondholders, SVF2, and others to support the restructuring of WeWork's debt, and a new loan commitment agreement (4) with WeWork for the purchase of notes to be issued by WeWork, are deducted from the investment count.
3. The classification of portfolio companies as public/private is based on their status as of the first quarter-end.
4. Includes Zhangmen Education Inc. and Pear Therapeutics, Inc., which are traded in the over-the-counter market
5. The investment cost and fair value of investments before exit in SVF2 include those related to a minor SVF2 ownership percentage in another portfolio company received as part of the consideration for SVF2's investment in a portfolio company.

LatAm Funds

As of the first quarter-end, LatAm Funds posted \$6.0 billion in cumulative returns on \$7.3 billion in investments, with a gross loss of \$1.3 billion since inception. Of this, investment gain for the first quarter was \$0.3 billion (¥47.5 billion).

Capital deployment

As of June 30, 2023

SVF1

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital ⁶ (B)	87.2	29.9	57.3
Return of capital (non-recallable) (C)	33.7	9.2	24.5
Outstanding capital (D) = (B) – (C)	53.5	20.7	32.8
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)	60.0
Drawn capital (B)	52.7
Remaining committed capital (C) = (A) – (B)	7.3

Note: Remaining committed capital includes recallable return of capital.

(Reference: Breakdown of committed capital as of March 31, 2023)

Total committed capital	60.0
The Company's equity commitment to investments outside the scope of the co-investment program	9.8
The Company's preferred equity commitment to SVF2 LLC* ¹	35.2
The Company's equity commitment to SVF2 LLC	12.4
MgmtCo's equity commitment to SVF2 LLC	2.6

Notes:

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

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

As of the first quarter-end, total committed capital for LatAm Funds was \$7.6 billion, with drawn capital totaling \$7.3 billion.

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

(c) SoftBank Segment

Segment income increased by 14.7% yoy mainly due to increases in income for the Media & EC business and the enterprise business, despite a decrease in income in the consumer business, which was affected by a fall in mobile service charges.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2022	2023		
Net sales	1,380,802	1,430,067	49,265	3.6%
Segment income (income before income tax)	222,214	254,987	32,773	14.7%
Depreciation and amortization	(184,156)	(181,576)	2,580	(1.4%)
Gain on investments	1,133	2,217	1,084	95.7%
Finance cost	(15,341)	(16,140)	(799)	5.2%
Loss on equity method investments	(10,351)	(7,599)	2,752	-
Derivative gain (excluding gain (loss) on investments)	901	824	(77)	(8.5%)
Other gain	7,769	30,265	22,496	289.6%

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

OVERVIEW

Segment results include the results of business activities of 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 achieve sustainable growth in its core telecommunications business, while expanding its business in domains outside of telecommunications through internet services, such as *Yahoo! JAPAN* and *LINE*, and the development of businesses that utilize advanced technologies, including AI, IoT, and FinTech, which includes the cashless payment service *PayPay*.

FINANCIAL RESULTS

Segment income was ¥254,987 million, an increase of ¥32,773 million (14.7%) year on year. This was mainly due to increases in income in the Media & EC business (formerly the Yahoo! JAPAN/LINE business) and the enterprise business, despite a decrease in income in the consumer business. The increase also reflected a significant contribution from a ¥19,739 million dilution gain from changes in equity interest recorded (under other gain in the above table) mainly for Webtoon Entertainment Inc., the equity method associate.

Income in the consumer business decreased mainly due to a fall in mobile service charges. In the Media & EC business, income increased mainly due to recording a gain of ¥10,459 million on the sale of AI-related business at LINE Corporation. In the enterprise business, income increased due to higher sales of cloud services and other products as the digitalization of enterprises accelerates.

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

In February 2023, Z Holdings Corporation resolved on a policy for reorganization, including a merger primarily among the company and its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation (the "Reorganization"), in order to build an organizational structure that puts more emphasis on products, to accelerate the expansion of synergies from the business integration and obtain funds for investment that will support a sustainable profit growth from the fiscal year ending March 2024 onward and the creation of the future. Furthermore, in April 2023, Z Holdings Corporation resolved to change its trade name to "LY Corporation" as of the completion date of the Reorganization, which is expected to be October 1, 2023.

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. Both net sales and segment income decreased against a backdrop of a slowdown in semiconductor industry sales

◆ **Net sales decreased by 10.8% yoy (U.S. dollar-based) as semiconductor industry revenues slowed due to inventory correction and a slowdown in consumer spending. In yen terms, net sales decreased by 4.6% due to the weaker yen exchange rate used for translation in the preparation of the Company's consolidated financial statements.**

- Royalty revenue decreased by 19.3% yoy (U.S. dollar-based) as sales of chips into markets such as smartphones declined.
- License and other revenue increased by 3.6% yoy (U.S. dollar-based) with Arm signing major deals with companies developing chips for future smartphone, automotive, embedded, and AI applications.

◆ **Segment loss of ¥9.5 billion due to a decrease in net sales and an increase in expenses related to stock compensation schemes combined with increased headcount to enhance R&D capability**

2. Confidential submission of draft registration statement on Form F-1 by Arm

Arm announced in April 2023 that it had confidentially submitted a draft registration statement on Form F-1 to the U.S. Securities and Exchange Commission relating to the proposed initial public offering of American depositary shares representing Arm's ordinary shares. The Company intends that Arm will continue to be a consolidated subsidiary following the completion of the proposed initial public offering. The Company does not expect that any such offering would have a material effect on its consolidated results or financial position.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2022	2023		
Net sales	92,751	88,502	(4,249)	(4.6%)
Segment income (income before income tax) ^{*1}	29,846	(9,508)	(39,354)	-

Note:

1. Segment income included amortization expenses of ¥15,659 million for the first quarter and ¥14,630 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

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

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

As Arm prepares for a potential public offering, it is continuing to increase investments in R&D to develop solutions to meet customers' future technology needs.

FINANCIAL RESULTS

Net sales in U.S. dollars

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

	(Millions of U.S. dollars)			
	Three months ended June 30			
	2022	2023	Change	Change %
Royalty revenue	453	365	(88)	(19.3%)
License and other revenue	266	276	10	3.6%
Total net sales	719	641	(78)	(10.8%)

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

Net sales decreased by \$78 million (10.8%) year on year due to slowing industry growth impacting royalty revenues, partially offset by license and other revenue.

Royalty revenue

Royalty revenue decreased by \$88 million (19.3%) year on year. Royalty revenues were impacted by slowing industry revenue mainly in smartphones and other consumer facing markets such as IoT devices for the home, partially offset by growth in chips for cloud servers and automotive applications.

License and other revenue

License and other revenue increased by \$10 million (3.6%) year on year. In the first quarter, strong demand for Arm's technology continued as its licensees look to develop new products beyond industry cycle. As a result, Arm signed a number of high value deals with leading companies who intend to build chips for smartphones, automotive, embedded and AI applications.

Segment income

Segment loss of ¥9,508 million, which is a deterioration of ¥39,354 million year on year, was recorded due to lower net sales and an increase in expenses related to stock compensation schemes as well as an increase in the number of employees as Arm strives to increase its R&D capability.

OPERATIONS

Royalty units⁷

	(Billion)			
	Three-month period ended June 30			
	2022	2023	Change	Change %
Royalty units as reported by Arm's licensees	7.3	6.8	(0.5)	(6.4%)

In the first quarter, Arm's licensees reported shipments of 6.8 billion Arm-based chips for the three months from January 1 to March 31, 2023, a decrease of 6.4% year on year.

TECHNOLOGY DEVELOPMENT

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

- Arm announced in May 2023 its latest Total Compute Solutions for mobile applications processors, *TCS23*, a platform for premium mobile computing devices which will power immersive games, real-time 3D experiences and next-gen AI applications.
- NVIDIA Corporation announced in May 2023 a supercomputer built on the NVIDIA Grace CPU Superchip, adding to a wave of new energy-efficient supercomputers based on the Arm *Neoverse* platform.
- NVIDIA Corporation and SoftBank Corp. announced in May 2023 that they are collaborating on a pioneering platform for generative AI and 5G/6G applications that is based on the NVIDIA GH200 Grace Hopper Superchip and which SoftBank Corp. plans to roll out at new, distributed AI data centers across Japan.

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

(2) Overview of Financial Position

1. Status of investment assets

◆ **Carrying amount of investments from SVF (FVTPL) ^{*1} increased by ¥987.8 billion from the previous fiscal year-end to ¥11,477.5 billion, ^{*2} which reflected the following:**

- ¥403.0 billion increase at SVF1: The balance decreased by \$0.33 billion due to a decrease in the fair value of investments held at the first quarter-end and by \$0.51 billion due to divestments.¹
- ¥474.4 billion increase at SVF2: The balance increased by \$1.51 billion due to new and follow-on investments, despite decreases of \$0.14 billion due to a decrease in the fair value of investments held at the first quarter-end and \$0.26 billion due to divestments.
- ¥110.3 billion increase at LatAm Funds

◆ **Carrying amount of investment securities decreased by ¥215.4 billion from the previous fiscal year-end to ¥7,491.1 billion, ^{*2} which included the following carrying amounts:**

- Alibaba shares of ¥4,289.0 billion (a ¥553.4 billion decrease from the previous fiscal year-end)
- T-Mobile shares of ¥872.8 billion (a ¥103.6 billion increase from the previous fiscal year-end)
- Deutsche Telekom shares of ¥711.0 billion (a ¥18.4 billion decrease from the previous fiscal year-end)

2. Changes in liabilities associated with financing activities

◆ **Interest-bearing debt of SBG increased by ¥272.5 billion from the previous fiscal year-end.**

- SBG issued domestic hybrid bonds and executed the hybrid loan to replace the USD-denominated NC6 undated hybrid notes (\$2.0 billion) with the first voluntary call date in July 2023. The replacement is now complete.

◆ **Interest-bearing debt of wholly owned subsidiaries conducting fund procurement increased by ¥1,113.8 billion from the previous fiscal year-end. ^{*2}**

- Raised \$4.39 billion through the new conclusion of prepaid forward contracts using Alibaba shares.

3. Changes in equity

◆ **Total equity increased by ¥800.5 billion from the previous fiscal year-end.**

- Retained earnings decreased due to a ¥477.6 billion net loss attributable to owners of the parent.
- Exchange differences from the translation of foreign operations increased by ¥1,257.0 billion due to the weaker yen.

◆ **Ratio of equity attributable to owners of the parent (equity ratio) was 21.4% at the first quarter-end, compared with 20.6% at the previous fiscal year-end.**

Notes:

1. Investments from SVF (FVTPL) do not include SVF's investments in the Company's subsidiaries (primarily Arm and PayPay Corporation) or investments that were transferred from the Company to the funds and continue to be accounted for using the equity method (and are included in "investments accounted for using the equity method") prior to and after such transfer.
2. Includes increases in the carrying amount due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.

	(Millions of yen)			
	March 31, 2023	June 30, 2023	Change	Change %
Total assets	43,936,368	45,680,967	1,744,599	4.0%
Total liabilities	33,287,153	34,231,209	944,056	2.8%
Total equity	10,649,215	11,449,758	800,543	7.5%

(a) Assets

	(Millions of yen)		
	March 31, 2023	June 30, 2023	Change
Cash and cash equivalents	6,925,153	7,316,147	390,994
Trade and other receivables	2,594,736	2,450,124	(144,612)
Derivative financial assets	249,414	279,144	29,730 A
Other financial assets	371,313	424,637	53,324
Inventories	163,781	162,184	(1,597)
Other current assets	282,085	345,170	63,085
Total current assets	10,586,482	10,977,406	390,924
Property, plant and equipment	1,781,142	1,785,699	4,557
Right-of-use assets	858,577	835,201	(23,376)
Goodwill	5,199,480	5,467,430	267,950 B
Intangible assets	2,409,641	2,435,397	25,756
Costs to obtain contracts	332,856	333,076	220
Investments accounted for using the equity method	730,440	826,508	96,068
Investments from SVF (FVTPL)	10,489,722	11,477,480	987,758 C
SVF1	6,110,527	6,513,575	403,048
SVF2	3,646,305	4,120,725	474,420
LatAm Funds	732,890	843,180	110,290
Investment securities	7,706,501	7,491,060	(215,441) D
Derivative financial assets	1,170,845	1,368,033	197,188 E
Other financial assets	2,303,620	2,312,737	9,117 F
Deferred tax assets	210,823	204,696	(6,127)
Other non-current assets	156,239	166,244	10,005
Total non-current assets	33,349,886	34,703,561	1,353,675
Total assets	43,936,368	45,680,967	1,744,599

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
<u>Current assets</u>	
A Derivative financial assets	<ul style="list-style-type: none"> · Derivative financial assets related to the prepaid forward contracts using Alibaba shares increased by ¥84,913 million, mainly due to a fall in Alibaba share price. · Contingent value rights, which were received in June 2020 in relation to the disposal of T-Mobile shares and recorded as derivative financial assets at the previous fiscal year-end in the amount of ¥67,308 million, were vested on June 1, 2023, and the Company received 3.6 million T-Mobile shares. The shares are recorded as investment securities in the same way as existing holdings of T-Mobile shares.

Components	Main reasons for changes from the previous fiscal year-end
<u>Non-current assets</u>	
B Goodwill	Goodwill of Arm increased by ¥271,303 million due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.
C Investments from SVF (FVTPL)	<ul style="list-style-type: none"> · The main factor of the increases in the carrying amount of investments at SVF1, SVF2, and LatAm Funds is an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end. · The carrying amount of investments at SVF1 increased by ¥403.0 billion. On a U.S. dollar basis, the carrying amount decreased by a total of \$0.84 billion, reflecting a decrease of \$0.33 billion due to a decrease in the fair value of investments held at the first quarter-end and a decrease of \$0.51 billion due to divestments.¹ · The carrying amount of investments at SVF2 increased by ¥474.4 billion. On a U.S. dollar basis, the carrying amount increased by a total of \$1.11 billion, reflecting an increase of \$1.51 billion due to new and follow-on investments, despite decreases of \$0.14 billion due to a decrease in the fair value of investments held at the first quarter-end and \$0.26 billion due to divestments. · The carrying amount of investments at LatAm Funds increased by ¥110.3 billion. On a U.S. dollar basis, the carrying amount increased by a total of \$0.33 billion, reflecting increases of \$0.34 billion in the fair value of portfolio companies held at the first quarter-end^{*1} and \$0.02 billion due to new and follow-on investments, which were partially offset by a decrease of \$0.03 billion due to divestments. <p>For details on the status of investments at SVF1, SVF2, and LatAm Funds, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p>
D Investment securities	<ul style="list-style-type: none"> · The carrying amount of Alibaba shares decreased by ¥553,354 million (\$6.68 billion) due to a fall in the share price. The balance at the first quarter-end was ¥4,288,951 million (\$29.58 billion). · The carrying amount of T-Mobile shares increased by ¥103,587 million (\$0.26 billion) (balance at the first quarter-end: ¥872,793 million (\$6.02 billion)). This mainly reflected the receipt of 3.6 million shares of the company (balance at the first quarter-end: ¥71,824 million) upon vesting contingent value rights received in June 2020 in relation to the disposal of T-Mobile shares, despite a fall in the share price. · The carrying amount of Deutsche Telekom shares decreased by ¥18,439 million (\$0.56 billion^{*2}), due to a fall in the share price (balance at the first quarter-end: ¥711,044 million (\$4.90 billion)). <p>The carrying amount of Alibaba shares, T-Mobile shares, and Deutsche Telekom shares as of the first quarter-end also included the increase caused by an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations.</p>

Notes:

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

Components	Main reasons for changes from the previous fiscal year-end
E Derivative financial assets	<ul style="list-style-type: none"> · Derivative financial assets related to prepaid forward contracts using Alibaba shares increased by ¥150,165 million, mainly due to a fall in Alibaba share price. · The fair value of the contingent consideration related to T-Mobile shares decreased by ¥39,069 million (balance at the first quarter-end: ¥794,701 million).
F Other financial assets	<p>During the first quarter, WeWork unsecured notes (face value: \$1.65 billion) were transferred to SVF2. The notes were recorded in the amount of ¥110,735 million at the previous fiscal year-end (carrying amount of ¥181,826 million less allowance for doubtful accounts of ¥71,091 million). Subsequently, the notes were exchanged for WeWork shares and convertible bonds, which are recorded under Investments from SVF (FVTPL).</p>

Reference: Cash and cash equivalents by entity

Consolidated cash and cash equivalents increased by ¥391.0 billion to ¥7,316.1 billion from the previous fiscal year-end. Of this, cash and cash equivalents of SBG and wholly owned subsidiaries conducting fund procurement, etc. increased by ¥777.4 billion to ¥4,793.5 billion. For details, see “(3) Overview of Cash Flows.”

	(Millions of yen)		
	March 31, 2023	June 30, 2023	Change
SBG and wholly owned subsidiaries			
conducting fund procurement, etc.	4,016,085	4,793,506	777,421
SBG	3,454,474	4,528,441	1,073,967
Wholly owned subsidiaries conducting fund procurement	543,380	16,735	(526,645)
SB Northstar	18,231	248,330	230,099
SoftBank Vision Funds segment			
SVF1	72,159	45,090	(27,069)
SVF2	36,930	64,442	27,512
LatAm Funds	2,818	3,348	530
SBIA, SBGA, SBLA Advisers Corp.	97,546	46,039	(51,507)
SoftBank segment			
SoftBank Corp.	280,768	276,737	(4,031)
Z Holdings Corporation	89,821	33,605	(56,216)
PayPay Corporation, PayPay Bank Corporation, ^{*1} PayPay Card Corporation	857,430	734,204	(123,226)
Yahoo Japan Corporation	298,277	263,796	(34,481)
Others	532,871	530,011	(2,860)
Others	640,448	525,369	(115,079)
Total	6,925,153	7,316,147	390,994

Note:

1. Cash and cash equivalents of PayPay Bank Corporation at the first quarter-end were ¥324,950 million.

(b) Liabilities

	(Millions of yen)		
	March 31, 2023	June 30, 2023	Change
Interest-bearing debt	5,129,047	6,413,717	1,284,670
Lease liabilities	184,105	170,567	(13,538)
Deposits for banking business	1,472,260	1,533,675	61,415
Trade and other payables	2,416,872	2,166,056	(250,816)
Derivative financial liabilities	82,612	89,113	6,501
Other financial liabilities	180,191	241,044	60,853
Income taxes payable	367,367	100,698	(266,669) A
Provisions	72,350	76,983	4,633
Other current liabilities	675,920	572,624	(103,296)
Total current liabilities	10,580,724	11,364,477	783,753
Interest-bearing debt	14,349,147	14,674,390	325,243
Lease liabilities	652,892	649,792	(3,100)
Third-party interests in SVF	4,499,369	4,822,520	323,151
Derivative financial liabilities	899,351	343,389	(555,962) B
Other financial liabilities	58,545	46,819	(11,726)
Provisions	163,627	170,037	6,410
Deferred tax liabilities	1,828,557	1,878,615	50,058
Other non-current liabilities	254,941	281,170	26,229
Total non-current liabilities	22,706,429	22,866,732	160,303
Total liabilities	33,287,153	34,231,209	944,056

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 Income taxes payable	SBG paid income taxes during the first quarter. This payment was based on taxable income, including gains on the sale of Alibaba shares to subsidiaries conducting fund procurement, which was carried out in relation to the early physical settlement of prepaid forward contracts using Alibaba shares, which was accrued in the previous fiscal year.
<u>Non-current liabilities</u>	
B Derivative financial liabilities	Derivative financial liabilities related to prepaid forward contracts using Alibaba shares decreased by ¥491,618 million mainly due to a fall in Alibaba share price.

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

(Millions of yen)

	March 31, 2023	June 30, 2023	Change
SBG and wholly owned subsidiaries			
conducting fund procurement, etc.	12,635,554	14,026,571	1,391,017
SBG	6,306,590	6,578,775	272,185
Borrowings	381,851	429,046	47,195 A
Corporate bonds	5,753,022	5,950,350	197,328 B
Lease liabilities	10,717	10,379	(338)
Commercial paper	161,000	189,000	28,000
Wholly owned subsidiaries conducting			
fund procurement^{*1}	6,328,964	7,442,782	1,113,818
Borrowings	2,065,361	2,204,581	139,220 C
Financial liabilities relating to sale of shares by prepaid forward contracts	4,263,603	5,238,201	974,598 D
SB Northstar	-	5,014	5,014
Borrowings	-	5,014	5,014
SoftBank Vision Funds segment			
SVF1	552,681	590,620	37,939
Borrowings	552,681	590,620	37,939 E
SVF2	770,004	829,296	59,292
Borrowings	770,004	829,296	59,292 E
SBIA, SBLA Advisers Corp.	14,873	15,916	1,043
Lease liabilities	14,873	15,916	1,043
SoftBank segment			
SoftBank Corp.	4,149,812	4,369,381	219,569
Borrowings	3,080,878	3,180,568	99,690
Corporate bonds	578,684	578,748	64
Lease liabilities	490,249	480,564	(9,685)
Commercial paper	1	129,501	129,500
Z Holdings Corporation	1,064,457	1,015,995	(48,462)
Borrowings	485,470	516,928	31,458
Corporate bonds	578,987	499,067	(79,920)
PayPay Corporation, PayPay Bank			
Corporation,^{*2} PayPay Card Corporation	396,075	342,139	(53,936)
Yahoo Japan Corporation	111,386	112,462	1,076
Other	412,961	400,660	(12,301)
Others			
Other interest-bearing debt	130,014	138,456	8,442
Lease liabilities	77,374	66,970	(10,404)
Total	20,315,191	21,908,466	1,593,275

Notes:

1. The interest-bearing debt of wholly owned subsidiaries engaged in fund procurement is non-recourse to SBG.
2. Deposits for banking business of PayPay Bank Corporation are not included in interest-bearing debt.

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

Components	Details
<u>SBG and wholly owned subsidiaries conducting fund procurement, etc.</u>	
SBG	
A Borrowings	¥53.1 billion was borrowed through the hybrid loan in the first quarter.
B Corporate bonds	<ul style="list-style-type: none"> · Domestic hybrid bonds with a face value of ¥222.0 billion were issued in the first quarter. · Foreign currency-denominated senior notes with face values of \$0.16 billion and 0.63 billion euros and domestic straight bonds with a face value of ¥19.5 billion were redeemed upon maturity in the first quarter. · Foreign currency-denominated senior notes with face values of \$0.04 billion and 0.04 billion euros, as well as domestic straight bonds with a face value of ¥2.1 billion and domestic subordinated bonds with a face value of ¥20.9 billion, were repurchased in the first quarter. · The carrying amount of foreign currency-denominated straight bonds increased due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.
Wholly owned subsidiaries conducting fund procurement	
C Borrowings	The carrying amount of foreign currency-denominated debt increased due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.
D Financial liabilities relating to sale of shares by prepaid forward contracts	<ul style="list-style-type: none"> · \$4.39 billion was raised in the first quarter by concluding prepaid forward contracts (forward contracts) using Alibaba shares. For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “4. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.” · The carrying amount increased due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.
<u>SoftBank Vision Funds segment</u>	
SVF1 and SVF2	
E Borrowings	<ul style="list-style-type: none"> · Borrowings made through asset-backed finance decreased by \$0.07 billion at SVF1 and \$0.05 billion at SVF2. · The balance of the borrowings increased due to an 8.6% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the first quarter-end.

(c) Equity

	March 31, 2023	June 30, 2023	(Millions of yen) Change
Common stock	238,772	238,772	-
Capital surplus	2,652,790	2,655,326	2,536
Other equity instruments	414,055	414,055	-
Retained earnings	2,006,238	1,495,376	(510,862) A
Treasury stock	(38,791)	(33,255)	5,536
Accumulated other comprehensive income	3,756,785	5,015,214	1,258,429 B
Total equity attributable to owners of the parent	9,029,849	9,785,488	755,639
Non-controlling interests	1,619,366	1,664,270	44,904
Total equity	10,649,215	11,449,758	800,543

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Retained earnings	Net loss attributable to owners of the parent of ¥477,616 million was recorded.
B Accumulated other comprehensive income	Exchange differences from the translation of foreign operations, which arose from translating foreign subsidiaries and associates into yen, increased by ¥1,256,968 million mainly due to the weaker yen against the U.S. dollar in the foreign currency exchange rate used for translations.

(3) Overview of Cash Flows

1. Cash flows from operating activities

- ◆ Income taxes paid: ¥437.9 billion

2. Cash flows from investing activities

- ◆ Payments for acquisition of investment of ¥212.5 billion mainly due to strategic investments by SBG and its wholly owned subsidiaries
- ◆ Monetization of assets continued at SVF while expanding investments
 - Payments for acquisition of investments by SVF: ¥123.9 billion
 - Proceeds from sales of investments by SVF: ¥134.9 billion
- ◆ Proceeds from loss of control over subsidiaries of ¥93.2 billion was recorded mainly as a result of selling 85% of the shares of SB Energy Corp., formerly a wholly owned subsidiary of the Company.
- ◆ Outlays of ¥191.2 billion for purchase of property, plant and equipment and intangible assets due to capital expenditure mainly at SoftBank Corp.
- ◆ The above resulted in net cash outflow of ¥307.8 billion from investing activities.

3. Cash flows from financing activities

- ◆ Net cash inflow from financing activities was ¥529.6 billion. The Company procured funds through prepaid forward contracts using Alibaba shares and domestic hybrid bonds, and the hybrid loan. Bond redemptions, dividend payouts, and distributions/repayments to third-party investors of SVF were also carried out.
 - Proceeds from interest-bearing debt: ¥1,601.2 billion
 - Main proceeds at SBG: ¥380.6 billion
(from issuance of domestic hybrid bonds with a face value of ¥222.0 billion, short-term borrowings of ¥105.5 billion, and the hybrid loan of ¥53.1 billion)
 - Proceeds at wholly owned subsidiaries conducting fund procurement: ¥605.6 billion
(\$4.39 billion through prepaid forward contracts using Alibaba shares)
 - Payments for interest-bearing debt: ¥794.8 billion
 - Main outlays at SBG (redemption of bonds and repayment of short-term borrowings): ¥262.5 billion
 - Distributions and repayments to third-party investors at SVF of ¥118.1 billion
 - Payments of ¥172.0 billion for dividends at SBG and for dividends to non-controlling interests in subsidiaries, such as SoftBank Corp.

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

- ◆ The balance of cash and cash equivalents stood at ¥7,316.1 billion at the first quarter-end, an increase of ¥391.0 billion from the previous fiscal year-end, as a result of cash flows from operating, investing, and financing activities, as well as the effect of exchange rate changes on cash and cash equivalents of ¥341.8 billion reflecting the weaker yen.

(Millions of yen)

	Three months ended June 30		Change
	2022	2023	
Cash flows from operating activities	140,805	(172,574)	(313,379)
Cash flows from investing activities	286,098	(307,791)	(593,889)
Cash flows from financing activities	175,926	529,565	353,639
Effect of exchange rate changes on cash and cash equivalents	298,834	341,794	42,960
Increase in cash and cash equivalents	901,663	390,994	(510,669)
Cash and cash equivalents at the beginning of the period	5,169,001	6,925,153	1,756,152
Cash and cash equivalents at the end of the period	6,070,664	7,316,147	1,245,483

(a) Cash Flows from Operating Activities

Cash flows from operating activities resulted in a net outflow of ¥172,574 million from a net inflow of ¥140,805 million in the same period of the previous fiscal year. This was mainly due to an increase in income taxes paid from ¥201,600 million to ¥437,878 million, as well as a decrease in cash inflows primarily from sale of investments at SB Northstar, from ¥71,784 million to ¥5,748 million, accompanying the downsizing of its business.

The increase in the amount of income taxes paid was mainly due to the payment in the first quarter of ¥229,215 million income taxes on taxable income for the previous fiscal year arising at SBG, primarily in association with the physical settlement of the prepaid forward contracts using Alibaba shares.

(b) Cash Flows from Investing Activities

Primary components

Components	Primary details
Payments for acquisition of investments ¥(212,528) million	SBG and its wholly owned subsidiaries made mainly strategic investments for ¥119,973 million.
Payments for acquisition of investments by SVF ¥(123,916) million	<ul style="list-style-type: none"> · SVF2 invested ¥121,662 million (\$0.88 billion) in total. · LatAm Funds invested ¥2,253 million (\$0.02 billion) in total.
Proceeds from sales of investments by SVF ¥134,853 million	SVF sold investments for a total of ¥134,853 million (\$0.98 billion), including full exits of four portfolio companies and partial exits of several public portfolio companies. ¹
Proceeds from loss of control over subsidiaries ¥93,206 million	Mainly from the sale of 85% of the shares of SB Energy Corp., formerly a wholly owned subsidiary of the Company.
Purchase of property, plant and equipment, and intangible assets ¥(191,183) million	SoftBank Corp. purchased property, plant and equipment, such as telecommunications equipment, and intangible assets, such as software.

(c) Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥48,128 million ^{*1} (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities)	<ul style="list-style-type: none"> · Short-term borrowings and commercial paper increased by ¥103,150 million (net) at SoftBank Corp. · Short-term borrowings and commercial paper decreased by ¥52,299 million (net) at Z Holdings Corporation and its subsidiaries.
Proceeds from interest-bearing debt (total of A through C below) ¥1,601,228 million	
A Proceeds from borrowings ¥773,601 million ^{*2}	<ul style="list-style-type: none"> · SBG made short-term borrowings of ¥105,506 million and procured ¥53,100 million through the hybrid loan. · SoftBank Corp. procured ¥208,911 million mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. The company also issued commercial paper for ¥91,500 million. · A subsidiary of LINE Corporation made short-term borrowings of ¥162,200 million associated with an increase in demand for personal unsecured loan services.
B Proceeds from issuance of corporate bonds ¥222,000 million	SBG issued domestic hybrid bonds totaling ¥222,000 million.
C Proceeds from procurement by prepaid forward contracts using shares ¥605,627 million	Wholly owned subsidiaries conducting fund procurement raised a total of \$4.39 billion through prepaid forward contracts (forward contracts) using Alibaba shares.
Repayment of interest-bearing debt (total of A and B below) ¥(794,809) million	
A Repayment of borrowings ¥(561,804) million ^{*2}	<ul style="list-style-type: none"> · SBG repaid short-term borrowings of ¥109,450 million. · SVF1 and SVF2 repaid ¥9,443 million (\$0.07 billion) and ¥7,044 million (\$0.05 billion), respectively, in borrowings made through asset-backed finance. · SoftBank Corp. repaid ¥175,218 million in borrowings made mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. · A subsidiary of LINE Corporation repaid short-term borrowings of ¥155,000 million made in association with an increase in demand for personal unsecured loan services.

Components	Primary details
B Redemption of corporate bonds ¥(233,005) million	<ul style="list-style-type: none"> · SBG repurchased foreign currency-denominated senior notes with face values totaling \$0.04 billion and 0.04 billion euros, domestic straight bonds with face value of ¥2,100 million, and domestic subordinated bonds with face value of ¥20,900 million and redeemed foreign currency-denominated senior notes with face values of \$0.16 billion and 0.63 billion euros and domestic straight bonds with a face value of ¥19,500 million upon maturity. · Z Holdings Corporation redeemed domestic straight bonds of ¥80,000 million upon maturity.
Distribution/repayment from SVF to third-party investors ¥(118,091) million	SVF1 made distributions to third-party investors.
Cash dividends paid ¥(31,423) million	SBG paid dividends.
Cash dividends paid to non-controlling interests ¥(140,535) million	SoftBank Corp., Z Holdings Corporation, and other subsidiaries paid dividends to non-controlling interests.

Notes:

1. “Proceeds in short-term interest-bearing debt, net” represents cash flows from financing activities that meet the requirement of “Reporting cash flows on a net basis” under IFRSs.
2. “Proceeds from borrowings” and “Repayment of borrowings” include proceeds of ¥462,961 million and outlays of ¥350,884 million related to borrowings with a contracted term of one year or less.

(4) Forecasts

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

Notes to “1. Results of Operations”

- 1 Includes disposals as a result of restructuring of portfolio companies.
- 2 Interest expenses of SBG include interest expenses of its wholly owned subsidiaries conducting fund procurement.
- 3 Up until Alibaba was excluded from associates of the Company in the second quarter of the previous fiscal year, the Company had applied the equity method to Alibaba’s consolidated financial statements for the reporting periods staggered by the previous three months because it was impracticable to align the reporting periods with Alibaba due to various factors, such as contracts with the company. Necessary adjustments were made to reflect significant transactions and events announced by Alibaba during the staggered three-month period.
- 4 Private companies valued at over \$1 billion at the time of investment
- 5 After deducting transaction fees, etc.
- 6 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 7 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for three months ended March 31, 2023, as reported by licensees in the royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the royalty unit analysis in this report is based on chips shipped for three months ended March 31, 2023. In contrast, royalty revenues are accrued in the same quarter the chips are shipped based on estimates. Royalty unit data for 2022 has been restated based on updated information received from its licensees in the first quarter.

2. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

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

(1) Condensed Interim Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	6,925,153	7,316,147
Trade and other receivables	2,594,736	2,450,124
Derivative financial assets	249,414	279,144
Other financial assets	371,313	424,637
Inventories	163,781	162,184
Other current assets	282,085	345,170
Total current assets	<u>10,586,482</u>	<u>10,977,406</u>
Non-current assets		
Property, plant and equipment	1,781,142	1,785,699
Right-of-use assets	858,577	835,201
Goodwill	5,199,480	5,467,430
Intangible assets	2,409,641	2,435,397
Costs to obtain contracts	332,856	333,076
Investments accounted for using the equity method	730,440	826,508
Investments from SVF (FVTPL)	10,489,722	11,477,480
Investment securities	7,706,501	7,491,060
Derivative financial assets	1,170,845	1,368,033
Other financial assets	2,303,620	2,312,737
Deferred tax assets	210,823	204,696
Other non-current assets	156,239	166,244
Total non-current assets	<u>33,349,886</u>	<u>34,703,561</u>
Total assets	<u><u>43,936,368</u></u>	<u><u>45,680,967</u></u>

	As of March 31, 2023	(Millions of yen) As of June 30, 2023
Liabilities and equity		
Current liabilities		
Interest-bearing debt	5,129,047	6,413,717
Lease liabilities	184,105	170,567
Deposits for banking business	1,472,260	1,533,675
Trade and other payables	2,416,872	2,166,056
Derivative financial liabilities	82,612	89,113
Other financial liabilities	180,191	241,044
Income taxes payable	367,367	100,698
Provisions	72,350	76,983
Other current liabilities	675,920	572,624
Total current liabilities	<u>10,580,724</u>	<u>11,364,477</u>
Non-current liabilities		
Interest-bearing debt	14,349,147	14,674,390
Lease liabilities	652,892	649,792
Third-party interests in SVF	4,499,369	4,822,520
Derivative financial liabilities	899,351	343,389
Other financial liabilities	58,545	46,819
Provisions	163,627	170,037
Deferred tax liabilities	1,828,557	1,878,615
Other non-current liabilities	254,941	281,170
Total non-current liabilities	<u>22,706,429</u>	<u>22,866,732</u>
Total liabilities	<u>33,287,153</u>	<u>34,231,209</u>
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	2,652,790	2,655,326
Other equity instruments	414,055	414,055
Retained earnings	2,006,238	1,495,376
Treasury stock	(38,791)	(33,255)
Accumulated other comprehensive income	3,756,785	5,015,214
Total equity attributable to owners of the parent	<u>9,029,849</u>	<u>9,785,488</u>
Non-controlling interests	<u>1,619,366</u>	<u>1,664,270</u>
Total equity	<u>10,649,215</u>	<u>11,449,758</u>
Total liabilities and equity	<u><u>43,936,368</u></u>	<u><u>45,680,967</u></u>

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

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Net sales	1,572,030	1,557,507
Cost of sales	(688,239)	(725,432)
Gross profit	883,791	832,075
Gain on investments		
Gain (loss) on investments at Investment Business of Holding Companies	111,223	(689,697)
Loss on investments at SoftBank Vision Funds	(2,919,130)	(13,043)
Gain (loss) on other investments	(26,533)	3,783
Total gain on investments	(2,834,440)	(698,957)
Selling, general and administrative expenses	(626,513)	(648,080)
Finance cost	(114,139)	(139,601)
Foreign exchange loss	(819,969)	(464,642)
Loss on equity method investments	(158,370)	(18,319)
Derivative gain (loss) (excluding gain (loss) on investments)	(259,250)	849,629
Change in third-party interests in SVF	631,367	(58,081)
Other gain	5,068	169,782
Income before income tax	(3,292,455)	(176,194)
Income taxes	196,134	(140,000)
Net income	(3,096,321)	(316,194)
Net income attributable to		
Owners of the parent	(3,162,700)	(477,616)
Non-controlling interests	66,379	161,422
Net income	(3,096,321)	(316,194)
Earnings per share		
Basic earnings per share (Yen)	(1,949.55)	(332.75)
Diluted earnings per share (Yen)	(1,950.29)	(333.97)

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Net income	(3,096,321)	(316,194)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	9,493	8,306
Total items that will not be reclassified to profit or loss	9,493	8,306
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	(504)	268
Cash flow hedges	(34,049)	(5,807)
Exchange differences on translating foreign operations	2,092,984	1,252,844
Share of other comprehensive income of associates	(14,754)	(3,555)
Total items that may be reclassified subsequently to profit or loss	2,043,677	1,243,750
Total other comprehensive income, net of tax	2,053,170	1,252,056
Total comprehensive income	(1,043,151)	935,862
Total comprehensive income attributable to		
Owners of the parent	(1,094,795)	779,754
Non-controlling interests	51,644	156,108
Total comprehensive income	(1,043,151)	935,862

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
As of April 1, 2022	238,772	2,634,574	496,876	4,515,704	(406,410)	2,496,158	9,975,674
Comprehensive income							
Net income	-	-	-	(3,162,700)	-	-	(3,162,700)
Other comprehensive income	-	-	-	-	-	2,067,905	2,067,905
Total comprehensive income	-	-	-	(3,162,700)	-	2,067,905	(1,094,795)
Transactions with owners and other transactions							
Cash dividends	-	-	-	(36,229)	-	-	(36,229)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,774	-	(1,774)	-
Purchase and disposal of treasury stock	-	-	-	(283)	(292,252)	-	(292,535)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	776	-	-	-	-	776
Changes in associates' interests in their subsidiaries	-	9,457	-	-	-	-	9,457
Changes in interests in associates' capital surplus	-	31	-	-	-	-	31
Share-based payment transactions	-	34	-	-	-	-	34
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	10,298	-	(34,738)	(292,252)	(1,774)	(318,466)
As of June 30, 2022	<u>238,772</u>	<u>2,644,872</u>	<u>496,876</u>	<u>1,318,266</u>	<u>(698,662)</u>	<u>4,562,289</u>	<u>8,562,413</u>

(Millions of yen)

	Non- controlling interests	Total equity
As of April 1, 2022	1,732,088	11,707,762
Comprehensive income		
Net income	66,379	(3,096,321)
Other comprehensive income	(14,735)	2,053,170
Total comprehensive income	51,644	(1,043,151)
Transactions with owners and other transactions		
Cash dividends	(141,959)	(178,188)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(292,535)
Changes from loss of control	992	992
Changes in interests in subsidiaries	8,378	9,154
Changes in associates' interests in their subsidiaries	-	9,457
Changes in interests in associates' capital surplus	-	31
Share-based payment transactions	6,542	6,576
Other	(45,500)	(45,500)
Total transactions with owners and other transactions	(171,547)	(490,013)
As of June 30, 2022	<u>1,612,185</u>	<u>10,174,598</u>

For the three-month period ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
As of April 1, 2023	238,772	2,652,790	414,055	2,006,238	(38,791)	3,756,785	9,029,849
Comprehensive income							
Net income	-	-	-	(477,616)	-	-	(477,616)
Other comprehensive income	-	-	-	-	-	1,257,370	1,257,370
Total comprehensive income	-	-	-	(477,616)	-	1,257,370	779,754
Transactions with owners and other transactions							
Cash dividends	-	-	-	(32,187)	-	-	(32,187)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(1,059)	-	1,059	-
Purchase and disposal of treasury stock	-	322	-	-	5,536	-	5,858
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	3,192	-	-	-	-	3,192
Changes in interests in associates' capital surplus	-	(91)	-	-	-	-	(91)
Share-based payment transactions	-	(887)	-	-	-	-	(887)
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	2,536	-	(33,246)	5,536	1,059	(24,115)
As of June 30, 2023	238,772	2,655,326	414,055	1,495,376	(33,255)	5,015,214	9,785,488

(Millions of yen)

	Non- controlling interests	Total equity
As of April 1, 2023	1,619,366	10,649,215
Comprehensive income		
Net income	161,422	(316,194)
Other comprehensive income	(5,314)	1,252,056
Total comprehensive income	156,108	935,862
Transactions with owners and other transactions		
Cash dividends	(143,357)	(175,544)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	5,858
Changes from loss of control	(6,297)	(6,297)
Changes in interests in subsidiaries	13,905	17,097
Changes in interests in associates' capital surplus	-	(91)
Share-based payment transactions	23,144	22,257
Other	1,401	1,401
Total transactions with owners and other transactions	(111,204)	(135,319)
As of June 30, 2023	<u>1,664,270</u>	<u>11,449,758</u>

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Cash flows from operating activities		
Net income	(3,096,321)	(316,194)
Depreciation and amortization	220,852	209,860
(Gain) loss on investments at Investment Business of Holding Companies	(157,196)	691,665
Loss on investments at SoftBank Vision Funds	2,919,130	13,043
Finance cost	114,139	139,601
Foreign exchange loss	819,969	464,642
Loss on equity method investments	158,370	18,319
Derivative loss (gain) (excluding (gain) loss on investments)	259,250	(849,629)
Change in third-party interests in SVF	(631,367)	58,081
Loss (gain) on other investments and other gain	21,465	(173,565)
Income taxes	(196,134)	140,000
Decrease in investments from asset management subsidiaries	66,612	1,756
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	49,196	4,962
Decrease (increase) in restricted cash in asset management subsidiaries	134,637	(5,524)
(Decrease) increase in borrowed securities in asset management subsidiaries	(131,796)	11,878
Decrease in trade and other receivables	8,610	123,162
Decrease in inventories	3,321	2,631
Decrease in trade and other payables	(167,749)	(185,794)
Other	18,042	(37,426)
Subtotal	413,030	311,468
Interest and dividends received	19,304	46,008
Interest paid	(93,582)	(108,342)
Income taxes paid	(201,600)	(437,878)
Income taxes refunded	3,653	16,170
Net cash provided by (used in) operating activities	140,805	(172,574)

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Cash flows from investing activities		
Payments for acquisition of investments	(64,795)	(212,528)
Proceeds from sales/redemption of investments	364,526	35,920
Payments for acquisition of investments by SVF	(306,365)	(123,916)
Proceeds from sales of investments by SVF	344,210	134,853
Proceeds from loss of control over subsidiaries	-	93,206
Payments for acquisition of marketable securities for short-term trading	(20,701)	(26,223)
Proceeds from sales/redemption of marketable securities for short-term trading	26,500	21,564
Purchase of property, plant and equipment, and intangible assets	(170,156)	(191,183)
Payments for loan receivables	(9,637)	(47,926)
Collection of loan receivables	65,286	49,486
Other	57,230	(41,044)
Net cash provided by (used in) investing activities	286,098	(307,791)
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	15,630	48,128
Proceeds from interest-bearing debt	2,728,946	1,601,228
Repayment of interest-bearing debt	(1,732,623)	(794,809)
Repayment of lease liabilities	(74,029)	(60,984)
Contributions into SVF from third-party investors	7,712	-
Distribution/repayment from SVF to third-party investors	(255,264)	(118,091)
Purchase of treasury stock	(293,486)	(2)
Cash dividends paid	(35,288)	(31,423)
Cash dividends paid to non-controlling interests	(139,309)	(140,535)
Other	(46,363)	26,053
Net cash provided by financing activities	175,926	529,565
Effect of exchange rate changes on cash and cash equivalents	298,834	341,794
Increase in cash and cash equivalents	901,663	390,994
Cash and cash equivalents at the beginning of the period	5,169,001	6,925,153
Cash and cash equivalents at the end of the period	6,070,664	7,316,147

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Material accounting policies

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

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

(Material accounting policies for the SoftBank Vision Funds segment)

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

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

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

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

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

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

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

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

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

(c) Other investments

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

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

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

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

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

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

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

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

(b) Contribution from the Company

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

2. Segment information

(1) Description of reportable segments

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

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

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

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

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

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

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

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

(2) Net sales and income of reportable segments

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

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

For the three-month period ended June 30, 2022

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,379,955	92,751
Intersegment	-	-	847	-
Total	-	-	1,380,802	92,751
Segment income	(1,198,053)	(2,330,750)	222,214	29,846
Depreciation and amortization	(1,075)	(168)	(184,156)	(21,341)
Gain (loss) on investments	111,233	(2,933,845)	1,133	39
Finance cost	(80,029)	(15,401)	(15,341)	(272)
Foreign exchange gain (loss)	(822,035)	76	196	1,658
Loss on equity method investments	(139,782)	-	(10,351)	(85)
Derivative gain (loss) (excluding gain (loss) on investments)	(244,986)	499	901	(1,302)
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,472,706	99,324	-	1,572,030
Intersegment	847	2,301	(3,148)	-
Total	1,473,553	101,625	(3,148)	1,572,030
Segment income	(3,276,743)	(19,275)	3,563	(3,292,455)
Depreciation and amortization	(206,740)	(14,112)	-	(220,852)
Gain (loss) on investments	(2,821,440)	(27,705)	14,705	(2,834,440)
Finance cost	(111,043)	(4,166)	1,070	(114,139)
Foreign exchange gain (loss)	(820,105)	136	-	(819,969)
Loss on equity method investments	(150,218)	(3,707)	(4,445)	(158,370)
Derivative gain (loss) (excluding gain (loss) on investments)	(244,888)	(14,362)	-	(259,250)

For the three-month period ended June 30, 2023

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds*	SoftBank	Arm
Net sales				
Customers	-	-	1,429,118	88,502
Intersegment	-	-	949	-
Total	-	-	1,430,067	88,502
Segment income	(394,540)	61,041	254,987	(9,508)
Depreciation and amortization	(790)	(492)	(181,576)	(22,213)
Gain (loss) on investments	(689,697)	159,773	2,217	86
Finance cost	(97,256)	(23,628)	(16,140)	(314)
Foreign exchange gain (loss)	(466,107)	(75)	(241)	1,153
Loss on equity method investments	(1,581)	-	(7,599)	(23)
Derivative gain (excluding gain (loss) on investments)	848,775	-	824	30
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,517,620	39,887	-	1,557,507
Intersegment	949	4,015	(4,964)	-
Total	1,518,569	43,902	(4,964)	1,557,507
Segment income	(88,020)	88,962	(177,136)	(176,194)
Depreciation and amortization	(205,071)	(4,789)	-	(209,860)
Gain (loss) on investments	(527,621)	1,480	(172,816)	(698,957)
Finance cost	(137,338)	(3,613)	1,350	(139,601)
Foreign exchange gain (loss)	(465,270)	628	-	(464,642)
Loss on equity method investments	(9,203)	(8,888)	(228)	(18,319)
Derivative gain (excluding gain (loss) on investments)	849,629	-	-	849,629

Note:

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

3. SoftBank Vision Funds business

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

a. Overview

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

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

b. Segment income arising from the SoftBank Vision Funds business

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

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Gain (loss) on investments at SoftBank Vision Funds		
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds		
Realized loss on investments ^{*1}	(26,722)	(68,179)
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year ^{*2}	(2,881,472)	120,887
Reclassified to realized gain (loss) recorded in the past fiscal years ^{*3}	(34,423)	91,350
Interest and dividend income from investments	415	1,491
Derivative gain on investments	37,650	2,453
Effect of foreign exchange translation ^{*4}	(30,478)	(13,299)
Subtotal	(2,935,030)	134,703
Gain on other investments	1,185	25,070
Total gain (loss) on investments at SoftBank Vision Funds	(2,933,845)	159,773
Selling, general and administrative expenses	(18,904)	(18,299)
Finance cost (interest expenses)	(15,401)	(23,628)
Derivative gain (excluding gain (loss) on investments)	499	-
Change in third-party interests in SVF	631,367	(58,081)
Other gain	5,534	1,276
Segment income arising from the SoftBank Vision Funds business (income before income tax)	(2,330,750)	61,041

Notes:

1. The amount of realized gain and loss on investments is the exit price net of the investment cost. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by disposals as a result of share exchange and restructuring of portfolio companies are included.
2. For the three-month period ended June 30, 2023, ¥175,532 million of the unrealized gain (net) on valuation arising from shares of the Company's subsidiaries held by SVF1 and SVF2 (mainly Arm and PayPay Corporation) is included in "Gain (loss) on investments at SoftBank Vision Funds" (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.

For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. For the three-month period ended June 30, 2023, ¥3,350 million of the unrealized loss on valuation arising from WeWork common shares held by SVF2 is included in "Gain (loss) on investments at SoftBank Vision Funds" (in Change in valuation for the fiscal year under Unrealized gain (loss) on valuation of investments) in the above-mentioned segment income. However, the unrealized loss on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.

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

3. It represents the unrealized gain and loss on valuation of investments recorded as "Gain (loss) on investments at SoftBank Vision Funds" in the past fiscal years, which are reclassified to "Realized loss on investments" due to the realization for the three-month period ended June 30, 2023.
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.

(2) Third-party interests in SVF

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

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

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

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

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

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

b. Changes in interests attributable to Third-Party Investors

(a) Third-party interests in SVF1

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

		(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
	Third-party interests in SVF1 (Total of current liabilities and non-current liabilities)	Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2023	4,470,717		
Contributions from Third-Party Investors	-	-	-
Changes in third-party interests	61,286	(61,286)	-
Attributable to investors entitled to fixed distribution	40,718		
Attributable to investors entitled to performance-based distribution	20,568		
Distribution/repayment to Third-Party Investors	(118,091)	-	(118,091)
Exchange differences on translating third-party interests *	380,862	-	-
As of June 30, 2023	<u>4,794,774</u>		

Note:

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

(b) Third-party interests in SVF2 and receivables

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

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

	(Millions of yen)
	Receivables from Third-Party Investor in SVF2
As of April 1, 2023	384,870
Increase in receivables from accrued premiums charged to Third-Party Investor	2,841
Exchange differences on receivables	33,172
As of June 30, 2023	420,883

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

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

		(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
	Third-party interests in LatAm Funds (Total of current liabilities and non-current liabilities)	Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2023	28,652		
Changes in third-party interests	(3,205)	3,205	-
Exchange differences on translating third-party interests*	2,299	-	-
As of June 30, 2023	27,746		

Note:

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

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

	(Millions of yen)
	Receivables from Third-Party Investor in LatAm Funds
As of April 1, 2023	90,606
Increase in receivables from accrued premiums charged to Third-Party Investor	671
Exchange differences on receivables	7,809
As of June 30, 2023	99,086

c. Uncalled committed capital from Third-Party Investors

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

(3) Management fees and performance fees

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

a. Management fees and performance fees in SVF1

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2023	(Millions of yen) As of June 30, 2023
Current		
Short-term borrowings	900,502	920,483
Commercial paper	283,001	419,501
Current portion of long-term borrowings	2,955,480	3,116,019
Current portion of corporate bonds	653,237	888,653
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts*	336,730	1,068,904
Current portion of installment payables	97	157
Total	5,129,047	6,413,717
Non-current		
Long-term borrowings	4,164,682	4,365,402
Corporate bonds	6,257,455	6,139,513
Financial liabilities relating to sale of shares by prepaid forward contracts*	3,926,873	4,169,296
Installment payables	137	179
Total	14,349,147	14,674,390

Note:

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

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

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

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

The aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives. The Company accounts for the contracts by bifurcating the main contracts and embedded

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

Entities for fund procurement 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 the right of use to the financial institutions with respect to such shares. However, the collateral can be released by cash settlement at the discretion of Entities for fund procurement by using Alibaba shares.

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

As of June 30, 2023, the Company set ¥4,285,986 million of Alibaba shares, which is recognized as “Investment securities” in the condensed interim consolidated statement of financial position, as collateral for ¥659,083 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥4,105,575 million of financial liabilities relating to sale of shares by prepaid forward contracts.

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

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

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Net increase in short-term borrowings	3,430	34,628
Net increase in commercial paper	12,200	13,500
Total	<u>15,630</u>	<u>48,128</u>

(4) Components of proceeds from interest-bearing debt

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

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Proceeds from borrowings	1,375,246	773,601
Proceeds from issuance of corporate bonds	-	222,000
Proceeds from procurement by prepaid forward contracts using shares*	1,353,700	605,627
Total	<u>2,728,946</u>	<u>1,601,228</u>

Note:

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

(5) Components of repayment of interest-bearing debt

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

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Repayment of borrowings	(1,676,420)	(561,804)
Redemption of corporate bonds	(56,203)	(233,005)
Total	<u>(1,732,623)</u>	<u>(794,809)</u>

5. Financial instruments

The details of derivative contracts are mainly as follows:

	(Millions of yen)			
	As of March 31, 2023		As of June 30, 2023	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Prepaid forward contracts using Alibaba shares (Option contracts) ^{*1}	397,127	-	522,021	-
Call spread contracts relating to prepaid forward contracts using Alibaba shares ^{*1}	590	-	167	-
Prepaid forward contracts using Alibaba shares (Forward contracts) ^{*1}	-	(805,039)	110,606	(313,420)
Contingent consideration relating to acquisition of T-Mobile shares ^{*2}	833,770	-	794,701	-
Short call option for T-Mobile shares to Deutsche Telekom	-	(55,056)	-	(52,024)
Contingent value rights relating to sale of T- Mobile shares ^{*3}	67,308	-	-	-

Notes:

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

6. Foreign currency exchange rates

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

(1) Rate at the end of the period

	As of March 31, 2023	As of June 30, 2023
USD	133.53	144.99

(Yen)

(2) Average rate for the quarter

For the three-month period ended June 30, 2022

	(Yen) Three-month period ended June 30, 2022
USD	129.04
CNY*	19.60

For the three-month period ended June 30, 2023

	(Yen) Three-month period ended June 30, 2023
USD	138.11

Note:

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

7. Equity

(1) Other equity instruments

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

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

In addition, on October 12, 2022, the Company purchased a portion of the above USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes (the face value of \$0.75 billion) and retired them on the same date. Subsequently, on July 19, 2023, the first optional redemption date, the remaining amount (the face value of \$2.0 billion) was fully redeemed.

(2) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Balance at the beginning of the period	76,164	6,948
Increase during the period	56,298	0
Decrease during the period	(232)	(992)
Balance at the end of the period	<u>132,230</u>	<u>5,956</u>

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Equity financial assets at FVTOCI	43,201	49,826
Debt financial assets at FVTOCI	142	148
Cash flow hedges	(71,598)	(76,768)
Exchange differences on translating foreign operations*	3,785,040	5,042,008
Total	<u>3,756,785</u>	<u>5,015,214</u>

Note:

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

8. Gain on investments

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

The components of gain and loss on investments at Investment Business of Holding Companies are as follows:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
	(Millions of yen)	
Gain relating to settlement of prepaid forward contracts using Alibaba shares ^{*1}	97,263	-
Gain relating to sales of T-Mobile shares	24,842	-
Realized gain (loss) on investments at asset management subsidiaries	7,176	(59)
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	(69,489)	906
Derivative gain (loss) on investments at asset management subsidiaries	(5,246)	18
Realized gain (loss) on investments ^{*2}	(400)	17,686
Unrealized loss on valuation of investments ^{*2}	(27,605)	(620,356)
Derivative gain (loss) on investments ^{*3}	73,609	(97,024)
Other	11,073	9,132
Total	<u>111,223</u>	<u>(689,697)</u>

Notes:

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

“Gain relating to settlement of prepaid forward contracts using Alibaba shares” is composed of gain on settlement of prepaid forward contracts using Alibaba shares which a settlement is completed before Alibaba ceases to be an equity method associate of the Company.

2. Effects of stock price changes for the remaining Alibaba shares after being remeasured are included in “Realized gain (loss) on investments” or “Unrealized gain (loss) on valuation of investments” rather than “Gain relating to settlement of prepaid forward contracts using Alibaba shares.” For the three-month period ended June 30, 2023, ¥553,354 million of unrealized loss on valuation of investments was recognized related to the remaining Alibaba shares.

3. For the three-month period ended June 30, 2023, ¥105,377 million of derivative loss on investments was recorded due to changes in the fair value of contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of contingent consideration are described in “Notes 2” under “Note 5. Financial instruments.”

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

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

9. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Interest expenses	(114,139)	(139,601)

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

For the three-month period ended June 30, 2023, derivative gain of ¥769,852 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The details of the contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 4. Interest-bearing debt.”

11. Other gain

The components of other gain and loss are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023
Interest income	8,618	57,146
Gain relating to loss of control over subsidiaries ^{*1}	10,406	108,832
Dilution gain from changes in equity interest	4,656	19,739
Loss on derecognition of unsecured notes issued by WeWork ^{*2}	-	(21,579)
Other	(18,612)	5,644
Total	5,068	169,782

Notes:

- For the three-month period ended June 30, 2023, primarily, as a result of the sale of 85 % of shares in SB Energy Corp., a wholly-owned subsidiary of the Company, the gain arising from the loss of control over the entity was recorded. Subsequently, SB Energy Corp. (currently, Terras Energy Corporation) has become an associate of the Company after the transaction.
- For the three-month period ended June 30, 2023, unsecured notes issued by WeWork were exchanged into shares and convertible bonds newly issued by WeWork. The unsecured notes were derecognized and ¥21,579 million of loss was recorded.

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

Income taxes paid and income taxes refunded

For the three-month period ended June 30, 2023, payment of withholding income tax related to dividends within the group companies of ¥83,953 million is included in “Income taxes paid.” In addition, refunded withholding income tax related to dividends within the group companies of ¥15,563 million is included in “Income taxes refunded.”

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

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

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

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	For the three-month period ended June 30, 2023	(Millions of yen) As of June 30, 2023
			Amount of transaction	Balance at period end
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution in SVF2 LLC and related adjustments ^{*1,2}	-	420,883 ^{*3,4} (\$2,903 million)
		The premium received on SVF2 LLC's receivables	2,841 ^{*3} (\$21 million)	
		MgmtCo's Equity interests in SVF2 LLC ^{*5,6}	-	-
		Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) ^{*7}		420,883 (\$2,903 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. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments

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

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

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

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

4. Collateral and other credit protection for receivables

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

5. MgmtCo's Equity interest in SVF2 LLC

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

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

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

7. Net balance at period end

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

(2) Transactions between LatAm Funds and related parties

	Nature of relationship	Nature of transaction	For the three-month period ended June 30, 2023	(Millions of yen) As of June 30, 2023
			Amount of transaction	Balance at period end
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution in SLA LLC and related adjustments ^{*1,2}	-	99,086 ^{*3,4} (\$683 million)
		The premium received on SLA LLC's receivables	671 ^{*3} (\$5 million)	
		MgmtCo's Equity interests in SLA LLC ^{*5,6}	-	27,746 (\$191 million)
		Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) ^{*7}		71,340 (\$492 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 SLA LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SLA LLC from realized investments plus the aggregate fair value of all of SLA LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SLA LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distribution. In the event that, upon the liquidation of SLA LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

2. Nature of the Equity contribution by MgmtCo

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

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

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

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

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

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

4. Collateral and other credit protection for receivables

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

5. MgmtCo’s Equity interest in SLA LLC

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

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

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

7. Net balance at period end

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