December 19, 2024
SoftBank Group Corp.

Recognition of Gain on Sale of Investment Securities in Non-Consolidated Financial Results Following Completion of Settlement of Alibaba Prepaid Forward Contracts

SoftBank Group Corp. ("SBG") announced today that it will record a gain on sale of investment securities of JPY 527.6 billion as extraordinary income in its non-consolidated financial results for the fiscal year ending March 31, 2025, as a result of the settlement of certain intra-group transactions (collectively referred to as the "Intra-group Transactions," comprising the Intra-group Share Loan Agreement and the Intra-group Prepaid Forward Contracts, as defined below) between SBG and Panther I 2021 Holdings Limited and Panther II 2021 Holdings Limited (collectively referred to as "Panther"), both wholly owned subsidiaries, related to the prepaid forward contracts using shares of Alibaba Group Holding Limited ("Alibaba").

In SBG's consolidated financial results, no gain on sale of investment securities will be recognized.

1. Summary of the settlement of the Intra-group Transactions

Several of SBG's wholly owned subsidiaries have been raising funds using Alibaba shares by entering into prepaid forward contracts with several financial institutions. Among them, Panther entered into prepaid forward contracts with financial institutions in May 2021, using 198,605,600 Alibaba shares (equivalent to approximately 24.8 million ADRs) (the "Prepaid Forward Contracts"). These shares were borrowed from SBG through a share loan agreement (the "Intra-group Share Loan Agreement"). Concurrently, SBG and Panther entered into prepaid forward contracts (the "Intra-group Prepaid Forward Contracts").

Between November and December 2024, Panther settled all of the Prepaid Forward Contracts in several tranches, all in physical form. Upon the final settlement in December 2024, SBG transferred 198,605,600 Alibaba shares to Panther, which Panther then used to settle the Intra-group Share Loan Agreement. At the same time, SBG and Panther settled the Intra-group Prepaid Forward Contracts.

In connection with the settlement of the Intra-group Transactions, neither SBG, Panther, nor the financial institutions have bought or sold any new Alibaba shares in the market.

2. Impact on financial results

In connection with the settlement of the Intra-group Transactions, SBG will record a gain on sale of investment securities of JPY 527.6 billion as extraordinary income in its non-consolidated financial results for the fiscal year ending March 31, 2025.

In SBG's consolidated financial results, SBG classifies its holdings of Alibaba shares as financial assets at FVTPL. These shares are measured at fair value every quarter, with any change in fair value recorded in the consolidated statement of profit or loss as a gain or loss on investments. Additionally, derivative financial assets and liabilities are recognized for prepaid forward contracts using Alibaba shares. These derivatives are measured at fair value every quarter, with any change recorded in the consolidated

statement of profit or loss as a derivative gain or loss (excluding gain or loss on investments). The impact of the physical settlements of the Prepaid Forward Contracts on SBG's consolidated financial results will be minor.