SoftBank Group

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

SoftBank Group Corp.
Consolidated Financial Report
For the Three-month Period Ended June 30, 2019 (IFRS)

Tokyo, August 7, 2019

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		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2019	**¥2,336,397**	**2.8**	**¥688,816**	**(3.7)**	**¥1,682,344**	**194.0**	**¥1,177,479**	**258.9**	**¥1,121,719**	**257.6**	**¥747,172**	**139.8**
Three-month period ended June 30, 2018	¥2,272,783	4.0	¥714,993	49.2	¥572,304	637.8	¥328,120	974.4	¥313,687	-	¥311,528	33.4

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three-month period ended June 30, 2019	**¥534.89**	**¥532.09**
Three-month period ended June 30, 2018	¥140.77	¥140.07

Note:
The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2019	**¥36,586,961**	**¥9,445,332**	**¥8,187,563**	**22.4**
As of March 31, 2019	¥36,096,476	¥9,009,204	¥7,621,481	21.1

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2019	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecasted)		22.00	-	22.00	44.00

Notes:
1. Revision of the latest forecasts on the dividends: No
2. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. The dividend for the fiscal year ended March 31, 2019 is actual dividend amount before the share split.

*** 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 amount to 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: Yes
[2] Changes in accounting policies other than those in [1]: No
[3] Changes in accounting estimates: Yes

Please refer to page 29 “(1) Changes in Accounting Policies” and “(2) Changes in Accounting Estimates” under “2. Notes to Summary Information” for details.

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

As of June 30, 2019:	2,089,814,330	shares
As of March 31, 2019:	2,201,320,730	shares

[2] Number of shares of treasury stock:

As of June 30, 2019:	19,138,396	shares
As of March 31, 2019:	93,653,848	shares

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

As of June 30, 2019:	2,083,065,885	shares
As of June 30, 2018:	2,178,995,644	shares

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

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

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

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

On August 7, 2019 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company’s website in both Japanese and English at https://group.softbank/en/corp/irinfo/presentations/. The Data Sheet will also be posted on the website on the same day at the same site.

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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.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
**Each of the following abbreviations indicates the respective company and its subsidiaries, if any.*	
SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
Delta Fund	SB Delta Fund (Jersey) L.P.
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2019
The first quarter-end	June 30, 2019
The fiscal year	Fiscal year ending March 31, 2020
The previous fiscal year	Fiscal year ended March 31, 2019
The previous fiscal year-end	March 31, 2019

Exchange Rates Used for Translations

Average rate for the quarter

	Fiscal year ended March 2019				Fiscal year ending March 2020
	Q1	Q2	Q3	Q4	Q1
USD / JPY	¥108.71	¥111.55	¥112.83	¥110.46	¥110.00

Rates at the end of the period

	March 31, 2019	June 30, 2019
USD / JPY	¥110.99	¥107.79
GBP / JPY	¥144.98	¥136.57

Adoption of IFRS 16

In the first quarter, the Company adopted IFRS 16 “Leases.” Due to the adoption of IFRS 16, the cumulative impact of the adoption was recognized as an adjustment to the balance of retained earnings on the date of adoption (April 1, 2019), and the Company has not adjusted the presentation of information of the previous fiscal year. The Company does not adopt IFRS 16 with respect to lease transactions of intangible assets. See “1. Significant accounting policies” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

Main impacts of adopting IFRS 16:

Consolidated Statement of Financial Position

On the date of adoption of IFRS 16, total assets of ¥1,336,695 million, total liabilities of ¥1,324,055 million, and total equity of ¥12,640 million increased respectively. This was mainly due to the recording of right-of-use assets and lease liabilities related to operating leases, which were previously accounted for as leases.

Consolidated Statement of Income

The expenses related to operating leases, recorded as right-of-use assets and lease liabilities on the date of the adoption, are recorded as depreciation and interest expenses instead of lease expenses as recorded previously.

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

- **Operating income: ¥688.8 billion (decreased 3.7% yoy)**
  - Operating income from SoftBank Vision Fund and Delta Fund was ¥397.6 billion, mainly attributable to an unrealized valuation gain of ¥408.5 billion, reflecting an increase in the fair values of OYO and its affiliate, Slack, Doordash,[1] and other investments.
  - Decrease of ¥156.8 billion in the Arm segment was mainly due to a one-time gain recorded in the same period of the previous fiscal year, following Arm's China business becoming an associate from a subsidiary due to the establishment of a joint venture.

- **Net income attributable to owners of the parent: ¥1,121.7 billion (increased 257.6% yoy)**
  - Gain relating to settlement of variable prepaid forward contract using Alibaba shares of ¥1,218.5 billion; impact on income was ¥856.8 billion, net of the ¥(361.8) billion impact on income taxes caused by a reversal of deferred tax assets.
  - Finance cost of ¥(153.8) billion*
  - Changes in third-party interests in SoftBank Vision Fund and Delta Fund of ¥(184.5) billion*: increased due to a higher gain on investments.

*recorded as a cost for the first quarter

2. Highlights of operations

- SoftBank Vison Fund
  - SoftBank Vision Fund: held 81 investments as of the first quarter-end. During the first quarter, two investees, Uber and Slack, became publicly listed issuers. WeWork and CloudMinds have filed documents related to initial public offerings.
  - Announced "SoftBank Vision Fund 2" in July 2019.
- Merger of Sprint and T-Mobile: received approval with conditions from the U.S. Department of Justice in July 2019; moving the merger one step closer to closing.
- SoftBank Corp. made Yahoo Japan Corporation a subsidiary.

a. Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30				
	2018	**2019**	Change	Change %	
Net sales	2,272,783	**2,336,397**	63,614	2.8%	**A**
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	475,049	**291,186**	(183,863)	(38.7%)	**B**
Operating income from SoftBank Vision Fund and Delta Fund	239,944	**397,630**	157,686	65.7%	**C**
Operating income	714,993	**688,816**	(26,177)	(3.7%)	
Finance cost	(148,467)	**(153,846)**	(5,379)	3.6%	**D**
Income on equity method investments	37,705	**90,115**	52,410	139.0%	**E**
Foreign exchange gain (loss)	12,925	**(6,506)**	(19,431)	-	
Derivative loss	(54,080)	**(7,672)**	46,408	-	**F**
Gain relating to settlement of variable pre-paid forward contract using Alibaba shares	-	**1,218,527**	1,218,527	-	**G**
Gain from financial instruments at FVTPL*1	94,542	**27,496**	(67,046)	(70.9%)	
Change in third-party interests in SoftBank Vision Fund and Delta Fund*2	(72,889)	**(184,488)**	(111,599)	153.1%	
Other non-operating income (loss)	(12,425)	**9,902**	22,327	-	
Income before income tax	572,304	**1,682,344**	1,110,040	194.0%	
Income taxes	(244,184)	**(504,865)**	(260,681)	106.8%	**H**
Net income	328,120	**1,177,479**	849,359	258.9%	
Net income attributable to owners of the parent	313,687	**1,121,719**	808,032	257.6%	
Total comprehensive income	311,528	**747,172**	435,644	139.8%	
Comprehensive income attributable to owners of the parent	279,616	**706,799**	427,183	152.8%	

Notes:
1. Indicates gain and loss arising from changes in the fair values of investments held by the Company outside of SoftBank Vision Fund and Delta Fund.
2. Indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions. The distributions are based on the gain and loss on investments at both funds, net of management and performance fees payable to SBIA, the Company's wholly owned subsidiary and manager of SoftBank Vision Fund, and operating and other expenses of the funds. See "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" under "3. SoftBank Vision Fund and Delta Fund business" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

The following is an overview of main components and components that are noteworthy for their rates of change and reasons for changes.

A Net Sales

Net sales increased in the SoftBank, Sprint, and Arm segments.

B Operating Income (excluding Income from SoftBank Vision Fund and Delta Fund)

Segment income improved ¥16,479 million in the SoftBank segment and ¥4,097 million in the Brightstar segment. However, segment income deteriorated ¥34,735 million in the Sprint segment, ¥156,763 million in the Arm segment, and ¥14,298 million in the Other segment. Segment income of the Arm segment in the same period of the previous fiscal year included gain relating to loss of control over subsidiaries of ¥161,347 million, which was recognized as a result of Arm's Chinese subsidiary becoming a joint venture.

C Operating Income from SoftBank Vision Fund and Delta Fund

Unrealized gain on valuation of investments of ¥408,514 million was recorded, reflecting an increase in the fair values of investments including Oravel Stays Private Limited ("OYO") and its affiliate, Slack Technologies, Inc. ("Slack"), and Doordash, Inc. ("Doordash").[1] See "(a) SoftBank Vision Fund and Delta Fund Segment" under "b. Results by Segment" for details.

As a result of B and C, operating income decreased ¥26,177 million (3.7%) year on year, to ¥688,816 million.

D Finance Cost

Interest expenses increased ¥11,004 million at Sprint, mainly due to the adoption of IFRS 16. In addition, interest expenses increased ¥8,094 million at SoftBank Corp. but decreased ¥9,786 million at SoftBank Group Corp.[2] This was mainly because SoftBank Corp. made borrowings through a senior loan of ¥1,600 billion in August 2018 in preparation for listing and used the entire amount for repayment of its borrowings from SoftBank Group Corp., which in turn used the entire amount to partially repay its own senior loan.

E Income on Equity Method Investments

Of the income on equity method investments for the first quarter, income on equity method investments related to Alibaba increased ¥56,365 million (172.1%) year on year, to ¥89,114 million. This was mainly attributable to a gain recorded for its financial instruments at FVTPL due to an increase in the fair values.

F Derivative Loss

Derivative loss of ¥21,371 million was recorded in the same period of the previous fiscal year in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba shares.

G Gain Relating to Settlement of Variable Prepaid Forward Contract Using Alibaba Shares

In June 2019, West Raptor Holdings, LLC ("WRH LLC"), the Company's wholly owned subsidiary, delivered 73 million American Depositary Shares of Alibaba to Mandatory Exchangeable Trust (the "Trust") in settlement of the sale of Alibaba shares by a variable prepaid forward contract. This contract was entered into between WRH LLC and the Trust in June 2016 as part of the Company's series of transactions to monetize a portion of its Alibaba holding. As a result, gain relating to settlement of sale of variable prepaid forward contract using Alibaba shares was recorded.

Mainly as a result of B through G, income before income tax increased ¥1,110,040 million (194.0%) year on year, to ¥1,682,344 million.

H Income Taxes

Deferred tax assets of ¥361,752 million was reversed following the settlement of the variable prepaid forward contract for Alibaba shares by WRH LLC in June 2019. These deferred tax assets were the total of i) deferred tax assets for the temporary difference between the carrying amount on the accounting base and the tax base of such Alibaba shares and ii) deferred tax assets recorded at the previous fiscal year-end for derivative liabilities related to the collar transaction embedded in the prepaid forward contract for Alibaba shares.

Mainly as a result of B through H, net income attributable to owners of the parent increased ¥808,032 million (257.6%) year on year, to ¥1,121,719 million.

For a breakdown of the finance costs and basic information used to calculate income on equity method investments related to Alibaba, see the Data Sheet in "Materials" under "Earnings Results Briefing" on the Company's website at https://group.softbank/en/corp/irinfo/presentations/.

Issuance of New Shares by Yahoo Japan Corporation through Third-Party Allotment to SoftBank Corp. and Acquisition by Yahoo Japan Corporation of Its Own Shares through Tender Offer

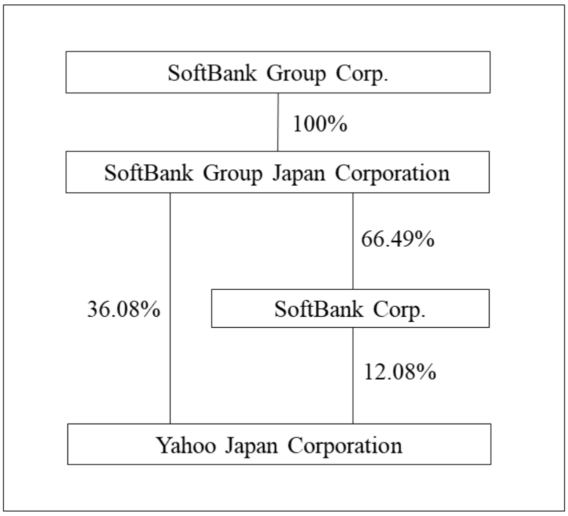
On June 27, 2019, Yahoo Japan Corporation issued 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the "Third-Party Allotment"). Yahoo Japan Corporation also implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the "Tender Offer"), and SoftBank Group Corp. accepted the Tender Offer and tendered its holding of common shares of Yahoo Japan Corporation, held by its wholly owned subsidiary SoftBank Group Japan Corporation ("SBGJ"). As a result, 1,792,819,200 of these shares (equivalent to ¥514.5 billion) were sold to Yahoo Japan Corporation on June 27, 2019.

As a result of the Third-Party Allotment and the Tender Offer (collectively, the "Transactions"), the Company's ownership in common shares of Yahoo Japan Corporation became 45.52%[*1] (indirect holdings including 44.64% held by SoftBank Corp.), compared with 48.16%[*2] (indirect holdings including 12.08% held by SoftBank Corp.) as of the previous fiscal year-end. As a result of the Transactions, Yahoo Japan Corporation became a subsidiary of SoftBank Corp., which was deemed to effectively control the company considering its dispatch of officers to Yahoo Japan Corporation as board members. Further, Yahoo Japan Corporation remains a subsidiary of the Company in the Company's consolidated financial statements. The Company's economic interests in Yahoo Japan Corporation decreased from 44.11% to 30.55% in accordance with an increase in non-controlling interests.

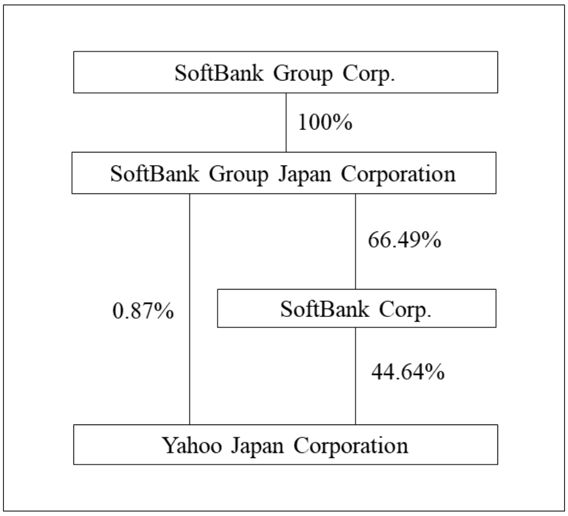
Notes:
1. This indicates a ratio to 4,760,875,065 shares, an amount derived by subtracting the number of treasury shares as of June 30, 2019 (1,902,273,100 shares) from the number of shares issued by Yahoo Japan Corporation as of June 30, 2019 (6,663,148,165 shares), rounded to two decimal places. The same applies to any reference to the holding ratio of Yahoo Japan Corporation shares after the Transactions.
2. This indicates a ratio to 5,083,750,615 shares, an amount derived by subtracting the number of treasury shares as of March 31, 2019 (67,879,000 shares) from the number of shares issued by Yahoo Japan Corporation as of March 31, 2019 (5,151,629,615 shares), rounded to two decimal places. The same applies to any reference to the holding ratio of Yahoo Japan Corporation shares as of March 31, 2019.

(Reference)

Before the Transactions (as of March 31, 2019)



After the Transactions



b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. In the first quarter, the Company revised its segment classifications after SoftBank Corp. made Yahoo Japan Corporation a subsidiary. There are now five reportable segments: SoftBank Vision Fund and Delta Fund, SoftBank, Sprint, Arm, and Brightstar. The following is a summary of the reportable segments.

The main businesses and core companies of each reportable segment are as follows:

Segments	Main businesses	Core companies
Reportable segments		
SoftBank Vision Fund and Delta Fund	· Investment activities by SoftBank Vision Fund · Investment activities by Delta Fund	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
SoftBank	· Provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan · Internet advertising and e-commerce business	SoftBank Corp. Yahoo Japan Corporation
Sprint	· Provision of mobile communications services in the U.S. · Sale and lease of mobile devices and sale of accessories in the U.S. · Provision of fixed-line telecommunications services in the U.S	Sprint Corporation
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools and provision of software services	Arm Limited
Brightstar	· Distribution of mobile devices overseas	Brightstar Corp.
Other	· Alternative investment management business	Fortress Investment Group LLC
	· Fukuoka SoftBank HAWKS-related businesses · Smartphone payment business	Fukuoka SoftBank HAWKS Corp. PayPay Corporation

Note: Income of reportable segments is calculated as follows.
SoftBank Vision Fund and Delta Fund segment:
Segment income = gain and loss on investments at SoftBank Vision Fund and Delta Fund − operating expenses

Segments excluding the SoftBank Vision Fund and Delta Fund segment:
Segment income = net sales − operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss, for each segment

For historical principal operational data of each segment, their calculation methods, and definitions of terms, see the Data Sheet in "Materials" under "Earnings Results Briefing" on the Company's website at https://group.softbank/en/corp/irinfo/presentations/.

(a) SoftBank Vision Fund and Delta Fund Segment

1. Segment income of ¥397.6 billion

- Unrealized gain on valuation of investments of ¥408.5 billion: fair values of OYO and its affiliate, Slack, Doordash,[1] and other investments increased.

2. Progress of investments at SoftBank Vision Fund

- Held 81 investments as of the first quarter-end at cost totaling $66.3 billion, with fair value amounting to $82.2 billion (excluding exited investments).[3]
- During the first quarter, two investees, Uber and Slack, became publicly listed issuers. Two investees, WeWork and CloudMinds, have filed documents related to initial public offerings.

3. Announced "SoftBank Vision Fund 2" in July 2019

(Millions of yen)

	Three months ended June 30 2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	247,211	**414,419**	167,208	67.6%
Operating expenses	(7,267)	**(16,789)**	(9,522)	131.0%
Segment income	239,944	**397,630**	157,686	65.7%

OVERVIEW

SoftBank Vision Fund began its operation in 2017. The fund aims to maximize returns from a medium- to long-term perspective, through making large-scale investments in high growth potential companies that are leveraging AI, particularly in private companies with estimated corporate values of more than $1 billion, colloquially known as "unicorns."

SoftBank Vision Fund is managed by SBIA, a wholly owned subsidiary of the Company established in the U.K., which is registered at the Financial Conduct Authority. The segment results include the results of the investment and operational activities of SoftBank Vision Fund and Delta Fund, which is also managed by SBIA.

For details on the terms and conditions of distribution to limited partners in SoftBank Vision Fund and Delta Fund, and the terms and conditions of management fees and performance fees to SBIA, see "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" and "(3) Management fees and performance fees to SBIA" under "3. SoftBank Vision Fund and Delta Fund business" in (6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

Outline of Funds in the Segment

As of June 30, 2019

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollars)	97.0 *1	6.0 *1
	SoftBank Group Corp.: 33.1 *2 Third-party investors: 63.9 *1	SoftBank Group Corp.: 4.4 Third-party investors: 1.6 *1
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Until November 20, 2022 (in principle)	Until November 20, 2022 (in principle)
Minimum fund life	Until November 20, 2029 (in principle)	Until September 27, 2029 (in principle)

Notes:
1. A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both such funds; hence, the total committed capital and remaining committed capital for each separate fund will change according to the status of contribution made by third-party investors in each such fund.
2. The Company's committed capital to SoftBank Vision Fund includes approximately $8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and $5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

FINANCIAL RESULTS

(Millions of yen)

	Three months ended June 30 2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	247,211	**414,419**	167,208	67.6%
Unrealized gain and loss on valuation of investments	245,802	**408,514**	162,712	66.2%
Interest and dividend income from investments	1,409	**5,905**	4,496	318.9%
Operating expenses	(7,267)	**(16,789)**	(9,522)	131.0%
Segment income	239,944	**397,630**	157,686	65.7%
Finance cost (interest expenses)	(5,031)	**(1,668)**	3,363	(66.8%)
Foreign exchange gain and loss	(40)	**232**	272	-
Derivative gain and loss	1,197	**-**	(1,197)	-
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(72,889)	**(184,488)**	(111,599)	153.1%
Other non-operating income and loss	(276)	**591**	867	-
Income before income tax	162,905	**212,297**	49,392	30.3%

Segment income

Segment income was ¥397,630 million, compared with income of ¥239,944 million in the same period of the previous fiscal year. This was mainly attributable to unrealized gain on valuation of investments of ¥408,514 million. Of this, unrealized gain on valuation of investments totaling ¥603,840 million was recognized due to the increase in the fair values of investments in OYO and its affiliate, Slack, Doordash,[1] and others. Conversely, unrealized loss totaling ¥195,326 million was recorded for the decrease in the fair values of investments in Uber[1] and others.

For investments in publicly listed companies, quoted prices are used to measure fair value. For investments in privately held companies, recent third-party transactions, market approach, cost approach, and/or income approach are used in the valuation.

For details on fair value measurement, see "SoftBank Vision Fund Business Model and Accounting Treatment" on the Company's website at https://cdn.group.softbank/en/corp/set/data/irinfo/presentations/analyst/pdf/2018/investor_20181107_02.pdf.

Capital Deployment

As of June 30, 2019

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital (A)			
SoftBank Vision Fund	**97.0**	33.1 *1	63.9
Delta Fund	**6.0**	4.4	1.6
Contributions from limited partners[4] (B)			
SoftBank Vision Fund	**56.2**	19.6	36.6
Delta Fund	**5.2**	3.8 [5]	1.4
Non-recallable contribution[6] included in (B)			
SoftBank Vision Fund	**(2.5)**	(0.9)	(1.6)
Remaining committed capital (C) = (A) - (B)			
SoftBank Vision Fund	**40.8**	13.5	27.3
Delta Fund[7]	**0.8**	0.6	0.2

Note: Investment in Xiaoju Kuaizhi Inc. ("DiDi"), which was held by Delta Fund, has been sold to SoftBank Vision Fund in the fourth quarter of the previous fiscal year (the three-month period ended March 31, 2019) via promissory note. As the promissory note is expected to be settled in the second quarter of the fiscal year (three-month period ending September 30, 2019), this transaction has not been reflected in the capital deployment presented above as of the first quarter-end.

Note:

1. The Company's committed capital to SoftBank Vision Fund includes approximately $8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and $5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

Portfolio

As of June 30, 2019; excludes exited investments

(Billions of U.S. dollars)

Sector	Number of investments	Acquisition cost	Fair value	Change
Consumer	15	10.1	14.8	4.7
Enterprise	8	2.2	3.6	1.4
Fintech	9	3.7	4.2	0.5
Frontier Tech	9	10.5	11.2	0.7
Health Tech	9	2.8	4.7	1.9
Real Estate & Construction	10	8.2	10.2	2.0
Transportation & Logistics	21	28.8	33.5	4.7
Total	81	66.3	82.2	15.9

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly owned subsidiaries, of the fund. All investments made through such investment holding entities are calculated as investments made by SoftBank Vision Fund. As of the first quarter-end, a wholly owned subsidiary of the Company is a shareholder of such holding entities. With regard to the investments held by such investment holding entities, all the interests of this wholly owned subsidiary were sold or agreed to be sold to SoftBank Vision Fund in the first quarter. The acquisition cost of $277 million and fair value of $370 million of the holdings that agreed to be sold to SoftBank Vision Fund were included in the total acquisition cost and fair value presented above.

New investments in the first quarter

In the first quarter, SoftBank Vision Fund made investments totaling $6.2 billion, including follow-on investments.

With regard to the investments initially acquired by the Company, the investments in ANI Technologies Private Limited (Ola) and an affiliate of WeWork Companies Inc. ("WeWork"), with total acquisition cost of $696 million, have been agreed to be sold to SoftBank Vision Fund for $950 million in total.

For a complete list of SoftBank Vision Fund's portfolio and sector changes for each portfolio company, if any, see the Data Sheet in "Materials" under "Earnings Results Briefing" on the Company's website at https://group.softbank/en/corp/irinfo/presentations/.

Investments Acquired from Sale by the Company

In addition to direct purchase, some investments of SoftBank Vision Fund are acquired from sale by the Company, but only if they are in accordance with the fund's investment eligibility criteria. There are two types of investments that could be sold to SoftBank Vision Fund: (A) Investments that were acquired by the Company on the premise of offering the investment to SoftBank Vision Fund and that were in accordance with the investment eligibility criteria of the fund at the time of acquisition ("Bridge Investments") and (B) other investments. Examples of (B) include investments that were made without the premise of offering the investment to SoftBank Vision Fund at the time of acquisition, or, investments that were made with the premise of offering the investment to the fund but were not in accordance with the investment eligibility criteria of the fund at the time of acquisition and therefore require consent from the limited partners for selling to the fund.

The Company recognizes that the transfer of such investments is agreed, at the timing when consent from the investment committee and other bodies (and certain limited partners if applicable) at SoftBank Vision Fund and approvals from relevant regulatory authorities are obtained. Sales of these investments are made at the fair value at the time the Company made its decision at its applicable authority to offer the transfer, and this value will be the acquisition cost for SoftBank Vision Fund. These investments are presented as investments of SoftBank Vision Fund in the Company's consolidated financial statements, after the Company recognizes that the transfer is agreed.

As for investments transferred during the fiscal year, the differences between the carrying amounts at the beginning of the fiscal year (or the acquisition cost during the fiscal year) and the sale values were recorded in non-operating income of the Company's consolidated statement of income, while the changes in fair values from the sale values (the acquisition value for SoftBank Vision Fund) were recorded in segment income of the SoftBank Vision Fund and Delta Fund segment. The sale transactions for the transfer between the Company and SoftBank Vision Fund have been eliminated as inter-group transactions in the Company's consolidated financial statements.

Portfolio of Delta Fund

As a result of the sale of investment in DiDi to SoftBank Vision Fund, there were no investments held by Delta Fund as of the first quarter-end.

(b) SoftBank Segment (including Previous Yahoo Japan Segment)

1. Achieved higher net sales and segment income, driven by expansion of telecom service customer base.
2. SoftBank Corp. made Yahoo Japan Corporation a subsidiary in June 2019.

(Millions of yen)

	Three months ended June 30			
	2018	**2019**	Change	Change %
Net sales	1,096,204	**1,164,586**	68,382	6.2%
Segment income	260,170	**276,649**	16,479	6.3%

Note: To reflect Yahoo Japan Corporation becoming a subsidiary of SoftBank Corp., retrospective adjustments have been made for net sales and segment income from April 1, 2018.

FINANCIAL RESULTS

Both net sales and segment income increased year on year, driven by steady growth in the telecommunications business, especially services for retail consumers. Net sales growth was attributable to an increase in telecom service revenue from services for retail consumers, which is the largest revenue and profit source, led by steady expansion in the customer base. As an example of this expansion, the cumulative number of smartphone subscribers with the three brands – *SoftBank*, *Y!mobile*, and *LINE MOBILE* – increased 370,000 from the previous fiscal year-end to 22.45 million, and the cumulative number of subscribers to *SoftBank Hikari*, a fiber-optic service, increased 130,000 from the previous fiscal year-end to 6.05 million. Segment income also increased as a result of increased net sales, especially telecom service revenue that contributed to income.

As mentioned in "Issuance of New Shares by Yahoo Japan Corporation through Third-Party Allotment to SoftBank Corp. and Acquisition by Yahoo Japan Corporation of Its Own Shares through Tender Offer," Yahoo Japan Corporation became a subsidiary of SoftBank Corp. as of June 27, 2019. Accordingly, the results of Yahoo Japan Corporation are presented retroactively as part of the Softbank segment from April 1, 2018. Operating income of Yahoo Japan Corporation in this segment decreased by 4.1% year on year. This was mainly due to an increase in sales promotion expenses related to smartphone applications and commerce, and an increase in depreciation expenses as a result of aggressive capital investment as the company moves towards becoming a data-driven company.

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/

(c) Sprint Segment

1. Merger with T-Mobile: received approval with conditions from the U.S. Department of Justice, moving the merger one step closer to closing.
2. Segment income decreased, mainly due to the impact from a one-time loss.

(Millions of yen)

	Three-month period ended June 30 2018	**2019**	Change	Change %
Net sales	883,242	**895,643**	12,401	1.4%
Segment income	98,108	**63,373**	(34,735)	(35.4%)

U.S. dollar-based results (IFRSs)				(Millions of U.S. dollars)
Net sales	8,125	**8,142**	17	0.2%
Segment income	902	**576**	(326)	(36.1%)

FINANCIAL RESULTS (IN U.S. DOLLARS)

Net sales were almost flat year on year, while segment income decreased. The decrease in segment income was mainly due to a deterioration in other operating income and loss. Sprint concluded a sale and leaseback agreement for its head office, including buildings and land, in the first quarter, and executed the agreement in July 2019. Consequently, the difference between their carrying amounts and the fair values after deducting transaction costs were recorded as an impairment loss for assets classified as held for sale.

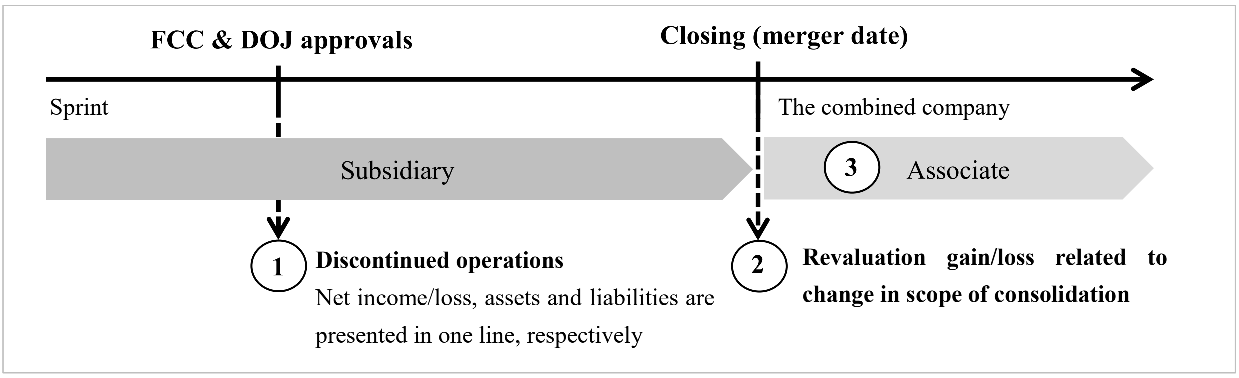
Merger of Sprint and T-Mobile

On April 29, 2018, Sprint and T-Mobile US Inc. ("T-Mobile") entered into a definitive agreement to merge in an all-stock transaction (the "Transaction"). On July 26, 2019 (ET) the Antitrust Division of the U.S. Department of Justice (DOJ) has announced its approval, subject to the terms of a proposed consent decree filed by the DOJ.

The closing of the Transaction is still subject to further regulatory approvals, including approval from the Federal Communications Commission (FCC) and other customary conditions. As of the filing date of consolidated financial report for the first quarter, the expected closing date of the Transaction has not been determined. It is currently anticipated that the final federal regulatory approval will be received in the three-month period ending September 30, 2019 and the Transaction will be permitted to close in the second half of the year.

Impact on the Company's Consolidated Financial Results

The following is the impact of federal regulatory approvals on the Transaction and the closing of the Transaction on the Company's consolidated financial results.



① Impacts of approvals from the FCC and DOJ on the Transaction

Starting from the date when the Transaction received approvals from the FCC and DOJ, in the Company's consolidated statement of income, Sprint's net income and loss will be presented as "net income or loss from discontinued operations" under discontinued operations, separately from continuing operations. Sprint's net income and loss for the fiscal year ended March 2019 will also be retrospectively revised and presented as "net income or loss from discontinued operations" under discontinued operations.

In the Company's consolidated financial position, assets and liabilities of Sprint will be presented as assets and liabilities held for sale.

② Impacts of the closing of the Transaction

On the date when the Transaction is completed, the amount of the difference between the fair value of the shares of the combined company and the consolidated carrying amount of Sprint at the time of the Transaction is planned to be recorded as revaluation gain or loss related to change in scope of consolidation under net income or loss.

③ After the closing of the Transaction

After the date when the Transaction is completed, the combined company is expected to become an equity method associate of the Company with an approximately 27.4% shareholding (fully-diluted base), and Sprint will no longer be a subsidiary of the Company.

For more information on Sprint's US GAAP-based financial results and business operations, please refer to its website at: https://investors.sprint.com/

(d) Arm Segment

1. Net sales increased 10.6% yoy, segment income decreased ¥156.8 billion yoy
- Licensing revenue (U.S. dollar-based) increased 47.1% yoy. This was due to weaker license revenue in the same period of the previous fiscal year, resulting from the delay in licensing activity related to the setting up of Arm China.
- Royalties revenue (U.S. dollar-based) decreased 8.0% yoy with the continuation of the deterioration in global business conditions in the semiconductor industry.
- Segment income decreased yoy, due to a one-time gain of ¥161.3 billion from setting up Arm China in the same period of the previous fiscal year.

2. Steadily increasing R&D capability to drive long-term growth
- Arm announced a new family of processors developed for the next generation of smartphones.
- Marvell Technology Group Ltd. and Arm announced a strategic partnership to jointly invest to accelerate the development of Arm-based server technology.

(Millions of yen)

	Three months ended June 30			
	2018	**2019**	Change	Change %
Net sales	41,534	**45,931**	4,397	10.6%
Segment income	145,192	**(11,571)**	(156,763)	-

Note: Segment income includes amortization expenses of ¥12,868 million for the first quarter and ¥13,578 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 are primarily the licensing of semiconductor intellectual property (IP), including the designs of energy-efficient microprocessors and associated technologies. Since becoming part of the Company, Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or gain share in its existing markets and to expand into new markets.

Arm's primary investment areas and main developments:

Mobile Computing

Opportunity : Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.

The first quarter : Arm announced a family of processors which will help provide AI and 5G capabilities to the next generation of smartphones due in 2020.

Infrastructure

Opportunity : Arm has a growing share in networking infrastructure and a nascent share in data center servers.

The first quarter : Marvell Technology Group Ltd and Arm announced a strategic partnership to accelerate the development of technology needed for cloud companies to deploy Arm-based servers.

Automotive

Opportunity : As vehicles become smarter, they require more computational capability. Arm is well positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.

IoT

Opportunity : For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.

The first quarter : Samsung Electronics Co., Ltd. and Arm demonstrated a new manufacturing process for IoT chips.

FINANCIAL RESULTS

Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	Fiscal year ended March 31, 2019				Fiscal year ending March 31, 2020	yoy	
	Q1	Q2	Q3	Q4	**Q1**	Change	Change %
Technology licensing	85	124	125	213	**125**	40	47.1%
Technology royalties	261	285	305	247	**240**	(21)	(8.0%)
Software and services	35	47	56	53	**53**	18	51.4%
Total net sales	381	456	486	513	**418**	37	9.7%

Net sales increased 9.7% year on year on a U.S. dollar basis in the first quarter. This was due to weaker license revenue in the same period of the previous fiscal year caused by a temporary delay in licensing activity, following the establishment of a joint venture for Arm's China business ("Arm China").

The ongoing weakness in the semiconductor industry and the risk from trade disputes and sanctions against specific companies remain today and could continue for some time. For the fiscal year, these factors could impact both Arm's license and software and service revenues, as semiconductor companies choose to delay licensing new processors, and royalty revenues, as OEMs sell fewer products or manage chip inventory levels more carefully. Once normal market conditions return, Arm expects that its business will continue to grow.

・ Technology Licensing

License revenue increased 47.1% year on year on a U.S. dollar basis. This year on year growth was mainly due to weakness in the same period of the previous fiscal year due to the establishment of Arm China, which resulted in a temporary delay in licensing activity. In this context, license revenue in the first quarter was at a similar level to the license revenue in prior quarters and reflects the recent deterioration of global business conditions in the semiconductor industry.

・ Technology Royalties

Royalty revenue decreased 8.0% year on year on a U.S. dollar basis. This was due to a deceleration in semiconductor demand globally including a weakening in global smartphone demand, especially in China, combined with a general slowdown in global chip sales. In the medium to long term, overall growth of royalty revenue is expected to increase as Arm gains share in secular growth markets such as networking, automotive, and IoT.

・ Software and Services

Software and services revenue increased 51.4% year on year on a U.S. dollar basis, mainly due to the acquisition of Treasure Data, Inc. during the second quarter of the previous fiscal year (three-month period ended September 30, 2018).

Segment Income

Segment income decreased year on year. This was due to recognizing gain relating to the loss of control over subsidiaries of ¥161,347 million as other operating income in the same period of the previous fiscal year, as a result of Arm China becoming an associate accounted for using the equity method from a subsidiary. On the other hand, although Arm is continuing to increase its R&D capacity, which includes hiring more R&D engineers and support staff, operating expenses (cost of sales and selling, general and administrative expenses) decreased ¥187 million year on year, due to a stronger yen against the British pound. Arm's head count increased net 77 people (1.3%) from the previous fiscal year-end.

Arm will continue to strengthen its R&D capacity to build the technologies needed to meet the opportunities presented by machine learning, IoT, and autonomous vehicles, among others. In the meantime, to ensure that ROI is maximized, it will also continuously evaluate the mix of R&D projects in which it is investing, as well as the locations of the engineering teams.

OPERATIONS

Licensing

	Licenses signed in the first quarter	Cumulative number of licenses signed in as of the first quarter-end
Breakdown by processor family		
Classic (*Arm7, Arm9, Arm11*)	-	452
Cortex-A	7	367
Cortex-R	2	109
Cortex-M	19	556
Mali	-	187
Number of processor licenses signed	28	1,671

Note: Cumulative number of licenses signed only includes extant licenses that are expected to generate royalties. During the first quarter, Arm undertook a review of licenses more than 10 years old, some of which are no longer expected to generate royalties. This has consequently reduced the cumulative number of licenses signed by 51.

Arm signed 28 processor licenses during the first quarter, including two licenses for new technologies that Arm has not yet announced, reflecting solid demand for Arm's latest technology. The customers who signed licenses with Arm in the first quarter intend to use Arm technology in a very broad range of end markets, including AI applications, consumer electronics, networking equipment, smartphones, and virtual reality headsets.

Royalty Units[8]

				2018	**2019**
	Jan 1 to Mar 31	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31	**Jan 1 to Mar 31**
Royalty units as reported by Arm's licensees (in billions)	5.5	5.6	6.2	5.6	**4.8**
Growth rate (yoy)	17.0%	9.8%	8.8%	(3.4%)	**(12.7%)**

Arm's licensees reported shipments of 4.8 billion Arm-based chips for the three-month period ended March 31, 2019. This was down 12.7% year on year and reflected the slowdown in the growth of smartphones combined with the overall weakness in the semiconductor industry.

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

(e) Brightstar Segment

(Millions of yen)

	Three months ended June 30			
	2018	**2019**	Change	Change %
Net sales	253,828	**233,370**	(20,458)	(8.1%)
Segment income	(5,345)	**(1,248)**	4,097	-

(f) Other

(Millions of yen)

	Three months ended June 30			
	2018	**2019**	Change	Change %
Net sales	53,680	**42,898**	(10,782)	(20.1%)
Segment income	(7,924)	**(22,222)**	(14,298)	-

Operating loss of ¥16,219 million was recorded at PayPay Corporation, which is engaged in smartphone payment services in Japan. This was mainly due to large-scale marketing promotions aimed at gaining users and driving service usage, and continued proactive measures to increase the number of stores where its services can be used.

Results of PayPay Corporation Included in Other Segment

(Millions of yen)

	Three months ended June 30			
	2018	**2019**	Change	Change %
Net sales	-	**540**	540	-
Operating income	(66)	**(16,219)**	(16,153)	-

(2) Overview of Financial Position

1. Settlement of sale of Alibaba shares by variable prepaid forward contract
Following the settlement, assets classified as held for sale decreased ¥224.2 billion, financial liabilities relating to sale of shares by variable prepaid forward contract decreased ¥730.6 billion, and derivative financial liabilities decreased ¥749.8 billion from the previous fiscal year-end.

2. Balance of investments from SoftBank Vision Fund of ¥8.1 trillion

3. Retired treasury stock of 55.75 million shares (5.07% of total number of shares issued before the retirement)

(Millions of yen)

	March 31, 2019	**June 30, 2019**	Change	Change %
Total assets	36,096,476	**36,586,961**	490,485	1.4%
Total liabilities	27,087,272	**27,141,629**	54,357	0.2%
Total equity	9,009,204	**9,445,332**	436,128	4.8%

Note: Due to the adoption of IFRS 16, total assets increased ¥1,336,695 million, total liabilities increased ¥1,324,055 million, and total equity increased ¥12,640 million at the beginning of the fiscal year.

(a) Assets

(Millions of yen)

	March 31, 2019	**June 30, 2019**	Change	
Cash and cash equivalents	3,858,518	**2,932,541**	(925,977)	
Trade and other receivables	2,339,977	**2,284,861**	(55,116)	
Other financial assets	203,476	**191,921**	(11,555)	
Inventories	365,260	**318,328**	(46,932)	
Other current assets*1	766,556	**872,762**	106,206	
Assets classified as held for sale	224,201	**25,040**	(199,161)	**A**
Total current assets	7,757,988	**6,625,453**	(1,132,535)	
Property, plant and equipment	4,070,704	**2,873,267**	(1,197,437)	**B**
Right-of-use assets	-	**2,353,750**	2,353,750	**C**
Goodwill	4,321,467	**4,152,753**	(168,714)	
Intangible assets	6,892,195	**6,661,372**	(230,823)	**D**
Costs to obtain contracts	384,076	**385,794**	1,718	
Investments accounted for using the equity method	2,641,045	**2,504,162**	(136,883)	
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	7,115,629	**8,081,137**	965,508	**E**
Investment securities	924,614	**1,214,948**	290,334	**F**
Other financial assets	1,185,856	**1,326,238**	140,382	
Deferred tax assets	586,943	**193,336**	(393,607)	**G**
Other non-current assets	215,959	**214,751**	(1,208)	
Total non-current assets	28,338,488	**29,961,508**	1,623,020	
Total assets	36,096,476	**36,586,961**	490,485	

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
Current Assets	
A Assets classified as held for sale	･Assets classified as held for sale were reduced by ¥224,201 million, due to the settlement of a variable prepaid forward contract for Alibaba shares in June 2019. ･As Sprint concluded an agreement to sell its head office (including buildings and land), those assets were reclassified from property, plant and equipment.
Non-current assets	
B Property, plant and equipment	･Capital expenditures for the 5G network increased at Sprint. Meanwhile, telecommunications equipment was regularly depreciated at SoftBank Corp. ･Due to the adoption of IFRS 16, leased assets of ¥1,157,008 million, previously classified as financing leases and recorded as property, plant and equipment, were reclassified as right-of-use assets at the beginning of the fiscal year. This was mainly due to leased assets related to telecommunications equipment for SoftBank Corp. being reclassified as right-of-use assets.
C Right-of-use assets	･Due to the adoption of IFRS 16, right-of-use assets of ¥1,368,144 million were newly recorded at the beginning of the fiscal year. This was mainly due to newly recorded right-of-use assets for operating leases related to telecommunications equipment and property at Sprint and SoftBank Corp. ･Leased assets that had been included in property, plant and equipment were reclassified as right-of-use assets.
D Intangible assets	Sprint's FCC licenses and Arm's technologies decreased due to a stronger yen against the U.S. dollar and the British pound.
E Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	In the first quarter, investments of $6.2 billion were made and the fair values of investments increased. For details, see "(a) SoftBank Vision Fund and Delta Vision Fund Segment" under "b. Results by Segment" in "(1) Overview of Results of Operations."
F Investment securities	Wholly owned subsidiaries of the Company made investment in WeWork and other companies.
G Deferred tax assets	As a result of the settlement of a variable prepaid forward contract using Alibaba shares, the corresponding deferred tax assets were reversed.

Note:
1. Other current assets as of the previous fiscal year-end and the first quarter-end included an expected refund of ¥422,648 million in withholding income tax related to dividends paid by SBGJ to SoftBank Group Corp. in the previous fiscal year. This withholding income tax was refunded in July 2019.

(b) Liabilities

(Millions of yen)

	March 31, 2019	**June 30, 2019**	Change	
Interest-bearing debt*1	3,480,960	**3,277,849**	(203,111)	
Lease liabilities*1	-	**621,022**	621,022	
Deposits for banking business	745,943	**774,891**	28,948	
Third-party interests in SoftBank Vision Fund and Delta Fund*2	29,677	**147,625**	117,948	
Trade and other payables	1,909,608	**1,752,907**	(156,701)	
Derivative financial liabilities	767,714	**27,612**	(740,102)	**A**
Other financial liabilities	10,849	**11,376**	527	
Income taxes payables	534,906	**77,075**	(457,831)	**B**
Provisions	43,685	**35,674**	(8,011)	
Other current liabilities	1,158,355	**689,885**	(468,470)	**C**
Total current liabilities	8,681,697	**7,415,916**	(1,265,781)	
Interest-bearing debt*1	12,204,146	**11,877,719**	(326,427)	
Lease liabilities*1	-	**1,552,972**	1,552,972	
Third-party interests in SoftBank Vision Fund and Delta Fund*2	4,107,288	**4,322,539**	215,251	
Derivative financial liabilities	130,545	**136,144**	5,599	
Other financial liabilities	57,115	**65,474**	8,359	
Defined benefit liabilities	99,351	**95,840**	(3,511)	
Provisions	157,478	**155,126**	(2,352)	
Deferred tax liabilities	1,391,072	**1,364,942**	(26,130)	
Other non-current liabilities	258,580	**154,957**	(103,623)	
Total non-current liabilities	18,405,575	**19,725,713**	1,320,138	
Total liabilities	27,087,272	**27,141,629**	54,357	

Notes:
1. Due to the adoption of IFRS 16, lease liabilities of ¥1,449,326 million, for operating leases that were previously accounted for as leases, were newly recorded at the beginning of the fiscal year. In addition, lease obligations of ¥892,472 million related to finance leases, previously included in interest-bearing debt, were reclassified as lease liabilities.
2. For details of third-party interests in SoftBank Vision Fund and Delta Fund, see "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" under "3. SoftBank Vision Fund and Delta Fund business" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
Current Liabilities	
A Derivative financial liabilities	Derivative financial liabilities relating to the embedded collar transaction in the variable prepaid forward contract using Alibaba shares decreased ¥749,846 million , due to settlement of the contract.
B Income taxes payables	Income tax of ¥321,290 million, which arose from a gain on the sale of SoftBank Corp. shares at SBGJ in the previous fiscal year, was paid.
C Other current liabilities	Withholding income tax of ¥422,648 million on dividends to SoftBank Group Corp. by SBGJ in the previous fiscal year was paid.

(Reference) Interest-bearing Debt and Lease Liabilities (Total of Current Liabilities and Non-current Liabilities)

(Millions of yen)

	March 31, 2019	**June 30, 2019**	Change
SoftBank Group Corp.[2]	6,714,950	**7,350,018**	635,068
Borrowings	1,896,561	**2,307,886**	411,325
Corporate bonds	4,776,389	**4,943,132**	166,743
Others	42,000	**99,000**	57,000
SoftBank Corp.	3,186,618	**4,019,274**	832,656
Borrowings	2,392,843	**2,931,199**	538,356
Lease obligations	786,174	**-**	(786,174)
Lease liabilities	-	**1,082,886**	1,082,886
Others	7,601	**5,189**	(2,412)
Yahoo Japan Corporation	130,099	**226,798**	96,699
Borrowings	-	**70,000**	70,000
Corporate bonds	130,000	**130,000**	-
Lease obligations	99	**-**	(99)
Lease liabilities	-	**26,798**	26,798
Sprint	4,428,378	**4,897,111**	468,733
Borrowings	1,730,203	**1,668,153**	(62,050)
Corporate bonds	2,674,649	**2,410,659**	(263,990)
Lease obligations	14,991	**-**	(14,991)
Lease liabilities	-	**810,347**	810,347
Others	8,535	**7,952**	(583)
SoftBank Vision Fund	36,571	**127,410**	90,839
Borrowings	36,571	**127,410**	90,839
Others	1,188,490	**708,951**	(479,539)
Financial liabilities relating to sale of shares by variable prepaid forward contract	730,601	**-**	(730,601)
Other interesting-bearing debt	457,889	**454,988**	(2,901)
Lease liabilities	-	**253,963**	253,963
Total	15,685,106	**17,329,562**	1,644,456

SoftBank Group Corp.[2]

・Short-term borrowings increased ¥425,816 million due to borrowings for payment of taxes and other one-time expenses.

・SoftBank Group Corp. issued domestic straight corporate bonds of ¥500 billion and redeemed corporate bonds of ¥300 billion as part of refinancing corporate bonds maturing in June and September of 2019.

SoftBank Corp.

・Borrowings were made to acquire Yahoo Japan Corporation shares and to replenish the reduced working capital due to this acquisition.

・Impacts of adopting IFRS 16 at the beginning of the fiscal year

- Lease liabilities of ¥384,103 million were newly recorded for operating leases that were previously accounted for as leases.
- Finance leases of ¥786,174 million, previously included in interest-bearing debt, were reclassified as lease liabilities.

・Liabilities related to lease transactions of software for telecommunications equipment were previously classified as lease obligations. Since the Company does not adopt IFRS 16 on leases of intangible assets, those liabilities were recorded as financial liabilities in borrowings based on IFRS 9, and retrospective adjustments have been made for the balance of the previous fiscal year-end. Borrowings of ¥266,238 million related to those transactions (¥277,157 million for the previous fiscal year-end) were included for the first quarter-end.

Sprint

・Bonds of $1.7 billion were redeemed at maturity, and borrowings through the securitization of receivables were repaid.

・Impacts of adopting IFRS 16 at the beginning of the fiscal year

- Lease liabilities of ¥868,200 million were newly recorded in relation to operating leases that were previously accounted for as leases.
- Finance leases of ¥14,991 million, previously included in interest-bearing debt, were reclassified as lease liabilities.

SoftBank Vision Fund and Delta Fund

Softbank Vision Fund made borrowings, mainly to increase the capital efficiency of its investments.

Others

Financial liabilities relating to the sale of Alibaba shares by variable prepaid forward contract decreased due to its settlement.

(c) Equity

(Millions of yen)

	March 31, 2019	**June 30, 2019**	Change	
Common stock	238,772	**238,772**	-	
Capital surplus	1,467,762	**1,547,264**	79,502	**A**
Other equity instruments	496,876	**496,876**	-	
Retained earnings	5,571,285	**6,127,093**	555,808	**B**
Treasury stock	(443,482)	**(95,796)**	347,686	**C**
Accumulated other comprehensive income	290,268	**(126,646)**	(416,914)	**D**
Total equity attributable to owners of the parent	7,621,481	**8,187,563**	566,082	
Non-controlling interests	1,387,723	**1,257,769**	(129,954)	
Total equity	9,009,204	**9,445,332**	436,128	

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
A Capital surplus	Capital surplus increased as a result of a decrease in the Company's economic interests in Yahoo Japan Corporation.
B Retained earnings	Net income attributable to owners of the parent of ¥1,121,719 million was recorded. On the other hand, retained earnings decreased ¥558,136 million[*1] with the retirement of 55,753,200 shares of treasury stock in June 2019 (5.07% of the total number of issued shares before the retirement). In addition, the cumulative impact of adopting IFRS 16 of ¥13,997 million was recorded as an increase in retained earnings on April 1, 2019.
C Treasury stock	· The Company repurchased its own shares for ¥384.1 billion (19.04 million shares) in the previous fiscal year and for ¥215.9 billion (36.71 million shares) during the fiscal year. This is in accordance with a resolution of the Board of Directors on February 6, 2019 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥600 billion. · The Company retired treasury stock in June 2019.
D Accumulated other comprehensive income	Exchange differences on translating foreign operations, which arise from translating overseas subsidiaries and associates into yen, decreased ¥438,939 million due to a stronger yen against the major currencies.

Note:
1. The number of shares retired is the same as the number of shares acquired from the share repurchase (the "Share Repurchase") in accordance with a resolution of the Board of Directors on February 6, 2019. However, since the retirement amount is calculated based on the carrying amounts, including the treasury stock held by the Company prior to the Share Repurchase, the retirement amount differs from the total repurchase amount of the Share Repurchase.

(3) Overview of Cash Flows

1. Investing Activities of the SoftBank Vision Fund

- Inflows: contributions from third-party investors of ¥345.7 billion (cash flows from financing activities), proceeds from borrowings of ¥224.4 billion (cash flows from financing activities).
- Outflows: payments for acquisition of investments of ¥681.6 billion (cash flows from investing activities), repayment of borrowings of ¥130.6 billion and distribution/repayment to third-party investors of ¥68.4 billion (cash flows from financing activities).

2. Financing activities of SoftBank Group Corp.

- Corporate bonds of ¥500 billion were issued as part of refinancing domestic bonds maturing during the fiscal year; ¥300 billion of outstanding bonds were redeemed at maturity.
- Short-term borrowings of ¥425.2 billion (net) were made to provide income tax payments and other one-time expenses. Of this, ¥420 billion were repaid in July 2019 following a tax refund.
- Repurchase of own shares of ¥215.9 billion: a share repurchase program for a total amount of ¥600 billion was completed.

(Millions of yen)

	Three months ended June 30		
	2018	**2019**	Change
Cash flows from operating activities	274,419	**(547,191)**	(821,610)
Cash flows from investing activities	(892,109)	**(1,367,991)**	(475,882)
Cash flows from financing activities	(48,508)	**1,026,301**	1,074,809

Note: Since lease liabilities were newly recognized for operating leases from the fiscal year due to the adoption of IFRS 16, of the leasing amount (previously recorded as cash flows from operating activities), payment for interest expenses was recorded in "interest paid (cash flows from operating activities)" and payment related to repayment of principal of liabilities was recorded in "repayment of lease liabilities (cash flows from financing activities)."

(a) Cash Flows from Operating Activities

Income taxes paid increased ¥839,401 million year on year due to payments of income taxes during the first quarter. These comprised income tax of ¥321,290 million at SBGJ on a gain on sale of SoftBank Corp. shares and withholding income tax of ¥422,648 million arising from payment of dividends by SBGJ to SoftBank Group Corp. The withholding tax was refunded in July 2019.

(b) Cash Flows from Investing Activities

Primary components

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(319,247) million	Sprint acquired leased devices and telecommunications equipment. SoftBank Corp. acquired telecommunications equipment.
Payments for acquisition of investments ¥(431,742) million	Wholly owned subsidiaries of the Company made investments in WeWork and other companies.
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(681,649) million	SoftBank Vision Fund made investments.

(c) Cash Flows from Financing Activities

Primary components

Component	Primary details
Proceeds in short-term interest-bearing debt, net ¥468,575 million	SoftBank Corp. made borrowings of ¥280,000 million through the securitization of receivables related to telecommunications to replenish the reduced working capital due to the acquisition of shares in Yahoo Japan Corporation.
Proceeds from interest-bearing debt ¥2,018,275 million	
Proceeds from borrowings ¥1,518,275 million*1	· In preparation for payment of income tax and withholding income tax, SoftBank Group Corp. made short-term borrowings of ¥667,800 million. Of this, ¥420,000 million was repaid in July 2019 following a refund of withholding income tax. · SoftBank Vision Fund borrowed ¥224,359 million, mainly to increase the capital efficiency of its investments. · SoftBank Corp. borrowed ¥150,500 million to finance the acquisition of Yahoo Japan Corporation shares. It also borrowed ¥206,977 million through the securitization of installment sales receivables and the sale and leaseback of telecommunications equipment. · Sprint made borrowings through the securitization of receivables and term loans.
Proceeds from issuance of bonds ¥500,000 million	SoftBank Group Corp. issued domestic straight corporate bonds for the purpose of refinancing.
Repayment of interest-bearing debt ¥(1,206,144) million	
Repayment of borrowings ¥(712,884) million*1	· SoftBank Group Corp. repaid short-term borrowings of ¥242,650 million. · SoftBank Vision Fund repaid ¥130,582 million of its borrowings made mainly to increase the capital efficiency of its investments. · SoftBank Corp. and Sprint repaid borrowings.
Redemption of corporate bonds ¥(490,235) million	· SoftBank Group Corp. redeemed domestic straight corporate bonds of ¥300 billion at maturity. · Sprint redeemed corporate bonds of $1.7 billion at maturity.
Repayment of lease liabilities ¥(195,149) million	SoftBank Corp. and Sprint repaid lease liabilities related to telecommunications equipment.
Contribution to SoftBank Vision Fund and Delta Fund from third-party investors ¥345,672 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors ¥(68,409) million	SoftBank Vision Fund made a fixed distribution based on the principal of investments.
Purchase of treasury stock ¥(215,935) million	SoftBank Group Corp. repurchased its own shares.

Note:
1. Proceeds from borrowings and repayment of borrowings include proceeds of ¥1,131,148 million and outlays of ¥(386,734) million, respectively, related to borrowings with a contracted term of one year or less.

(4) Forecasts

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

Notes for "1. Results of Operations"

[1] The names of the investments of SoftBank Vision Fund are presented in the order of the size of the investments' impact on the Company's financial results, unless otherwise stated.
[2] The presentation of the interest-bearing debt and finance cost of SoftBank Group Corp. includes borrowings made by Skywalk Finance GK, a wholly owned subsidiary of the Company, using Alibaba shares. The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.
[3] The acquisition costs and fair values of the investments at SoftBank Vision Fund include the investments made by subsidiaries of the Company through investment holding entities that are subsidiaries of SoftBank Vision Fund.
[4] Contributions from limited partners of SoftBank Vision Fund excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
[5] The Company's obligation to Delta Fund is offset against the cost of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund.
[6] Non-recallable contribution of SoftBank Vision Fund represents the applicable principal for the investment in Flipkart Private Limited, which was returned to limited partners after the sale of its shares.
[7] When an investment is made from the remaining committed capital of the third-party investor at Delta Fund, the same amount is deducted from that investor's remaining committed capital at SoftBank Vision Fund.
[8] This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended March 31, 2019, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

2. Notes to Summary Information

(1) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

IFRS 16 “Leases” has been adopted during the three-month period ended June 30, 2019.

The details are described in “Note 1. Significant accounting policies” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(2) Changes in Accounting Estimates

Sprint entered into a sale and leaseback contract for their corporate headquarters (buildings, land, and other) and the related assets were reclassified to “Assets classified as held for sale” for the three-month period ended June 30, 2019. In addition, the assets were measured at fair value after deducting the sale cost and were less than their carrying amounts. As a result, an impairment loss was recorded. The details are described in “Note 4. Assets classified as held for sale” and “Note 12. Other operating loss” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

Company name / Abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
Delta Fund	SB Delta Fund (Jersey) L.P.
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	3,858,518	2,932,541
Trade and other receivables	2,339,977	2,284,861
Other financial assets	203,476	191,921
Inventories	365,260	318,328
Other current assets	766,556	872,762
Subtotal	7,533,787	6,600,413
Assets classified as held for sale	224,201	25,040
Total current assets	7,757,988	6,625,453
Non-current assets		
Property, plant and equipment	4,070,704	2,873,267
Right-of-use assets	-	2,353,750
Goodwill	4,321,467	4,152,753
Intangible assets	6,892,195	6,661,372
Costs to obtain contracts	384,076	385,794
Investments accounted for using the equity method	2,641,045	2,504,162
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	7,115,629	8,081,137
Investment securities	924,614	1,214,948
Other financial assets	1,185,856	1,326,238
Deferred tax assets	586,943	193,336
Other non-current assets	215,959	214,751
Total non-current assets	28,338,488	29,961,508
Total assets	36,096,476	36,586,961

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,480,960	3,277,849
Lease liabilities	-	621,022
Deposits for banking business	745,943	774,891
Third-party interests in SoftBank Vision Fund and Delta Fund	29,677	147,625
Trade and other payables	1,909,608	1,752,907
Derivative financial liabilities	767,714	27,612
Other financial liabilities	10,849	11,376
Income taxes payables	534,906	77,075
Provisions	43,685	35,674
Other current liabilities	1,158,355	689,885
Total current liabilities	8,681,697	7,415,916
Non-current liabilities		
Interest-bearing debt	12,204,146	11,877,719
Lease liabilities	-	1,552,972
Third-party interests in SoftBank Vision Fund and Delta Fund	4,107,288	4,322,539
Derivative financial liabilities	130,545	136,144
Other financial liabilities	57,115	65,474
Defined benefit liabilities	99,351	95,840
Provisions	157,478	155,126
Deferred tax liabilities	1,391,072	1,364,942
Other non-current liabilities	258,580	154,957
Total non-current liabilities	18,405,575	19,725,713
Total liabilities	27,087,272	27,141,629
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	1,467,762	1,547,264
Other equity instruments	496,876	496,876
Retained earnings	5,571,285	6,127,093
Treasury stock	(443,482)	(95,796)
Accumulated other comprehensive income	290,268	(126,646)
Total equity attributable to owners of the parent	7,621,481	8,187,563
Non-controlling interests	1,387,723	1,257,769
Total equity	9,009,204	9,445,332
Total liabilities and equity	36,096,476	36,586,961

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

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net sales	2,272,783	2,336,397
Cost of sales	(1,316,660)	(1,335,855)
Gross profit	956,123	1,000,542
Selling, general and administrative expenses	(627,985)	(663,114)
Gain relating to loss of control over subsidiaries	161,347	-
Other operating loss	(14,436)	(46,242)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	475,049	291,186
Operating income from SoftBank Vision Fund and Delta Fund	239,944	397,630
Operating income	714,993	688,816
Finance cost	(148,467)	(153,846)
Income on equity method investments	37,705	90,115
Foreign exchange gain (loss)	12,925	(6,506)
Derivative loss	(54,080)	(7,672)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	1,218,527
Gain from financial instruments at FVTPL	94,542	27,496
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(72,889)	(184,488)
Other non-operating income (loss)	(12,425)	9,902
Income before income tax	572,304	1,682,344
Income taxes	(244,184)	(504,865)
Net income	328,120	1,177,479
Net income attributable to		
Owners of the parent	313,687	1,121,719
Non-controlling interests	14,433	55,760
	328,120	1,177,479
Earnings per share*		
Basic earnings per share (Yen)	140.77	534.89
Diluted earnings per share (Yen)	140.07	532.09

Note:
The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2019.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net income	328,120	1,177,479
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	748	(10)
Total items that will not be reclassified to profit or loss	748	(10)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	35	566
Cash flow hedges	(20,600)	22,981
Exchange differences on translating foreign operations	17,021	(445,524)
Share of other comprehensive income of associates	(13,796)	(8,320)
Total items that may be reclassified subsequently to profit or loss	(17,340)	(430,297)
Total other comprehensive income, net of tax	(16,592)	(430,307)
Total comprehensive income	311,528	747,172
Total comprehensive income attributable to		
Owners of the parent	279,616	706,799
Non-controlling interests	31,912	40,373
	311,528	747,172

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2018

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2018	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	300,615	-	(57,828)	242,787
As of April 1, 2018 (after adjustments)	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
Comprehensive income							
Net income	-	-	-	313,687	-	-	313,687
Other comprehensive income	-	-	-	-	-	(34,071)	(34,071)
Total comprehensive income	-	-	-	313,687	-	(34,071)	279,616
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,969)	-	-	(23,969)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	387	-	(387)	-
Purchase and disposal of treasury stock	-	-	-	-	(4)	-	(4)
Changes in interests in subsidiaries	-	197	-	-	-	-	197
Changes in associates' interests in their subsidiaries	-	4,541	-	-	-	-	4,541
Changes in interests in associates' capital surplus	-	(250)	-	-	-	-	(250)
Share-based payment transactions	-	2,004	-	-	-	-	2,004
Other	-	684	-	-	-	-	684
Total transactions with owners and other transactions	-	7,176	-	(23,582)	(4)	(387)	(16,797)
As of June 30, 2018	238,772	263,944	496,876	4,530,979	(66,462)	225,673	5,689,782

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2018	1,088,846	6,273,022
Effect of retrospective adjustments due to adoption of new standards*	21,300	264,087
As of April 1, 2018 (after adjustments)	1,110,146	6,537,109
Comprehensive income		
Net income	14,433	328,120
Other comprehensive income	17,479	(16,592)
Total comprehensive income	31,912	311,528
Transactions with owners and other transactions		
Cash dividends	(29,483)	(53,452)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(4)
Changes in interests in subsidiaries	18,195	18,392
Changes in associates' interests in their subsidiaries	-	4,541
Changes in interests in associates' capital surplus	-	(250)
Share-based payment transactions	1,170	3,174
Other	(548)	136
Total transactions with owners and other transactions	(10,666)	(27,463)
As of June 30, 2018	1,131,392	6,821,174

Note:
* As a result of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income.

For the three-month period ended June 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2019	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	13,997	-	-	13,997
As of April 1, 2019 (after adjustments)	238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
Comprehensive income							
Net income	-	-	-	1,121,719	-	-	1,121,719
Other comprehensive income	-	-	-	-	-	(414,920)	(414,920)
Total comprehensive income	-	-	-	1,121,719	-	(414,920)	706,799
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,184)	-	-	(23,184)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,994	-	(1,994)	-
Purchase and disposal of treasury stock	-	(739)	-	(582)	(210,450)	-	(211,771)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes in interests in subsidiaries	-	78,407	-	-	-	-	78,407
Changes in associates' interests in their subsidiaries	-	(1,003)	-	-	-	-	(1,003)
Changes in interests in associates' capital surplus	-	1,259	-	-	-	-	1,259
Share-based payment transactions	-	1,578	-	-	-	-	1,578
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	79,502	-	(579,908)	347,686	(1,994)	(154,714)
As of June 30, 2019	238,772	1,547,264	496,876	6,127,093	(95,796)	(126,646)	8,187,563

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2019	1,387,723	9,009,204
Effect of retrospective adjustments due to adoption of new standards*	(1,357)	12,640
As of April 1, 2019 (after adjustments)	1,386,366	9,021,844
Comprehensive income		
Net income	55,760	1,177,479
Other comprehensive income	(15,387)	(430,307)
Total comprehensive income	40,373	747,172
Transactions with owners and other transactions		
Cash dividends	(84,146)	(107,330)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(211,771)
Retirement of treasury stock	-	-
Changes in interests in subsidiaries	(82,754)	(4,347)
Changes in associates' interests in their subsidiaries	-	(1,003)
Changes in interests in associates' capital surplus	-	1,259
Share-based payment transactions	(2,809)	(1,231)
Other	739	739
Total transactions with owners and other transactions	(168,970)	(323,684)
As of June 30, 2019	1,257,769	9,445,332

Note:
* As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings. The details are described in "(3) Effect of adopting new standards and interpretations" in "Note 1. Significant accounting policies" under "(6) Notes to Condensed Interim Consolidated Financial Statements."

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Cash flows from operating activities		
Net income	328,120	1,177,479
Depreciation and amortization	405,153	497,198
Gain relating to loss of control over subsidiaries	(161,347)	-
Gain on investments at SoftBank Vision Fund and Delta Fund	(247,211)	(414,419)
Finance cost	148,467	153,846
Income on equity method investments	(37,705)	(90,115)
Derivative loss	54,080	7,672
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	(1,218,527)
Gain from financial instruments at FVTPL	(94,542)	(27,496)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	72,889	184,488
Foreign exchange (gain) loss and other non-operating loss (income)	(500)	(3,396)
Income taxes	244,184	504,865
Decrease in trade and other receivables	63,741	26,429
Increase in inventories	(78,014)	(51,832)
Decrease in trade and other payables	(98,806)	(113,646)
Other	(24,059)	(72,742)
Subtotal	574,450	559,804
Interest and dividends received	10,314	15,479
Interest paid	(160,620)	(135,298)
Income taxes paid	(150,141)	(989,542)
Income taxes refunded	416	2,366
Net cash provided by (used in) operating activities	274,419	(547,191)
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(333,374)	(319,247)
Payments for acquisition of investments	(267,903)	(431,742)
Proceeds from sales/redemption of investments	78,703	60,564
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(176,963)	(681,649)
Proceeds from acquisition of control over subsidiaries	56,826	-
Payments for loan receivables	(17,792)	(80,277)
Collection of loan receivables	20,382	42,472
Payments for acquisition of marketable securities for short-term trading	(140,640)	(14,789)
Proceeds from sales/redemption of marketable securities for short-term trading	37,093	25,337
Payments into time deposits	(244,107)	(5,758)
Proceeds from withdrawal of time deposits	199,305	310
Other	(103,639)	36,788
Net cash used in investing activities	(892,109)	(1,367,991)

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	612	468,575
Proceeds from interest-bearing debt	1,436,683	2,018,275
Repayment of interest-bearing debt	(1,388,998)	(1,206,144)
Repayment of lease liabilities	-	(195,149)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	180,212	345,672
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	(161,259)	(68,409)
Purchase of shares of subsidiaries from non-controlling interests	(4,560)	(14,221)
Purchase of treasury stock	(4)	(215,935)
Cash dividends paid	(23,365)	(22,684)
Cash dividends paid to non-controlling interests	(29,348)	(79,801)
Other	(58,481)	(3,878)
Net cash (used in) provided by financing activities	(48,508)	1,026,301
Effect of exchange rate changes on cash and cash equivalents	59,827	(37,096)
Decrease in cash and cash equivalents	(606,371)	(925,977)
Cash and cash equivalents at the beginning of the period	3,334,650	3,858,518
Cash and cash equivalents at the end of the period	2,728,279	2,932,541

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

Significant accounting policies applied to the condensed interim consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2019, except as described herein. In addition, income taxes for the three-month period ended June 30, 2019 are calculated based on the estimated effective tax rate and certain defined benefit liabilities for the three-month period ended June 30, 2019 are calculated by predictive computation based on a reasonable estimation in accordance with the results of an actuarial calculation as of March 31, 2019.

(1) Adoption of new standards and interpretations

The Company has adopted the following standards during the three-month period ended June 30, 2019.

Standard/interpretation		Outline of the new/revised standards
IFRS 16	Leases	IFRS 16 replaces the previous IAS 17 and IFRIC 4. Main revisions are: ・to apply a control model for the identification of leases, distinguishing between leases and service contracts; and ・to eliminate the finance and operating lease classification for a lessee and require the recognition of the right-of-use asset and the lease liability for lease transactions.

There is no significant impact to the condensed interim consolidated financial statements due to the adoption of the other new accounting standards or interpretations.

In accordance with the transitional provisions of IFRS 16 “Leases,” the Company retrospectively recognized the cumulative effect arising from initial adoption of this standard by adjusting the balance of retained earnings as of April 1, 2019. Accordingly, comparative information for the fiscal year ended March 31, 2019 is not restated, except for lease transactions of intangible assets disclosed below.

The Company does not apply IFRS 16 to leases of intangible assets and, therefore, restated comparative information on leases of intangible assets for the fiscal year ended March 31, 2019 in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors.”

In accordance with the transitional provision, the Company adopted a practical expedient that does not require the Company to reassess whether a contract is, or contains, a lease when applying IFRS 16. Accordingly, except for the aforementioned leases of intangible assets, the Company applies IFRS 16 to contracts that were previously identified as a lease under IAS 17 and IFRIC 4 and does not apply IFRS 16 to contracts that were not previously identified as a lease under such standards, at the date of initial adoption.

In addition to the above, the Company applies the following practical expedients in accordance with the transitional provisions.

・A practical expedient that allows a lessee to rely on its assessment of whether lease contracts are onerous applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” on a lease-by-lease basis as an alternative to performing an impairment review.
・A practical expedient that allows a lessee to exclude initial direct costs from the measurement of the right-of-use asset on a lease-by-lease basis at the date of initial adoption.
・A practical expedient that allows a lessee to use hindsight on a lease-by-lease basis, such as in determining the lease term if the contract contains options to extend or terminate the lease.

・A practical expedient that allows, on a lease-by-lease basis, measurement of a right-of-use asset at the date of initial adoption for leases previously classified as an operating lease applying IAS 17 at an amount equal to the lease liability.

(2) Significant accounting policies changed due to the adoption of new standards and interpretations

Lease

a. Overall

(a) Identifying a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company deems a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the following conditions are met, the Company deems that the contract conveys the right to control the use of an identified asset.

i. The use of the identified asset is specified in a contract and the lessor does not have the right to substitute the asset.

ii. Throughout the period of use, the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset.

iii. The lessee has the right to direct the use of the identified asset. Where the relevant decisions about how and for what purpose the asset is used are predetermined, the lessee is deemed to have the right to direct the use of the identified asset if:

・the lessee has the right to operate the asset; or

・the lessee designed the asset in a way that predetermines how and for what purpose the asset will be used.

(b) Lease term

The lease term is determined as the non-cancellable period of a lease, together with both:

・periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

・periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

b. Lessee

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract by allocating the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Recognition exemptions

The Company does not apply the exemptions from IFRS 16 requirements to short-term leases and leases for which the underlying asset is of low value.

(c) Lease transactions of intangible assets

The Company does not apply IFRS 16 to leases of intangible assets.

(d) Right-of-use asset

At the commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date; any initial direct costs; and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset; less any lease incentives received.

After the initial measurement, the right-of-use asset is depreciated on a straight-line basis: (a) over the estimated useful life if the transfer of ownership of the underlying asset is certain; or (b) over the shorter of the lease term or the estimated useful life of the leased asset if the transfer of ownership is not certain. The estimated useful life of the right-of-use asset is determined by the same method applied to property, plant and equipment. As a result of the adoption of IFRS 16, favorable lease contracts that were previously recognized as intangible assets, except for those related to FCC licenses, have been reclassified to the right-of-use assets, and related items in other non-current liabilities as well as onerous lease contracts that were previously recognized as other current liabilities are deducted from the right-of-use assets. Further, if the right-of-use asset is impaired, an impairment loss is deducted from the carrying amount of the right-of-use asset.

(e) Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that will be paid over the lease term after that date. In calculating the present value, the interest rate implicit in the lease is used as a discount rate if that rate can be readily determined. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability mainly comprise: fixed payments; lease payments to be made during extension periods, if the lease term reflects the exercise of an option to extend the lease; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the initial measurement, the lease liability is measured at amortized cost using an effective interest method. The lease liability is remeasured if there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the assessment of the possibility of an option to extend or terminate the lease being exercised.

If the lease liability is remeasured, the carrying amount of the right-of-use asset is also adjusted by the amount of the remeasurement of the lease liability. However, if the amount of liability reduced by the remeasurement of the lease liability exceeds the carrying amount of the right-of-use asset, any remaining amount of the remeasurement after reducing the right-of-use asset to zero is recognized in profit or loss.

c. Lessor

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Company allocates the consideration in the contract applying IFRS 15 to lease components and non-lease components of the contract.

(b) Classification of leases

At the commencement of a lease contract, the Company classifies whether the contract is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease. The Company assesses that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred in cases where, the lease term is for the major part of the economic life of the underlying asset, or the total amount of present value of the minimum lease payment is substantially all the amount of fair value of the asset.

(c) Sublease classification

If the Company is a party to a sublease contract, the Company accounts for the head lease (lessee) and the sublease (lessor) separately. When classifying the sublease as a finance lease or an operating lease, the Company considers the risks and rewards incidental to, and the useful life of, the right-of-use asset that is recognized by the Company in the head lease, instead of that of the leased asset.

(d) Recognition and measurement

Total lease payments received from operating leases received during the lease term are recognized as income on a straight-line basis over the lease term.

(3) Effect of adopting new standards and interpretations

At the initial adoption of IFRS 16, the Company recognized lease liabilities for those lease transactions that were previously classified as an operating lease under IAS 17. These lease liabilities are measured at the present value of the lease payments that have not yet been paid at the date of initial adoption of IFRS 16, discounted using the Company's incremental borrowing rate at that date. The weighted average incremental borrowing rate applied to lease liabilities at the initial adoption is 3.15%.

The Company does not apply IFRS 16 to leases of intangible assets and, therefore, restated comparative information on leases of intangible assets for the fiscal year ended March 31, 2019 in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." As a result, the presentation of the Company's borrowings for certain software development has been changed. The details are described in "(1) Components of interest-bearing debt" under "8. Interest-bearing debt."

Further, before applying IFRS 16, commitments under Sprint's lease agreements for spectrum licenses held by third parties were included in the notes for the future minimum lease payments payable under operating leases as they were deemed to be equivalent to operating leases. These commitments, however, are not included in “Undiscounted future minimum lease payments payable under operating leases as of March 31, 2019” in the table below because they are not leases within the scope of IFRS 16. The amount excluded is ¥746,787 million.

The difference between the future minimum lease payments payable under operating leases as of March 31, 2019 excluding the commitments described above and lease liabilities recognized as of April 1, 2019 is as follows:

	(Millions of yen)
Undiscounted future minimum lease payments payable under operating leases as of March 31, 2019	1,917,239
Adjustments by discounting the future minimum lease payments payable under operating leases above	(206,046)
Discounted future minimum lease payments payable under operating leases as of April 1, 2019	1,711,193
Lease obligations relating to leases that were classified as a finance lease	879,723
Adjustments attributable to revision of the lease term	(124,242)
Effect from the classification of non-lease component	(121,406)
Adjustments attributable to other factors	(3,470)
Lease liabilities as of April 1, 2019	2,341,798

As a result of the adoption of IFRS 16, the assets recognized under finance leases as a lessee that were previously included in property, plant and equipment, are reclassified to right-of-use assets. Lease transactions, which were previously classified and accounted for as operating leases, are also recorded as right-of-use assets. As a result, on April 1, 2019, property, plant and equipment decreased by ¥1,157,008 million and right-of-use assets increased by ¥2,525,152 million.

(4) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment

For SoftBank Vision Fund and Delta Fund, the Company applies the following accounting policies.

a. Consolidation of the SoftBank Vision Fund and Delta Fund segment by the Company

SoftBank Vision Fund and Delta Fund are limited Partnerships established by their respective General Partners which are wholly-owned subsidiaries of the Company, and by their form of organization, qualify as structured entities. SoftBank Vision Fund and Delta Fund are consolidated by the Company for the following reasons.

The various entities comprising SoftBank Vision Fund and Delta Fund make investment decisions through their respective Investment Committee, which were established as committees of SBIA. SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SoftBank Vision Fund and Delta Fund. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited Partners based on the investment performance as returns from the Funds. The Company has the ability to affect those returns through its power over the Funds, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over each Fund.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SoftBank Vision Fund and Delta Fund are eliminated in consolidation.

b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund

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

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

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SoftBank Vision Fund, 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 SoftBank Vision Fund when, as defined under IFRS 11 “Joint Arrangements,” the SoftBank Vision Fund has 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 SoftBank Vision Fund are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(c) Other investments

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

c. Presentation of the results from the SoftBank Vision Fund and Delta Fund business

Income and loss arising from the SoftBank Vision Fund and Delta Fund business are separated from operating income and loss arising from other businesses, recognized as a component of operating income, and presented as “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income. Gain and loss arising from “b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund” (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA, and administrative expenses arising from each entity, are included in “Operating income from SoftBank Vision Fund and Delta Fund.”

d. Bridge Investments

Investments acquired by SoftBank Group Corp. or its subsidiaries with the premise of offering such investments to SoftBank Vision Fund and Delta Fund and were made in accordance with the investment eligibility criteria of SoftBank Vision Fund at the time of acquisition (“Bridge Investments”) are accounted for as financial assets at FVTPL. The Company recognizes the decision to transfer such investments after the Company obtains consent from the investment committee and other bodies (and certain limited partners, if applicable) at SoftBank Vision Fund and approvals from relevant regulatory authorities. The Company changes the presentation of Bridge Investments in its condensed interim consolidated financial statements in the annual period in which the Company made the decision to transfer such investments.

If the transfer was agreed from the beginning of the fiscal year to the end of the quarter, the Company presents items relevant to those investments as if SoftBank Vision Fund and Delta Fund had made those investments from the beginning of the fiscal year. Those items would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

On the other hand, if the investments have not yet been agreed to be transferred at the end of the quarter, the Company presents items relevant to those investments as “Investment securities” in the condensed interim consolidated statement of financial position, “Gain from financial instruments at FVTPL” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

e. Investments that are not Bridge Investments and for which the transfer is agreed

For investments that are not Bridge Investments, if the transfer was agreed from the beginning of the fiscal year to the end of the quarter, the Company continues to apply the same accounting treatment followed in the periods prior to the agreement. They are accounted for as financial assets at FVTPL.

If the transfer was agreed from the beginning of the fiscal year to the end of the quarter, the Company presents the carrying amounts of those investments at the end of the quarter as if the investments had been made by SoftBank Vision Fund on the date the transfer was agreed. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position at the end of the quarter, the difference between the carrying amount at the beginning of the fiscal year and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value at the end of the quarter as “Gain and loss from financial instruments at FVTPL” and “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income, respectively, and payments for acquisition of such investments as “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

f. Contribution from limited Partners to SoftBank Vision Fund and Delta Fund

SoftBank Vision Fund and Delta Fund issue capital calls from their respective limited partners (“Capital Call”).

(a) Contribution from Limited Partners other than the Company

The interests attributable to limited partners of SoftBank Vision Fund and Delta Fund other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of financial position, due to the predetermined finite life (in principle, until November 20, 2029 for SoftBank Vision Fund and until September 27, 2029 for Delta Fund) and contractual payment provision to each of the limited partners at the end of the finite life within SoftBank Vision Fund and Delta Fund’s limited partnership agreements. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

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

Contributions from Third-Party Investors to SoftBank Vision Fund and Delta Fund are included in “Contributions into SoftBank Vision Fund and Delta Fund 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 SoftBank Vision Fund and Delta Fund to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

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

(b) Contribution from the Company

Contribution from the Company to SoftBank Vision Fund and Delta Fund as a limited partner is 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.

For the fiscal year ended March 31, 2019, the Company had six reportable segments, the SoftBank segment, the Sprint segment, the Yahoo Japan segment, the Arm segment, the SoftBank Vision Fund and Delta Fund segment, and the Brightstar segment. However, from the three-month period ended June 30, 2019, in accordance with the consolidation of Yahoo Japan Corporation by SoftBank Corp., business segments which are regularly reviewed by the Company's Board of Directors have been changed. Accordingly, the Company has revised its segment classifications to the following five reportable segments: the SoftBank Vision Fund and Delta Fund segment, the SoftBank segment, the Sprint segment, the Arm segment, and the Brightstar segment.

The SoftBank Vision Fund and Delta Fund segment conducts investment activities in a wide range of technology sectors. The segment income of the SoftBank Vision Fund and Delta Fund segment consists of gain and loss arising from investments, including subsidiaries, held by SoftBank Vision Fund and Delta Fund or investments in which transfer is agreed to (gain and loss on investments at SoftBank Vision Fund and Delta Fund), and operating expenses incurred by SoftBank Vision Fund, Delta Fund, and SBIA.

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

The Sprint segment provides, through Sprint, mobile communications services, sale and lease of mobile devices, sale of mobile device accessories, and fixed-line telecommunications services in the U.S.

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

The Brightstar segment provides, through Brightstar, distribution of mobile devices overseas.

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

"Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc., which manage and supervise investment activities in the Internet, communication, and media fields overseas, are included in corporate general expenses.

Segment information for the three-month period ended June 30, 2018 is presented based on the reportable segments after the aforementioned change.

(2) Net sales and income of reportable segments

Income of reportable segments is defined as "Operating income." Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

Under the Company's management system, SoftBank Group Corp., a strategic holding company, exercises overall control over its investment portfolio comprising the Group companies. Based on this system, the Company focuses on the maximization of shareholder value (calculated as equity value of holdings – net interest-bearing debt) over the medium to long term, and endeavors to increase the equity value of holdings. As a result, EBITDA and adjusted EBITDA which were previously described, are not described for the three-month period ended June 30, 2019 as they are no longer considered as major management indicators provided for periodic reports to the management.

Income and loss, which is not attributable to operating income and loss, such as financial cost and income and loss on equity method investments, is not managed by each reportable segment and therefore these income and losses are excluded from segment performance.

For the three-month period ended June 30, 2018

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,090,143	842,488	41,533	247,406	2,221,570
Intersegment	-	6,061	40,754	1	6,422	53,238
Total	-	1,096,204	883,242	41,534	253,828	2,274,808
Segment income	239,944	260,170	98,108	145,192	(5,345)	738,069
Depreciation and amortization	6	124,664	253,535	18,537	1,179	397,921
Gain relating to loss of control over subsidiaries	-	-	-	161,347	-	161,347

	Other	Reconciliations	Consolidated
Net sales			
Customers	51,213	-	2,272,783
Intersegment	2,467	(55,705)	-
Total	53,680	(55,705)	2,272,783
Segment income	(7,924)	(15,152)	714,993
Depreciation and amortization	6,905	327	405,153
Gain relating to loss of control over subsidiaries	-	-	161,347

For the three-month period ended June 30, 2019

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,162,581	861,975	45,843	227,509	2,297,908
Intersegment	-	2,005	33,668	88	5,861	41,622
Total	-	1,164,586	895,643	45,931	233,370	2,339,530
Segment income	397,630	276,649	63,373	(11,571)	(1,248)	724,833
Depreciation and amortization	52	164,949	302,294	17,917	1,771	486,983

	Other	Reconciliations	Consolidated
Net sales			
Customers	38,489	-	2,336,397
Intersegment	4,409	(46,031)	-
Total	42,898	(46,031)	2,336,397
Segment income	(22,222)	(13,795)	688,816
Depreciation and amortization	9,912	303	497,198

3. SoftBank Vision Fund and Delta Fund business

(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the condensed interim consolidated statement of income

a. Overview

Income and loss arising from the SoftBank Vision Fund and Delta Fund business in the condensed interim consolidated statement of income consist of income and loss arising from all entities, which are various entities comprising SoftBank Vision Fund and Delta Fund, each General Partner, and SBIA as a manager of each fund. Income and loss arising from SoftBank Vision Fund and Delta Fund attributable to Third-Party Investors are accounted for as a component of non-operating income or loss, and presented as "Change in third-party interests in SoftBank Vision Fund and Delta Fund." As a result, income before income tax from the SoftBank Vision Fund and Delta Fund business includes income and loss attributable to the Company as a limited partner, management fees and performance fees to SBIA.

b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business

The following table shows income and loss arising from the SoftBank Vision Fund and Delta Fund business.

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Gain and loss on investments at SoftBank Vision Fund and Delta Fund[1]		
Unrealized gain and loss on valuation of investments		
Change in valuation for the fiscal year	245,802	408,514
Interest and dividend income from investments	1,409	5,905
	247,211	414,419
Operating expenses	(7,267)	(16,789)
Operating income from SoftBank Vision Fund and Delta Fund	239,944	397,630
Finance cost (interest expenses)[2]	(5,031)	(1,668)
Foreign exchange gain and loss	(40)	232
Derivative gain and loss	1,197	-
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(72,889)	(184,488)
Other non-operating income and loss	(276)	591
Income before income tax	162,905	212,297

Notes:

1.“Realized gain and loss on sales of an investment” is not recorded for the thee-month period ended June 30, 2018 and the three-month period June 30, 2019.

2. The amount before elimination of inter-company transactions is ¥(1,901) million for the three-month period ended June 30, 2019.

(2) Third-party interests in SoftBank Vision Fund and Delta Fund

a. Terms and conditions of contribution from/ distribution to Limited Partners

Contributions by the Limited Partners are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

Performance-based distributions attributed to Limited Partners, consisting of the Company and Third Party Investors, are calculated using the net proceeds from the investment performance of SoftBank Vision Fund and

Delta fund. Those performance-based distributions and Performance fees attributed to SBIA will be allocated using the method specified in the Limited Partnership Agreement. The amount of performance-based distribution attributed to Limited Partners will be allocated to each Limited Partner based on the proportion of their respective Equity contribution. The amount of performance-based distribution is paid to each Limited Partner after SoftBank Vision Fund and Delta Fund receives cash through dividend, or disposition or monetization of investments.

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

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

b. Changes in interests attributable to Third-Party Investors

Changes in interests attributable to Third-Party Investors (“Third-party interests in SoftBank Vision Fund and Delta Fund”) are as follows:

(Millions of yen)

			(For reference purposes only) Links with the condensed interim consolidated financial statements	
	Third-party interests (Total of current liabilities and non-current liabilities)		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
		(Breakdown)		
As of April 1, 2019	4,136,965			
Contributions from third-party investors	345,672		-	345,672
Changes in third-party interests	184,488		(184,488)	-
Attributable to investors entitled to fixed distribution		38,997		
Attributable to investors entitled to performance-based distribution		145,491		
Distribution to third-party investors	(68,409)		-	(68,409)
Fixed distributions		(68,409)		
Performance-based distributions		-		
Repayment to third-party investors	-		-	-
Exchange differences on translating third-party interests*	(128,552)		-	-
As of June 30, 2019	4,470,164			

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

c. Uncalled committed capital from Third-Party Investors
Uncalled committed capital from Third-Party Investors as of June 30, 2019 is $27.5 billion.

(3) Management fees and performance fees to SBIA

Terms and conditions of management fees and performance fees to SBIA, included in income before income tax from the SoftBank Vision Fund and Delta Fund business, are as follows.

a. Management fees to SBIA
Management fees to SBIA are, in accordance with Limited Partnership Agreements, calculated by multiplying 1%

per annum by Equity contributions and paid to SBIA by each fund quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

b. Performance fees to SBIA

Same as the performance-based distributions, the amount of the performance fees to SBIA is calculated using the allocation method as specified in the Limited Partnership Agreement. SBIA will receive the performance fees when SoftBank Vision Fund and Delta Fund receive cash through disposition, dividend and monetization of an investment.

With regard to the performance fee receipt, the performance fees to SBIA from disposition and monetization of investments are not paid to SBIA during the investment period of SoftBank Vision Fund (in principle, up to November 20, 2022), instead equivalent amounts to the performance fees attributable to SBIA are temporarily paid to the Limited Partners during the period, under the Limited Partnership Agreement. After the investment period, the equivalent amount is paid to SBIA as a performance fee deducting from the performance-based distributions to the Limited Partners in monetization of investment in post-investment period. In addition, the performance fees received, which is triggered under certain conditions based on future investment performance, are subject to a clawback provision.

4. Assets classified as held for sale

(1) Sale of Alibaba shares by variable prepaid forward contract

Alibaba shares of ¥224,201 million related to the settlement of a variable prepaid forward contact using Alibaba shares was recorded as of March 31, 2019 and the contract was settled with Alibaba shares on June 3, 2019. The details are described in “Note 14. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

(2) Sale and leaseback contract for Sprint headquarters

Sprint entered into a sale and leaseback contract for their corporate headquarters (buildings, land, and other) and accordingly, the related assets of ¥25,040 million were reclassified to “Assets classified as held for sale” for the three-month period ended June 30, 2019. The assets were measured at fair value after deducting the sale cost and were less than their carrying amounts. As a result, an impairment loss was recorded in “Other operating loss.” The details are described in “Note 12. Other operating loss.” The sale closed and the leaseback began on July 9, 2019.

5. Property, plant and equipment

The components of the carrying amounts of property, plant and equipment are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Buildings and structures	251,786	182,769
Telecommunications equipment	2,293,388	1,286,283
Furniture, fixtures, and equipment	937,181	867,071
Land	88,304	80,988
Construction in progress	387,408	359,393
Other	112,637	96,763
Total	4,070,704	2,873,267

Note:

* As a result of the adoption of IFRS 16, ¥1,157,008 million of property, plant and equipment relating to lease transactions that were previously classified as a finance lease, has been reclassified to right-of-use assets.

6. Intangible assets

The components of the carrying amounts of intangible assets are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Intangible assets with indefinite useful lives		
FCC licenses	4,155,126	4,035,635
Trademarks	693,861	674,732
Other	12,763	12,396
Intangible assets with finite useful lives		
Software	739,879	739,420
Technologies	471,884	434,777
Customer relationships	249,028	221,740
Spectrum migration costs	159,522	156,834
Management contracts[1]	94,723	87,352
FCC licenses[2]	68,092	65,165
Trademarks	56,726	54,233
Favorable lease contracts[3]	13,226	-
Other	177,365	179,088
Total	6,892,195	6,661,372

Notes:

1. The management contracts reflect excess earnings in the future expected from the agreements which Fortress entered into regarding the management of assets under their funds.

2. As a result of the adoption of IFRS 16, the presentation of favorable lease contracts related to FCC licenses that were identified in business combinations in the past and were previously included in "Favorable lease contracts" has been changed to "FCC licenses" with finite useful lives.

3. As a result of the adoption of IFRS 16, favorable lease contracts, except for those related to FCC licenses, that were previously recognized as intangible assets have been reclassified to relevant right-of-use assets.

7. Other current liabilities

The components of other current liabilities are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Contract liabilities	252,812	253,463
Withholding income tax*	428,796	41,990
Deferred revenue	35,339	34,076
Short-term accrued employee benefits	201,979	142,539
Consumption tax payable and other	112,090	96,650
Accrued interest expense	69,977	81,520
Other	57,362	39,647
Total	1,158,355	689,885

Note:

*Payment of withholding income tax of ¥422,648 million related to dividends within the group companies was made in April 2019.

8. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Current		
Short-term borrowings[1]	499,179	1,652,095
Commercial paper	42,000	99,000
Current portion of long-term borrowings[2]	820,899	871,616
Current portion of corporate bonds	1,042,253	645,716
Current portion of lease obligations[3]	334,517	-
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract[4]	730,601	-
Current portion of installment payables	11,511	9,422
Total	3,480,960	3,277,849
Non-current		
Long-term borrowings[1,2]	5,102,091	5,035,291
Corporate bonds	6,538,785	6,838,075
Lease obligations[3]	557,955	-
Installment payables	5,315	4,353
Total	12,204,146	11,877,719

Notes:

1. The amounts of SoftBank Vision Fund and Delta Fund interest-bearing debt included in the above components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Current		
Short-term borrowings	900,406	990,210
Total	900,406	990,210
Non-current		
Long-term borrowings	12,764	12,396
Total	12,764	12,396
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	913,170	1,002,606
Eliminated amount of inter-company transactions	(876,599)	(875,196)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	36,571	127,410

2. In the SoftBank segment, the Company is a party to lease transactions of software mainly in relation to telecommunications equipment. The Company has not applied IFRS 16 to leases of intangible assets. Accordingly, liabilities associated with the aforementioned transactions that were previously recognized as lease obligations are, after applying IFRS 16, accounted for as financial liabilities under IFRS 9 and are included in the current portion of long-term borrowings and long-term borrowings. Consequently, the related amounts as of March 31, 2019 have been restated accordingly. The current portion of long-term borrowings and long-term borrowings as of June 30, 2019 include ¥102,610 million (¥102,879 million as of March 31, 2019) and ¥179,752 million (¥191,297 million as of March 31, 2019) of borrowings from these transactions, respectively.

3. As a result of the adoption of IFRS 16, liabilities that were previously recorded as "Lease obligations" are reclassified to "Lease liabilities" and are presented separately in the condensed interim consolidated statement of financial position.

4. Decrease was made due to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in "Note 14. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

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

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

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net increase of short-term borrowings	7,612	411,575
Net (decrease) increase of commercial paper	(7,000)	57,000
Total	612	468,575

(3) Components of proceeds from interest-bearing debt

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

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Proceeds from borrowings	588,956	1,518,275
Proceeds from issuance of corporate bonds	722,744	500,000
Proceeds from sale-leaseback of newly acquired equipment	124,983	-
Total	1,436,683	2,018,275

(4) Components of repayment of interest-bearing debt

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

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Repayment of borrowings	(499,775)	(712,884)
Redemption of corporate bonds	(757,640)	(490,235)
Repayment of lease obligations	(125,106)	-
Payment of installment payables	(6,477)	(3,025)
Total	(1,388,998)	(1,206,144)

9. Derivative financial liabilities (current liabilities)

Mainly it was decreased due to the settlement of a variable prepaid forward contract using Alibaba shares. The details are described in "Note 14. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

10. 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

(Yen)

	As of March 31, 2019	As of June 30, 2019
USD	110.99	107.79
GBP	144.98	136.57

(2) Average rate for the quarter

(Yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
USD	108.71	110.00
GBP	147.54	140.88

11. Equity

(1) Capital surplus

On June 27, 2019, Yahoo Japan Corporation issued 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the "Third-Party Allotment"). Yahoo Japan Corporation also implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the "Tender Offer"), and SoftBank Group Corp. accepted the Tender Offer and tendered its holding of common shares of Yahoo Japan Corporation, held by its wholly-owned subsidiary SoftBank Group Japan Corporation. As a result, 1,792,819,200 of these shares (equivalent to ¥514.5 billion) were sold to Yahoo Japan Corporation on June 27, 2019.

As a result of the Third-Party Allotment and the Tender Offer, the ownership percentage in Yahoo Japan Corporation by the Company has changed from 48.16% (ownership percentage as of March 31, 2019) to 45.52%.

Subsequently, capital surplus increased by ¥91,431 million as "Changes in interests in subsidiary."

(2) Other equity instruments

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

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

(3) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Balance at the beginning of the period	11,162	46,827
Increase during the year[1]	1	28,617
Decrease during the year[2]	-	(56,306)
Balance at the end of the period	11,163	19,138

Notes:

1. For the three-month period ended June 30, 2019, due to a purchase of treasury stock under the resolution passed at Board of Directors meeting held on February 6, 2019, the number of treasury stock increased by 19,044 thousand shares (amount purchased ¥215,931 million). In addition, under the resolution passed at the Board of Directors meeting held on May 9, 2019, the Company conducted a share split at a ratio of two-for-one effective June 28, 2019 and the number of treasury stock increased by 9,573 thousand shares.

2. Under the resolution passed at Board of Directors meeting held on May 30, 2019, the Company retired its treasury stock of 55,753 thousand shares on June 10, 2019. As a result of the transaction, retaining earnings and treasury stock decreased by ¥558,136 million, respectively.

(4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Equity financial assets at FVTOCI	6,661	5,674
Debt financial assets at FVTOCI	267	366
Cash flow hedges	(45,791)	(22,878)
Exchange differences on translating foreign operations	329,131	(109,808)
Total	290,268	(126,646)

12. Other operating loss

The components of other operating income and loss are as follows:

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Sprint segment		
Loss on disposal of property, plant and equipment[1]	(13,445)	(24,775)
Impairment loss on assets classified as held for sale[2]	-	(22,725)
Gain on contract termination	3,060	616
Reversal of favorable lease	(3,810)	-
Other	(9)	(185)
Other		
Income and loss on equity method investments at Fortress	(232)	827
Total	(14,436)	(46,242)

Notes:

1. ¥24,775 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the end of the scheduled customer lease terms, where customers did not return the devices to Sprint, are recognized for the three-month period ended June 30, 2019.

2. Sprint entered into a sale and leaseback contract for their corporate headquarters (buildings, land, and other) and the related assets were reclassified to “Assets classified as held for sale” for the three-month period ended June 30, 2019. Accordingly, ¥22,725 million of impairment loss was recorded as the assets were measured at fair value after deducting the sale cost and were less than their carrying amounts. The fair value was calculated based on the sale price and classified as level 3 within the fair value hierarchy.

13. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Interest expenses	(148,467)	(153,846)

14. Gain relating to settlement of variable prepaid forward contract using Alibaba shares

On June 3, 2019, a variable prepaid forward contract, which West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into with Mandatory Exchangeable Trust (the "Trust") on June 10, 2016, in order to sell Alibaba shares, was settled by 73,240,200 shares of Alibaba (equivalent to 2.8% of voting right of Alibaba as of March 31, 2019). Subsequently, ¥1,218,527 million of gain relating to settlement of variable prepaid forward contract using Alibaba shares was recorded for the three-month period ended June 30, 2019.

Alibaba shares held by WRH LLC were pledged as collateral under the variable prepaid forward contract and subsequently, the relevant collateral contract was terminated. Alibaba shares pledged as collateral were recorded as "Assets classified as held for sale" of ¥224,201 million and "Investments accounted for using the equity method" of ¥39,256 million, were included in the consolidated statement of financial position as of March 31, 2019.

The details of the variable prepaid forward contract are as follows.

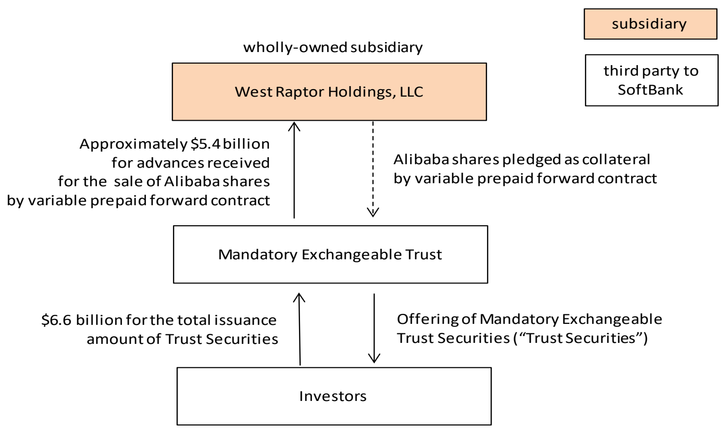
WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American Depositary Shares ("ADSs") of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and cover expenses for the issuance of the Trust Securities.

The settlement of the Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date (June 3, 2019), Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of a collar transaction.

The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract were measured at amortized cost and embedded derivatives were measured at fair value.

Outline of the transaction



15. Other non-operating income (loss)

The components of other non-operating income and loss are as follows:

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Interst income	6,623	10,490
Loss on redemption of corporate bonds	(14,538)	-
Other	(4,510)	(588)
Total	(12,425)	9,902

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

(1) Income taxes paid

For the three-month period ended June 30, 2019

Payment of withholding income tax related to dividends within the group companies of ¥422,648 million, payment of income tax mainly related to gain on sales of SoftBank Corp. shares held by SoftBank Group Japan Corporation in December 2018 of ¥321,290 million, and payment of income tax related to deemed dividends on sales of Yahoo Japan Corporation shares held by SoftBank Group Japan Corporation due to an acquisition of its own shares through the Tender Offer by Yahoo Japan Corporation of ¥78,801 million are included. Such withholding income tax of ¥422,648 million was refunded in July 2019.

(2) Distribution and repayment from SoftBank Vision Fund and Delta Fund to third-party investors

For the three-month period ended June 30, 2019

The distribution from SoftBank Vision Fund and Delta Fund to third-party investors is ¥(68,409) million. The details are described in “(2) Third-party interests in SoftBank Vision Fund and Delta Fund” under “Note 3. SoftBank Vision Fund and Delta Fund business.”

(3) Non-cash transactions related to sale of Alibaba shares by variable prepaid forward contract

For the three-month period ended June 30, 2019

On June 3, 2019, ¥715,044 million of current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and ¥474,468 million of derivative financial liabilities (current liabilities) recognized for sale of Alibaba shares by variable prepaid forward contract were settled with Alibaba shares. The details are described in “Note 14. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”