

## SoftBank Group Corp. Consolidated Financial Report For the Fiscal Year Ended March 31, 2019 (IFRS)

Tokyo, May 9, 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	%
<b>Fiscal year ended March 31, 2019</b>	<b>¥9,602,236</b>	<b>4.8</b>	<b>¥2,353,931</b>	<b>80.5</b>	<b>¥1,691,302</b>	<b>339.7</b>	<b>¥1,454,618</b>	<b>17.5</b>	<b>¥1,411,199</b>	<b>35.8</b>	<b>¥1,502,295</b>	<b>13.0</b>
Fiscal year ended March 31, 2018	¥9,158,765	2.9	¥1,303,801	27.1	¥384,630	(46.0)	¥1,237,812	(16.0)	¥1,038,977	(27.2)	¥1,329,532	(7.3)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)	Ratio of net income to equity, attributable to owners of the parent (%)	Ratio of income before income tax to total assets (%)	Ratio of operating income to net sales (%)
<b>Fiscal year ended March 31, 2019</b>	<b>¥1,268.15</b>	<b>¥1,256.53</b>	<b>22.0</b>	<b>5.0</b>	<b>24.5</b>
Fiscal year ended March 31, 2018	¥933.54	¥908.38	23.7	1.4	14.2

Note:

\*Income on equity method investments  
 Fiscal year ended March 31, 2019: ¥ 316,794 million  
 Fiscal year ended March 31, 2018: ¥ 404,584 million

#### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)	Equity per share attributable to owners of the parent (Yen)
<b>As of March 31, 2019</b>	<b>¥36,096,476</b>	<b>¥9,009,204</b>	<b>¥7,621,481</b>	<b>21.1</b>	<b>6,760.66</b>
As of March 31, 2018	¥31,180,466	¥6,273,022	¥5,184,176	16.6	4,302.26

Note:

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

#### (3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
<b>Fiscal year ended March 31, 2019</b>	<b>¥1,171,864</b>	<b>¥(2,908,016)</b>	<b>¥2,202,291</b>	<b>¥3,858,518</b>
Fiscal year ended March 31, 2018	¥1,088,623	¥(4,484,822)	¥4,626,421	¥3,334,650

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2018	-	22.00	-	22.00	44.00
Fiscal year ended March 31, 2019	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2020 (Forecasted)	-	22.00	-	22.00	44.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	(Millions of yen)	%	%
Fiscal year ended March 31, 2018	47,938	4.7	1.2
Fiscal year ended March 31, 2019	47,166	3.5	0.8
Fiscal year ending March 31, 2020 (Forecasted)		-	

Note:

\* Resolution for two-for-one ordinary share split was passed, with the record date of June 27, 2019, at the Board of Directors meeting held on May 9, 2019.

The amounts of dividend for the fiscal year ended March 31, 2018 and for the fiscal year ended March 31, 2019 are presented as the amounts of actual dividend before the share split.

The amount of forecasted dividend for the fiscal year ending March 31, 2020 is presented as the amount of forecasted dividend per share based on the number of shares after 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.

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 38 “(1) Changes in Accounting Policies” and “(2) Changes in Accounting Estimates” under “3. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

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

As of March 31, 2019: 1,100,660,365 shares

As of March 31, 2018: 1,100,660,365 shares

[2] Number of treasury stocks:

As of March 31, 2019: 46,826,924 shares

As of March 31, 2018: 11,162,425 shares

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

Fiscal year ended March 31, 2019: 1,087,561,293 shares

Fiscal year ended March 31, 2018: 1,089,464,753 shares

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2019	¥2,070,057	-	¥2,017,359	-	¥1,728,503	-	¥1,977,693	866.3
Fiscal year ended March 31, 2018	¥62,412	(97.9)	¥6,496	(99.8)	¥(150,510)	-	¥204,676	(92.5)

	Net income per share-basic (Yen)	Net income per share-diluted (Yen)
Fiscal year ended March 31, 2019	¥1,818.47	¥1,815.26
Fiscal year ended March 31, 2018	¥187.87	¥187.64

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (Yen)
As of March 31, 2019	¥15,057,029	¥5,440,301	36.0	¥5,148.38
As of March 31, 2018	¥14,836,396	¥3,876,390	26.1	¥3,549.97

Note: Shareholders' equity (Non-consolidated)

As of March 31, 2019: ¥5,425,534 million  
As of March 31, 2018: ¥3,867,685 million

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

The increase in operating revenue in the fiscal year ended March 31, 2019 from the previous fiscal year ended March 31, 2018 was mainly attributable to a ¥2,051,422 million year-on-year increase in dividends from subsidiaries and associates.

The role and function of SoftBank Group Corp. have transformed to an investment-focusing strategic holding company which aims to accomplish the Cluster of No.1 Strategy. Therefore, effective from the beginning of the current accounting period, classification of dividends from subsidiaries and associates is changed from non-operating revenue to operating revenue.

According to this reclassification, both of the operating revenue and operating income of previous fiscal year increased by ¥18,361 million with no effects on ordinary income and net income.

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

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

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

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

On May 9, 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.

(Appendix)

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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
<i>*Each of the following abbreviations indicates the respective company and its subsidiaries, if any.</i>	
Sprint	Sprint Corporation
Arm	Arm Limited
SoftBank Vision Fund or SVF	SoftBank Vision Fund L.P. and its alternative investment vehicles
Delta Fund	SB Delta Fund (Jersey) L.P.
Alibaba	Alibaba Group Holding Limited
SBIA	SB Investment Advisers (UK) Limited
The fiscal year	Fiscal year ended March 31, 2019
The first quarter	Three-month period ended June 30, 2018
The second quarter	Three-month period ended September 30, 2018
The third quarter	Three-month period ended December 31, 2018
The fourth quarter	Three-month period ended March 31, 2019
The previous fiscal year	Fiscal year ended March 31, 2018
The fiscal year-end	March 31, 2019
The previous fiscal year-end	March 31, 2018

### *Adoption of IFRS 9 and IFRS 15*

In the first quarter, the Company adopted IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” (collectively, the “new standards”). The cumulative impact of the adoption of the new standards was recognized as an adjustment to the balance of retained earnings on the date of adoption (April 1, 2018), and the Company has not adjusted the presentation of information of the previous fiscal year. In the tables of this appendix, figures for the previous fiscal year are presented under “previous standards,” and the impacts of adopting the new standards on the results of the fiscal year are presented under “impact of adopting new standards.” Further, in the consolidated statement of financial position, the cumulative impact of the adoption of the new standards was recognized as adjustments to the balances of retained earnings and accumulated other comprehensive income on the date of adoption. See “1. Significant accounting policies” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details.

### *Changes in Segment Classification*

In accordance with changes in the Company’s organization based on its unique organizational strategy, *Cluster of No.1 Strategy*, the Company revised its segment classifications for management purposes in the first quarter, comprising six reportable segments: SoftBank, Sprint, Yahoo Japan, Arm, SoftBank Vision Fund and Delta Fund, and Brightstar. See “b. Results by Segment” under “(1) Overview of Results of Operations” in “1. Results of Operations” for an overview of reportable segments.

## 1. Results of Operations

### (1) Overview of Results of Operations

#### 1. Highlights of results

◆ **Operating income: ¥2,353.9 billion (increased 80.5% yoy)**

- Operating income from SoftBank Vision Fund and Delta Fund was ¥1,256.6 billion.
  - Unrealized gain of ¥1,378.6 billion from continuing investments: reflecting the increase in the fair values of Uber, Guardant Health, OYO,<sup>1</sup> and other investments.
  - Completed exits from two investments (Flipkart, NVIDIA) in the fiscal year. Gain on investments of ¥146.7 billion was recorded on the sale of Flipkart shares. For NVIDIA, the gain on investments during the entire investment period was ¥138.3 billion; total gain was ¥306.8 billion including derivative gain.

◆ **Net income attributable to owners of the parent: ¥1,411.2 billion (increased 35.8% yoy)**

- Finance cost of ¥(633.8) billion\*
- Derivative gain of ¥158.2 billion: gain recorded mainly as a result of collar transactions using NVIDIA shares.
- Changes in third-party interests in SoftBank Vision Fund and Delta Fund of ¥(586.2) billion\*: increased due to higher gain on investments.
- Income taxes of ¥(236.7) billion\*: tax benefit of ¥405.6 billion through the use of loss carryforwards of a subsidiary that had not been recognized as deferred tax assets, for the disposal of SoftBank Corp. shares.

\*recorded as cost for the fiscal year

#### 2. Highlights of operations

- Listing of SoftBank Corp.
- Merger of Sprint and T-Mobile: review by the Federal Communications Commission (FCC) and other regulatory agencies is underway.
- SoftBank Vision Fund: 69 continuing investments. During the fiscal year, two investees became publicly listed issuers. Three investees have filed documents related to initial public offerings.

#### 3. Enhancement of shareholder returns

- Annual dividend of the fiscal year to be ¥44 per share (total cash dividend to be ¥47.2 billion).
- Authorized repurchase of own shares, with a maximum allowance of ¥600.0 billion, using proceeds from the disposal of SoftBank Corp. shares. As of the fiscal year-end, ¥384.1 billion of shares had been repurchased.
- Approved two-for-one share split and forecast of annual dividend of ¥44 for the fiscal year ending March 2020 after the share split (with a forecasted total cash dividend of ¥92.7 billion), effectively doubling the amount from the fiscal year.

### **Share Split and Dividend Forecast for the Fiscal Year Ending March 2020**

On May 9, 2019, the Board of Directors of the Company approved the following share split and forecast of annual dividend for the fiscal year ending March 2020.

#### Share Split

The Company will split its ordinary share owned by shareholders listed or recorded in the shareholder registry at a ratio of two for one, with the record date of June 27, 2019.

#### Dividend Forecast for the Fiscal Year Ending March 2020

The annual dividend for the fiscal year ending March 2020 after the share split is forecasted to be ¥44.00 per share, which is the same amount with the fiscal year ended March 2019. This effectively doubles the annual dividend amount year on year.

#### (Reference) Breakdown of annual dividend

	Dividend per share			Cash dividend Total
	Interim	Year-end	Total	
Forecast for the fiscal year ending March 2020 (after the share split)	¥22.00	¥22.00	¥44.00	¥92.7 billion
Actual and plan for the fiscal year ended March 2019	¥22.00	¥22.00 (planned)	¥44.00 (planned)	¥47.2 billion

Note: The total amount of cash dividend forecast for the fiscal year ending March 2020 is an estimate amount made based on the total number of shares issued (excluding treasury stock) as of March 31, 2019.

### *Listing of SoftBank Corp.*

The Company's subsidiary SoftBank Corp. was listed on the First Section of the Tokyo Stock Exchange on December 19, 2018. At the time of this listing, SoftBank Group Japan Corporation, a wholly owned subsidiary of the Company, disposed a portion of its holdings of SoftBank Corp. shares (33.50% of total shares issued) and received proceeds of ¥2,349,832 million. As a result, the Company's indirect ownership percentage of SoftBank Corp. changed from 99.99% to 66.49%. Since SoftBank Corp. remains a subsidiary of the Company, an amount equivalent to the gain on this disposal (after considering tax) has been recorded as capital surplus in the Company's consolidated statement of financial position.

### *Initiatives Using Proceeds from the Disposal of SoftBank Corp. Shares*

The Company earmarked ¥700 billion for strategic investments going forward, approximately ¥700 billion to strengthen financial position, and ¥600 billion to return to shareholders, for the use of the approximately ¥2 trillion (after considering expected tax expenses) of the proceeds from the disposal of a portion of SoftBank Corp. shares held at the listing of SoftBank Corp.

For the strengthening of its financial position, the Company took measures totaling approximately ¥700 billion, including the repayment of \$4.37 billion of the borrowings made by its wholly owned subsidiary Skywalk Finance GK using Alibaba shares as collateral, and the acquisition of \$410 million and €520 million of the Company's outstanding foreign currency-denominated senior notes. For shareholder returns, the Company authorized the repurchase its own shares with a maximum allowance of ¥600.0 billion (up to 112,000,000 shares). Of this amount, the Company has used ¥384.1 billion (64.0% of the maximum allowance) for share repurchase as of the fiscal year-end.

### **a. Consolidated Results of Operations**

	Fiscal year ended March 31				(Millions of yen)
	2018	2019	Change	Change %	Fiscal year ended
	Previous standards	New Standards			Impact of adopting new standards
Net sales	9,158,765	<b>9,602,236</b>	443,471	4.8%	59,310
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	1,000,820	<b>1,097,290</b>	96,470	9.6%	169,066
Operating income from SoftBank Vision Fund and Delta Fund <sup>2</sup>	302,981	<b>1,256,641</b>	953,660	314.8%	135,527
Operating income	1,303,801	<b>2,353,931</b>	1,050,130	80.5%	304,593
Income before income tax	384,630	<b>1,691,302</b>	1,306,672	339.7%	261,243
Net income	1,237,812	<b>1,454,618</b>	216,806	17.5%	245,426
Net income attributable to owners of the parent	1,038,977	<b>1,411,199</b>	372,222	35.8%	224,510

Reference: Average exchange rates used for translations

	Fiscal year ended March 2018				Fiscal year ended March 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	¥111.61	¥111.38	¥112.74	¥108.85	¥108.71	¥111.55	¥112.83	¥110.46

An overview of the consolidated results of operations for the fiscal year is as follows:

**(a) Net Sales**

Net sales increased ¥443,471 million (4.8%) year on year, to ¥9,602,236 million. Net sales increased in the following segments: SoftBank, Sprint, and Yahoo Japan. Net sales were almost flat in the Arm and Brightstar segments.

**(b) Operating Income (Excluding Income from SoftBank Vision Fund and Delta Fund)**

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) increased ¥96,470 million (9.6%) year on year, to ¥1,097,290 million. Segment income improved ¥40,423 million in the SoftBank segment, ¥1,012 million in the Sprint segment, ¥165,346 million in the Arm segment, and ¥21,238 million in the Brightstar segment. However, segment income deteriorated ¥41,376 million in the Yahoo Japan segment and ¥68,218 million in the Other segment.

The segment income of the Arm segment includes gain relating to loss of control over subsidiaries of ¥176,261 million, which was recognized as a result of Arm's Chinese subsidiary becoming an associate accounted for using the equity method, following the establishment of a joint venture.

**(c) Operating Income from SoftBank Vision Fund and Delta Fund**

Operating income from SoftBank Vision Fund and Delta Fund was ¥1,256,641 million, compared with income of ¥302,981 million in the previous fiscal year. This was mainly due to an unrealized gain of ¥1,378,553 million, reflecting an increase in the fair values of continuing investments including Uber Technologies, Inc. ("Uber"), Guardant Health, Inc. ("Guardant Health"), and Oravel Stays Private Limited ("OYO"),<sup>1</sup> and a realized gain of ¥146,682 million on the sale of Flipkart Private Limited ("Flipkart") shares. Conversely, a loss of ¥222,628 million was recorded for the investment in NVIDIA Corporation ("NVIDIA").

The total gain on investment in NVIDIA for the entire investment period (December 2016 to January 2019) was ¥306,809 million (before deducting third-party interests). A gain of ¥365,325 million was recorded in the previous fiscal year, consistent with NVIDIA's share price increase, while a loss of ¥222,628 million was recorded in the fiscal year, consistent with its share price drop until the investment was disposed in January 2019. On the other hand, derivative gain of ¥168,471 million, the total amount for the previous fiscal year and the fiscal year, was recorded as non-operating income for the previous fiscal year and the fiscal year, as a result of collar transactions conducted to hedge the share price drop.

See "(e) SoftBank Vision Fund and Delta Fund Segment" under "b. Results by Segment" for details.

**(d) Operating Income**

As a result of (b) and (c), operating income increased ¥1,050,130 million (80.5%) year on year, to ¥2,353,931 million.

**(e) Finance Cost**

Finance cost increased ¥117,637 million (22.8%) year on year, to ¥633,769 million. Interest expenses increased ¥45,544 million at SoftBank Group Corp.<sup>3</sup> This was mainly due to an increase in interest-bearing debt associated with the issuance of foreign currency-denominated senior notes in September 2017 and the borrowings made by a wholly owned subsidiary of the Company using Alibaba shares. The Company also recognized ¥24,051 million in conjunction with the partial repayment of a senior loan, as a result of the full amortization of the unamortized balance of an amortized cost. In addition, the interest expenses of SoftBank Vision Fund increased ¥25,339 million due to borrowings made using NVIDIA shares.



(Millions of yen)

	Fiscal year ended March 31		Change
	2018	2019	
Finance Cost	(516,132)	<b>(633,769)</b>	(117,637)
SoftBank Group Corp. <sup>3</sup>	(193,036)	<b>(238,580)</b>	(45,544)
SoftBank Vision Fund	(7,801)	<b>(33,140)</b>	(25,339)
Sprint	(267,089)	<b>(291,832)</b>	(24,743)
Reference: In U.S. dollars	\$(2,402) million	<b>\$(2,631) million</b>	\$(229) million

#### (f) Income on Equity Method Investments

Income on equity method investments decreased ¥87,790 million (21.7%) year on year, to ¥316,794 million. This was mainly due to a decrease of ¥86,088 million (20.3%) in income on equity method investments related to Alibaba, to ¥338,683 million.

#### Net Income Attributable to Alibaba and the Company's Income on Equity Method Investments Related to Alibaba

	Twelve months ended December 31 <sup>4</sup>		Change
	2017	2018	
Alibaba			
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (US GAAP)	67,071	<b>69,642</b>	2,571
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (IFRSs)	84,893	<b>70,714</b>	(14,179)

	Fiscal year ended March 31		Change
	2018	2019	
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of December 31	29.36%	<b>29.12%</b>	(0.24) pp
	Million CNY	Million CNY	Million CNY
Income on equity method investments	25,088	<b>20,644</b>	(4,444)
(Reference) Effective exchange rate CNY/JPY	¥16.93	<b>¥16.41</b>	¥(0.52)
	Million yen	Million yen	Million yen
Income on equity method investments	424,771	<b>338,683</b>	(86,088)

#### (g) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥11,145 million, compared with a loss of ¥34,518 million in the previous fiscal year.

#### (h) Derivative Gain and Loss

Derivative gain was ¥158,230 million, compared with a loss of ¥630,190 million in the previous fiscal year. Derivative gain of ¥2,876 million was recorded in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba shares, compared with a loss of ¥604,156 million in the previous fiscal year. Derivative gain of ¥177,373 million, which arose until the settlement of collar transactions utilizing NVIDIA shares in January 2019, was also recorded.

### (i) Gain and Loss from Financial Instruments at FVTPL

Gain from financial instruments at FVTPL was ¥38,443 million, which arose from the change in the fair values of investments held by the Company outside of SoftBank Vision Fund and Delta Fund, compared with a loss of ¥68 million in the previous fiscal year.

### (j) Changes in Third-party Interests in SoftBank Vision Fund and Delta Fund

Changes in third-party interests in SoftBank Vision Fund and Delta Fund amounted to an increase of ¥586,152 million, compared with an increase of ¥160,382 million in the previous fiscal year. An increase in third-party interest is reflected as a decrease in the Company's income. The breakdown is as below:

	(Millions of yen)	
	Fiscal year ended March 31	
	2018	2019
Attributable to investors entitled to fixed distribution	(39,397)	(102,712)
Attributable to investors entitled to performance-based distribution	(120,985)	(483,440)
Changes in third-party interests in SoftBank Vision Fund and Delta Fund	(160,382)	(586,152)

Changes in third-party interests in SoftBank Vision Fund and Delta Fund indicate 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 Consolidated Financial Statements" in "4. Consolidated Financial Statements and Primary Notes" for details.

### (k) Other Non-operating Income and Loss

Other non-operating income was ¥32,680 million, compared with income of ¥17,535 million in the previous fiscal year. See "19. Other non-operating income" under "(6) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements and Primary Notes" for details.

### (l) Income before Income Tax

As a result of (d) to (k), income before income tax increased ¥1,306,672 million (339.7%) year on year, to ¥1,691,302 million.

### (m) Income Taxes

Income taxes were ¥236,684 million, compared with a credit of ¥853,182 million (profit) in the previous fiscal year. The effective income tax rate of 14.0% was significantly lower than the statutory income tax rate of 31.46%. This was mainly due to the use of loss carryforwards that had not been recognized as deferred tax assets at SoftBank Group Japan Corporation, a wholly owned subsidiary of the Company, against the gain on disposal of a portion of its SoftBank Corp. shares (33.50% of total shares issued), when SoftBank Corp. was listed in December 2018. Mainly due to this impact, income taxes were reduced by ¥405,577 million.

Current taxes of ¥64,892 million were recorded for the aforementioned realized gain in Flipkart, which mainly operates businesses in India. Capital gains on investments in entities that operate businesses in India are subject to tax in India. As

a result of the sale of Flipkart shares occurring within 24 months of making the investment, the sale taxed at 43.68%, the Indian short-term capital gains tax rate.

**(n) Net Income**

As a result of (l) and (m), net income increased ¥216,806 million (17.5%) year on year, to ¥1,454,618 million.

**(o) Net Income Attributable to Owners of the Parent**

After deducting net income attributable to non-controlling interests such as those of Yahoo Japan Corporation, Sprint, and SoftBank Corp. from (n), net income attributable to owners of the parent increased ¥372,222 million (35.8%) year on year, to ¥1,411,199 million.

The percentage of SoftBank Corp.'s net income attributable to non-controlling interests has increased, due to a decrease in the Company's indirect ownership percentage of SoftBank Corp., from 99.99% to 66.49%, on December 19, 2018.

**(p) Comprehensive Income**

Comprehensive income increased ¥172,763 million (13.0%) year on year, to ¥1,502,295 million. Of this, comprehensive income attributable to owners of the parent increased ¥287,107 million (24.9%), to ¥1,440,235 million.

### 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 May 8, 2019, Yahoo Japan Corporation resolved to issue 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the “Third-Party Allotment”), of which SoftBank Corp. resolved to purchase the entire shares. Yahoo Japan Corporation also resolved to implement a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the “Tender Offer”), and SoftBank Group Corp. determined to accept the Tender Offer and tender its entire holding of 1,834,377,600 common shares (equivalent to ¥526.5 billion) of Yahoo Japan Corporation, held by its wholly owned subsidiary SoftBank Group Japan Corporation (“SBGJ”).

In the event that SoftBank Corp. purchases the shares of Yahoo Japan Corporation through the Third-Party Allotment, and Yahoo Japan Corporation purchases all of the shares to be tendered by SBGJ in the Tender Offer (collectively, the “Transactions”), the Company’s ownership in common shares of Yahoo Japan Corporation will be 44.64%<sup>\*1</sup> (all of which are indirect holdings through SoftBank Corp.), compared with 48.16%<sup>\*2</sup> (all of which are indirect holdings through subsidiaries, including SoftBank Corp.’s shareholding of 12.08%) as of the fiscal year-end. As a result of the Transactions, Yahoo Japan Corporation is expected to become a subsidiary of SoftBank Corp., which will be deemed to effectively control the company, considering its dispatch of officers to Yahoo Japan Corporation as board members. Consequently, Yahoo Japan Corporation will remain a subsidiary of the Company in the Company’s consolidated financial results. The Company’s economic interests in Yahoo Japan Corporation are expected to drop from 44.11% to 29.68% in accordance with an increase in non-controlling interests.

**Note:**

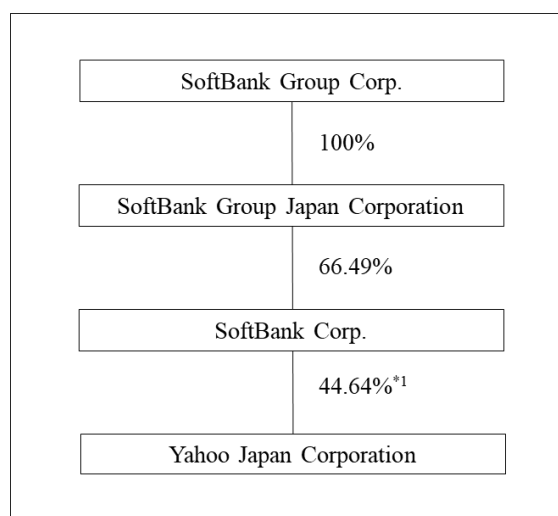
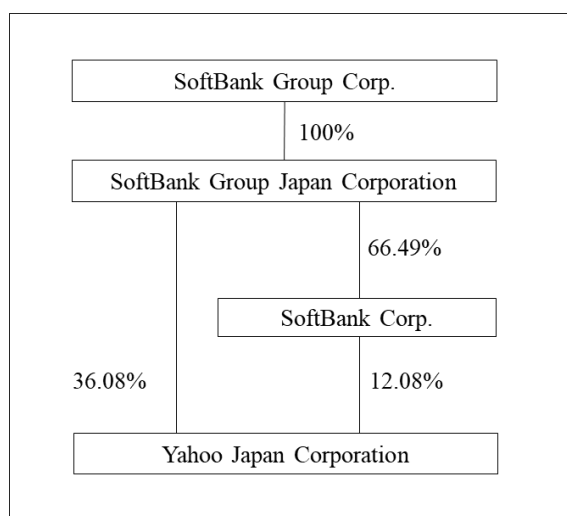
1. This indicates a ratio to 4,760,851,065 shares of Yahoo Japan Corporation, an amount derived by subtracting 1,902,256,600 shares, which is the total of the number of treasury stock as of March 31, 2019 (67,879,000 shares) and the number of own shares to be acquired if Yahoo Japan Corporation purchases all shares to be tendered by SBGJ in the Tender Offer (1,834,377,600 shares), from the number of shares issued as of March 31, 2019 (5,151,629,615 shares), and adding the number of new shares to be issued in the Third-Party Allotment (1,511,478,050 shares), rounded to two decimal place. If the number of shares being tendered in the Tender Offer exceeds the number of shares planned to be purchased, the purchase will be implemented on a pro rata basis. As such, depending on the status of tenders made in the Tender Offer, the actual shareholding ratio may be different.
2. This indicates a ratio to 5,083,750,615 shares of Yahoo Japan Corporation, an amount derived by subtracting the number of treasury stock as of March 31, 2019 (67,879,000 shares) from the number of shares issued as of March 31, 2019 (5,151,629,615 shares), rounded to two decimal place. The same applies to any references to shareholding ratio in this section except the one defined in note 1.

**(Reference)**

Before the Transactions (as of March 31, 2019)

After the Transactions

In case the Third-Party Allotment was completed and Yahoo Japan Corporation acquired all the shares to be tendered by SBGJ at the Tender Offer



## 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 accordance with changes in the Company's organization based on its unique organizational strategy, *Cluster of No.1 Strategy*, the Company revised its segment classifications for management purposes in the first quarter, comprising six reportable segments: SoftBank, Sprint, Yahoo Japan, Arm, SoftBank Vision Fund and Delta Fund, 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	<ul style="list-style-type: none"> <li>· Provision of mobile communications services, sale of mobile devices, provision of broadband and other fixed-line communications services in Japan</li> <li>· Sale of PC software, peripherals, and mobile device accessories in Japan</li> </ul>	SoftBank Corp. Wireless City Planning Inc. SB C&S Corp. (formerly SoftBank Commerce & Service Corp.)
Sprint	<ul style="list-style-type: none"> <li>· Provision of mobile communications services in the U.S.</li> <li>· Sale and lease of mobile devices and sale of accessories in the U.S.</li> <li>· Provision of fixed-line telecommunications services in the U.S.</li> </ul>	Sprint Corporation
Yahoo Japan	<ul style="list-style-type: none"> <li>· Internet advertising</li> <li>· e-commerce business</li> <li>· Membership services</li> </ul>	Yahoo Japan Corporation ASKUL Corporation
Arm	<ul style="list-style-type: none"> <li>· Design of microprocessor intellectual property and related technology</li> <li>· Sale of software tools and provision of software services</li> </ul>	Arm Limited
SoftBank Vision Fund and Delta Fund	<ul style="list-style-type: none"> <li>· Investment activities by SoftBank Vision Fund</li> <li>· Investment activities by Delta Fund</li> </ul>	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
Brightstar	<ul style="list-style-type: none"> <li>· Distribution of mobile devices overseas</li> </ul>	Brightstar Corp.
Other	<ul style="list-style-type: none"> <li>· Alternative investment management business</li> <li>· Fukuoka SoftBank HAWKS-related businesses</li> <li>· Smartphone payment business</li> </ul>	Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp. PayPay Corporation

Note: Income and adjusted EBITDA of reportable segments are calculated as follows.

### *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

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± other adjustments

### *SoftBank Vision Fund and Delta Fund segment*

Segment income = gain and loss on investments at SoftBank Vision Fund and Delta Fund – operating expenses

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments + effect of foreign exchange translation) ± other adjustments

For historical principal operational data of each segment, their calculation methods, and definitions of terms, see the Data Sheet on the Company's website at <https://group.softbank/en/corp/irinfo/presentations/>.

**(a) SoftBank Segment**

1. Achieved higher net sales and segment income, driven by an expansion of telecom service customer base.
2. SoftBank Corp. was listed on the Tokyo Stock Exchange First Section on December 19, 2018.

	Fiscal year ended March 31				(Millions of yen)
	2018 Previous standards	2019 New standards	Change	Change %	Fiscal year ended March 31, 2019 Impact of adopting new standards
Net sales	3,608,838	<b>3,747,745</b>	138,907	3.8%	(32,068)
Segment income	684,717	<b>725,140</b>	40,423	5.9%	49,416
Depreciation and amortization	505,230	<b>487,246</b>	(17,984)	(3.6%)	-
Other adjustments	9,710	<b>81</b>	(9,629)	(99.2%)	-
Adjusted EBITDA	1,199,657	<b>1,212,467</b>	12,810	1.1%	49,416
Capital expenditures (acceptance basis)	378,858	<b>409,499</b>	30,641	8.1%	-

**OVERVIEW**

In order to achieve sustainable growth, SoftBank Corp., under its *Beyond Carrier Strategy*, aims to expand its telecom service customer base, while expanding businesses in new areas that are expected to generate synergies with its existing telecommunications business, by cooperating or collaborating with partner companies including SoftBank Vision Fund's portfolio companies. As businesses in new areas, the company is currently working to build up new services, including a shared office service through a joint venture with WeWork Companies, Inc. ("WeWork") of the U.S., and a taxi booking platform service through a joint venture with Didi Chuxing Technology Co., Ltd. of China. Both joint ventures are accounted for using the equity method by SoftBank Corp.

**FINANCIAL RESULTS**

Both net sales and segment income increased year on year, driven by a steady growth in the telecommunications business, especially the service for retail consumers. Net sales growth was attributable to an increase in telecom service revenue from service for retail consumers, which is the largest revenue source, led by the steady expansion in customer base. The cumulative number of smartphone subscribers with the three brands – *SoftBank*, *Y!mobile*, and *LINE MOBILE* – increased 1.95 million from the previous fiscal year-end, to 22.08 million, and the cumulative number of subscribers to *SoftBank Hikari*, a fiber-optic service, increased 940,000 from the previous fiscal year-end, to 5.92 million. Segment income and adjusted EBITDA also increased as a result of increased net sales, especially telecom service revenue that contributed to profit.

Depreciation and amortization expenses, which had increased in the previous fiscal year due to the temporary impact from the termination of 3G services on 1.7 GHz in January 2018, decreased year on year.

Capital expenditures, on the basis of acceptance, increased year on year, due to initiatives to expand service areas and improve the quality of LTE services.

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

**(b) Sprint Segment**

1. Net sales increased 3.5% yoy to ¥3,726.8 billion. U.S. dollar-based wireless telecom service revenue has been stabilized, excluding the impact of adopting the new standards.
2. Segment income increased 0.4% yoy to ¥280.3 billion, including the positive impact of adopting the new standards.
3. Review by the Federal Communications Commission (FCC) and other regulatory agencies regarding the merger with T-Mobile is still underway.

	Fiscal year ended March 31				(Millions of yen)
	2018	2019			Fiscal year ended
	Previous	New	Change	Change %	March 31, 2019
	standards	standards			Impact of adopting
					new standards
Net sales	3,601,961	<b>3,726,844</b>	124,883	3.5%	59,653
Segment income	279,283	<b>280,295</b>	1,012	0.4%	95,488
Depreciation and amortization	953,820	<b>1,040,958</b>	87,138	9.1%	-
Other adjustments <sup>5</sup>	(5,762)	<b>91,921</b>	97,683	-	-
Adjusted EBITDA	1,227,341	<b>1,413,174</b>	185,833	15.1%	95,488
<b>U.S. dollar-based results (IFRSs)</b>					
					(Millions of U.S. dollars)
Net sales	32,406	<b>33,600</b>	1,194	3.7%	535
Cost of sales and selling, general and administrative expenses	29,617	<b>29,921</b>	304	1.0%	(323)
Other operating income (loss)	(296)	<b>(1,147)</b>	(851)	287.5%	-
Segment income	2,493	<b>2,532</b>	39	1.6%	858
Depreciation and amortization	8,584	<b>9,386</b>	802	9.3%	-
Other adjustments <sup>5</sup>	(37)	<b>828</b>	865	-	-
Adjusted EBITDA	11,040	<b>12,746</b>	1,706	15.5%	858
<b>Reference: Disclosed by Sprint (US GAAP)</b>					
					(Millions of U.S. dollars)
Network capital expenditures (cash basis)	3,319	<b>4,963</b>	1,644	49.5%	-
Adjusted free cash flow	945	<b>(914)</b>	(1,859)	-	-

**OVERVIEW**

Sprint is working to expand its net sales by increasing the number of postpaid and prepaid subscribers and stabilizing its ARPU. To achieve this goal, Sprint has continued its effort to further improve network quality and increase customer value by leveraging its ample spectrum holdings. In the fiscal year, Sprint expects to further increase network cash capital expenditures to improve its network quality. At the same time, Sprint continues its efforts to enhance profitability by further improving operational efficiency.

### 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”). Upon completion of the Transaction, the combined company is expected to become an equity method associate of the Company with an approximately 27.4% shareholding, and Sprint will no longer be a subsidiary of the Company. The Transaction is subject to Sprint and T-Mobile stockholder approvals, regulatory approvals, and other customary closing conditions. To obtain regulatory approvals for the merger, Sprint and T-Mobile completed the Hart-Scotto-Rodino filing with the Department of Justice (DOJ). Furthermore, the parties filed merger applications with the Federal Communications Commission (FCC) and the Committee on Foreign Investment in the United States (CFIUS). By the end of the fiscal year, the Transaction received clearance from CFIUS, while review is still underway by DOJ, FCC, and other regulatory agencies. The Transaction is expected to receive federal regulatory approval in the first half of 2019.

### FINANCIAL RESULTS (IN U.S. DOLLARS)

**Net sales increased \$1,194 million (3.7%) year on year, to \$33,600 million.** Of the net sales increase, \$535 million comes from adopting the new standards, with a negative impact on telecom service revenue and a positive impact on equipment revenue. Excluding these impacts, net sales increased \$659 million year on year. Although telecom service revenue fell mainly due to a decrease in wireline revenue, equipment revenue increased due to an increase in equipment rentals revenue.

Of telecom service revenue, excluding the negative impact of adopting the new standards, quarterly wireless telecom service revenue has been stabilized, with year-on-year growth from the second quarter to the fourth quarter.

**Segment income increased \$39 million (1.6%) year on year, to \$2,532 million.**

Net sales increased \$659 million year on year (excluding the impact of adopting the new standards) as mentioned above. Operating expenses (cost of sales and selling, general and administrative expenses) increased \$627 million year on year (excluding the impact of adopting the new standards), mainly due to an increase in depreciation expenses following an increase of leased device assets. Other operating income and loss deteriorated \$851 million year on year, due to the absence of one-time gains recognized in the previous fiscal year, such as a gain on spectrum license exchange and gain on litigation settlement. On the other hand, the adoption of the new standards had a positive impact of \$858 million on segment income (\$535 million for the increase in net sales and \$323 million for the push-down of operating expenses). As a result, segment income increased \$39 million year on year.

Adjusted EBITDA increased \$1,706 million (15.5%) year on year, to \$12,746 million, which included the same amount of the positive impact as on segment income from the adoption of the new standards.

**Adjusted free cash flow decreased \$1,859 million year on year, to negative \$914 million (as disclosed by Sprint, US GAAP).** An increase in operating cash flows was more than offset by an increase in expenditures for the acquisition of telecom equipment for the 5G network.

### Accounting treatment of Sprint's impairment losses in the Company's consolidated financial statements

On May 7, 2019 (EST), Sprint announced that it recorded impairment losses of \$2 billion in the fourth quarter. However, the Company did not recognize the impairment losses in its consolidated financial statements, because recoverable value of Sprint ((fair value – cost of disposal) x the Company’s ownership of 84.4%) was higher than its consolidated carrying amount at the fiscal year-end.



**OPERATIONS**
**Cumulative Subscriber<sup>6</sup>**

	(Thousands)
	Change from March 31, 2018
<b>March 31, 2019</b>	
Postpaid	655
Postpaid phone	(215)
Prepaid	(173)
Wholesale and affiliate	(620)
<b>Total</b>	<b>(138)</b>

**Net Additions<sup>7</sup> (Excluding Special Factors)**

	(Thousands)
	YoY Change
<b>Three months ended March 31, 2019</b>	
Postpaid	130
Postpaid phone	(244)
Prepaid	(200)
Wholesale and affiliate	18
<b>Total</b>	<b>(52)</b>

Postpaid phone subscriber net loss was mostly a result of lower gross additions associated with the introduction of less promotional service pricing in July 2018 and higher churn as more customers rolled off promotional offers. Postpaid net additions included 129,000 subscribers who migrated from the prepaid subscriber base.

**Churn Rate (Postpaid)**

	(Thousands)	YoY Change
<b>Three months ended March 31, 2019</b>		
Postpaid phone churn rate	1.82%	0.14 pp deterioration
Postpaid churn rate	1.81%	0.03 pp deterioration

**ARPU (Postpaid)**

	(Thousands)	YoY Change
	<b>Three months ended March 31, 2019</b>	
	<b>The new standards</b>	
Postpaid phone ARPU	\$50.18	\$(0.26)
Postpaid ARPU	\$43.25	\$(1.15)

Postpaid ARPU decreased \$1.15 year on year due to the adoption of the new standards, which had a \$0.74 negative impact, and to the increase in sales of smartwatches and automotive data devices, which generally have a lower ARPU than phones.

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

**(c) Yahoo Japan Segment**

(Millions of yen)

	Fiscal year ended March 31		Change	Change %
	2018	2019		
Net sales	876,098	<b>947,437</b>	71,339	8.1%
Segment income	176,286	<b>134,910</b>	(41,376)	(23.5%)
Depreciation and amortization	43,722	<b>55,760</b>	12,038	27.5%
Other adjustments	(10,064)	<b>2,918</b>	12,982	-
Adjusted EBITDA	209,944	<b>193,588</b>	(16,356)	(7.8%)

For more information on Yahoo Japan Corporation's financial results and business operations, please refer to its website at: <https://about.yahoo.co.jp/ir/en/>

**(d) Arm Segment**
**1. For the full year, net sales were almost flat yoy; the fourth quarter net sales were the highest in the year.**

- ◆ Deterioration of global business conditions in the semiconductor industry resulted in a decline of technology licensing revenue of 11.5% yoy and the lower growth rate of technology royalty revenue of 1.0% yoy, on a U.S. dollar basis.
- ◆ Although net sales were almost flat yoy for the full year, they increased 11.3% yoy in the fourth quarter, on a U.S. dollar basis, and were the highest in the year, due to delivery of a new next generation high-performance processor.
- ◆ The delay in signing new contracts following the establishment of a joint venture for the China business was dispelled in the third quarter, and there has been no impact on a full-year basis.

**2. Steadily increasing R&D capability to drive long-term growth**

- ◆ Arm launched further processors developed for specific markets such as automotive and IoT; a direct result of the strategy of accelerated R&D over the past two years.
- ◆ Arm continuously evaluates the mix of R&D projects in which it is investing to ensure that ROI is maximized.

(Millions of yen)

	Fiscal year ended March 31		Change	Change %
	2018	2019		
Net sales	202,344	<b>202,699</b>	355	0.2%
Segment income	(31,380)	<b>133,966</b>	165,346	-
Depreciation and amortization	62,324	<b>66,730</b>	4,406	7.1%
Gain relating to loss of control over subsidiaries	-	<b>(176,261)</b>	(176,261)	-
Adjusted EBITDA	30,944	<b>24,435</b>	(6,509)	(21.0%)

Note: Depreciation and amortization includes amortization expenses of ¥56,535 million for the fiscal year and ¥54,569 million for the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

## OVERVIEW

Arm's operations 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 been accelerating investment in research and development by hiring more engineers. With the expansion of its engineering capability, Arm intends to develop new technologies faster, with a focus on artificial intelligence (AI), computer vision, and augmented reality. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things (IoT).

In the fiscal year, Arm announced several new products that are a direct result of the accelerated R&D that Arm has executed over the past two years. This has included:

- *Helium* is the architecture used for *Cortex-M* processors which brings machine learning acceleration to tiny micro-controllers going into applications such as robotics and industrial automation.
- *Pelion* IoT platform that enables enterprises to seamlessly and securely connect and manage IoT devices and data at any scale
- Two new processors developed specifically for the safety-critical applications within automotive applications (*Cortex-A76AE* and *Cortex-A65AE*)
- *Neoverse* family of processors developed for server and networking application.
  - Amazon Web Services Inc. announced that the first generation of *Neoverse* technologies will be used in their own-built Graviton server chips, which would replace the previous generation of chips with a significant cost saving for its customers.
  - Introduced the *Neoverse NI* and *Neoverse EI* processors which significantly improve the performance capability of the family. The *Neoverse NI* and *Neoverse EI* processors are expected to appear in end applications in 2020

Net sales of the segment comprise (i) licenses to Arm technology, (ii) royalties arising from the resulting sale of licensees' products based on Arm technology, and (iii) revenues from the sale of software tools.

## FINANCIAL RESULTS

**Net sales increased ¥355 million (0.2%) year on year, to ¥202,699 million.** This was due to the deterioration of global business conditions in the semiconductor industry resulting in a decline of technology licensing revenue by 11.5% year on year and the lower growth rate of technology royalty revenue of 1.0% year on year, on a U.S. dollar basis.

However, net sales increased 11.3% year on year in the fourth quarter, which marks high quarterly net sales for Arm. This was due to delivery of next generation high-performance processor aimed at smartphones, tablets, and laptops, resulting in strong technology licensing revenue.

### Technology Licensing

Technology licensing revenue decreased year on year primarily due to a reduction in confidence within the semiconductor industry as a whole, resulting in Arm's customers either delaying chip design starts or reducing R&D budgets. As global business conditions in the semiconductor industry restores, Arm expects that the number of new chip designs will increase, and companies will invest more in R&D.

The delay in signing new contracts following the establishment of a joint venture for the China business (see "Establishment of Joint Venture for the China Business" below), which resulted in a negative revenue impact in the first quarter

and second quarter, was dispelled in the third quarter leading to a recovery in revenue. There has been no impact on revenue on a full-year basis.

### **Technology Royalties**

Technology royalty revenue's growth rate has slowed down 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. Going forwards, royalty revenue growth will continued to be impacted by the slowdown in smartphone demand, but the overall growth of royalty revenue is still expected to increase in the medium- to long-term as Arm gains share in other secular growth markets such as networking, automotive, and IoT.

### **Software and Services**

Software and services revenue, on a U.S. dollar basis, increased 51.6% year on year, due to the acquisition of Treasure Data, Inc. and Stream Technologies Limited during the fiscal year.

(Net sales in U.S. dollars)

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

	(Millions of U.S. dollars)									
	Fiscal year ended March 31, 2018					Fiscal year ended March 31, 2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Technology licensing	149	123	190	156	618	85	124	125	213	547
Technology royalties	250	271	297	269	1,087	261	285	305	247	1,098
Software and services	29	28	33	36	126	35	47	56	53	191
<b>Total net sales</b>	<b>428</b>	<b>422</b>	<b>520</b>	<b>461</b>	<b>1,831</b>	<b>381</b>	<b>456</b>	<b>486</b>	<b>513</b>	<b>1,836</b>

**Segment income was ¥133,966 million, compared with a loss of ¥31,380 million in the previous fiscal year.** This was mainly attributable to the recognition of gain relating to the loss of control over subsidiaries of ¥176,261 million as other operating income, as a result of Arm Technology (China) Co., Ltd. ("Arm China") becoming an associate accounted for using the equity method from a subsidiary, following the establishment of a joint venture of the China business.

In the fiscal year, Arm continued to increase its R&D capacity, which included hiring more R&D engineers and support staff. As a result, operating expenses (cost of sales and selling, general and administrative expenses) increased ¥11,225 million year on year. Arm's head count increased net 101 people (1.7%) from the previous fiscal year-end, despite the exclusion of 341 employees of Arm China from the head count upon June 26, 2018.

Arm will continue to strengthen its R&D capacity to build the technologies needed to meet the opportunities presented by machine learning, IoT, 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. From time to time, some engineers and project team members are transferred onto other projects or locations. Since the third quarter, Arm restructured some R&D projects and office locations, and consequently Arm's head count is becoming flattish from the second quarter to the fourth quarter. It is expected that Arm's head count growth will accelerate in the medium term, as Arm will continue to increase its R&D capacity through hiring engineers.

**Adjusted EBITDA decreased ¥6,509 million (21.0%) year on year, to ¥24,435 million.**

#### Establishment of Joint Venture for the China Business

On June 26, 2018, Arm sold 51% of its equity interest in its wholly owned Chinese subsidiary, Arm China, for \$845 million to entities representing certain institutional investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's semiconductor technology IP business in China. As a result of this transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Accordingly, the Company recorded gain relating to loss of control over subsidiaries of ¥176,261 million.

Arm will continue to receive a significant proportion of all license, royalty, software, and service revenues arising from Arm China's licensing of Arm semiconductor products, and record them as net sales. Arm China's labor costs are no longer included after it became an associate. However, Arm's business outside of China will continue to utilize services provided by Arm China employees, for which Arm pays as if Arm China was a subcontractor and record the cost in operating expenses. The net impact on segment income in the medium term is expected to be minor.

## OPERATIONS

### Licensing

	Licenses signed January 1 to March 31, 2019	Cumulative number of licenses signed March 31, 2019
Classic ( <i>Arm7, Arm9, Arm11</i> )	-	499
<i>Cortex-A</i>	10	363
<i>Cortex-R</i>	3	106
<i>Cortex-M</i>	14	539
<i>Mali</i>	5	187
Number of processor licenses signed	32	1,694

Note: Cumulative number of licenses signed only includes extant licenses that are expected to generate royalties.

Arm signed 32 processor licenses during the fourth quarter, including four licenses for new technologies that Arm has not yet announced, reflecting solid demand for Arm's latest technology. Of the 20 customers signing new licenses, five were new customers purchasing their very first Arm processor license. The customers who signed licenses with Arm in the fourth 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

The following analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended December 31, 2018, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

	2017				2018	2017	2018
	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 31	Jul 1 to Sep 30	Oct 1 to Dec 31	Full year	Full year
<b>Royalty units as reported by Arm's licensees (billion)</b>	5.8	5.5	5.6	6.2	<b>5.6</b>	21.3	<b>22.9</b>
Growth rate (yoy)	13.7%	17.0%	10.7%	8.8%	<b>(3.4%)</b>	20.3%	<b>7.5%</b>
<b>Breakdown by processor family</b>							
Classic ( <i>Arm7, Arm9, Arm11</i> )	16%	14%	10%	9%	<b>9%</b>	17%	<b>10%</b>
<i>Cortex-A</i>	19%	20%	21%	18%	<b>19%</b>	18%	<b>20%</b>
<i>Cortex-R</i>	7%	8%	8%	10%	<b>9%</b>	8%	<b>9%</b>
<i>Cortex-M</i>	58%	58%	61%	63%	<b>63%</b>	57%	<b>61%</b>

Arm's licensees reported shipments of 5.6 billion Arm-based chips for the three-month period ended December 31, 2018. This is down 3.4% year on year and reflects the slowdown in the growth of smartphones combined with the overall weakness in the semiconductor industry. For the full year, 22.9 billion Arm-based chips were reported as shipped, up 7.5% year on year.

Demand for Arm-based chips are expected to increase in the medium- to long-term as Arm gains share in other secular growth markets such as networking, automotive, and IoT.

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

### (e) SoftBank Vision Fund and Delta Fund Segment

#### 1. Segment income of ¥1,256.6 billion

- ◆ Valuation gain of ¥1,378.6 billion from continuing investments: fair values of Uber, Guardant Health, OYO,<sup>1</sup> and other investments increased.
- ◆ Sale of Flipkart shares: gain of ¥146.7 billion
- ◆ Disposal of NVIDIA shares: total gain for the entire investment period (December 2016 to January 2019) was ¥306.8 billion, including gains from shares and collar transactions. A loss of ¥222.6 billion was recorded in the fiscal year due to share price fall, however, a gain of ¥177.4 billion was recorded as non-operating income resulting from hedging the share price fall through collar transactions.

#### 2. Progress of investments at SoftBank Vision Fund

- ◆ Holds 69 investments at cost totaling \$60.1 billion, with fair value amounting to \$72.3 billion (excluding exited investments).<sup>8</sup>
- ◆ During the fiscal year, two investees, Guardant Health and Ping An Good Doctor, became publicly listed issuers. Three investees, Uber, WeWork, and Slack, have filed documents related to initial public offerings.

### OVERVIEW

SoftBank Vision Fund began its operation in 2017. This fund aims to conduct large-scale, long-term investment in companies and platform businesses that have the potential to bring about next-generation innovation. 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 Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

#### Outline of Funds in the Segment

As of March 31, 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 <sup>*1 *3</sup>	6.0 <sup>*3</sup>
	SoftBank Group Corp.: 33.1 <sup>*2</sup> Third-party investors: 63.9 <sup>*3</sup>	SoftBank Group Corp.: 4.4 Third-party investors: 1.6 <sup>*3</sup>
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. SoftBank Vision Fund completed a total of two closings in the third quarter. As a result, SoftBank Vision Fund accepted the participation of new limited partners and acquired additional committed capital totaling \$5.3 billion.
2. The Company’s committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation to be satisfied by using Arm Limited shares and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.
3. 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.

**FINANCIAL RESULTS**

	(Millions of yen)			
	Fiscal year ended March 31			
	2018	2019	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	352,095	<b>1,302,838</b>	950,743	270.0%
Realized gain and loss on sales of investments	-	<b>296,531</b>	296,531	-
Unrealized gain and loss on valuation of investments	345,975	<b>1,013,228</b>	667,253	192.9%
Interest and dividend income from investments	6,120	<b>4,522</b>	(1,598)	(26.1%)
Effect of foreign exchange translation	-	<b>(11,443)</b>	(11,443)	-
Operating expenses	(49,114)	<b>(46,197)</b>	2,917	(5.9%)
Segment income	302,981	<b>1,256,641</b>	953,660	314.8%
Depreciation and amortization	1	<b>89</b>	88	-
Adjustments relating to investments				
Unrealized loss (gain) on valuation of investments	(345,975)	<b>(1,013,228)</b>	(667,253)	192.9%
Effect of foreign exchange translation <sup>*1</sup>	-	<b>11,443</b>	11,443	-
Other adjustments <sup>*2</sup>	20,502	<b>172,154</b>	151,652	739.7%
Adjusted EBITDA	(22,491)	<b>427,099</b>	449,590	-
Finance cost (interest expenses)	(7,801)	<b>(33,141)</b>	(25,340)	324.8%
Foreign exchange gain and loss	(33)	<b>68</b>	101	-
Derivative gain and loss	(8,902)	<b>177,373</b>	186,275	-
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(160,382)	<b>(586,152)</b>	(425,770)	265.5%
Other non-operating income and loss	(248)	<b>(232)</b>	16	(6.4%)
Income before income tax	125,615	<b>814,557</b>	688,942	548.5%

Note: The segment's results are calculated as follows:

Segment income = gain and loss on investments at SoftBank Vision Fund and Delta Fund - operating expenses

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments + effect of foreign exchange translation) ± other adjustments

Notes:

3. The amount arose from the different foreign currency exchange rates used for unrealized gain and loss and realized gain and loss.

4. Mainly derivative gain and loss recorded in relation to collar transactions utilizing NVIDIA shares.

**Segment income was ¥1,256,641 million, compared with ¥302,981 million in the previous fiscal year.** This was mainly due to an unrealized gain of ¥1,378,553 million recorded for continuing investments due to an increase in the fair values of Uber, Guardant Health, OYO,<sup>1</sup> and other investments, and a realized gain of ¥146,682 million recorded on the sale of Flipkart shares. Conversely, a loss of ¥222,628 million was recorded for the investment in NVIDIA.

The total gain on investment in NVIDIA for the entire investment period (December 2016 to January 2019) was ¥306,809 million (before deducting third-party interests). A gain of ¥365,325 million was recorded in the previous fiscal year consistent with NVIDIA's share price increase, while a loss of ¥222,628 million was recorded in the fiscal year consistent with its share price drop until the investment was disposed of in January 2019. On the other hand, derivative gain of ¥168,471 million, the total amount for the previous fiscal year and the fiscal year, was recorded as non-operating income, as a result of collar transactions conducted to hedge the share price drop. For more information, see "Investment in NVIDIA" below.



### **Continuing investments**

Unrealized gain on valuation from continuing investments of ¥1,378,553 million was recognized mainly due to an unrealized gain totaling ¥1,485,410 million, which was recorded for investments whose fair value increased during the fiscal year, including Uber, Guardant Health, and OYO.<sup>1</sup> Fair value of the investment in Uber increased ¥418,140 million, resulting from SBIA's revised fair value calculation taking into account market expectations, including with regards to the anticipated initial public offering. Fair value of the investment in Guardant Health increased ¥203,412 million, consistent with its share price increase during the fiscal year. Fair value of the investment in OYO increased ¥154,189 million, resulting from SBIA's revised fair value calculation taking into account concluded fund raising and transactions occurring in the fiscal year. Conversely, unrealized loss totaling ¥106,857 million was recorded for Zhongan Online P&C Insurance Co., Ltd,<sup>1</sup> and other investments.

### **(Fair value changes in the fiscal year of investments held by SoftBank Vision Fund, U.S. dollar-based)**

Comparison between fair values at the fiscal year-end with the acquisition values of the investments acquired in the fiscal year, or with the initial carrying amounts of the fiscal year for the investments acquired in the previous fiscal year

Fair value increase	29 investments
Fair value decrease	12 investments
No change in fair value	28 investments

### **Investment in Flipkart**

Realized gain on sale of Flipkart of ¥146,682 million was recognized following the completion of the sale of Flipkart shares to WAL-MART INTERNATIONAL HOLDINGS, INC. in August 2018, based on the sales value of approximately \$4.0 billion, net of amount deposited in escrow account,<sup>9</sup> etc. Capital gains on investments in entities that operate businesses in India are subject to tax in India. Consequently, outside segment income, current taxes of ¥64,892 million were recorded for the aforementioned realized gain in Flipkart, which mainly operates businesses in India. As a result of the sale of Flipkart shares occurring within 24 months of making the investment, the sale taxed at 43.68%, the Indian short-term capital gains tax rate.

### **Investment in NVIDIA**

Anticipating the start of operations of SoftBank Vision Fund in 2017, the Company acquired NVIDIA shares in December 2016 for \$2,834 million. SoftBank Vision Fund acquired NVIDIA shares for the same amount from the Company in September 2017 after the start of its operations. The fund hedged the fall in NVIDIA's share price through collar transactions using the shares, and subsequently monetized the shares (the proceeds from which were recorded as borrowings). In January 2019, the fund executed an early unwind of the collar transactions, and elected to deliver NVIDIA shares for the repayment of borrowings. NVIDIA shares that were not utilized in the collar transactions were sold entirely in January 2019. As a result, gain on this investment was \$2,915 million.

Of this \$2,915 million, valuation gain and realized gain due to NVIDIA's share price change were \$1,450 million, and derivative gain from being able to hedge losses due to its falling share price through collar transactions was \$1,465 million. In the consolidated statement of income, the former was recorded in the fiscal years ended March 2017, March 2018, and March 2019 ((A) in the table below), and the latter was recorded for the fiscal years ended March 2018 and March 2019 ((B) below).

**(Primary gain and loss related to NVIDIA shares)**

	(Millions of U.S. dollars)				(Millions of yen)			
	Fiscal year ended March 31				Fiscal year ended March 31			
	2017	2018	2019	Total	2017	2018	2019	Total
Valuation gain and realized gain due to share price change (A)	93 *1	3,296	(1,939)	1,450	(4,359) *1	365,325	(222,628)	138,338
Derivative gain and loss (B)	-	(85)	1,550	1,465	-	(8,902)	177,373	168,471
<b>Total gain and loss (before deducting third-party interests)</b>	<b>93</b>	<b>3,221</b>	<b>(389)</b>	<b>2,915</b>	<b>(4,359)</b>	<b>356,423</b>	<b>(45,255)</b>	<b>306,809</b>
<b>Impact on segment income</b>	<b>-</b>	<b>3,296</b>	<b>(1,939)</b>	<b>1,357</b>	<b>-</b>	<b>365,325</b>	<b>(222,628)</b>	<b>142,697</b>
<b>Impact on adjusted EBITDA</b>	<b>-</b>	<b>-</b>	<b>2,915</b>	<b>2,915</b>	<b>-</b>	<b>-</b>	<b>322,003</b>	<b>322,003</b>

Note:

1. For the fiscal year ended March 2017, which was before the start of operations of SoftBank Vision Fund, a gain of \$93 million (a loss of ¥4,359 million in yen terms due to the exchange translation) consistent with changes in NVIDIA's share price was recorded as gains and losses from financial instruments at FVTPL under non-operating income and loss.

**Adjusted EBITDA was ¥427,099 million, compared with negative ¥22,491 million in the previous fiscal year.**

**Capital Deployment**

As of March 31, 2019

	(Billions of U.S. dollars)		
	Total	The Company *1	Third-party investors
<b>Committed capital (A)</b>			
SoftBank Vision Fund	<b>97.0</b>	33.1	63.9
Delta Fund	<b>6.0</b>	4.4	1.6
<b>Contributions from limited partners<sup>10</sup> (B)</b>			
SoftBank Vision Fund	<b>50.9</b>	17.5	33.4
Delta Fund	<b>5.1</b>	3.7 <sup>11</sup>	1.4
<b>Non-recallable contribution<sup>12</sup> included in (B)</b>			
SoftBank Vision Fund	<b>(2.5)</b>	(0.9)	(1.6)
<b>Remaining committed capital (C) = (A) - (B)</b>			
SoftBank Vision Fund *2	<b>46.1</b>	15.6	30.5
Delta Fund <sup>13</sup>	<b>0.9</b>	0.7	0.2

Note: Investment in DiDi, which was held by Delta Fund, has been sold to SoftBank Vision Fund in the fourth quarter via promissory note. As the promissory note is expected to be settled in the three-month period ending September 30, 2019, this transaction has not been reflected in the capital deployment presented above as of March 31, 2019.

Notes:

- The Company's committed capital includes approximately \$8.2 billion of obligation to be satisfied by using 24.99% of Arm Limited shares. The obligation was entirely satisfied by the end of the third quarter, resulting in SoftBank Vision Fund holding all of the applicable Arm Limited shares. The Company's committed capital also includes \$5.0 billion that is earmarked for use in an incentive scheme related to SoftBank Vision Fund.
- The amount of distribution to limited partners resulting from disposal of NVIDIA shares is included in remaining committed capital as it is recallable.

**Portfolio (as of March 31, 2019; excluding exited investments)**

 Cumulative acquisition cost of investments: \$60.1 billion \*<sup>1</sup>

 Total fair value of investments: \$72.3 billion \*<sup>1</sup>

Sector	Name (in alphabetical order)
Consumer	☉ Brainbees Solutions Private Limited (First Cry)
	☉ Brandless, Inc.
	☉ Bytedance Ltd.
	☉◆ Coupang LLC
	Fanatics Holdings, Inc.
	☉◆ Grofers International Pte. Ltd.
	◆ Oravel Stays Private Limited (OYO) (and its two affiliates)
	Plenty United Inc.
	☉◆ PT Tokopedia
	Wag Labs, Inc.
☉ Zuoyebang Education Limited	
1 other investment	
Enterprise	☉ AutomationAnywhere, Inc.
	☉ Cohesity, Inc.
	☉ Globality, Inc.
	MapBox Inc.
	OSIsoft LLC
	Slack Technologies, Inc.
Fintech	☉◆ Kabbage, Inc.
	☉ OakNorth Holdings Limited
	One97 Communications Limited (PayTM)
	☉ OneConnect Financial Technology Co., Ltd.
	☐ Zhongan Online P&C Insurance Co., Ltd. (and its one affiliate)
Frontier Tech	Arm Limited
	Brain Corporation
	Improbable Worlds Limited
	☉ Light Labs, Inc.
	☉◆ Petuum Holdings Ltd.
	2 other investments
Health Tech	☉◆ 10x Genomics, Inc.
	☐◆ Guardant Health, Inc. (and its one affiliate)
	HealthKconnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)
	☐ Ping An Healthcare and Technology Company Limited (Ping An Good Doctor)
	☉ Relay Therapeutics, Inc.
	Roivant Sciences Ltd.
	Vir Biotechnology, Inc.
	☉◆ Zymergen, Inc.

Sector	Name (in alphabetical order)
Real Estate & Construction	⊙ CLUTTER INC. Kattera Inc. (and its one affiliate)
	⊙ OpenDoor Labs, Inc. Urban Compass, Inc. (Compass)
	⊙ View Inc. WeWork Companies Inc. (and its three affiliates)
	Transportation & Logistics
	Auto1 Group GmbH
Transportation & Logistics	⊙ Cambridge Mobile Telematics Inc.
	⊙ Delhivery Private Limited
	⊙◆ Doordash, Inc.
	⊙◆ Fair Financial Corp.
	⊙ Full Truck Alliance Co. Ltd
	⊙◆ Getaround, Inc.
	⊙◆ GM Cruise Holdings LLC
	⊙◆ GRAB HOLDINGS INC. (Grab)
	⊙ Local Services Holding Limited (Alibaba Local Services)
	⊙ Loggi Technology International
	Nauto, Inc.
	⊙ Nuro, Inc.
	⊙◆ ParkJockey Global, Inc.
	⊙◆ Uber Technologies, Inc. (Uber)
	⊙◆ Xiaoju Kuaizhi Inc. (DiDi)
⊙ Zume, Inc.	
Total of 69 investments	

Sector	(Billions of U.S. dollars)		
	Acquisition cost	Fair value	Change
Consumer	8.6	10.8	2.2
Enterprise	1.8	2.4	0.6
Fintech	2.6	3.1	0.5
Frontier Tech	9.8	10.2	0.4
Health Tech	3.1	5.0	1.9
Real Estate & Construction	7.7	9.7	2.0
Transportation & Logistics	26.5	31.1	4.6
Total	60.1	72.3	12.2

⊙ New investments during the fiscal year

◆ Investments acquired from sale by the Company (see “INVESTMENTS ACQUIRED FROM SALE BY THE COMPANY” below)

□ Listed securities

Note:

1. 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 the investment holding entities are calculated as investments made by SoftBank Vision Fund. As of the fiscal year-end, a wholly owned subsidiary of the Company is a shareholder of such subsidiaries. Of the acquisition cost of investments made by SoftBank Vision Fund, \$1.2 billion belongs to this wholly owned subsidiary; of the fair values, \$1.7 billion belongs to this wholly owned subsidiary.

In the fourth quarter, SoftBank Vision Fund acquired the investment in DiDi for \$5.0 billion, which had been acquired and held by Delta Fund since September 2017, from the sale by Delta Fund. SoftBank Vision Fund also acquired the investment in DiDi for \$6.8 billion, which had been acquired and held by the Company through several transactions

since January 2015, from the sale by the Company. For the investments initially acquired by the Company, see the table in “INVESTMENTS ACQUIRED FROM SALE BY THE COMPANY” below. Both of these transactions were via promissory notes, and the promissory notes are expected to be settled in the three-month period ending September 30, 2019.

### 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.

#### (Investments Acquired from Sale by the Company in the Fiscal Year)

In the fiscal year, the Company sold the investments shown below to SoftBank Vision Fund. The sale price is based on the fair value at the time the Company made its decision at its applicable authority to offer the transfer.

	(Billions of U.S. dollars)	
	Acquisition value by the Company	Sale value by the Company to SVF (Acquisition value by SVF)
Uber Technologies, Inc. (Uber)	7.7	7.7
Xiaojia Kuaizhi Inc. (DiDi)	5.9	6.8
Others	5.2	5.3
<b>Total of 18 investments</b>	<b>18.8</b>	<b>19.8</b>

Note: The above table presents investments whose sale value were above \$5 billion, in order of the amount of value.

### Portfolio of Delta Fund

As a result of the sale of investment in DiDi to SoftBank Vision Fund, there is no investments held in Delta Fund as of March 31, 2019.

### (f) Brightstar Segment

(Millions of yen)

	Fiscal year ended March 31		Change	Change %
	2018	2019		
Net sales	1,075,020	<b>1,082,669</b>	7,649	0.7%
Segment income	(44,634)	<b>(23,396)</b>	21,238	-
Depreciation and amortization	5,613	<b>5,929</b>	316	5.6%
Other adjustment	50,497	-	(50,497)	-
Adjusted EBITDA	11,476	<b>(17,467)</b>	(28,943)	-

### (g) Other and Reconciliation

(Millions of yen)

	Fiscal year ended March 31					
	2018		2019		Change	
	Other	Reconciliation	Other	Reconciliation	Other	Reconciliation
Net sales	97,626	(303,122)	<b>193,742</b>	<b>(298,900)</b>	96,116	4,222
Segment income	(21,835)	(41,617)	<b>(90,053)</b>	<b>(63,572)</b>	(68,218)	(21,955)
Depreciation and amortization	13,655	1,508	<b>36,776</b>	<b>699</b>	23,121	(809)
Other adjustment	(5,042)	1,577	<b>16,315</b>	-	21,357	(1,577)
Adjusted EBITDA	(13,222)	(38,532)	<b>(36,962)</b>	<b>(62,873)</b>	(23,740)	(24,341)

Other segment loss was ¥90,053 million, compared with loss of ¥ 21,835 million in the previous fiscal year. This was mainly due to operating loss of ¥36,559 million at PayPay Corporation, which is engaged in smartphone payment services in Japan, as a result of its proactive measures to increase the number of users and stores where its services are usable.

## (2) Overview of Financial Position

### 1. Disposal of 33.50% of SoftBank Corp. shares

- ◆ Received proceeds of ¥2.3 trillion. Capital surplus increased ¥1.2 trillion.
- ◆ Repurchased own shares for ¥384.1 billion; used approximately ¥700 billion to strengthen financial position through repayment of debt.

### 2. Status of investments

- ◆ **Balance of investments from SoftBank Vision Fund of ¥7.1 trillion, up ¥4.3 trillion from the previous fiscal year-end**
  - 54 investments totaling \$33.9 billion were acquired in the fiscal year, including Uber, DiDi, and Grab<sup>1</sup> (including acquisitions from the Company).
  - The fair values of investments increased.
  - Exited investments: NVIDIA, Flipkart
- ◆ **Balance of investment securities (investments outside the fund) of ¥924.6 billion, down ¥1.7 trillion from the previous fiscal year-end**

	(Millions of yen)			
	March 31, 2018	March 31, 2019	Change	Change %
Total assets	31,180,466	<b>36,096,476</b>	4,916,010	15.8%
Total liabilities	24,907,444	<b>27,087,272</b>	2,179,828	8.8%
Total equity	6,273,022	<b>9,009,204</b>	2,736,182	43.6%
Reference: Exchange rate at the fiscal year-end used for translations				
USD / JPY	¥106.24	¥110.99	¥4.75	4.5%
GBP / JPY	¥148.84	¥144.98	¥(3.86)	(2.6%)

### (a) Current Assets

	(Millions of yen)		
	March 31, 2018	March 31, 2019	Change
Cash and cash equivalents	3,334,650	<b>3,858,518</b>	523,868
Trade and other receivables	2,314,353	<b>2,339,977</b>	25,624
Other financial assets	519,444	<b>203,476</b>	(315,968)
Inventories	362,041	<b>365,260</b>	3,219
Other current assets	344,374	<b>766,556</b>	422,182
Assets classified as held for sale	–	<b>224,201</b>	224,201
Total current assets	6,874,862	<b>7,757,988</b>	883,126

### Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Cash and cash equivalents ¥3,858,518 million	See “(3) Overview of Cash Flows” for details.
Other current assets ¥766,556 million	<u>¥422,182 million increase</u> This mainly reflects the recording of an expected withholding tax refund of ¥422,648 million on dividends from SoftBank Group Japan Corporation to SoftBank Group Corp.
Assets classified as held for sale ¥224,201 million	<u>¥224,201 million increase</u> As the Company plans to use shares for the settlement of a variable prepaid forward contract for Alibaba shares in June 2019, the Alibaba shares under this contract were transferred from investments accounted for using the equity method.

**(b) Non-current Assets**

	(Millions of yen)		
	March 31, 2018	March 31, 2019	Change
Property, plant and equipment	3,856,847	<b>4,070,704</b>	213,857
Goodwill	4,302,553	<b>4,321,467</b>	18,914
Intangible assets	6,784,550	<b>6,892,195</b>	107,645
Costs to obtain contracts	-	<b>384,076</b>	384,076
Investments accounted for using the equity method	2,328,617	<b>2,641,045</b>	312,428
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	<b>7,115,629</b>	4,287,845
Investment securities	2,660,115	<b>924,614</b>	(1,735,501)
Other financial assets	676,392	<b>1,185,856</b>	509,464
Deferred tax assets	647,514	<b>586,943</b>	(60,571)
Other non-current assets	221,232	<b>215,959</b>	(5,273)
<b>Total non-current assets</b>	<b>24,305,604</b>	<b>28,338,488</b>	4,032,884

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Property, plant and equipment ¥4,070,704 million	<u>¥213,857 million increase</u> Capital expenditures for the 5G network and leased mobile devices for customers increased at Sprint. Meanwhile, telecommunications equipment was regularly depreciated at SoftBank Corp.
Intangible assets ¥6,892,195 million	<u>¥107,645 million increase</u> · FCC licenses increased ¥194,529 million due to a weaker yen against the U.S. dollar. · Mainly due to regular amortization, customer relationships of Sprint and Arm decreased ¥83,416 million and Arm's technologies decreased ¥49,719 million.
Costs to obtain contracts ¥384,076 million	Costs to obtain contracts at SoftBank Corp. and Sprint were newly recorded due to the adoption of the new standards.
Investments accounted for using the equity method ¥2,641,045 million	<u>¥312,428 million increase</u> Alibaba's consolidated carrying amount increased due to the recording of income on equity method investments. A consolidated carrying amount of ¥86,596 million was newly recorded as Arm China became an equity method associate. On the other hand, the Alibaba shares under a variable prepaid forward contract for Alibaba shares were transferred to current assets.
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL ¥7,115,629 million	<u>¥4,287,845 million increase</u> · Newly acquired investments totaling \$33.9 billion, including Uber, DiDi, Grab, and GM Cruise Holdings LLC ("GM Cruise"). Of these, a total of 18 investments (sale value totaling \$19.8 billion) were acquired from sale by the Company. · The fair values of Uber, Guardant Health, OYO, <sup>1</sup> and other investments increased. · The fund disposed of NVIDIA shares and sold Flipkart shares.
Investment securities ¥924,614 million	<u>¥1,735,501 million decrease</u> · Investments including Uber, DiDi, and Grab (total carrying amounts of ¥1,832,387 million at the previous fiscal year-end) that were sold to SoftBank Vision Fund were reclassified as investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL.
Other financial assets ¥1,185,856 million	<u>¥509,464 million increase</u> · Convertible promissory note issued by WeWork and advances received related to the acquisition of WeWork shares totaling ¥275,477 million were recorded.



**(c) Current Liabilities**

	March 31, 2018	March 31, 2019	(Millions of yen) Change
Interest-bearing debt	3,217,405	<b>3,480,960</b>	263,555
SoftBank Group Corp. <sup>3</sup>	1,485,851	<b>1,219,305</b>	(266,546)
Short-term borrowings	771,275	<b>398,200</b>	(373,075)
Current portion of long-term borrowings	214,747	<b>79,597</b>	(135,150)
Current portion of corporate bonds	399,829	<b>699,508</b>	299,679
Others	100,000	<b>42,000</b>	(58,000)
SoftBank Corp.	803,055	<b>877,583</b>	74,528
Current portion of long-term borrowings	393,916	<b>469,337</b>	75,421
Current portion of lease obligations	393,282	<b>400,645</b>	7,363
Others	15,857	<b>7,601</b>	(8,256)
Sprint	364,245	<b>505,716</b>	141,471
Current portion of long-term borrowings	164,466	<b>158,658</b>	(5,808)
Current portion of corporate bonds	190,396	<b>337,745</b>	147,349
Others	9,383	<b>9,313</b>	(70)
SoftBank Vision Fund	397,095	<b>36,571</b>	(360,524)
Short-term borrowings	83,952	<b>36,571</b>	(47,381)
Current portion of long-term borrowings	313,143	-	(313,143)
Others	167,159	<b>841,785</b>	674,626
Current portion of financial liabilities relating to sale of shares by variable pre-paid forward contract	-	<b>730,601</b>	730,601
Others	167,159	<b>111,184</b>	(55,975)
Deposits for banking business	684,091	<b>745,943</b>	61,852
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	<b>29,677</b>	(11,036)
Trade and other payables	1,816,010	<b>1,909,608</b>	93,598
Derivative financial liabilities	96,241	<b>767,714</b>	671,473
Other financial liabilities	1,646	<b>10,849</b>	9,203
Income taxes payables	147,979	<b>534,906</b>	386,927
Provisions	65,709	<b>43,685</b>	(22,024)
Other current liabilities	658,961	<b>1,158,355</b>	499,394
<b>Total current liabilities</b>	<b>6,728,755</b>	<b>8,681,697</b>	1,952,942

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥3,480,960 million	<u>¥263,555 million increase</u>
SoftBank Group Corp. <sup>3</sup> ¥1,219,305 million	<u>¥266,546 million decrease</u> · Due to repayments, short-term borrowings decreased ¥373,075 million and current portion of long-term borrowings decreased ¥135,150 million. · Current portion of corporate bonds increased ¥299,679 million as corporate bonds that would mature within a year were transferred from non-current liabilities, while certain domestic straight corporate bonds were redeemed upon maturity.
SoftBank Vision Fund ¥36,571 million	<u>¥360,524 million decrease</u> Borrowings using NVIDIA shares through collar transactions were settled with the shares for repayment.
Others ¥841,785 million	<u>¥674,626 million increase</u> As the settlement date of a variable prepaid forward contract for Alibaba shares became due within a year, the related financial liabilities were transferred from non-current liabilities.
Derivative financial liabilities ¥767,714 million	<u>¥671,473 million increase</u> Derivative liabilities relating to the embedded collar transaction in the variable prepaid forward contract for Alibaba shares were transferred from non-current liabilities.
Income taxes payables ¥534,906 million	<u>¥386,927 million increase</u> This mainly reflects the recording of an amount equivalent to taxes payable for the gain on disposal that arose at seller SoftBank Group Japan Corporation as a result of the disposal of SoftBank Corp. shares.
Other current liabilities ¥1,158,355 million	<u>¥499,394 million increase</u> This mainly reflects the recording of an expected withholding income tax payment of ¥422,648 million on dividends from SoftBank Group Japan Corporation to SoftBank Group Corp.

**(d) Non-current Liabilities**

	(Millions of yen)		
	March 31, 2018	March 31, 2019	Change
Interest-bearing debt	13,824,783	<b>12,204,146</b>	(1,620,637)
SoftBank Group Corp. <sup>3</sup>	7,732,330	<b>5,495,645</b>	(2,236,685)
Long-term borrowings	3,215,459	<b>1,418,764</b>	(1,796,695)
Corporate bonds	4,516,871	<b>4,076,881</b>	(439,990)
SoftBank Corp.	896,435	<b>2,309,035</b>	1,412,600
Long-term borrowings	217,514	<b>1,646,349</b>	1,428,835
Lease obligations	670,862	<b>662,686</b>	(8,176)
Others	8,059	-	(8,059)
Sprint	3,979,705	<b>3,922,662</b>	(57,043)
Long-term borrowings	1,346,576	<b>1,571,545</b>	224,969
Corporate bonds	2,612,178	<b>2,336,904</b>	(275,274)
Others	20,951	<b>14,213</b>	(6,738)
SoftBank Vision Fund	101,312	-	(101,312)
Others	1,115,001	<b>476,804</b>	(638,197)
Financial liabilities relating to sale of shares by variable prepaid forward contract	688,332	-	(688,332)
Others	426,669	<b>476,804</b>	50,135
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	<b>4,107,288</b>	2,303,322
Derivative financial liabilities	865,402	<b>130,545</b>	(734,857)
Other financial liabilities	62,372	<b>57,115</b>	(5,257)
Defined benefit liabilities	100,486	<b>99,351</b>	(1,135)
Provisions	132,139	<b>157,478</b>	25,339
Deferred tax liabilities	1,085,626	<b>1,391,072</b>	305,446
Other non-current liabilities	303,915	<b>258,580</b>	(45,335)
<b>Total non-current liabilities</b>	<b>18,178,689</b>	<b>18,405,575</b>	226,886

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥12,204,146 million	<u>¥1,620,637 million decrease</u>
SoftBank Group Corp. <sup>3</sup> ¥5,495,645 million	<u>¥2,236,685 million decrease</u> · Long-term borrowings decreased ¥1,796,695 million. SoftBank Group Corp. repaid a portion of its senior loan before maturity by using ¥1.6 trillion, which was received from SoftBank Corp. as repayment of its borrowings from the company, as part of the preparations to list SoftBank Corp. shares. Borrowings made through a wholly owned subsidiary Skywalk Finance GK using Alibaba shares <sup>3</sup> decreased ¥285,161 million. (Additional borrowings of ¥161,084 million and repayment of ¥475,797 million were made in the fiscal year. Balance at the fiscal year-end: ¥557,152 million) · Corporate bonds decreased ¥439,990 million. Corporate bonds of ¥700 billion were transferred to current liabilities as they became due within a year. In addition, foreign currency-denominated senior notes totaling ¥357.6 billion were redeemed before maturity and a portion was repurchased for ¥106.2 billion (\$410 million and €520 million). On the other hand, corporate bonds totaling ¥722.7 billion were issued.
SoftBank Corp. ¥2,309,035 million	<u>¥1,412,600 million increase</u> SoftBank Corp. made new borrowings of ¥1.6 trillion through a senior loan as part of its preparations for listing and subsequently repaid part of this loan.
Others ¥476,804 million	<u>¥638,197 million decrease</u> Financial liabilities related to the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.
Third-party interests in SoftBank Vision Fund and Delta Fund ¥4,107,288 million	<u>¥2,303,322 million increase</u> 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 Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details of changes.
Derivative financial liabilities ¥130,545 million	<u>¥734,857 million decrease</u> Derivative liabilities relating to the embedded collar transaction in the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.

**(e) Equity**

	(Millions of yen)		
	March 31, 2018	March 31, 2019	Change
Common stock	238,772	<b>238,772</b>	-
Capital surplus	256,768	<b>1,467,762</b>	1,210,994
Other equity instruments	496,876	<b>496,876</b>	-
Retained earnings	3,940,259	<b>5,571,285</b>	1,631,026
Treasury stock	(66,458)	<b>(443,482)</b>	(377,024)
Accumulated other comprehensive income	317,959	<b>290,268</b>	(27,691)
Available-for-sale financial assets	63,700	-	(63,700)
Equity financial assets at FVTOCI	-	<b>6,661</b>	6,661
Debt financial assets at FVTOCI	-	<b>267</b>	267
Cash flow hedges	(55,286)	<b>(45,791)</b>	9,495
Exchange differences on translating foreign operations	309,545	<b>329,131</b>	19,586
Total equity attributable to owners of the parent	5,184,176	<b>7,621,481</b>	2,437,305
Non-controlling interests	1,088,846	<b>1,387,723</b>	298,877
Total equity	6,273,022	<b>9,009,204</b>	2,736,182
Ratio of equity attributable to owners of the parent	16.6%	<b>21.1%</b>	4.5 pp

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Capital surplus ¥1,467,762 million	<u>¥1,210,994 million increase</u> Capital surplus increased due to the disposal of SoftBank Corp. shares by a wholly owned subsidiary of the Company.
Retained earnings ¥5,571,285 million	<u>¥1,631,026 million increase</u> Net income attributable to owners of the parent of ¥1,411,199 million was recorded. The cumulative impact of adopting the new standards of ¥300,615 million was recorded on April 1, 2018.
Treasury stock ¥(443,482) million	<u>¥377,024 million decrease</u> The Company repurchased its own shares for ¥384.1 billion.
Accumulated other comprehensive income ¥290,268 million	<u>¥27,691 million decrease</u> · The cumulative impact of adopting the new standards of ¥57,828 million was reclassified as retained earnings on April 1, 2018 · Exchange differences on translating foreign operations increased ¥19,586 million. The yen depreciated against the U.S. dollar while it appreciated against the British pound.

### (3) Overview of Cash Flows

#### 1. Proceeds of ¥2.3 trillion from the disposal of SoftBank Corp. shares were utilized for shareholder returns and strengthening of financial position.

- ◆ Shareholder returns: ¥384.1 billion has been used for share repurchase as of the fiscal year-end, of a maximum allowance of ¥600.0 billion.
- ◆ Strengthening of financial position: reduced debt by approximately ¥700.0 billion, including a ¥106.2 billion repurchase of outstanding foreign currency-denominated senior notes and repayment of borrowings of ¥475.8 billion made using Alibaba shares.

#### 2. Dissolution of debtor-creditor relationship between SoftBank Group Corp. and SoftBank Corp. prior to listing of SoftBank Corp.

- ◆ SoftBank Corp. implemented borrowings through a senior loan of ¥1.6 trillion and repaid the same amount borrowed from SoftBank Group Corp.
- ◆ SoftBank Group Corp. used the entire ¥1.6 trillion to partially repay its senior loan before maturity.

#### 3. Cash flow related to SoftBank Vision Fund

- ◆ Contributions from third-party investors of ¥2.1 trillion (cash flows from financing activities); payments for acquisition of investments of ¥1.6 trillion (cash flows from investing activities)
- ◆ Impact in the fiscal year from exits from two investments
  - Proceeds from sales of investments of ¥428.9 billion (cash flows from investing activities): proceeds from the sale of Flipkart shares and disposal of NVIDIA shares that were not utilized in the collar transactions
  - Distribution/repayment to third-party investors of ¥486.4 billion (cash flows from financing activities): distributed the proceeds from sales and monetization through borrowings to third-party investors

(Millions of yen)

	Fiscal year ended March 31		Change
	2018	2019	
Cash flows from operating activities	1,088,623	<b>1,171,864</b>	83,241
Cash flows from investing activities	(4,484,822)	<b>(2,908,016)</b>	1,576,806
Cash flows from financing activities	4,626,421	<b>2,202,291</b>	(2,424,130)

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

Cash flows from operating activities increased ¥83,241 million year on year. While net income increased ¥216,806 million year on year, this included an increase in non-cash income such as unrealized gain on valuation of investments at SoftBank Vision Fund.

#### (b) Cash Flows from Investing Activities

##### Primary components for the fiscal year

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(1,364,954) million	Sprint acquired telecommunications equipment and leased devices. SoftBank Corp. acquired telecommunications equipment.
Payments for acquisition of investments ¥(822,628) million	A wholly owned subsidiary of the Company invested a total of \$1.5 billion in WeWork. “Payments for acquisition of investments” includes the total acquisition cost by the Company of ¥187,634 million for six investments that were initially acquired by the Company and sold to SoftBank Vision Fund during the fiscal year, such as GM Cruise and Door-dash, Inc.

Components	Primary details
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(1,576,790) million	SoftBank Vision Fund made new investments. For investments made in the fiscal year, see “Portfolio” under “(e) SoftBank Vision Fund and Delta Fund Segment” in “b. Results by Segment” in “1. Results of Operations.” Investments that were acquired from sale by the Company are recorded as “Payments for acquisition of investments” at the time of the Company’s acquisition.
Proceeds from sale of investments by SoftBank Vision Fund and Delta Fund ¥428,865 million	SoftBank Vision Fund sold Flipkart shares and NVIDIA shares that were not utilized in the collar transactions.

### (c) Cash Flows from Financing Activities

#### Primary components for the fiscal year

Component	Primary details
Proceeds from interest-bearing debt ¥6,189,112 million	
Proceeds from borrowings* ¥4,959,821 million	<ul style="list-style-type: none"> <li>· In preparation for listing, SoftBank Corp. borrowed ¥1.6 trillion through a senior loan. The proceeds from the senior loan were used to repay its borrowings from SoftBank Group Corp., which was eliminated as an intercompany transaction.</li> <li>· Sprint implemented borrowings through the securitization of receivables and term loans.</li> <li>· SoftBank Group Corp. borrowed ¥161,084 million by using Alibaba shares, through a wholly owned subsidiary.</li> </ul>
Proceeds from issuance of bonds ¥747,744 million	SoftBank Group Corp. issued corporate bonds totaling ¥722.7 billion for redemption of bonds.
Repayment of interest-bearing debt ¥(7,128,379) million	
Repayment of borrowings* ¥(5,526,771) million	<ul style="list-style-type: none"> <li>· SoftBank Group Corp. used all of the ¥1.6 trillion repayment received from SoftBank Corp. to partially repay its senior loan before maturity. The company also repaid borrowings of ¥475,797 million made through using Alibaba shares.</li> <li>· Sprint and SoftBank Corp. repaid borrowings that were mainly made by securitizing receivables.</li> </ul>
Redemption of corporate bonds ¥(1,061,732) million	<ul style="list-style-type: none"> <li>· SoftBank Group Corp. redeemed corporate bonds totaling ¥757.6 billion, including early redemption, and repurchased a portion of outstanding foreign currency-denominated senior notes for ¥106.2 billion.</li> <li>· Sprint redeemed corporate bonds of \$1.8 billion at maturity.</li> </ul>
Contribution to SoftBank Vision Fund and Delta Fund from third-party investors ¥2,133,682 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 ¥(486,388) million	SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors from the sale of Flipkart shares and the disposal of NVIDIA shares.
Purchase of treasury stock ¥(384,102) million	SoftBank Group Corp. repurchased its own shares.

Component	Primary details
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥2,350,262 million	Proceeds of ¥2,349,832 million were received from the disposal of a portion of SoftBank Corp. shares.
Purchase of shares of subsidiaries from non-controlling interests ¥(229,818) million	SoftBank Corp. acquired shares of Yahoo Japan Corporation from Altaba Inc. through a tender offer.

Note:

1. Proceeds from borrowings and repayments of borrowings include proceeds of ¥945,737 million and outlays of ¥1,397,796 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”

- <sup>1</sup> 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.
- <sup>2</sup> To enable investors to appropriately understand and assess the Company’s management performance, the Company has presented operating income arising from SoftBank Vision Fund and Delta Fund separately from that of other segments in a subcategory under operating income as “Operating income from SoftBank Vision Fund and Delta Fund.”
- <sup>3</sup> 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.
- <sup>4</sup> In its consolidated statement of income, the Company applies the equity method to the financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba, among other reasons. However, the Company performs necessary adjustments for material transactions or events that arise during the lag period and which are publicly announced by Alibaba.
- <sup>5</sup> Other adjustments of the Sprint segment primarily include gain and loss from non-recurring factors, such as gain on spectrum license exchange and income and loss on contract termination among items included in other operating income, and loss and merger-related expenses included in cost of sales and selling, general and administrative expenses.
- <sup>6</sup> For Sprint’s cumulative subscribers, from the three-month period ended in March 31, 2018, as a result of the introduction of a non-Sprint branded postpaid plan allowing prepaid customers to purchase a device under an installment billing program, said prepaid customers are included in the postpaid subscriber base. A retroactive adjustment has not been made.
- <sup>7</sup> Sprint’s net additions exclude changes in the subscriber base resulting from such special factors as the acquisition of other companies by Sprint affiliate companies (regional telecom operators that use their own telecom networks to provide services under the Sprint brand), the discontinuation of certain service plans at Sprint, or the establishment of venture companies by Sprint.
- <sup>8</sup> 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.
- <sup>9</sup> Amount deposited for future indemnity claims
- <sup>10</sup> 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.
- <sup>11</sup> The Company’s obligation to Delta Fund is offset against the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund.
- <sup>12</sup> Non-recallable contribution of SoftBank Vision Fund represents the applicable principal for the investment in Flipkart, which was returned to limited partners after the sale of its shares.
- <sup>13</sup> 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.

## 2. Basic Approach to the Selection of Accounting Standards

The Company has adopted International Financial Reporting Standards (“IFRSs”).



### 3. Notes to Summary Information

#### (1) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” were adopted during the three-month period ended June 30, 2018.

The details are described in “1. Significant accounting policies” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

#### (2) Changes in Accounting Estimates

(Impairment loss on equity method investments)

As a result of an impairment test which was conducted for an investment in OneWeb Global Limited, an equity method associate of the Company, impairment loss was recognized for the fiscal year ended March 31, 2019. The details are described in “19. Other non-operating income Notes 3” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

(Changes in estimate for use of loss carryforwards)

On December 19, 2018, SoftBank Corp. shares were listed on the Tokyo Stock Exchange First Section and a portion of SoftBank Corp. shares held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed.

As a result of the transaction, for gain on sales of SoftBank Corp. shares generated in SoftBank Group Japan Corporation, a loss carryforward whose deferred tax asset was not recognized, was used and income taxes decreased. The details are described in “10. Income taxes” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

(Assets classified as held for sale)

For the three-month period ended March 31, 2019, it is probable that the Company settles the variable prepaid forward contract by Alibaba shares and therefore Alibaba shares related to the settlement were reclassified from “Investments accounted for using the equity method” to “Assets classified as held for sale.” The details are described in “5. Assets classified as held for sale” in “(6) Notes to Consolidated Financial Statements” under “4. Consolidated Financial Statements and Primary Notes.”

#### 4. Consolidated Financial Statements and Primary Notes

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

Company names and abbreviations used in the consolidated financial statements and primary notes, 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.	
Sprint	Sprint Corporation
Arm	Arm Limited
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
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited

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

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,334,650	3,858,518
Trade and other receivables	2,314,353	2,339,977
Other financial assets	519,444	203,476
Inventories	362,041	365,260
Other current assets	344,374	766,556
Subtotal	<u>6,874,862</u>	<u>7,533,787</u>
Assets classified as held for sale	-	224,201
Total current assets	<u>6,874,862</u>	<u>7,757,988</u>
<b>Non-current assets</b>		
Property, plant and equipment	3,856,847	4,070,704
Goodwill	4,302,553	4,321,467
Intangible assets	6,784,550	6,892,195
Costs to obtain contracts	-	384,076
Investments accounted for using the equity method	2,328,617	2,641,045
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	7,115,629
Investment securities	2,660,115	924,614
Other financial assets	676,392	1,185,856
Deferred tax assets	647,514	586,943
Other non-current assets	221,232	215,959
Total non-current assets	<u>24,305,604</u>	<u>28,338,488</u>
<b>Total assets</b>	<u>31,180,466</u>	<u>36,096,476</u>

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	3,217,405	3,480,960
Deposits for banking business	684,091	745,943
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	29,677
Trade and other payables	1,816,010	1,909,608
Derivative financial liabilities	96,241	767,714
Other financial liabilities	1,646	10,849
Income taxes payables	147,979	534,906
Provisions	65,709	43,685
Other current liabilities	658,961	1,158,355
<b>Total current liabilities</b>	<b>6,728,755</b>	<b>8,681,697</b>
<b>Non-current liabilities</b>		
Interest-bearing debt	13,824,783	12,204,146
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	4,107,288
Derivative financial liabilities	865,402	130,545
Other financial liabilities	62,372	57,115
Defined benefit liabilities	100,486	99,351
Provisions	132,139	157,478
Deferred tax liabilities	1,085,626	1,391,072
Other non-current liabilities	303,915	258,580
<b>Total non-current liabilities</b>	<b>18,178,689</b>	<b>18,405,575</b>
<b>Total liabilities</b>	<b>24,907,444</b>	<b>27,087,272</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	256,768	1,467,762
Other equity instruments	496,876	496,876
Retained earnings	3,940,259	5,571,285
Treasury stock	(66,458)	(443,482)
Accumulated other comprehensive income	317,959	290,268
<b>Total equity attributable to owners of the parent</b>	<b>5,184,176</b>	<b>7,621,481</b>
<b>Non-controlling interests</b>	<b>1,088,846</b>	<b>1,387,723</b>
<b>Total equity</b>	<b>6,273,022</b>	<b>9,009,204</b>
<b>Total liabilities and equity</b>	<b>31,180,466</b>	<b>36,096,476</b>

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

	Fiscal year ended March 31, 2018	(Millions of yen) Fiscal year ended March 31, 2019
<b>Net sales</b>	9,158,765	9,602,236
Cost of sales	(5,527,577)	(5,747,671)
<b>Gross profit</b>	3,631,188	3,854,565
Selling, general and administrative expenses	(2,552,664)	(2,786,674)
Gain relating to loss of control over subsidiaries	-	176,261
Other operating loss	(77,704)	(146,862)
<b>Operating income (excluding income from SoftBank Vision Fund and Delta Fund)</b>	1,000,820	1,097,290
Operating income from SoftBank Vision Fund and Delta Fund	302,981	1,256,641
<b>Operating income</b>	1,303,801	2,353,931
Finance cost	(516,132)	(633,769)
Income on equity method investments	404,584	316,794
Foreign exchange gain (loss)	(34,518)	11,145
Derivative gain (loss)	(630,190)	158,230
Gain (loss) from financial instruments at FVTPL	(68)	38,443
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(160,382)	(586,152)
Other non-operating income	17,535	32,680
<b>Income before income tax</b>	384,630	1,691,302
Income taxes	853,182	(236,684)
<b>Net income</b>	1,237,812	1,454,618
<b>Net income attributable to</b>		
Owners of the parent	1,038,977	1,411,199
Non-controlling interests	198,835	43,419
	1,237,812	1,454,618
<b>Earnings per share</b>		
Basic earnings per share (Yen)	933.54	1,268.15
Diluted earnings per share (Yen)	908.38	1,256.53

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2018	(Millions of yen) Fiscal year ended March 31, 2019
<b>Net income</b>	1,237,812	1,454,618
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	8,795	(1,204)
Equity financial assets at FVTOCI	-	(3,664)
Total items that will not be reclassified to profit or loss	8,795	(4,868)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Available-for-sale financial assets	29,640	-
Debt financial assets at FVTOCI	-	1,145
Cash flow hedges	(9,682)	8,766
Exchange differences on translating foreign operations	42,920	27,228
Share of other comprehensive income of associates	20,047	15,406
Total items that may be reclassified subsequently to profit or loss	82,925	52,545
<b>Total other comprehensive income, net of tax</b>	91,720	47,677
<b>Total comprehensive income</b>	1,329,532	1,502,295
<b>Total comprehensive income attributable to</b>		
Owners of the parent	1,153,128	1,440,235
Non-controlling interests	176,404	62,060
	1,329,532	1,502,295

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

For the fiscal year ended March 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2017</b>	238,772	245,706	-	2,958,355	(67,727)	211,246	3,586,352
<b>Comprehensive income</b>							
Net income	-	-	-	1,038,977	-	-	1,038,977
Other comprehensive income	-	-	-	-	-	114,151	114,151
<b>Total comprehensive income</b>	-	-	-	1,038,977	-	114,151	1,153,128
<b>Transactions with owners and other transactions</b>							
Issuance of other equity instruments	-	-	496,876	-	-	-	496,876
Cash dividends	-	-	-	(47,933)	-	-	(47,933)
Distribution to owners of other equity instruments	-	-	-	(15,852)	-	-	(15,852)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	7,438	-	(7,438)	-
Purchase and disposal of treasury stock	-	-	-	(726)	1,269	-	543
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	(31,293)	-	-	-	-	(31,293)
Changes in associates' interests in their subsidiaries	-	(5,133)	-	-	-	-	(5,133)
Changes in interests in associates' capital surplus	-	40,820	-	-	-	-	40,820
Share-based payment transactions	-	6,668	-	-	-	-	6,668
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	11,062	496,876	(57,073)	1,269	(7,438)	444,696
<b>As of March 31, 2018</b>	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176

	Non-controlling interests	Total equity
	<b>As of April 1, 2017</b>	883,378
<b>Comprehensive income</b>		
Net income	198,835	1,237,812
Other comprehensive income	(22,431)	91,720
<b>Total comprehensive income</b>	176,404	1,329,532
<b>Transactions with owners and other transactions</b>		
Issuance of other equity instruments	-	496,876
Cash dividends	(30,889)	(78,822)
Distribution to owners of other equity instruments	-	(15,852)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	543
Changes from business combination	52,673	52,673
Changes in interests in subsidiaries	(4,410)	(35,703)
Changes in associates' interests in their subsidiaries	-	(5,133)
Changes in interests in associates' capital surplus	-	40,820
Share-based payment transactions	12,131	18,799
Other	(441)	(441)
<b>Total transactions with owners and other transactions</b>	29,064	473,760
<b>As of March 31, 2018</b>	1,088,846	6,273,022

For the fiscal year ended March 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2018</b>	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	-	-	-	300,615	-	(57,828)	242,787
<b>As of April 1, 2018 (after adjustments)</b>	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
<b>Comprehensive income</b>							
Net income	-	-	-	1,411,199	-	-	1,411,199
Other comprehensive income	-	-	-	-	-	29,036	29,036
<b>Total comprehensive income</b>	-	-	-	1,411,199	-	29,036	1,440,235
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(47,951)	-	-	(47,951)
Distribution to owners of other equity instruments	-	-	-	(31,736)	-	-	(31,736)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(1,101)	-	1,101	-
Purchase and disposal of treasury stock	-	739	-	-	(377,024)	-	(376,285)
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	1,164,459	-	-	-	-	1,164,459
Changes in associates' interests in their subsidiaries	-	41,579	-	-	-	-	41,579
Changes in interests in associates' capital surplus	-	(1,832)	-	-	-	-	(1,832)
Share-based payment transactions	-	6,049	-	-	-	-	6,049
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	1,210,994	-	(80,788)	(377,024)	1,101	754,283
<b>As of March 31, 2019</b>	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481



(Millions of yen)

	Non- controlling interests	Total equity
<b>As of April 1, 2018</b>	1,088,846	6,273,022
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	21,300	264,087
<b>As of April 1, 2018 (after adjustments)</b>	1,110,146	6,537,109
<b>Comprehensive income</b>		
Net income	43,419	1,454,618
Other comprehensive income	18,641	47,677
<b>Total comprehensive income</b>	62,060	1,502,295
<b>Transactions with owners and other transactions</b>		
Cash dividends	(30,907)	(78,858)
Distribution to owners of other equity instruments	-	(31,736)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(376,285)
Changes from business combination	6,115	6,115
Changes in interests in subsidiaries	236,191	1,400,650
Changes in associates' interests in their subsidiaries	-	41,579
Changes in interests in associates' capital surplus	-	(1,832)
Share-based payment transactions	2,414	8,463
Other	1,704	1,704
<b>Total transactions with owners and other transactions</b>	215,517	969,800
<b>As of March 31, 2019</b>	1,387,723	9,009,204

Note:

\* In accordance with 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. The details are described in "(2) Effect of adopting new standards and interpretations" under "Note 1. Significant accounting policies."

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

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Net income	1,237,812	1,454,618
Depreciation and amortization	1,585,873	1,694,187
Gain relating to loss of control over subsidiaries	-	(176,261)
Gain on investments at SoftBank Vision Fund and Delta Fund	(352,095)	(1,302,838)
Finance cost	516,132	633,769
Income on equity method investments	(404,584)	(316,794)
Derivative loss (gain)	630,190	(158,230)
Loss (gain) from financial instruments at FVTPL	68	(38,443)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	160,382	586,152
Foreign exchange loss (gain) and other non-operating (income)	16,983	(43,825)
Income taxes	(853,182)	236,684
Increase in trade and other receivables	(170,067)	(189,651)
Increase in inventories	(521,000)	(470,686)
Increase in trade and other payables	173,038	108,223
Other	(30,375)	44,660
Subtotal	1,989,175	2,061,565
Interest and dividends received	31,987	49,966
Interest paid	(541,011)	(608,146)
Income taxes paid	(487,428)	(434,360)
Income taxes refunded	95,900	102,839
Net cash provided by operating activities	1,088,623	1,171,864
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	(1,064,835)	(1,364,954)
Payments for acquisition of investments	(1,735,694)	(822,628)
Proceeds from sales/redemption of investments	53,786	292,582
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(2,263,260)	(1,576,790)
Proceeds from sales of investments by SoftBank Vision Fund and Delta Fund	-	428,865
Proceeds (payments) from (for) acquisition of control over subsidiaries	61,965	(65,134)
Proceeds from loss of control over subsidiaries, net	-	91,016
Payments for acquisition of marketable securities for short-term trading	(208,244)	(298,620)
Proceeds from sales/redemption of marketable securities for short-term trading	399,963	344,031
Payments for loan receivables	(138,765)	(302,531)
Collection of loan receivables	93,440	47,895
Payments into time deposits	(297,483)	(454,544)
Proceeds from withdrawal of time deposits	467,708	752,808
Other	146,597	19,988
Net cash used in investing activities	(4,484,822)	(2,908,016)

	Fiscal year ended March 31, 2018	(Millions of yen) Fiscal year ended March 31, 2019
<b>Cash flows from financing activities</b>		
Proceeds in short-term interest-bearing debt, net	(40,829)	(65,411)
Proceeds from interest-bearing debt	8,547,346	6,189,112
Repayment of interest-bearing debt	(6,003,188)	(7,128,379)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	1,967,191	2,133,682
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	(187,061)	(486,388)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	-	2,350,262
Purchase of shares of subsidiaries from non-controlling interests	(52,393)	(229,818)
Proceeds from issuance of other equity instruments	496,876	-
Distribution to owners of other equity instruments	(15,852)	(31,736)
Purchase of treasury stock	(41)	(384,102)
Cash dividends paid	(47,918)	(47,918)
Cash dividends paid to non-controlling interests	(30,285)	(30,901)
Other	(7,425)	(66,112)
Net cash provided by financing activities	4,626,421	2,202,291
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(78,674)	57,729
<b>Increase in cash and cash equivalents</b>	1,151,548	523,868
<b>Cash and cash equivalents at the beginning of the year</b>	2,183,102	3,334,650
<b>Cash and cash equivalents at the end of the year</b>	3,334,650	3,858,518

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Notes to Consolidated Financial Statements

### 1. Significant accounting policies

#### (1) Adoption of new standards and interpretations

The Company has adopted the following standards during the three-month period ended June 30, 2018.

Standard/interpretation		Outline of the new/revised standards
IFRS 9	Financial Instruments	<p>IFRS 9 replaces the previous IAS 39. Main revisions are:</p> <ul style="list-style-type: none"> <li>• to revise classification into measurement categories of financial instruments (amortized cost and fair value) and measurement;</li> <li>• to revise the treatment of changes in fair value of financial liabilities measured at fair value;</li> <li>• to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and</li> <li>• to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.</li> </ul>
IFRS 15	Revenue from Contracts with Customers	<p>IFRS 15 replaces the previous IAS 11 and IAS 18. Main revisions are:</p> <ul style="list-style-type: none"> <li>• to require revenue recognition by the following five steps:               <ol style="list-style-type: none"> <li>a. identify the contract with the customer</li> <li>b. identify the performance obligations in the contract</li> <li>c. determine the transaction price</li> <li>d. allocate the transaction price to each performance obligation in the contract</li> <li>e. recognize revenue when (or as) a performance obligation is satisfied</li> </ol> </li> <li>• to revise the treatment for contract costs, license and guarantee of products; and</li> <li>• to increase the disclosure related to revenue recognition.</li> </ul>

There are no significant impacts on the consolidated financial statements due to the adoption of the other new standards or interpretations.

In accordance with the transitional provisions of IFRS 9, the Company applied this standard retrospectively to financial instruments held as of the date of initial application (April 1, 2018) and recognized the cumulative effect of applying the standard as an adjustment to the opening retained earnings and accumulated other comprehensive income at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 is not restated.

In accordance with the transitional provisions of IFRS 15, the Company applied this standard retrospectively to contracts that are not completed as of the date of initial application (April 1, 2018) and recognized the cumulative effect of applying the standard as an adjustment to the opening retained earnings at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 has not been restated.

## (2) Effect of adopting new standards and interpretations

The financial impacts of applying “IFRS 9 Financial Instruments” and “IFRS 15 Revenue from Contracts with Customers” on consolidated statement of financial position as of April 1, 2018 and consolidated financial statements for the fiscal year ended March 31, 2019 are as follows:

(Consolidated Statement of Financial Position)

As of April 1, 2018

	(Millions of yen)			
	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
<b>ASSETS</b>				
Trade and other receivables	2,314,353	75	6,580	2,321,008
Inventories	362,041	-	(2,539)	359,502
Other current assets <sup>1</sup>	344,374	(177)	12,416	356,613
Intangible assets	6,784,550	-	(13,271)	6,771,279
Costs to obtain contracts <sup>2</sup>	-	-	304,778	304,778
Deferred tax assets	647,514	31	(54,466)	593,079
Other non-current assets <sup>1</sup>	221,232	-	(21,999)	199,233
<b>LIABILITIES AND EQUITY</b>				
Trade and other payables <sup>1</sup>	1,816,010	-	(62,238)	1,753,772
Other current liabilities <sup>1</sup>	658,961	-	46,900	705,861
Deferred tax liabilities	1,085,626	-	41,387	1,127,013
Other non-current liabilities <sup>1</sup>	303,915	-	(58,029)	245,886
Retained earnings <sup>1,2,5</sup>	3,940,259	52,537	248,078	4,240,874
Accumulated other comprehensive income <sup>5</sup>	317,959	(52,531)	(5,297)	260,131
Non-controlling interests	1,088,846	(22)	21,322	1,110,146

## (Consolidated Statement of Financial Position)

As of March 31, 2019

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
<b>ASSETS</b>				
Trade and other receivables	2,324,372	55	15,550	2,339,977
Inventories	367,512	-	(2,252)	365,260
Other current assets <sup>1</sup>	712,328	1	54,227	766,556
Intangible assets	6,915,549	-	(23,354)	6,892,195
Costs to obtain contracts <sup>2</sup>	-	-	384,076	384,076
Deferred tax assets	656,928	31	(70,016)	586,943
Other non-current assets <sup>1</sup>	207,746	-	8,213	215,959
<b>LIABILITIES AND EQUITY</b>				
Trade and other payables <sup>1</sup>	1,999,412	-	(89,804)	1,909,608
Other current liabilities <sup>1</sup>	1,099,240	-	59,115	1,158,355
Deferred tax liabilities	1,324,240	-	66,832	1,391,072
Other non-current liabilities <sup>1</sup>	323,317	-	(64,737)	258,580
Retained earnings <sup>1,2,5</sup>	5,045,863	175,084	350,338	5,571,285
Accumulated other comprehensive income <sup>5</sup>	465,228	(174,951)	(9)	290,268
Non-controlling interests	1,342,375	(13)	45,361	1,387,723

## (Consolidated Statements of Income)

Fiscal year ended March 31, 2019

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
Net sales <sup>1</sup>	9,542,926	-	59,310	9,602,236
Cost of sales	(5,733,204)	-	(14,467)	(5,747,671)
Gross profit	3,809,722	-	44,843	3,854,565
Selling, general and administrative expenses <sup>2</sup>	(2,910,922)	4,334	119,914	(2,786,674)
Operating income from SoftBank Vision Fund and Delta Fund <sup>5</sup>	1,121,114	135,527	-	1,256,641
Operating income	2,049,338	139,861	164,732	2,353,931
Income on equity method investments	365,768	(48,974)	-	316,794
Gain from financial instruments at FVTPL <sup>5</sup>	23,034	15,409	-	38,443
Other non-operating income <sup>3,5</sup>	42,450	(9,770)	-	32,680
Income taxes	(220,867)	23,411	(39,228)	(236,684)
Net income	1,209,192	120,063	125,363	1,454,618
Basic earnings per share (Yen)	1,061.72	112.41	94.02	1,268.15
Diluted earnings per share (Yen)	1,050.46	112.21	93.86	1,256.53

## (Consolidated Statements of Comprehensive Income)

Fiscal year ended March 31, 2019

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
Net income	1,209,192	120,063	125,363	1,454,618
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Equity financial assets at FVTOCI <sup>3</sup>	-	(3,664)	-	(3,664)
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets <sup>3,4,5</sup>	154,311	(154,311)	-	-
Debt financial assets at FVTOCI <sup>4</sup>	-	1,145	-	1,145
Exchange differences on translating foreign operations	27,550	1	(323)	27,228
Share of other comprehensive income of associates accounted for using the equity method <sup>5</sup>	(19,123)	34,529	-	15,406

## Notes:

## 1. Mobile telecommunications services and sales of mobile handsets

There are various changes related to the allocation of transaction prices to revenues from the mobile telecommunications service and revenues from the sale of mobile handsets as well as timing of revenue recognition. The main changes result from changes in accounting treatment for wireless subsidy contracts and changes in the period during which revenue from activation fees and upgrade fees are deferred. The Company previously deferred direct costs related to activation over the same period as the revenue from activation fees and upgrade fees. As a result of adopting IFRS 15, the Company recognizes direct costs related to activation as expenses when incurred, except for costs related to obtain contracts.

In addition, interest incurred on an installment contract entered into between the Company and a subscriber is not a significant financing component under IFRS 15. Therefore, the Company does not adjust the financing component for installment receivables at contract inception.

## 2. Capitalization of costs to obtain contracts

The Company's existing approach is to recognize sales commissions to dealers related to mobile telecommunications service contracts as expenses when incurred. As a result of adopting IFRS 15, the Company capitalizes the sales commissions that would not have been incurred if the mobile telecommunications service contract had not been obtained and that are expected to be recovered, as the costs to obtain contracts. The costs to obtain contracts are amortized on a straight-line basis over the period during which services related to such costs are expected to be provided.

## 3. Financial assets previously classified as available-for-sale are classified as equity financial assets at FVTOCI by making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

## 4. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI taking into account the business model and cash flow characteristics.

## 5. Financial assets previously classified as available-for-sale other than financial assets described in the above Notes 3 and Notes 4 are classified as financial assets at FVTPL.

Major effects on the carrying amount from the change in classification of financial assets due to the adoption of IFRS 9 as of April 1, 2018 are as follows. There are no changes in classification and carrying amount of financial liabilities.

As of April 1, 2018

Previous standard (IAS 39)		Change in classification			New standard (IFRS 9)	
Classification of financial assets	Carrying amount	Available-for-sale to financial assets at FVTPL	Available-for-sale to financial assets at amortized cost	Loan and receivables to financial assets at FVTPL	Classification of financial assets	Carrying amount
Financial assets at FVTPL	4,749,563	501,941	-	3,655	Financial assets at FVTPL	5,255,159
Derivatives designated as hedging instruments	4,358	-	-	-	Derivatives designated as hedging instruments	4,358
Available-for-sale	860,147	(501,941)	(100)	-	Debt financial assets at FVTOCI	249,427
					Equity financial assets at FVTOCI	108,679
Held-to-maturity	116,172	-	100	(3,655)	Financial assets at amortized cost	3,380,465
Loan and receivables	3,267,848	-	-	-	Total	8,998,088
Total	8,998,088	-	-	-		

Measurement categories under IAS 39 and IFRS 9 for the Company's major financial assets as of April 1, 2018 are as follows. There are no change in measurement categories and carrying amount of financial liabilities

As of April 1, 2018

Major financial assets	Previous standard (IAS 39)		New standard (IFRS 9)	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Equity securities				
Investments from SoftBank Vision Fund and Delta Fund	FVTPL	2,817,160	FVTPL <sup>6</sup>	2,817,160
	Available-for-sale	525,951	FVTOCI <sup>7</sup>	102,368
Other equity securities	FVTPL	1,802,152	FVTPL <sup>6</sup>	1,802,152
			Amortized cost	100
Bonds	Available-for-sale	240,921	FVTOCI <sup>8</sup>	224,090
			FVTPL	16,731
Trade and other receivables	Amortized cost	2,314,353	Amortized cost	2,314,428

6. Financial assets previously designated as financial assets at FVTPL are classified as financial assets at FVTPL in accordance with the criteria regarding the classification under IFRS 9.
7. Financial assets previously classified as available-for-sale are classified as equity financial assets at FVTOCI by making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.
8. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI since they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.



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

For Softbank Vision Fund and Delta Fund, the Company applies the same accounting policies as follows.

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

c. 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 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 to SoftBank Vision Fund and Delta Fund and were made in accordance with the investment eligibility criteria of the 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 consolidated financial statements in the annual period in which the Company recognizes the decision to transfer such investments (hereafter phrased as “the transfer is agreed”) as further described below.

##### (a) Investments made in the fiscal year ended March 31, 2019

If the transfer is agreed in the fiscal year ended March 31, 2019, the Company presents items relevant to those investments as if SoftBank Vision Fund and Delta Fund had made those investments from the date when the Company initially made the investments. Those items would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the 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 consolidated statement of cash flows.

On the other hand, if the investments have not yet been agreed as of March 31, 2019, the Company presents items relevant to those investments as “Investment securities” in the consolidated statement of financial position, “Gain from financial instruments at FVTPL” in the consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows.

##### (b) Investments made on or prior to March 31, 2018

###### i. Investments for which the transfer is agreed in the fiscal year ended March 31, 2019

If the transfer is agreed in the fiscal year ended March 31, 2019, the Company presents the carrying amounts of those investments as if the investments had been agreed to be transferred at April 1, 2018. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position as of March 31, 2019 and with the respective gain and loss on those investments as “Operating income from SoftBank Vision Fund and Delta Fund” in the consolidated statement of income for the fiscal year ended March 31, 2019. For the periods prior to April 1, 2018, the following presentation would be applied. The carrying amounts of those investments are presented as “Investment securities” in the consolidated statement of financial position as of March 31, 2018, gain and loss on investments as “Gain from financial instruments at FVTPL” in the consolidated statement of income for the fiscal year ended March 31, 2018, and payments for acquisition of investments as “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2018.

###### ii. Investments for which the transfer is agreed on or prior to March 31, 2018

If the transfer is agreed on or prior to March 31, 2018, the Company presents the carrying amounts of those investments as if the investments had been agreed to be transferred at April 1, 2017. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position as of March 31, 2018 and the respective gain and loss on those investments as “Operating income from SoftBank Vision Fund and Delta Fund” in the consolidated statement of income for the fiscal year ended March 31, 2018, and payments for acquisition of investments as “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2018.

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

For investments that are not Bridge Investments, when the transfer is agreed, 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 for the fiscal year ended March 31, 2019.

If the transfer is agreed in the fiscal year ended March 31, 2019, the Company presents the carrying amounts of those investments as of March 31, 2019 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 consolidated statement of financial position as of March 31, 2019, the

difference between the carrying amount and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value as of March 31, 2019 as “Gain and loss from financial instruments at FVTPL” and “Operating income from SoftBank Vision Fund and Delta Fund” in the consolidated statement of income for the fiscal year ended March 31, 2019, respectively, and payments for acquisition of such investments as “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2019.

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 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 year.

“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 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 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 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 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, 2018, the Company had six reportable segments, the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SoftBank Vision Fund and Delta Fund segment. However, from the three-month period ended June 30, 2018, in accordance with changes in the Company's organization based on its unique organizational strategy, Cluster of No.1 Strategy, the Company has revised its segment classifications to the following 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.

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 SoftBank Commerce & Service Corp. (currently SB C&S Corp.), sale of mobile device accessories, PC software, and peripherals in Japan.

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 Yahoo Japan segment provides, mainly through Yahoo Japan Corporation, an Internet-based advertising business, an e-commerce business, and membership services.

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

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 the investments that transfer is agreed (gain and loss on investments at SoftBank Vision Fund and Delta Fund), and operating expenses and other expenses incurred in SoftBank Vision Fund, Delta Fund, and SBIA.

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 and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" include 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 fiscal year ended March 31, 2018 is presented based on the reportable segments after the 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.

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization excluding amortization relating to costs to obtain contracts) and adjusted EBITDA (i.e., EBITDA after addition or deduction of gain relating to loss of control over subsidiaries, adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments and effect of foreign exchange translation), and other adjustments (gains are deducted)) by each reportable segment.

“Other adjustments” are special items, such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

Adjusted EBITDA in SoftBank Vision Fund and Delta Fund segment is defined as the total amount of difference between the realized amount by sales of investments and acquisition costs (“realized gain and loss from sales of investments”) and interest and dividend income from investments with deduction of operating expenses (excluding depreciation and amortization).

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 fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	3,564,842	3,403,820	851,756	202,338	-	1,047,937	9,070,693
Intersegment	43,996	198,141	24,342	6	-	27,083	293,568
Total	<u>3,608,838</u>	<u>3,601,961</u>	<u>876,098</u>	<u>202,344</u>	<u>-</u>	<u>1,075,020</u>	<u>9,364,261</u>
Segment income	684,717	279,283	176,286	(31,380)	302,981	(44,634)	1,367,253
Reconciliation of segment income to adjusted EBITDA							
Segment income	684,717	279,283	176,286	(31,380)	302,981	(44,634)	1,367,253
Depreciation and amortization	<u>505,230</u>	<u>953,820</u>	<u>43,722</u>	<u>62,324</u>	<u>1</u>	<u>5,613</u>	<u>1,570,710</u>
EBITDA	<u>1,189,947</u>	<u>1,233,103</u>	<u>220,008</u>	<u>30,944</u>	<u>302,982</u>	<u>(39,021)</u>	<u>2,937,963</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(345,975)	-	(345,975)
Other adjustments	<u>9,710</u>	<u>(5,762)</u>	<u>(10,064)</u>	<u>-</u>	<u>20,502</u>	<u>50,497</u>	<u>64,883</u>
Adjusted EBITDA	<u>1,199,657</u>	<u>1,227,341</u>	<u>209,944</u>	<u>30,944</u>	<u>(22,491)</u>	<u>11,476</u>	<u>2,656,871</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	88,072	-	9,158,765
Intersegment	<u>9,554</u>	<u>(303,122)</u>	<u>-</u>
Total	<u>97,626</u>	<u>(303,122)</u>	<u>9,158,765</u>
Segment income	(21,835)	(41,617)	1,303,801
Reconciliation of segment income to adjusted EBITDA			
Segment income	(21,835)	(41,617)	1,303,801
Depreciation and amortization	<u>13,655</u>	<u>1,508</u>	<u>1,585,873</u>
EBITDA	<u>(8,180)</u>	<u>(40,109)</u>	<u>2,889,674</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(345,975)
Other adjustments	<u>(5,042)</u>	<u>1,577</u>	<u>61,418</u>
Adjusted EBITDA	<u>(13,222)</u>	<u>(38,532)</u>	<u>2,605,117</u>

For the fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	3,703,014	3,533,834	923,539	202,616	-	1,057,567	9,420,570
Intersegment	44,731	193,010	23,898	83	-	25,102	286,824
Total	<u>3,747,745</u>	<u>3,726,844</u>	<u>947,437</u>	<u>202,699</u>	<u>-</u>	<u>1,082,669</u>	<u>9,707,394</u>
Segment income	725,140	280,295	134,910	133,966	1,256,641	(23,396)	2,507,556
Reconciliation of segment income to adjusted EBITDA							
Segment income	725,140	280,295	134,910	133,966	1,256,641	(23,396)	2,507,556
Depreciation and amortization	487,246	1,040,958	55,760	66,730	89	5,929	1,656,712
EBITDA	<u>1,212,386</u>	<u>1,321,253</u>	<u>190,670</u>	<u>200,696</u>	<u>1,256,730</u>	<u>(17,467)</u>	<u>4,164,268</u>
Gain relating to loss of control over subsidiaries	-	-	-	(176,261)	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(1,013,228)	-	(1,013,228)
Effect of foreign exchange translation	-	-	-	-	11,443	-	11,443
Other adjustments*	81	91,921	2,918	-	172,154	-	267,074
Adjusted EBITDA	<u>1,212,467</u>	<u>1,413,174</u>	<u>193,588</u>	<u>24,435</u>	<u>427,099</u>	<u>(17,467)</u>	<u>3,253,296</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	181,666	-	9,602,236
Intersegment	12,076	(298,900)	-
Total	<u>193,742</u>	<u>(298,900)</u>	<u>9,602,236</u>
Segment income	(90,053)	(63,572)	2,353,931
Reconciliation of segment income to adjusted EBITDA			
Segment income	(90,053)	(63,572)	2,353,931
Depreciation and amortization	36,776	699	1,694,187
EBITDA	<u>(53,277)</u>	<u>(62,873)</u>	<u>4,048,118</u>
Gain relating to loss of control over subsidiaries	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(1,013,228)
Effect of foreign exchange translation	-	-	11,443
Other adjustments*	16,315	-	283,389
Adjusted EBITDA	<u>(36,962)</u>	<u>(62,873)</u>	<u>3,153,461</u>

## Note:

- \* “Other adjustments” in the Softbank Vision Fund and Delta Fund segment are mainly derivative gain and loss of ¥168,471 million (¥(8,902) million for the fiscal year ended March 31, 2018 and ¥177,373 million for the fiscal year ended March 31, 2019) in relation to collar transactions utilizing NVIDIA Corporation (“NVIDIA”) shares. The details are described in “b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business Notes 1” in “(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income” under “Note 3. SoftBank Vision Fund and Delta Fund business.”

### 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 consolidated statement of income

a. Overview

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

	Fiscal year ended March 31, 2018	(Millions of yen) Fiscal year ended March 31, 2019
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Realized gain and loss on sales of investments <sup>1</sup>	-	296,531
Unrealized gain and loss on valuation of investments <sup>2</sup>		
Change in valuation for the fiscal year	345,975	1,378,553
Reclassified to realized gain and loss recorded in the past fiscal year <sup>3</sup>	-	(365,325)
Interest and dividend income from investments	6,120	4,522
Effect of foreign exchange translation <sup>4</sup>	-	(11,443)
	352,095	1,302,838
Operating expenses	(49,114)	(46,197)
Operating income from SoftBank Vision Fund and Delta Fund	302,981	1,256,641
Finance cost (interest expenses) <sup>5</sup>	(7,801)	(33,141)
Foreign exchange gain and loss	(33)	68
Derivative gain and loss <sup>6</sup>	(8,902)	177,373
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(160,382)	(586,152)
Other non-operating income and loss	(248)	(232)
Income before income tax	125,615	814,557

Notes:

1. SoftBank Vision Fund sold the shares in Flipkart Private Limited in August 2018 and the gain realized on the sale is ¥ 146,682 million.

In January 2019, SoftBank Vision Fund executed an unwind of the collar transactions that had been entered into in November 2017 and thereafter, and utilized the NVIDIA shares for the repayment of borrowings. Gain of the NVIDIA shares used for the repayment was regarded as realized gain. In addition, NVIDIA shares not utilizing the collar transactions were all sold in January 2019. The total amount of unrealized gain and loss recorded as “Operating income from SoftBank Vision Fund and Delta Fund” in the fiscal year ended March 31, 2018 and the amount of changes in fair value of NVIDIA shares in the fiscal year ended March 31, 2019 is recorded as “Realized gain and loss on sales of an investment.” The gains and losses arising from the collar transactions are recorded as “Derivative gain and loss.”



2. For investments transferred or agreed to be transferred from the Company to Softbank Vision Fund, gain and loss on those investments arising from difference between transferred amount and fair value as of each accounting period end (“gain and loss from the difference”) are presented as “Operating income from SoftBank Vision Fund and Delta Fund.” In the three-month period ended March 31, 2019, certain investments were transferred or agreed to transfer. In the nine-month period ended December 31, 2018, the “gain and loss from the difference” relating to those investments were presented as “Gain from financial instruments at FVTPL” of ¥65,843 million. In the consolidated statement of income for the fiscal year ended March 31, 2019, the “gain and loss from the difference” are presented as “Operating income from SoftBank Vision Fund and Delta Fund.”
3. It represents the unrealized gains and losses on valuation of NVIDIA shares recorded as “Operating income from SoftBank Vision Fund and Delta Fund” in the fiscal year ended March 31, 2018, which are reclassified to realized gain on sales of investments due to the disposal of the shares.
4. Unrealized gains and losses on investments are translated using the average exchange rate for the quarter in which the gains and losses were recognized, while realized gains and losses on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.
5. The amount before elimination of inter-company transactions is ¥(33,643) million for the fiscal year ended March 31, 2019 (¥(7,895) million for the fiscal year ended March 31, 2018).
6. Mainly derivative gain arising from collar transactions whose underlying is NVIDIA shares.

(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 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:

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only)	
		Links with the consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2018	1,844,679		
Contributions from third-party investors	2,133,682	-	2,133,682
Changes in third-party interests	586,152	(586,152)	-
Attributable to investors entitled to fixed distribution	102,712		
Attributable to investors entitled to performance-based distribution	483,440		
Distribution to third-party investors	(267,400)	-	(267,400)
Fixed distributions	(91,694)		
Performance-based distributions <sup>1</sup>	(175,706)		
Repayment to third-party investors	(218,988)	-	(218,988)
Exchange differences on translating third-party interests <sup>2</sup>	58,840	-	-
As of March 31, 2019	<u>4,136,965</u>		

**Notes:**

- SBIA has a right to receive performance fees based on investment performance of SoftBank Vision Fund and Delta Fund. However, performance fees from monetization of investments are not paid to SBIA during the investment period of Softbank Vision Fund (in principle, until November 20, 2022), instead equivalent amount as the performance fees attributable to SBIA is temporarily paid to the Limited Partners during the period, under the Limited Partnership Agreement. After the investment period, the equivalent amount is distributed to SBIA as a performance fee, which is given priority over performance-based distribution to Limited Partners from monetization of investments in post-investment period. The equivalent amount as the performance fees attributable to SBIA, which were temporarily paid to the Limited Partners, is ¥(47,979) million for the fiscal year ended March 31, 2019.
- Exchange differences were included in “Exchange differences on translating foreign operations” in the consolidated statement of comprehensive income.

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

Uncalled committed capital from Third-Party Investors as of March 31, 2019 is \$30.7 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 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 to 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 amount as the performance fees attributable to SBIA is 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. Other current assets

The components of other current assets are as follows:

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Tax receivable <sup>1</sup>	145,009	498,026
Prepaid expense	168,051	123,929
Contract assets <sup>2</sup>	-	113,209
Other	31,314	31,392
Total	344,374	766,556

Notes:

1. Tax receivable as of March 31, 2019 includes withholding income tax of ¥422,648 million related to dividends within the group companies. The withholding income tax will be refunded in July 2019.
2. They are recognized as assets in accordance with the adoption of IFRS 15 “Revenue from Contracts with Customers.”

#### 5. Assets classified as held for sale

On June 10, 2016, the Company entered into a variable prepaid forward contract to sell Alibaba shares with Mandatory Exchangeable Trust, and received proceeds of ¥578,436 million (\$5.4 billion) as advances received on the sale (the details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 12. Interest-bearing debt”). The Company has the option to settle the variable prepaid forward contract by either delivering cash, a combination of cash and Alibaba shares, or Alibaba shares.

It is probable that the Company settles the variable prepaid forward contract by Alibaba shares and therefore Alibaba shares of ¥224,201 million related to the settlement were reclassified from “Investments accounted for using the equity method” to “Assets classified as held for sale” in the consolidated statement of financial position as of March 31, 2019. The number of Alibaba shares sold by the variable prepaid forward contract is determined by the share price trend during the Observation Period and the number of Alibaba shares classified as “Assets classified as held for sale” is calculated by the share price of Alibaba shares as of March 31, 2019. The assets classified as held for sale are measured by the carrying amount as the fair value after deducting expenses arising from the sale (expected sale price) is greater than the carrying amount.

## 6. Property, plant and equipment

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

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Buildings and structures	231,895	251,786
Telecommunications equipment	2,345,098	2,293,388
Furniture, fixtures, and equipment	820,391	937,181
Land	88,300	88,304
Construction in progress	293,761	387,408
Other	77,402	112,637
Total	3,856,847	4,070,704

## 7. Intangible assets

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

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Intangible assets with indefinite useful lives		
FCC licenses	3,960,597	4,155,126
Trademarks	664,878	693,861
Other	12,226	12,763
Intangible assets with finite useful lives		
Software	739,901	739,879
Technologies	521,603	471,884
Customer relationships	332,444	249,028
Spectrum migration costs	125,866	159,522
Management contracts*	115,333	94,723
Favorable lease contracts	89,278	81,318
Trademarks	57,357	56,726
Other	165,067	177,365
Total	6,784,550	6,892,195

Note:

\* 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.

## 8. Investment securities

Of investment securities held by the Company, investment securities transferred or agreed to be transferred from the Company to Softbank Vision Fund were transferred from “Investment securities” to “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position in the fiscal year ended March 31, 2019. The carrying amount of the investment securities is ¥1,832,387 million as of March 31, 2018.

## 9. Other financial assets (non-current)

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

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Installment receivables	293,679	414,593
Loan receivables <sup>1</sup>	46,684	211,280
Advance payments <sup>2</sup>	-	166,485
Receivables for banking business	106,880	147,977
Lease and guarantee deposits	45,943	53,332
Other	215,651	231,106
Allowance for doubtful accounts	(32,445)	(38,917)
Total	676,392	1,185,856

Notes:

- ¥108,992 million of convertible promissory note issued by WeWork Companies Inc. (“WeWork”) is included in the loan receivables as of March 31, 2019.
- Advance payments as of March 31, 2019 are related to the acquisition of WeWork shares.

## 10. Income taxes

On December 19, 2018, SoftBank Corp. shares were listed on the Tokyo Stock Exchange First Section. Along with the listing, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed and ¥2,349,832 million of proceeds was received. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%. As SoftBank Corp. remains a subsidiary, ¥750,804 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

In regard to the transaction, a loss carryforward whose deferred tax asset was not recognized, was used and income taxes decreased by ¥345,228 million. Accordingly, a deductible temporary difference, associated with an investment in SoftBank Corp. whose deferred tax asset was not recognized, was reversed and income taxes decreased by ¥60,349 million.

## 11. Other current liabilities

The components of other current liabilities are as follows:

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Withholding income tax <sup>1</sup>	6,738	428,796
Contract liabilities <sup>2</sup>	-	252,812
Deferred revenue	225,036	35,339
Short-term accrued employee benefits	173,624	201,979
Consumption tax payable and other	119,525	112,090
Accrued interest expense	74,216	69,977
Other	59,822	57,362
Total	658,961	1,158,355

Notes:

- Withholding income tax as of March 31, 2019 includes withholding income tax of ¥422,648 million related to dividends within the group companies. Payment of the withholding income tax was made in April 2019.
- They are recognized as liabilities in accordance with the adoption of IFRS 15 “Revenue from Contracts with Customers.”

## 12. Interest-bearing debt

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

The components of interest-bearing debt are as follows:

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
<b>Current</b>		
Short-term borrowings <sup>1</sup>	957,573	499,179
Commercial paper	100,000	42,000
Current portion of long-term borrowings <sup>1</sup>	1,093,705	718,019
Current portion of corporate bonds	590,277	1,042,253
Current portion of lease obligations	455,670	437,397
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract <sup>2</sup>	-	730,601
Current portion of installment payables	20,180	11,511
Total	3,217,405	3,480,960
<b>Non-current</b>		
Long-term borrowings <sup>1</sup>	5,121,591	4,910,794
Corporate bonds	7,234,049	6,538,785
Lease obligations	766,204	749,252
Financial liabilities relating to sale of shares by variable prepaid forward contract <sup>2</sup>	688,332	-
Installment payables	14,607	5,315
Total	13,824,783	12,204,146

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:

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
<b>Current</b>		
Short-term borrowings	87,259	900,406
Current portion of long-term borrowings	313,143	-
Total	400,402	900,406
<b>Non-current</b>		
Long-term borrowings	108,749	12,764
Total	108,749	12,764
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	509,151	913,170
Eliminated amount of inter-company transactions	(10,744)	(876,599)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	498,407	36,571

2. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract.”

(2) Transaction for sale of Alibaba shares by variable prepaid forward contract

On June 10, 2016, West Raptor Holdings, LLC (“WRH LLC”), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust (the “Trust”), 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, which is expected to be 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 are measured at amortized cost and embedded derivatives are measured at fair value; ¥730,601 million is recognized as the current portion of financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (current liabilities) (¥688,332 million recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) as of March 31, 2018) and ¥749,846 million is recognized as derivative financial liabilities (current liabilities) in the consolidated statement of financial position as of March 31, 2019 (¥714,126 million recognized as derivative financial liabilities (non-current liabilities) as of March 31, 2018); ¥2,876 million is recognized as a derivative gain in the consolidated statement of income for the fiscal year ended March 31, 2019 (¥604,156 million of derivative loss for the fiscal year ended March 31, 2018).

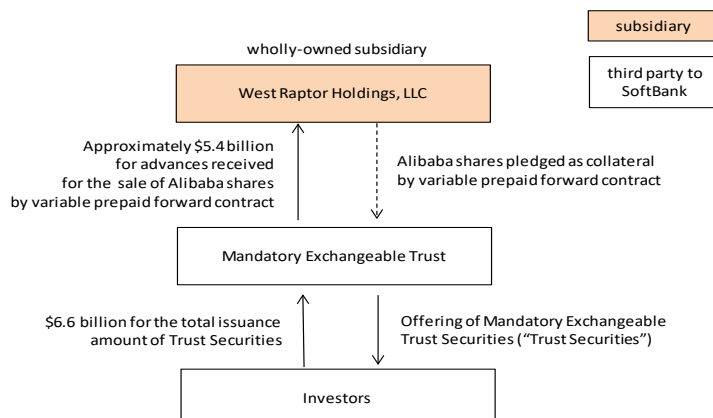
Alibaba shares held by WRH LLC are pledged as collateral. The carrying amount of Alibaba shares pledged as collateral by the Company is as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Assets classified as held for sale*	-	224,201
Investments accounted for using the equity method	217,182	39,256

Note:

\* The Company reclassified Alibaba shares related to the settlement from “Investments accounted for using the equity method” to “Assets classified as held for sale” in the consolidated statement of financial position as of March 31, 2019. The details are described in “Note 5. Assets classified as held for sale.”

## Outline of the transaction



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

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

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net decrease of short-term borrowings	(60,829)	(7,411)
Net increase (decrease) of commercial paper	20,000	(58,000)
Total	<u>(40,829)</u>	<u>(65,411)</u>

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

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

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Proceeds from borrowings	7,176,036	4,959,821
Proceeds from issuance of corporate bonds	899,079	747,744
Proceeds from sale-leaseback of newly acquired equipment	472,231	481,547
Total	<u>8,547,346</u>	<u>6,189,112</u>

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

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

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Repayment of borrowings	(4,988,513)	(5,526,771)
Redemption of corporate bonds	(474,975)	(1,061,732)
Repayment of lease obligations	(502,520)	(521,205)
Payment of installment payables	(37,180)	(18,671)
Total	<u>(6,003,188)</u>	<u>(7,128,379)</u>



### 13. Foreign currency exchange rates

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

(1) Rate at the end of the year

	(Yen)	
	As of March 31, 2018	As of March 31, 2019
USD	106.24	110.99
GBP	148.84	144.98

(2) Average rate for the quarter

For the fiscal year ended March 31, 2018

	(Yen)			
	Three-month period ended June 30, 2017	Three-month period ended September 30, 2017	Three-month period ended December 31, 2017	Three-month period ended March 31, 2018
USD	111.61	111.38	112.74	108.85
GBP	142.92	146.20	150.77	151.01

For the fiscal year ended March 31, 2019

	(Yen)			
	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018	Three-month period ended December 31, 2018	Three-month period ended March 31, 2019
USD	108.71	111.55	112.83	110.46
GBP	147.54	145.84	144.48	143.99

### 14. Equity

(1) Capital surplus

For the fiscal year ended March 31, 2019

- a. In August, 2018, SoftBank Corp. acquired Yahoo Japan Corporation shares mainly from Altaba Inc. at ¥221.0 billion (ownership percentage 10.78%). In addition, Yahoo Japan Corporation acquired its own shares from SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, at ¥220.0 billion (ownership percentage 10.73%). As a result of the transaction, the ownership percentage in Yahoo Japan Corporation by the Company has changed from 42.95 % to 48.17%. Subsequently, ¥56,632 million is deducted from capital surplus as “Changes in interests in subsidiaries.”
- b. On December 19, 2018, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%.

Associated with the transaction, ¥1,221,363 million, the amount equivalent to gain on the disposal of SoftBank Corp. shares after considering taxes on a consolidation basis, is recorded as “Changes in interests in subsidiaries” under capital surplus.

## (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) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2018	(Millions of yen) As of March 31, 2019
Available-for-sale financial assets	63,700	-
Equity financial assets at FVTOCI	-	6,661
Debt financial assets at FVTOCI	-	267
Cash flow hedges	(55,286)	(45,791)
Exchange differences on translating foreign operations	309,545	329,131
Total	317,959	290,268

In accordance with 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. The details are described in “(2) Effect of adopting new standards and interpretations” under “Note 1. Significant accounting policies.”

## 15. Gain relating to loss of control over subsidiaries

On June 26, 2018, Arm Limited, a British subsidiary of the Company, sold a 51% equity interest in its Chinese subsidiary, Arm Technology (China) Co., Ltd. (“Arm China”), for \$845 million to entities representing certain institutional investors and certain of Arm’s ecosystem partners in order to form a joint venture for Arm’s semiconductor technology IP business in China.

As a result of the transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Gain relating to loss of control over subsidiaries recognized arising from the transaction is ¥176,261 million.

## 16. Other operating loss

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

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
SoftBank segment		
Write-down of inventories	(13,754)	-
Gain on remeasurement of spectrum migration costs	4,044	-
Other	-	(81)
Sprint segment		
Loss on disposal of property, plant and equipment <sup>1</sup>	(95,213)	(126,169)
Legal reserves	40,159	(8,309)
Reversal of favorable lease	-	(3,810)
Gain and loss on contract termination	(24,411)	10,800
Gain on spectrum license exchange	53,435	-
Other	(4,996)	(60)
Yahoo Japan segment		
Gain from remeasurement relating to business combination	372	3,751
Insurance income	4,973	-
Other	4,719	(6,669)
Brightstar segment		
Impairment loss on goodwill	(43,128)	-
Impairment loss on non-current assets	(7,369)	-
Company-wide		
Expenses resulting from resignation of director	(1,577)	-
Other		
Loss on liquidation of a subsidiary <sup>2</sup>	-	(14,842)
Income and loss on equity method investments at Fortress	14,953	(1,473)
Acquisition-related costs	(6,123)	-
Other	(3,788)	-
Total	<u>(77,704)</u>	<u>(146,862)</u>

Notes:

- Mainly, ¥54,744 million of loss related to cell site construction costs no longer expected to be used as a result of changes in Sprint's network plans and ¥71,425 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 fiscal year ended March 31, 2019.
- Due to the realization of a foreign currency translation adjustment resulted from the liquidation of Kahon 2 Oy, a wholly-owned subsidiary of the Company, for the fiscal year ended March 31, 2019.

## 17. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Interest expenses	<u>(516,132)</u>	<u>(633,769)</u>

## 18. Derivative gain (loss)

For the fiscal year ended March 31, 2019

A derivative gain was recorded for ¥2,876 million related to the Alibaba share collar transaction included in the variable prepaid forward contract. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 12. Interest-bearing debt.”

In addition, derivative gain of ¥177,373 million was recorded in SoftBank Vision Fund. The details are described in “b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business” in “(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income” under “Note 3. SoftBank Vision Fund and Delta Fund business.”

## 19. Other non-operating income

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

	Fiscal year ended March 31, 2018	(Millions of yen) Fiscal year ended March 31, 2019
Dilution gain from changes in equity interest <sup>1</sup>	45,186	44,068
Interest income	19,341	32,404
Gain from remeasurement relating to discontinuing the use of the equity method <sup>2</sup>	-	24,842
Impairment loss on equity method investments <sup>3</sup>	(5,982)	(55,292)
Loss on redemption of corporate bonds	(7,293)	(14,538)
Loss on exchange of corporate bonds	(19,809)	-
Loss on sales of cryptocurrency	(18,890)	-
Other	4,982	1,196
Total	17,535	32,680

Notes:

- Mainly, dilution gain arising from changes in Alibaba’s equity interest held by the Company due to the exercise of stock options in Alibaba.
- Gain from remeasurement relating to discontinuing the use of the equity method was recorded for ¥ 21,903 million related to PT Tokopedia in Indonesia, an equity method associate of the Company. In September 2018, regarding PT Tokopedia, an equity method associate, the voting proxy deed was entered into between the Company and a shareholder of PT Tokopedia. As a result, the number of voting rights in PT Tokopedia exercisable by the Company decreased and the Company had no significant influence over PT Tokopedia. Consequently, PT Tokopedia was no longer qualified as an equity method associate and equity interests in PT Tokopedia continuously held by the Company on the date of discontinuing the use of the equity method was remeasured. All investments in PT Tokopedia were subsequently transferred from the Company to SoftBank Vision Fund in the three-month period ended December 31, 2018.

As a result of the discontinuing the use of the equity method of PT Tokopedia and subsequent to the transferring PT Tokopedia shares to SoftBank Vision Fund, ¥21,903 million arising from difference between the carrying amount before discontinuing the use of the equity method and the transferred amount is recorded as “Gain from remeasurement relating to discontinuing the use of the equity method” and ¥67,306 million arising from difference between transferred amount and fair value on the date of discontinuing the use of the equity method is recorded as “Operating income from SoftBank Vision Fund and Delta Fund” in the consolidated statement of income for the fiscal year ended March 31, 2019.

- In regard to the investment in OneWeb Global Limited, its business result and recent business plan were less than those at the initial investment by the Company and therefore an impairment test was conducted and ¥49,549 million of impairment loss was recognized for the fiscal year ended March 31, 2019. Fair value less disposal cost measured using the income approach was used for the recoverable amount of investment in OneWeb Global Limited.

## 20. Earnings per share

### (1) Basic earnings per share

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income attributable to ordinary shareholders of the parent (Millions of yen)		
Net income attributable to owners of the parent	1,038,977	1,411,199
Net income not-attributable to ordinary shareholders of the parent*	(21,914)	(32,007)
Net income used in the calculation of basic earnings per share	<u>1,017,063</u>	<u>1,379,192</u>
Weighted-average number of ordinary shares (Thousands of shares)	1,089,465	1,087,561
Basic earnings per share (Yen)	<u>933.54</u>	<u>1,268.15</u>

Note:

\* Net income not-attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.

### (2) Diluted earnings per share

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Diluted net income attributable to ordinary shareholders of the parent (Millions of yen)		
Continuing operations		
Net income from continuing operations used in the calculation of basic earnings per share	1,017,063	1,379,192
Effect of dilutive securities issued by subsidiaries and associates	(26,190)	(10,221)
Total	<u>990,873</u>	<u>1,368,971</u>
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of ordinary shares	1,089,465	1,087,561
Adjustments:		
Stock acquisition rights	1,343	1,923
Total	<u>1,090,808</u>	<u>1,089,484</u>
Diluted earnings per share (Yen)	<u>908.38</u>	<u>1,256.53</u>

## 21. Supplemental information to the consolidated statement of cash flows

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

For the fiscal year ended March 31, 2019

The distributions and repayments from SoftBank Vision Fund and Delta Fund to third-party investors are ¥(267,400) million and ¥(218,988) million respectively. 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.”

### (2) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the fiscal year ended March 31, 2019

¥2,349,832 million of proceeds received by sales of SoftBank Corp. shares is included in “Proceeds from the partial sales of shares of subsidiaries to non-controlling interests.”

### (3) Non-cash transactions related to collar transactions using NVIDIA shares

For the fiscal year ended March 31, 2019

In January 2019, SoftBank Vision Fund executed an unwind of the collar transactions and utilized the NVIDIA shares for the repayment of borrowings. This transaction includes a non-cash transaction since the borrowings was settled with the NVIDIA shares and the remaining portion involved a cash settlement. In the consolidated statement of cash flows for the fiscal year ended March 31, 2019, ¥2,634 million was recorded as “other” in cash flows from financing activities, which is the net amount of the proceeds from disposal of shares of ¥466,270 million, the proceeds from collar options settlement of ¥171,449 million, loan repayment of ¥(621,938) million, and interest payment of ¥(13,147) million.

## 22. Significant subsequent events

### (Share split)

The Company passed a resolution to conduct a share split and make a partial amendment of the articles of incorporation at the Board of Directors meeting held on May 9, 2019.

#### (1) Purpose of the share split

The Company conducts the share split aiming to reduce the investment unit of its ordinary shares and further improve an environment where investors can find it easier to make investments.

#### (2) Method of the share split

##### a. Number of shares to be increased upon the share split

The aggregate number of issued ordinary shares of the Company as of June 27, 2019 multiplied by one.

Number of shares increased by the share split:	1,100,660,365 shares
Number of issued and outstanding shares before the share split:	1,100,660,365 shares
Number of issued and outstanding shares after the share split:	2,201,320,730 shares

##### b. Method of the split

With the record date of June 27, 2019, ordinary shares of the Company held by shareholders listed or recorded in the shareholder registry by the end of the date will be split at a ratio of two-for-one.

c. Record date  
June 27, 2019

d. Effective date  
June 28, 2019

(3) Partial amendment of the articles of incorporation regarding the share split

Regarding the share split, in accordance with the Article 184, Paragraph 2 of the Companies Act of Japan, the amendment of the articles of incorporation is made to increase the aggregate number of authorized shares of the Company from 3,600,000,000 shares to 7,200,000,000 shares effective as of June 28, 2019.

(4) Impacts on the earnings per share information

Earnings per share information assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2018 is as follows.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Equity per share attributable to owners of the parent (Yen)	2,151.13	3,380.33
Basic earnings per share (Yen)	466.77	634.08
Diluted earnings per share (Yen)	454.19	628.27