SoftBank Group

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

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

Tokyo, November 6, 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	%
Six-month period ended September 30, 2019	**¥4,651,724**	**(0.0)**	**¥(15,552)**	**-**	**¥1,116,897**	**(20.3)**	**¥532,185**	**(38.9)**	**¥421,552**	**(49.8)**	**¥(47,718)**	**-**
Six-month period ended September 30, 2018	¥4,653,853	5.5	¥1,420,716	62.4	¥1,402,089	540.2	¥870,670	505.7	¥840,103	718.6	¥1,059,084	105.8

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six-month period ended September 30, 2019	**¥195.66**	**¥190.30**
Six-month period ended September 30, 2018	¥378.11	¥376.13

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

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of September 30, 2019	**¥36,848,701**	**¥8,623,626**	**¥7,312,274**	**19.8**
As of March 31, 2019	¥36,096,476	¥9,009,204	¥7,621,481	21.1

2. Dividends

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

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

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No
Newly consolidated: None
Excluded from consolidation: None

Note:

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

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

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

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

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: Yes
[2] Changes in accounting policies other than those in [1]: No
[3] Changes in accounting estimates: Yes

Please refer to page 31 “(1) Changes in Accounting Policies” and “(2) Changes in Accounting Estimates” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

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

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

[2] Number of shares of treasury stock:

As of September 30, 2019:	18,572,328	shares
As of March 31, 2019:	93,653,848	shares

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

As of September 30, 2019:	2,076,940,623	shares
As of September 30, 2018:	2,179,181,961	shares

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

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

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

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

On November 6, 2019 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company’s website in both Japanese and English at https://group.softbank/en/corp/irinfo/presentations/. The Data Sheet will also be posted on the website on the same day at the same site.

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Definition of Company Names and Abbreviations Used in This Appendix

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

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

Exchange Rates Used for Translations

Average rate for the quarter

	Fiscal year ended March 2019				Fiscal year ending March 2020	
	Q1	Q2	Q3	Q4	Q1	Q2
USD / JPY	¥108.71	¥111.55	¥112.83	¥110.46	¥110.00	¥107.70

Rates at the end of the period

	March 31, 2019	September 30, 2019
USD / JPY	¥110.99	¥107.92
GBP / JPY	¥144.98	¥132.69

Adoption of IFRS 16

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

Main impacts of adopting IFRS 16:

Consolidated Statement of Financial Position

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

Consolidated Statement of Income

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

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

- **Operating loss of ¥15.6 billion (deteriorated ¥1.4 trillion yoy)**
  - Operating loss from SoftBank Vision Fund and Delta Fund was ¥572.6 billion; reflecting unrealized valuation loss (net) of ¥537.9 billion from investments held at the second quarter-end due to a decrease in the fair values of investments including Uber and WeWork and its three affiliates.[1]

- **Net income attributable to owners of the parent of ¥421.6 billion (decreased 49.8% yoy)**
  - Loss from financial instruments at FVTPL (net) of ¥351.8 billion*; reflecting a valuation loss of ¥374.7 billion recorded for the investment in WeWork held by a wholly owned subsidiary of the Company.
  - Income on equity method investments of ¥449.8 billion; includes a gain of ¥277.2 billion associated with the receipt of Ant Financial shares by Alibaba.
  - Gain relating to settlement of variable prepaid forward contract using Alibaba shares of ¥1,218.5 billion: impact on income was ¥856.8 billion, net of the ¥361.8 billion* impact on income taxes caused by a reversal of deferred tax assets.
  - Finance cost of ¥303.5 billion*
  - Change in third-party interests in SoftBank Vision Fund and Delta Fund of ¥180.8 billion

* recorded as a cost for the period

2. Highlights of operations

- Support from the Company to WeWork accompanying significant funding commitment was agreed on October 22, 2019 (ET)
- SoftBank Vison Fund
  - The investment period ended on September 12, 2019, after the accumulated investment amount[2] exceeded 85% of total committed capital.
  - Held 88 investments as of the second quarter-end.
  - Preparations for the full-scale launch of “SoftBank Vision Fund 2” are underway.
- The Federal Communications Commission (FCC) announced its approval with conditions of the merger of Sprint and T-Mobile on November 5, 2019 (ET).

a. Consolidated Results of Operations

(Millions of yen)

	Six months ended September 30				
	2018	**2019**	Change	Change %	
Net sales	4,653,853	**4,651,724**	(2,129)	(0.0%)	**A**
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	788,282	**557,087**	(231,195)	(29.3%)	**B**
Operating income from SoftBank Vision Fund and Delta Fund	632,434	**(572,639)**	(1,205,073)	-	**C**
Operating income	1,420,716	**(15,552)**	(1,436,268)	-	
Finance cost	(322,342)	**(303,538)**	18,804	(5.8%)	**D**
Income on equity method investments	110,338	**449,846**	339,508	307.7%	**E**
Foreign exchange gain (loss)	29,942	**(5,723)**	(35,665)	-	
Derivative gain (loss)	42,407	**(111,306)**	(153,713)	-	**F**
Gain relating to settlement of variable pre-paid forward contract using Alibaba shares	-	**1,218,527**	1,218,527	-	**G**
Gain (loss) from financial instruments at FVTPL*1	203,866	**(351,781)**	(555,647)	-	**H**
Change in third-party interests in SoftBank Vision Fund and Delta Fund*2	(199,757)	**180,775**	380,532	-	
Other non-operating income	116,919	**55,649**	(61,270)	(52.4%)	
Income before income tax	1,402,089	**1,116,897**	(285,192)	(20.3%)	
Income taxes	(531,419)	**(584,712)**	(53,293)	10.0%	**I**
Net income	870,670	**532,185**	(338,485)	(38.9%)	
Net income attributable to owners of the parent	840,103	**421,552**	(418,551)	(49.8%)	
Total comprehensive income	1,059,084	**(47,718)**	(1,106,802)	-	
Comprehensive income attributable to owners of the parent	999,177	**(137,296)**	(1,136,473)	-	

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

The following is an overview of main components and components that are noteworthy.

A Net Sales

Net sales increased in the SoftBank segment, but decreased in the Sprint, Arm, and Brightstar segments.

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

Segment income improved ¥36,801 million in the SoftBank segment and ¥5,978 million in the Brightstar segment. However, segment income deteriorated ¥90,859 million in the Sprint segment, ¥168,044 million in the Arm segment, and ¥21,232 million in the Other segment. Segment income of the Arm segment in the same period of the previous fiscal year included gain relating to loss of control over subsidiaries of ¥176,261 million, which was recognized as a result of Arm's Chinese subsidiary becoming a joint venture.

C Operating Income from SoftBank Vision Fund and Delta Fund

Unrealized loss on valuation of ¥537,932 million from investments held at the second quarter-end was recorded due to a decrease in the fair values of investments including Uber Technologies, Inc. ("Uber") and The We Company ("WeWork") and its three affiliates.[1] See "(a) SoftBank Vision Fund and Delta Fund Segment" under "b. Results by Segment" and "Loss of Investments in WeWork and Its Affiliates" below for details.

As a result of B and C, operating loss was ¥15,552 million, deteriorating ¥1,436,268 million year on year.

D Finance Cost

Interest expenses increased ¥14,205 million at SoftBank Corp. but decreased ¥43,165 million at SoftBank Group Corp.[3] This was mainly because SoftBank Corp. made borrowings through a senior loan of ¥1,600 billion in August 2018 in preparation for listing and used the entire amount for repayment of its borrowings from SoftBank Group Corp., which in turn used the entire amount to partially repay its own senior loan. This early repayment of borrowings resulted in a full amortization of borrowing expenses of ¥24,051 million, which also pushed up interest expense at SoftBank Group Corp. in the same period of the previous fiscal year.

E Income on Equity Method Investments

Income on equity method investments related to Alibaba increased ¥330,888 million (272.1%) year on year, to ¥452,504 million. Alibaba received newly issued shares (a 33% equity interest) of Ant Small and Micro Financial Services Group Co., Ltd. ("Ant Financial," operator of the electronic payment service Alipay) in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 69.2 billion, which was the results from the transfer of such intellectual property rights and assets to Ant Financial and the basis difference determined based on Alibaba's share of Ant Financial's net assets, net of its corresponding deferred tax effect. As a result, income on equity method investment related to Alibaba increased ¥277,175 million.

F Derivative Loss

Derivative loss of ¥129,273 million was recorded due to a decrease in the fair value of investments in WeWork (warrants) held by a wholly owned subsidiary of the Company. See “Loss of Investments in WeWork and Its Affiliates” below for details.

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

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

H Loss from Financial Instruments at FVTPL

Loss of ¥374,675 million was recorded due to a decrease in the fair value of investments in WeWork (preferred stock and common stock) held by a wholly owned subsidiary of the Company. See “Loss of Investments in WeWork and Its Affiliates” below for details.

Mainly as a result of B through H, income before income tax decreased ¥285,192 million (20.3%) year on year, to ¥1,116,897 million.

I Income Taxes

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

Mainly as a result of B through I, net income attributable to owners of the parent decreased ¥418,551 million (49.8%) year on year, to ¥421,552 million.

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

Loss of Investments in WeWork and Its Affiliates

A wholly owned subsidiary of the Company has invested in WeWork, which operates co-working space service "WeWork," and SoftBank Vision Fund has invested in WeWork and its three affiliated companies, which are the arms for China, Japan, and other Asian countries, respectively. As of September 30, 2019, the total investment amount by the Company's wholly owned subsidiary and SoftBank Vision Fund was $10.3 billion, including an unexecuted commitment of $1.5 billion held by the wholly owned subsidiary. These investments consist of common stock, several series of preferred stock, and warrants that will be converted into preferred stock.

WeWork submitted a Form S-1 (securities registration statement) to the U.S. Securities and Exchange Commission on August 14, 2019 (ET), aiming for a public offering. On September 30, 2019, however, it decided to postpone the offering to concentrate on its core business and withdrew the filing. In accordance with this decision, WeWork's business plan was revised significantly, and on October 22, 2019 (ET) the Company and WeWork reached an agreement under which the Company commits to provide significant funding to WeWork (for an overview, see "Significant Funding Commitment from the Company to WeWork" below).

As a result of these changes, the fair value of WeWork's entire equity decreased to $7.8 billion as of the second quarter-end, and consequently the changes in the fair value of investments held by the Company's wholly owned subsidiary and SoftBank Vision Fund were recorded as a loss in the second quarter. The income approach (discounted cash flow method) is used to measure the fair value of the entire shares of WeWork, and the scenario approach (a blend of common stock equivalent and the option pricing model) is used to allocate the fair value for each investment type.

Separately from the above, as of September 30, 2019, SoftBank Corp. has cumulatively invested ¥22.4 billion in WeWork Japan GK, which plays a role in expanding WeWork's business in Japan. This investment is classified as an investment accounted for using the equity method in the Company's condensed interim consolidated statement of financial position.

Investments from the Company's wholly owned subsidiary (as of September 30, 2019)

(Billions of U.S. dollars)

Investee	Investment type	Cumulative investment amount	Cumulative gain (loss)	Fair value as of September 30, 2019	Loss recorded in the period	Account in the condensed interim consolidated statement of income
The We Company	Warrants[*1]	1.5 (Unexecuted)	(1.2)	0.3	(1.2)	Derivative gain (loss)
	Preferred stock and common stock	4.5	(3.5)	1.0	(3.5)	Gain (loss) from financial instruments at FVTPL

Note:
1. As of September 30, 2019, the Company's wholly owned subsidiary owned warrants (an unexecuted commitment of $1.5 billion) that would have been automatically converted into preferred stock in April 2020. Changes in the fair value of this investment were recorded as a derivative gain or loss. On October 30, 2019, the Company's said wholly owned subsidiary paid $1.5 billion for the warrants, which were converted into preferred stock at the price of $11.60 per share.

Investments from SoftBank Vision Fund (as of September 30, 2019)

(Billions of U.S. dollars)

Investee	Investment type	Cumulative investment amount	Cumulative gain (loss)	Fair value as of September 30, 2019	Loss recorded in the period	Account in the condensed interim consolidated statement of income
The We Company	Preferred stock and common stock	3.0	(2.0)	1.0	(3.1)*2	Operating income from SoftBank Vision Fund and Delta Fund
Three affiliates of The We Company (Total)	Preferred stock	1.3	(0.2)	1.1	(0.4)*2	

Note:
2. Before deducting third-party interests

Significant Funding Commitment from the Company to WeWork

On October 22, 2019 (ET) the Company and WeWork reached an agreement under which the Company commits to provide significant funding to WeWork. The agreement includes the following:

(1) Existing Payment Obligation: Execution of the Company's April 2020 $1.5 billion payment obligation in warrants (funding commitment) at $11.60 per share (executed on October 30, 2019);

(2) Tender Offer: Launch of a tender offer worth up to $3 billion to all shareholders other than the Company at a price of $19.19 per share, expected to commence by December 31, 2019, with closing subject to regulatory approvals and other customary closing conditions;

(3) New Debt: Consisting of $1.1 billion in senior secured notes, $2.2 billion in unsecured notes, and a $1.75 billion letter of credit facility. This funding is expected to occur after the completion of the tender offer; and

(4) Joint Venture Share Swap: All of SoftBank Vision Fund's interests in regional joint ventures outside of the Japan joint venture will be exchanged for shares in WeWork at $11.60 per share.

After closing, and following the tender offer, the Company's fully diluted economic ownership of WeWork will be up to 80% (up to 60% by the Company's wholly owned subsidiary and 20% by SoftBank Vision Fund). Since the Company will not hold a majority of voting rights at any general shareholders meeting or board of directors meeting and cannot control WeWork due to its provision of the articles of incorporation and shareholders agreement, WeWork will not be a subsidiary of the Company. WeWork will be an associate of the Company.

b. Results by Segment

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

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

Segments	Main businesses	Core companies
Reportable segments		
SoftBank Vision Fund and Delta Fund	· Investment activities by SoftBank Vision Fund · Investment activities by Delta Fund	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
SoftBank	· Provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan · Internet advertising and e-commerce business	SoftBank Corp. Yahoo Japan Corporation (currently Z Holdings Corporation *1)
Sprint	· Provision of mobile communications services in the U.S. · Sale and lease of mobile devices and sale of accessories in the U.S. · Provision of fixed-line telecommunications services in the U.S	Sprint Corporation
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools and provision of software services	Arm Limited
Brightstar	· Distribution of mobile devices overseas	Brightstar Corp.
Other	· Alternative investment management business · Fukuoka SoftBank HAWKS-related businesses · Smartphone payment business	Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp. PayPay Corporation

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

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

Note:
1. Yahoo Japan Corporation transitioned to a holding company structure on October 1, 2019 and changed its trade name to "Z Holdings Corporation."

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

(a) SoftBank Vision Fund and Delta Fund Segment

1. Segment loss of ¥572.6 billion
- Unrealized loss on valuation of investments (net) of ¥537.9 billion from investments held at the second quarter-end: fair values of Uber, WeWork and its three affiliates,[1] and other investments decreased.
- Realized gain on sales of investments of ¥34.8 billion: sold a minority portion of Guardant Health shares

2. Progress of investments at SoftBank Vision Fund
- The investment period was ended on September 12, 2019, after the accumulated investment amount[2] exceeded 85% of total committed capital. The remaining capital is reserved for follow-on investments, etc.
- Held 88 investments as of the second quarter-end at cost totaling $70.7 billion, with fair value amounting to $77.6 billion (excluding exited investments).
- 10x Genomics and Vir Biotechnology became publicly listed issuers in September and October 2019, respectively. CloudMinds has filed for an initial public offering.

3. Preparations for the full-scale launch of "SoftBank Vision Fund 2" are underway

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	649,357	**(529,328)**	(1,178,685)	-
Operating expenses	(16,923)	**(43,311)**	(26,388)	155.9%
Segment income	632,434	**(572,639)**	(1,205,073)	-

OVERVIEW

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

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

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

Outline of Funds in the Segment

As of September 30, 2019

	SoftBank Vision Fund	Delta Fund (Inactive)
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollars)	98.6 *1	4.4 *1
	SoftBank Group Corp.: 33.1 *2 Third-party investors: 65.5 *1	SoftBank Group Corp.: 4.4 Third-party investors: - *1
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019 *3	Ended on September 12, 2019 *3
Minimum fund life	Until November 20, 2029 (in principle)	Until September 27, 2029 (in principle)

Notes:
1. A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both such funds; hence, the total committed capital and remaining committed capital for each separate fund will change according to the status of contribution made by third-party investors in each such fund. During the second quarter, the sale of the investment in Xiaoju Kuaizhi Inc. ("DiDi") from Delta Fund to SoftBank Vision Fund was settled, and the proceeds from this sale were distributed to Delta Fund's limited partners, resulting in a return of limited partners' contributions. Consequently, the total committed capital of $1.6 billion from third-party investors in Delta Fund has been reversed to SoftBank Vision Fund.
2. The Company's committed capital to SoftBank Vision Fund includes approximately $8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and $5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.
3. SoftBank Vision Fund's investment period is stipulated to either until November 20, 2022, or until the decision to end is made by SBIA, as a general partner, after the accumulated investment account (amounts drawn down and invested and/or reserved to make investments) exceeds 85% of the total committed capital, whichever is earlier. On September 12, 2019, SBIA determined to end SoftBank Vision Fund's investment period after the accumulated investment amount exceeded 85% of the total committed capital. The remaining 15% of the total committed capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and finance related expenses. The investment period of Delta Fund also ended on September 12, 2019, following the ending of the investment period of SoftBank Vision Fund. Delta Fund is currently inactive.

Capital Deployment

As of September 30, 2019

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital (A)			
SoftBank Vision Fund	**98.6**	33.1 *1	65.5
Delta Fund	**4.4**	4.4	- *2
Contributions from limited partners[4] (B)			
SoftBank Vision Fund	**71.6**	25.7	45.9
Delta Fund	**3.8**	3.8 [5]	- *2
Non-recallable contribution included in (B)			
SoftBank Vision Fund[6]	**(5.5)**	(0.9)	(4.6)
Delta Fund[7]	**(3.5)**	(3.5)	- *2
Remaining committed capital (C) = (A) - (B)			
SoftBank Vision Fund	**27.0**	7.4	19.6
Delta Fund	**0.6**	0.6	- *2

Notes:
1. The Company's committed capital to SoftBank Vision Fund includes approximately $8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and $5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.
2. During the second quarter, the sale of the investment in DiDi from Delta Fund to SoftBank Vision Fund was settled, and the proceeds from this sale were distributed to Delta Fund's limited partners, resulting in a return of limited partners' contributions. Consequently, the total committed capital of $1.6 billion from third-party investors in Delta Fund has been reversed to SoftBank Vision Fund.

FINANCIAL RESULTS

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	649,357	**(529,328)**	(1,178,685)	-
Realized gain and loss on sales of investments	146,682	**34,805**	(111,877)	(76.3%)
Unrealized gain and loss on valuation of investments	504,359	**(573,720)**	(1,078,079)	-
Change in valuation for the fiscal year	504,359	**(537,932)**	(1,042,291)	-
Reclassified to realized gain and loss recorded in the past fiscal year*1	-	**(35,788)**	(35,788)	-
Interest and dividend income from investments	2,607	**8,337**	5,730	219.8%
Effect of foreign exchange translation	(4,291)	**1,250**	5,541	-
Operating expenses	(16,923)	**(43,311)**	(26,388)	155.9%
Segment income	632,434	**(572,639)**	(1,205,073)	-
Finance cost (interest expenses)	(11,711)	**(8,688)**	3,023	(25.8%)
Foreign exchange gain and loss	(22)	**37**	59	-
Derivative gain and loss	(80,953)	**-**	80,953	-
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(199,757)	**180,775**	380,532	-
Other non-operating income and loss	(535)	**1,016**	1,551	-
Income before income tax	339,456	**(399,499)**	(738,955)	-

Note:
1. It represents the unrealized gains and losses on valuation of Guardant Health Inc. ("Guardant Health") shares recorded in the past fiscal year, which are reclassified to realized gain on sales of investments due to the disposal of a minority portion of shares in the fiscal year.

Segment income

Segment loss was ¥572,639 million, compared with income of ¥632,434 million in the same period of the previous fiscal year. This was mainly attributable to unrealized loss on valuation of investments of ¥537,932 million from investments held at the second quarter-end. Of this, while unrealized gain on valuation of investments totaling ¥589,647 million was recorded due to an increase in the fair values of 25 investments including OYO and its affiliate, unrealized loss on valuation of investments totaling ¥1,127,579 million was recorded due to a decrease in the fair values of 25 investments including Uber and WeWork and its three affiliates.[1] See "Loss of Investments in WeWork and Its Affiliates" under "a. Consolidated Results of Operations" for details of loss of investments in WeWork and its affiliates. In the period, fair values of 38 investments did not change.

Realized gain on sales of investments of ¥34,805 million was recorded as a result of the sale of a minority portion of Guardant Health shares in September 2019.

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

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

Portfolio

As of September 30, 2019; excludes exited investments

(Billions of U.S. dollars)

Sector	Number of investments	Acquisition cost	Fair value	Change
Consumer	16	10.7	15.8	5.1
Enterprise	8	2.2	3.1	0.9
Fintech	11	4.1	4.5	0.4
Frontier Tech	10	10.8	11.6	0.8
Health Tech	9	2.7	4.0	1.3
Real Estate & Construction	11	8.8	7.5	(1.3)
Transportation & Logistics	23	31.4	31.1	(0.3)
Total	88	70.7	77.6	6.9

New investments in the period

In the period, SoftBank Vision Fund made investments totaling $10.7 billion, including follow-on investments.

Of these, the investments in ANI Technologies Private Limited (Ola) and an affiliate of WeWork were acquired from sale by the Company for $950 million in total. These two investments were initially acquired by the Company with total acquisition cost of $696 million.

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

Investments Acquired from Sale by the Company

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

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

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

Portfolio of Delta Fund

There were no investments held by Delta Fund as of the second quarter-end. Delta Fund is currently inactive.

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

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

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Net sales	2,228,320	**2,373,300**	144,980	6.5%
Segment income	524,112	**560,913**	36,801	7.0%

Note: To reflect Yahoo Japan Corporation becoming a subsidiary of SoftBank Corp., the results of Yahoo Japan Corporation are presented retroactively as part of the SoftBank segment from April 1, 2018.

FINANCIAL RESULTS

Both net sales and segment income increased year on year, driven by steady growth in the telecommunications business, especially services for retail consumers. Net sales growth was attributable to an increase in telecom service revenue from services for retail consumers, led by steady expansion in the customer base. As an example of this expansion, the cumulative number of smartphone subscribers with the three brands – *SoftBank*, *Y!mobile*, and *LINE MOBILE* – increased 950,000 from the previous fiscal year-end to 23.03 million, and the cumulative number of subscribers to *SoftBank Hikari*, a fiber-optic service, increased 250,000 from the previous fiscal year-end to 6.16 million. Segment income also increased as a result of increased net sales.

Yahoo Japan Corporation became a subsidiary of SoftBank Corp. as of June 27, 2019. Accordingly, the results of Yahoo Japan Corporation are presented retroactively as part of the SoftBank segment from April 1, 2018. Operating income of Yahoo Japan Corporation in this segment decreased by 2.6% year on year. This was mainly due to an increase in depreciation and amortization, sales promotion expenses, and staff cost.

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

(c) Sprint Segment

1. **Merger with T-Mobile: received approval with conditions from the DOJ in July 2019, followed by the FCC in November 2019.**
2. **Net sales and segment income decreased, due to reimbursement of overly received subsidies and impact of adoption of IFRS 15 in the previous fiscal year.**

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Net sales	1,824,024	**1,735,099**	(88,925)	(4.9%)
Segment income	193,328	**102,469**	(90,859)	(47.0%)

U.S. dollar-based results (IFRSs)				(Millions of U.S. dollars)
Net sales	16,558	**15,937**	(621)	(3.8%)
Segment income	1,756	**939**	(817)	(46.5%)

FINANCIAL RESULTS

The decrease in net sales was mainly due to (1) a revision to the amount of funds that Sprint had overly received in the past under the Lifeline program, a U.S. government subsidy program that is applied when telecom operators provide communications services for certain low-income consumers, (2) the impact of IFRS 15 being adopted from the first quarter of the previous fiscal year, and (3) the impact of a stronger yen against the U.S. dollar on the exchange rate used for translation in preparation for the Company’s consolidated statement of income.

With regard to (1), Sprint will reimburse subsidies for subscribers who were not actually eligible for the Lifeline program to U.S. government. As a result, the current estimated amount of the reimbursements was deducted from net sales. With regard to (2), under the previous standards, the difference between mobile equipment revenue and subsidy was recorded as equipment revenue when Sprint sold a mobile device. However, due to the adoption of IFRS 15, the full amount of equipment revenue is recorded when a mobile device is sold, while the subsidy is recorded as a reduction to service revenue over the expected time of use. Since the number of new prepaid customer acquisition continued to grow after the first quarter of the previous fiscal year, the total of amount of reduction from service revenue increased year on year.

Segment income decreased mainly due to (1) and (2) above, where profit decreased by the same amount as net sales. A deterioration of ¥39,954 million year on year in other operating income and loss also negatively impacted the segment income. This deterioration was mainly due to recording other operating loss of ¥22,725 million as a consequence of a sale and leaseback transaction that Sprint executed for its head office, including buildings and land. This loss was a result from the difference between their carrying amounts and the fair values after deducting transaction costs.

Progress on the Merger of Sprint and T-Mobile

On April 29, 2018, Sprint and T-Mobile US Inc. (“T-Mobile”) entered into a definitive agreement to merge in an all-stock transaction (the “Transaction”). On July 26, 2019 (ET) the U.S. Department of Justice (DOJ) announced its approval, subject to the terms of a proposed consent decree filed by the DOJ. Thereafter, on November 5, 2019 (ET), the FCC announced its approval with conditions of the Transaction. With this, the companies have obtained all of the necessary federal regulatory approvals to close the Transaction. The Transaction has also received approvals from

18 of the 19 state utility commissions, with only approval from the California public utility commission (the "California PUC") still outstanding. Sprint and T-Mobile are also awaiting resolution of litigation filed by the attorneys general of certain states and the District of Columbia seeking an injunction prohibiting the closing of the Transaction (the "AG Litigation").

Impact on the Company's Consolidated Financial Results

1. Classification as discontinued operations

The condition for classifying the Sprint business as discontinued operations is the determination that the closing of the Transaction is "highly probable." Previously, it was deemed that the condition would be met by obtaining approval from federal regulators. However, although federal approvals had been obtained, the situation has changed, as the start of the trial for the AG Litigation was rescheduled until December 9, 2019, and further, it became more likely that the decision by the California PUC, which was expected to be made regardless of the AG Litigation, will be made after resolution is reached on the AG Litigation. Accordingly, the Company is continuing to carefully monitor events to determine when the closing of the Transaction becomes highly probable.

The Sprint business will be classified as discontinued operations from the date on which it is confirmed that it meets the conditions for such classification, and in the Company's consolidated statement of income, Sprint's net income and loss will be presented as "net income or loss from discontinued operations," separately from continuing operations. Sprint's net income and loss for the previous fiscal year will also be retrospectively revised and presented as "net income or loss from discontinued operations." In the Company's consolidated statement of financial position, assets and liabilities of Sprint will be presented as assets and liabilities held for sale.

2. Impacts of the closing of the Transaction

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

3. After the closing of the Transaction

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

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

(d) Arm Segment

1. Net sales decreased 3.4% yoy; segment income decreased significantly due to a one-time gain in the same period of the previous fiscal year
- Ongoing weakness in the semiconductor industry pushed down both royalty and licensing revenues.
- Segment income decreased yoy, due to a one-time gain of ¥176.3 billion from setting up a joint venture for business in China in the same period of the previous fiscal year.

2. Progress in licensing new technologies
- Strong licensing activity of new technologies with a majority of the revenue expected to be recognized in future quarters.

(Millions of yen)

	Six months ended September 30 2018	2019	Change	Change %
Net sales	91,693	**88,545**	(3,148)	(3.4%)
Segment income	141,242	**(26,802)**	(168,044)	-

Note: Segment income includes amortization expenses of ¥24,991 million for the period and ¥30,208 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

Arm's operations are primarily the licensing of semiconductor intellectual property (IP), including the designs of energy-efficient microprocessors and associated technologies. Since becoming part of the Company, Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or gain share in its existing markets and expand into new markets.

FINANCIAL RESULTS

Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	Six months ended September 30 2018			2019				
	Q1	Q2	Total	Q1	Q2	**Total**	Change	Change %
Technology licensing	85	124	209	125	87	**212**	3	1.4%
Technology royalties	261	285	546	240	254	**494**	(52)	(9.5%)
Software and services	35	47	82	53	55	**108**	26	31.7%
Total net sales	381	456	837	418	396	**814**	(23)	(2.7%)

Net sales for the period decreased 2.7% year on year. This was due to a decrease in royalty revenue, reflecting the deceleration in semiconductor demand including a weakening in global smartphone demand, combined with a general slowdown in global chip sales.

License revenue for the period only increased 1.4% year on year, despite the temporary weakness in the same period of the previous fiscal year due to the establishment of joint venture for business in China. This was because some customers delayed signing new licenses for existing technologies, reflecting the ongoing weakness in the semiconductor industry and Arm signed several licenses for new technologies that are still under development in the period, which will deliver revenue in future quarters.

Arm is currently undergoing a transition in its product cycle and is now signing multiple licenses for new technologies that have not been announced. Revenue for these licenses is not recorded as revenue in the period. However, the revenue is expected to be recognized as license revenue when the technology is delivered to the customer in future quarters. Also, as most of these new technologies are more advanced than existing technologies, there is an opportunity for higher royalty revenue per chip boosting Arm's revenues for years to come.

Software and services revenue for the period increased 31.7% year on year, due to the acquisition of Treasure Data, Inc. in August 2018.

Segment income

Segment income decreased year on year. This was due to recognizing gain relating to the loss of control over subsidiaries of ¥176,261 million in the same period of the previous fiscal year, as a result of Arm's Chinese subsidiary becoming an associate accounted for using the equity method.

Arm will continue to strengthen its R&D capacity by expanding its staff, and its head count in the second quarter-end increased net 378 people (6.3%) from the previous fiscal year-end. In the meantime, to maximize ROI, 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.

Industry trend and its impact

Revenue in the semiconductor industry for January to August 2019 declined 14% year on year.[8] This weakness in the semiconductor industry and the risk from trade disputes and sanctions against specific companies could continue for some time. For the fiscal year, these factors could impact both Arm's license and software and services revenues, as semiconductor companies choose to delay licensing new processors, and royalty revenues, as OEMs sell fewer products or manage chip inventory levels more carefully. Once normal market conditions return, Arm expects that its business will continue to grow again.

OPERATIONS

Licensing

	Licenses signed in the second quarter	Cumulative number of licenses signed as of the second quarter-end
Breakdown by processor family		
Classic (*Arm7, Arm9, Arm11*)	-	451
Cortex-A	14	373
Cortex-R	-	108
Cortex-M	18	573
Mali	3	187
Number of processor licenses signed	35	1,692

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

Arm signed 35 processor licenses in the second quarter, including six licenses for new technologies that Arm has not yet announced. The customers who signed licenses with Arm in the second quarter intend to use Arm technologies in a very broad range of end markets, including automotive applications, networking infrastructure, servers, and smartphones.

Royalty Units [9]

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

Arm's licensees reported shipments of 5.6 billion Arm-based chips for the three-month period ended June 30, 2019. Arm's unit shipments were flat year on year despite the 10% decline[8] in the whole semiconductor industry during the same period.

TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving the technology in both its mobile business and other businesses with strong growth potential.

Arm's primary investment areas and main developments:

Mobile Computing

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

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

The second quarter Arm announced *Total Compute*, a new platform approach to develop IP for mobile devices and consumer electronics, which will deliver higher performance and greater security.

Infrastructure

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

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

Automotive

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

The second quarter : Established *Autonomous Vehicle Computing Consortium (AVCC)* with partners from the automotive industry to create technology standards that will help accelerate the arrival of self-driving cars.

IoT

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

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

The second quarter Arm announced a new feature *Arm Custom Instructions*. This allows chipmakers to optimize an Arm CPU to increase the performance for specific IoT and other applications.

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

(e) Brightstar Segment

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Net sales	525,001	**459,001**	(66,000)	(12.6%)
Segment income	(8,873)	**(2,895)**	5,978	-

(f) Other

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Net sales	94,811	**91,913**	(2,898)	(3.1%)
Segment income	(25,116)	**(46,348)**	(21,232)	-

Operating loss of ¥34,549 million was recorded at PayPay Corporation, which is engaged in smartphone payment services in Japan. This was mainly due to large-scale marketing promotions aimed at gaining users and driving service usage, and continued proactive measures to increase the number of stores where its services can be used.

<u>Results of PayPay Corporation included in the Other segment</u>

(Millions of yen)

	Six months ended September 30			
	2018	**2019**	Change	Change %
Net sales	-	**1,596**	1,596	-
Operating income	(2,673)	**(34,549)**	(31,876)	-

(2) Overview of Financial Position

1. Status of investments

- **Balance of investments from SoftBank Vision Fund of ¥7.5 trillion: increased ¥369.3 billion from the previous fiscal year-end**
  Despite new investments totaling $10.7 billion, the growth was suppressed due to a decrease in the fair value of Uber, WeWork and its three affiliates,[1] and other investments.
- **Balance of investments (investment securities) outside of SoftBank Vision Fund of ¥1.3 trillion: increased ¥399.2 billion from the previous fiscal year-end**
  New investments of ¥648.4 billion including additional investment of ¥220.0 billion in WeWork made in the first quarter were offset by a decrease of ¥374.7 billion in the fair value of investments in WeWork in the second quarter.

2. SoftBank Group Corp. financing activities

Enhanced cash on hand by procuring funds in advance to prepare for redemption of corporate bonds.

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change	Change %
Total assets	36,096,476	**36,848,701**	752,225	2.1%
Total liabilities	27,087,272	**28,225,075**	1,137,803	4.2%
Total equity	9,009,204	**8,623,626**	(385,578)	(4.3%)

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

(a) Assets

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change	
Cash and cash equivalents	3,858,518	**4,259,177**	400,659	
Trade and other receivables	2,339,977	**2,282,416**	(57,561)	
Other financial assets	203,476	**180,468**	(23,008)	
Inventories	365,260	**301,839**	(63,421)	
Other current assets	766,556	**423,878**	(342,678)	**A**
Assets classified as held for sale	224,201	-	(224,201)	**B**
Total current assets	7,757,988	**7,447,778**	(310,210)	
Property, plant and equipment	4,070,704	**2,960,205**	(1,110,499)	**C**
Right-of-use assets	-	**2,235,685**	2,235,685	**D**
Goodwill	4,321,467	**4,083,280**	(238,187)	**E**
Intangible assets	6,892,195	**6,628,147**	(264,048)	**E**
Costs to obtain contracts	384,076	**403,468**	19,392	
Investments accounted for using the equity method	2,641,045	**2,847,700**	206,655	**F**
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	7,115,629	**7,484,921**	369,292	**G**
Investment securities	924,614	**1,323,820**	399,206	**H**
Other financial assets	1,185,856	**1,035,190**	(150,666)	
Deferred tax assets	586,943	**193,813**	(393,130)	**I**
Other non-current assets	215,959	**204,694**	(11,265)	
Total non-current assets	28,338,488	**29,400,923**	1,062,435	
Total assets	36,096,476	**36,848,701**	752,225	

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
Current assets	
A Other current assets	Other current assets were reduced by ¥422,648 million due to a refund of withholding income tax in July 2019 on dividends from SoftBank Group Japan Corporation (“SBGJ”) to SoftBank Group Corp. in the previous fiscal year.
B Assets classified as held for sale	Assets classified as held for sale were reduced due to the settlement of a variable prepaid forward contract for Alibaba shares in June 2019.
Non-current assets	
C Property, plant and equipment	· Sprint made capital expenditures for the 5G network, while telecommunications equipment was regularly depreciated at SoftBank Corp. · Due to the adoption of IFRS 16, leased assets of ¥1,157,008 million, previously classified as financing leases and recorded as property, plant and equipment, were reclassified as right-of-use assets at the beginning of the fiscal year. This was mainly due to leased assets related to telecommunications equipment for SoftBank Corp. being reclassified as right-of-use assets.
D Right-of-use assets	· Due to the adoption of IFRS 16, right-of-use assets of ¥1,368,144 million were newly recorded at the beginning of the fiscal year. This was mainly due to newly recorded right-of-use assets for operating leases related to telecommunications equipment and property at Sprint and SoftBank Corp. · Leased assets that had been included in property, plant and equipment were reclassified as right-of-use assets.
E Goodwill Intangible assets	Sprint’s FCC licenses and Arm’s goodwill and technologies decreased due to a stronger yen against the U.S. dollar and the British pound.
F Investments accounted for using the equity method	The consolidated carrying amount of Alibaba increased due to recording income on equity method investments, which included a gain recorded in association with Alibaba’s receipt of Ant Financial shares in the second quarter.
G Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	In the period, investments of $10.7 billion were made, while the fair values of investments including Uber and WeWork and its three affiliates[1] decreased and a minority portion of Guardant Health shares were sold. For details, see “(a) SoftBank Vision Fund and Delta Fund Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”
H Investment securities	Wholly owned subsidiaries of the Company made investment in preferred stock and common stock of WeWork totaling ¥220.0 billion, and made other new investments. Conversely, a ¥374.7 billion decrease in the fair value of investments in WeWork was recognized at the second quarter-end. For details, see “Loss of Investments in WeWork and Its Affiliates” under “a. Consolidated Results of Operations” in “(1) Overview of Results of Operations.”
I Deferred tax assets	As a result of the settlement of a variable prepaid forward contract using Alibaba shares, the corresponding deferred tax assets were reversed.

(b) Liabilities

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change	
Interest-bearing debt*1	3,480,960	**3,281,871**	(199,089)	
Lease liabilities*1	-	**612,194**	612,194	
Deposits for banking business	745,943	**796,624**	50,681	
Third-party interests in SoftBank Vision Fund and Delta Fund*2	29,677	**11,874**	(17,803)	
Trade and other payables	1,909,608	**1,753,834**	(155,774)	
Derivative financial liabilities	767,714	**136,497**	(631,217)	**A**
Other financial liabilities	10,849	**10,401**	(448)	
Income taxes payables	534,906	**136,806**	(398,100)	**B**
Provisions	43,685	**27,606**	(16,079)	
Other current liabilities	1,158,355	**688,661**	(469,694)	**C**
Total current liabilities	8,681,697	**7,456,368**	(1,225,329)	
Interest-bearing debt*1	12,204,146	**12,733,603**	529,457	
Lease liabilities*1	-	**1,460,936**	1,460,936	
Third-party interests in SoftBank Vision Fund and Delta Fund*2	4,107,288	**4,561,206**	453,918	
Derivative financial liabilities	130,545	**151,802**	21,257	
Other financial liabilities	57,115	**86,978**	29,863	
Defined benefit liabilities	99,351	**121,865**	22,514	
Provisions	157,478	**157,270**	(208)	
Deferred tax liabilities	1,391,072	**1,335,720**	(55,352)	
Other non-current liabilities	258,580	**159,327**	(99,253)	
Total non-current liabilities	18,405,575	**20,768,707**	2,363,132	
Total liabilities	27,087,272	**28,225,075**	1,137,803	

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

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
Current Liabilities	
A Derivative financial liabilities	· Derivative financial liabilities relating to the embedded collar transaction in the variable prepaid forward contract using Alibaba shares decreased ¥749,846 million, due to settlement of the contract. · Derivative financial liabilities of ¥129,109 million were recognized at the second quarter-end in regard to investments in WeWork (warrants). For details, see “Loss of Investments in WeWork and Its Affiliates” under “a. Consolidated Results of Operations” in “(1) Overview of Results of Operations.”

B Income taxes payables	Income tax of ¥321,290 million, which arose from a gain on the sale of SoftBank Corp. shares at SBGJ in the previous fiscal year, was paid.
C Other current liabilities	Withholding income tax of ¥422,648 million on dividends from SBGJ to SoftBank Group Corp. in the previous fiscal year was paid.

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

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change
SoftBank Group Corp.[3]	6,714,950	**7,583,178**	868,228
Borrowings	1,896,561	**2,391,900**	495,339
Corporate bonds	4,776,389	**5,016,278**	239,889
Others	42,000	**175,000**	133,000
SoftBank Corp.	3,186,618	**3,965,178**	778,560
Borrowings	2,392,843	**2,932,967**	540,124
Lease obligations	786,174	-	(786,174)
Lease liabilities	-	**988,570**	988,570
Others	7,601	**43,641**	36,040
Yahoo Japan Corporation	130,099	**393,768**	263,669
Borrowings	-	**10,000**	10,000
Corporate bonds	130,000	**359,254**	229,254
Lease obligations	99	-	(99)
Lease liabilities	-	**24,514**	24,514
Sprint	4,428,378	**4,836,294**	407,916
Borrowings	1,730,203	**1,639,801**	(90,402)
Corporate bonds	2,674,649	**2,380,833**	(293,816)
Lease obligations	14,991	-	(14,991)
Lease liabilities	-	**808,217**	808,217
Others	8,535	**7,443**	(1,092)
SoftBank Vision Fund	36,571	**624,350**	587,779
Borrowings	36,571	**624,350**	587,779
Others	1,188,490	**685,836**	(502,654)
Financial liabilities relating to sale of shares by variable prepaid forward contract	730,601	**-**	(730,601)
Other interest-bearing debt	457,889	**434,007**	(23,882)
Lease liabilities	-	**251,829**	251,829
Total	15,685,106	**18,088,604**	2,403,498

SoftBank Group Corp.[3]

・Borrowings increased as the Company enhanced its cash on hand by making additional borrowings of $3.8 billion using Alibaba shares through Skywalk Finance GK, a wholly owned subsidiary of the Company.

・SoftBank Group Corp. issued domestic straight corporate bonds totaling ¥1 trillion and redeemed corporate bonds of ¥700 billion as part of refinancing corporate bonds maturing in 2019 and 2020 onward.

・The Company issued commercial paper in the amount of ¥133 billion (net). Interest-bearing debt from transaction is included under "Others."

SoftBank Corp.

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

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

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

・Liabilities related to lease transactions of software for telecommunications equipment were previously classified as lease obligations. Since the Company does not adopt IFRS 16 on leases of intangible assets, those liabilities were recorded as financial liabilities in borrowings based on IFRS 9, and retrospective adjustments have been made for the balance of the previous fiscal year-end. Borrowings of ¥250,622 million related to those transactions (¥277,157 million at the previous fiscal year-end) were included at the second quarter-end.

Yahoo Japan Corporation

・Domestic straight corporate bonds totaling ¥230 billion were issued.

Sprint

・Corporate bonds of $2.0 billion were redeemed, and borrowings through the securitization of receivables were repaid.

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

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

SoftBank Vision Fund and Delta Fund

SoftBank Vision Fund made borrowings for the purpose of monetizing a portion of its investments (the "Portfolio Financing Facility"). The fund also made borrowings from a line of credit that was set up mainly to increase the capital efficiency of its investments (the "Fund Level Facility").

Others

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

(c) Equity

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change	
Common stock	238,772	**238,772**	-	
Capital surplus	1,467,762	**1,529,114**	61,352	**A**
Other equity instruments	496,876	**496,876**	-	
Retained earnings	5,571,285	**5,392,636**	(178,649)	**B**
Treasury stock	(443,482)	**(92,962)**	350,520	**C**
Accumulated other comprehensive income	290,268	**(252,162)**	(542,430)	**D**
Total equity attributable to owners of the parent	7,621,481	**7,312,274**	(309,207)	
Non-controlling interests	1,387,723	**1,311,352**	(76,371)	
Total equity	9,009,204	**8,623,626**	(385,578)	

Reasons for changes in primary components

Components	Main reasons for changes from the previous fiscal year-end
A Capital surplus	Capital surplus increased as a result of a decrease in the Company's economic interests in Yahoo Japan Corporation.
B Retained earnings	While net income attributable to owners of the parent of ¥421,552 million was recorded, retained earnings decreased ¥558,136 million*1 with the retirement of 55,753,200 shares of treasury stock in June 2019 (5.07% of the total number of issued shares before the retirement). In addition, the cumulative impact of adopting IFRS 16 of ¥13,997 million was recorded as an increase in retained earnings on April 1, 2019.
C Treasury stock	· The Company repurchased 36.71 million of its own shares for ¥384.1 billion in the previous fiscal year and 19.04 million shares for ¥215.9 billion in the fiscal year. This is in accordance with a resolution of the Board of Directors on February 6, 2019 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥600 billion. · The Company retired treasury stock in June 2019.
D Accumulated other comprehensive income	Exchange differences on translating foreign operations, which arise from translating overseas subsidiaries and associates into yen, decreased ¥577,769 million due to a stronger yen against the major currencies.

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

(3) Overview of Cash Flows

1. Investing activities of SoftBank Vision Fund
- Inflows: contributions from third-party investors of ¥1,356.6 billion (cash flows from financing activities), proceeds from borrowings of ¥1,038.3 billion (cash flows from financing activities), and proceeds from sale of investments of ¥40.6 billion (cash flows from investing activities)
- Outflows: payments for acquisition of investments of ¥1,063.7 billion (cash flows from investing activities), repayment of borrowings of ¥448.8 billion, and distribution/repayment to third-party investors of ¥616.7 billion (cash flows from financing activities).

2. Financing activities of SoftBank Group Corp.
Enhanced cash on hand by procuring funds in advance to prepare for redemption of corporate bonds.

(Millions of yen)

	Six months ended September 30		
	2018	**2019**	Change
Cash flows from operating activities	782,775	**373,659**	(409,116)
Cash flows from investing activities	(1,118,068)	**(2,125,621)**	(1,007,553)
Cash flows from financing activities	62,945	**2,191,030**	2,128,085

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

(a) Cash Flows from Operating Activities

Cash flows from operating activities decreased mainly due to payment of income tax of ¥321,290 million by SBGJ on a gain on the sale of SoftBank Corp. shares recorded in the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(635,953) million	Sprint acquired leased devices and telecommunications equipment for 5G, and SoftBank Corp. acquired telecommunications equipment.
Payments for acquisition of investments ¥(648,393) million	Wholly owned subsidiaries of the Company made investments in preferred stock and common stock of WeWork totaling ¥220.0 billion, and made other new investments.
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(1,063,737) million	SoftBank Vision Fund made investments.
Proceeds from sale of investments by SoftBank Vision Fund and Delta Fund ¥40,635 million	SoftBank Vision Fund sold a minority portion of Guardant Health shares.

(c) Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥553,674 million	· SoftBank Corp. made borrowings of ¥240 billion (net) through the securitization of receivables related to telecommunications to replenish the reduced working capital due to the acquisition of shares in Yahoo Japan Corporation. · SoftBank Group Corp. made borrowings of ¥133 billion (net) through issuance of commercial paper.
Proceeds from interest-bearing debt ¥5,196,627 million	
Proceeds from borrowings ¥3,966,627 million*1	· SoftBank Group Corp. made short-term borrowings of ¥1,253,800 million. Also, SoftBank Group Corp. made additional borrowings of $3.8 billion using Alibaba shares through its wholly owned subsidiary.[3] · SoftBank Vision Fund made borrowings totaling ¥1,038,344 million through the Fund Level Facility and the Portfolio Financing Facility. · SoftBank Corp. borrowed ¥150,500 million to finance the acquisition of Yahoo Japan Corporation shares. It also borrowed ¥438,522 million through the sale of installment sales receivables and the sale and leaseback of telecommunications equipment. · Sprint made borrowings totaling ¥364,757 million through the securitization of receivables and term loans.
Proceeds from issuance of bonds ¥1,230,000 million	· SoftBank Group Corp. issued domestic straight corporate bonds totaling ¥1 trillion for the purpose of refinancing. · Yahoo Japan Corporation issued domestic straight corporate bonds totaling ¥230 billion.
Repayment of interest-bearing debt ¥(3,592,775) million	
Repayment of borrowings ¥(2,664,040) million*1	· SoftBank Group Corp. repaid short-term borrowings of ¥1,116,400 million. · SoftBank Vision Fund repaid ¥448,793 million, including a part of its borrowings made through the Fund Level Facility. · Sprint and SoftBank Corp. repaid borrowings.
Redemption of corporate bonds ¥(922,545) million	· SoftBank Group Corp. redeemed domestic straight corporate bonds of ¥700 billion at maturity. · Sprint redeemed corporate bonds of $1.7 billion at maturity and also redeemed corporate bonds of $0.3 billion before maturity.
Repayment of lease liabilities ¥(359,112) million	SoftBank Corp. and Sprint repaid lease liabilities related to telecommunications equipment.
Contributions to SoftBank Vision Fund and Delta Fund from third-party investors ¥1,356,554 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 ¥(616,690) million	· SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling ¥456,783 million, mainly by using the proceeds from the Portfolio Financing Facility. · Delta Fund made distributions and repaid the principal for investments to third-party investors totaling ¥159,907 million, mainly by using the proceeds from the sale of DiDi shares to SoftBank Vision Fund.
Purchase of treasury stock ¥(215,941) million	SoftBank Group Corp. repurchased its own shares.

Note:
1. Proceeds from borrowings and repayment of borrowings include proceeds of ¥2,580,038 million and outlays of ¥1,694,013 million, respectively, related to borrowings with a contracted term of one year or less.

(Reference) Details of Primary Cash Flows from Investing Activities and Financing Activities of Core Companies

SoftBank Group Corp.

Cash flows from financing activities	
Proceeds in short-term interest-bearing debt, net ¥133,000 million	Procured funds through commercial paper.
Proceeds from borrowings[3] ¥1,660,910 million	· Made short-term borrowings of ¥1,253,800 million. · Made additional borrowing of $3.8 billion using Alibaba shares through a wholly owned subsidiary.
Repayment of borrowings ¥(1,156,319) million	Repaid short-term borrowings.
Proceeds from issuance of bonds ¥1,000,000 million	Issued domestic straight corporate bonds for the purpose of refinancing.
Redemption of bonds ¥(700,000) million	Redeemed domestic straight corporate bonds at maturity.
Purchase of treasury stock ¥(215,941) million	Repurchased its own shares.

SoftBank Vision Fund and Delta Fund

Cash flows from investing activities	
Payments for acquisition of investments ¥(1,063,737) million	SoftBank Vision Fund made investments.
Proceeds from sales of investments ¥40,635million	SoftBank Vision Fund sold a minority portion of Guardant Health shares.

Cash flows from financing activities	
Proceeds from borrowings ¥1,038,344 million	SoftBank Vision Fund made borrowings through the Fund Level Facility and the Portfolio Financing Facility.
Repayment of borrowings ¥(448,793) million	SoftBank Vision Fund repaid part of the borrowings made through the Fund Level Facility.
Contributions from third-party investors ¥1,356,554 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment to third-party investors ¥(616,690) million	· SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling ¥456,783 million, mainly by using the proceeds from the Portfolio Financing Facility. · Delta Fund made distributions and repaid the principal for investments to third-party investors totaling ¥159,907 million, mainly by using the proceeds from the sale of DiDi shares to SoftBank Vision Fund.

(4) Forecasts

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

Notes for “1. Results of Operations”

[1] The names of the investments of SoftBank Vision Fund are presented in the order of the size of the investments’ impact on the Company’s financial results, unless otherwise stated.
[2] The sum of amounts drawn down and invested and/or reserved to make investments
[3] 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.
[4] Contributions from limited partners of SoftBank Vision Fund excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
[5] The Company’s obligation to Delta Fund is offset against the cost of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund.
[6] Non-recallable contribution of SoftBank Vision Fund represents the applicable investment principal that was returned to limited partners by using the proceeds from the sale of Flipkart Private Limited shares and the Margin Loan.
[7] Non-recallable contribution of Delta Fund represents the applicable principal for the investment in DiDi, which was returned to limited partners after the sale of its shares to SoftBank Vision Fund.
[8] World Semiconductor Trade Statistics (WSTS) as of August 2019
[9] This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended June 30, 2019, as reported by licensees in royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the current quarter’s royalty unit analysis is based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

2. Notes to Summary Information

(1) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

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

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

(2) Changes in Accounting Estimates

Sprint entered into a sale and leaseback contract for their corporate headquarters (buildings, land, and other) and accordingly, the related assets were measured at fair value after deducting the sale cost and were less than their carrying amounts. As a result, an impairment loss was recorded for the three-month period ended June 30, 2019. The sale closed and the leaseback contract commenced on July 9, 2019. The details are described in “Note 13. Other operating loss” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

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

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	3,858,518	4,259,177
Trade and other receivables	2,339,977	2,282,416
Other financial assets	203,476	180,468
Inventories	365,260	301,839
Other current assets	766,556	423,878
Subtotal	7,533,787	7,447,778
Assets classified as held for sale	224,201	-
Total current assets	7,757,988	7,447,778
Non-current assets		
Property, plant and equipment	4,070,704	2,960,205
Right-of-use assets	-	2,235,685
Goodwill	4,321,467	4,083,280
Intangible assets	6,892,195	6,628,147
Costs to obtain contracts	384,076	403,468
Investments accounted for using the equity method	2,641,045	2,847,700
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	7,115,629	7,484,921
Investment securities	924,614	1,323,820
Other financial assets	1,185,856	1,035,190
Deferred tax assets	586,943	193,813
Other non-current assets	215,959	204,694
Total non-current assets	28,338,488	29,400,923
Total assets	36,096,476	36,848,701

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,480,960	3,281,871
Lease liabilities	-	612,194
Deposits for banking business	745,943	796,624
Third-party interests in SoftBank Vision Fund and Delta Fund	29,677	11,874
Trade and other payables	1,909,608	1,753,834
Derivative financial liabilities	767,714	136,497
Other financial liabilities	10,849	10,401
Income taxes payables	534,906	136,806
Provisions	43,685	27,606
Other current liabilities	1,158,355	688,661
Total current liabilities	8,681,697	7,456,368
Non-current liabilities		
Interest-bearing debt	12,204,146	12,733,603
Lease liabilities	-	1,460,936
Third-party interests in SoftBank Vision Fund and Delta Fund	4,107,288	4,561,206
Derivative financial liabilities	130,545	151,802
Other financial liabilities	57,115	86,978
Defined benefit liabilities	99,351	121,865
Provisions	157,478	157,270
Deferred tax liabilities	1,391,072	1,335,720
Other non-current liabilities	258,580	159,327
Total non-current liabilities	18,405,575	20,768,707
Total liabilities	27,087,272	28,225,075
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	1,467,762	1,529,114
Other equity instruments	496,876	496,876
Retained earnings	5,571,285	5,392,636
Treasury stock	(443,482)	(92,962)
Accumulated other comprehensive income	290,268	(252,162)
Total equity attributable to owners of the parent	7,621,481	7,312,274
Non-controlling interests	1,387,723	1,311,352
Total equity	9,009,204	8,623,626
Total liabilities and equity	36,096,476	36,848,701

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

For the six-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Net sales	4,653,853	4,651,724
Cost of sales	(2,722,539)	(2,697,501)
Gross profit	1,931,314	1,954,223
Selling, general and administrative expenses	(1,288,197)	(1,338,758)
Gain relating to loss of control over subsidiaries	176,261	11,879
Other operating loss	(31,096)	(70,257)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	788,282	557,087
Operating income from SoftBank Vision Fund and Delta Fund	632,434	(572,639)
Operating income	1,420,716	(15,552)
Finance cost	(322,342)	(303,538)
Income on equity method investments	110,338	449,846
Foreign exchange gain (loss)	29,942	(5,723)
Derivative gain (loss)	42,407	(111,306)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	1,218,527
Gain (loss) from financial instruments at FVTPL	203,866	(351,781)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(199,757)	180,775
Other non-operating income	116,919	55,649
Income before income tax	1,402,089	1,116,897
Income taxes	(531,419)	(584,712)
Net income	870,670	532,185
Net income attributable to		
Owners of the parent	840,103	421,552
Non-controlling interests	30,567	110,633
	870,670	532,185
Earnings per share*		
Basic earnings per share (Yen)	378.11	195.66
Diluted earnings per share (Yen)	376.13	190.30

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

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Net income	870,670	532,185
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-	(21,846)
Equity financial assets at FVTOCI	(1,037)	(525)
Total items that will not be reclassified to profit or loss	(1,037)	(22,371)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	(689)	622
Cash flow hedges	(24,438)	36,636
Exchange differences on translating foreign operations	211,896	(595,820)
Share of other comprehensive income of associates	2,682	1,030
Total items that may be reclassified subsequently to profit or loss	189,451	(557,532)
Total other comprehensive income, net of tax	188,414	(579,903)
Total comprehensive income	1,059,084	(47,718)
Total comprehensive income attributable to		
Owners of the parent	999,177	(137,296)
Non-controlling interests	59,907	89,578
	1,059,084	(47,718)

For the three-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended September 30, 2018	Three-month period ended September 30, 2019
Net sales	2,381,070	2,315,327
Cost of sales	(1,405,879)	(1,361,646)
Gross profit	975,191	953,681
Selling, general and administrative expenses	(660,212)	(675,644)
Gain relating to loss of control over subsidiaries	14,914	11,879
Other operating loss	(16,660)	(24,015)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	313,233	265,901
Operating income from SoftBank Vision Fund and Delta Fund	392,490	(970,269)
Operating income	705,723	(704,368)
Finance cost	(173,875)	(149,692)
Income on equity method investments	72,633	359,731
Foreign exchange gain	17,017	783
Derivative gain (loss)	96,487	(103,634)
Gain (loss) from financial instruments at FVTPL	109,324	(379,277)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(126,868)	365,263
Other non-operating income	129,344	45,747
Income before income tax	829,785	(565,447)
Income taxes	(287,235)	(79,847)
Net income	542,550	(645,294)
Net income attributable to		
Owners of the parent	526,416	(700,167)
Non-controlling interests	16,134	54,873
	542,550	(645,294)
Earnings per share*		
Basic earnings per share (Yen)	237.33	(341.80)
Diluted earnings per share (Yen)	235.95	(345.19)

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

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended September 30, 2018	Three-month period ended September 30, 2019
Net income	542,550	(645,294)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-	(21,846)
Equity financial assets at FVTOCI	(1,785)	(515)
Total items that will not be reclassified to profit or loss	(1,785)	(22,361)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	(724)	56
Cash flow hedges	(3,838)	13,655
Exchange differences on translating foreign operations	194,875	(150,296)
Share of other comprehensive income of associates	16,478	9,350
Total items that may be reclassified subsequently to profit or loss	206,791	(127,235)
Total other comprehensive income, net of tax	205,006	(149,596)
Total comprehensive income	747,556	(794,890)
Total comprehensive income attributable to		
Owners of the parent	719,561	(844,095)
Non-controlling interests	27,995	49,205
	747,556	(794,890)

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 30, 2018

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2018	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	300,615	-	(57,828)	242,787
As of April 1, 2018 (after adjustments)	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
Comprehensive income							
Net income	-	-	-	840,103	-	-	840,103
Other comprehensive income	-	-	-	-	-	159,074	159,074
Total comprehensive income	-	-	-	840,103	-	159,074	999,177
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,969)	-	-	(23,969)
Distribution to owners of other equity instruments	-	-	-	(16,087)	-	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	261	-	(261)	-
Purchase and disposal of treasury stock	-	902	-	-	3,562	-	4,464
Changes in interests in subsidiaries	-	(55,475)	-	-	-	-	(55,475)
Changes in associates' interests in their subsidiaries	-	4,042	-	-	-	-	4,042
Changes in interests in associates' capital surplus	-	2,133	-	-	-	-	2,133
Share-based payment transactions	-	3,103	-	-	-	-	3,103
Other	-	684	-	-	-	-	684
Total transactions with owners and other transactions	-	(44,611)	-	(39,795)	3,562	(261)	(81,105)
As of September 30, 2018	238,772	212,157	496,876	5,041,182	(62,896)	418,944	6,345,035

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2018	1,088,846	6,273,022
Effect of retrospective adjustments due to adoption of new standards*	21,300	264,087
As of April 1, 2018 (after adjustments)	1,110,146	6,537,109
Comprehensive income		
Net income	30,567	870,670
Other comprehensive income	29,340	188,414
Total comprehensive income	59,907	1,059,084
Transactions with owners and other transactions		
Cash dividends	(30,431)	(54,400)
Distribution to owners of other equity instruments	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	4,464
Changes in interests in subsidiaries	(139,281)	(194,756)
Changes in associates' interests in their subsidiaries	-	4,042
Changes in interests in associates' capital surplus	-	2,133
Share-based payment transactions	(2,040)	1,063
Other	(192)	492
Total transactions with owners and other transactions	(171,944)	(253,049)
As of September 30, 2018	998,109	7,343,144

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

For the six-month period ended September 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2019	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	13,997	-	-	13,997
As of April 1, 2019 (after adjustments)	238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
Comprehensive income							
Net income	-	-	-	421,552	-	-	421,552
Other comprehensive income	-	-	-	-	-	(558,848)	(558,848)
Total comprehensive income	-	-	-	421,552	-	(558,848)	(137,296)
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,184)	-	-	(23,184)
Distribution to owners of other equity instruments	-	-	-	(15,344)	-	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(16,418)	-	16,418	-
Purchase and disposal of treasury stock	-	(739)	-	(1,116)	(207,616)	-	(209,471)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes in interests in subsidiaries	-	59,400	-	-	-	-	59,400
Changes in associates' interests in their subsidiaries	-	(1,106)	-	-	-	-	(1,106)
Changes in interests in associates' capital surplus	-	1,234	-	-	-	-	1,234
Share-based payment transactions	-	2,563	-	-	-	-	2,563
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	61,352	-	(614,198)	350,520	16,418	(185,908)
As of September 30, 2019	238,772	1,529,114	496,876	5,392,636	(92,962)	(252,162)	7,312,274

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2019	1,387,723	9,009,204
Effect of retrospective adjustments due to adoption of new standards*	(1,357)	12,640
As of April 1, 2019 (after adjustments)	1,386,366	9,021,844
Comprehensive income		
Net income	110,633	532,185
Other comprehensive income	(21,055)	(579,903)
Total comprehensive income	89,578	(47,718)
Transactions with owners and other transactions		
Cash dividends	(85,137)	(108,321)
Distribution to owners of other equity instruments	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(209,471)
Retirement of treasury stock	-	-
Changes in interests in subsidiaries	(74,280)	(14,880)
Changes in associates' interests in their subsidiaries	-	(1,106)
Changes in interests in associates' capital surplus	-	1,234
Share-based payment transactions	(6,745)	(4,182)
Other	1,570	1,570
Total transactions with owners and other transactions	(164,592)	(350,500)
As of September 30, 2019	1,311,352	8,623,626

Note:

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

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Cash flows from operating activities		
Net income	870,670	532,185
Depreciation and amortization	824,516	976,346
Gain relating to loss of control over subsidiaries	(176,261)	(11,879)
(Gain) loss on investments at SoftBank Vision Fund and Delta Fund	(649,357)	529,328
Finance cost	322,342	303,538
Income on equity method investments	(110,338)	(449,846)
Derivative (gain) loss	(42,407)	111,306
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	(1,218,527)
(Gain) loss from financial instruments at FVTPL	(203,866)	351,781
Change in third-party interests in SoftBank Vision Fund and Delta Fund	199,757	(180,775)
Foreign exchange (gain) loss and other non-operating income	(146,861)	(49,926)
Income taxes	531,419	584,712
Increase in trade and other receivables	(2,431)	(22,289)
Increase in inventories	(186,577)	(152,516)
Increase (decrease) in trade and other payables	39,488	(59,049)
Other	(18,265)	(1,552)
Subtotal	1,251,829	1,242,837
Interest and dividends received	22,629	27,087
Interest paid	(322,087)	(296,850)
Income taxes paid	(266,966)	(1,040,058)
Income taxes refunded	97,370	440,643
Net cash provided by operating activities	782,775	373,659
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(700,953)	(635,953)
Payments for acquisition of investments	(408,791)	(648,393)
Proceeds from sales/redemption of investments	173,344	128,485
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(362,331)	(1,063,737)
Proceeds from sales of investments by SoftBank Vision Fund and Delta Fund	421,921	40,635
Payments for acquisition of control over subsidiaries	(64,028)	(7,826)
Proceeds from loss of control over subsidiaries, net	83,653	1,518
Payments for acquisition of marketable securities for short-term trading	(225,297)	(38,818)
Proceeds from sales/redemption of marketable securities for short-term trading	195,897	40,844
Payments for loan receivables	(190,660)	(78,355)
Collection of loan receivables	25,856	46,167
Payments into time deposits	(454,232)	(2,391)
Proceeds from withdrawal of time deposits	444,742	310
Other	(57,189)	91,893
Net cash used in investing activities	(1,118,068)	(2,125,621)

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	26,044	553,674
Proceeds from interest-bearing debt	4,507,706	5,196,627
Repayment of interest-bearing debt	(4,110,627)	(3,592,775)
Repayment of lease liabilities	-	(359,112)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	394,194	1,356,554
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	(394,207)	(616,690)
Purchase of shares of subsidiaries from non-controlling interests	(228,641)	(46,651)
Distribution to owners of other equity instruments	(16,087)	(15,344)
Purchase of treasury stock	(12)	(215,941)
Cash dividends paid	(23,949)	(23,162)
Cash dividends paid to non-controlling interests	(29,973)	(84,386)
Other	(61,503)	38,236
Net cash provided by financing activities	62,945	2,191,030
Effect of exchange rate changes on cash and cash equivalents	99,370	(38,409)
(Decrease) increase in cash and cash equivalents	(172,978)	400,659
Cash and cash equivalents at the beginning of the period	3,334,650	3,858,518
Cash and cash equivalents at the end of the period	3,161,672	4,259,177

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

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

(1) Adoption of new standards and interpretations

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

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

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

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

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

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

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

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

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

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

Lease

a. Overall

(a) Identifying a lease

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

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

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

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

- the lessee has the right to operate the asset; or
- the lessee designed the asset in a way that predetermines how and for what purpose the asset will be used.

(b) Lease term

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

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

b. Lessee

(a) Separating components of a contract

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

(b) Recognition exemptions

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

(c) Lease transactions of intangible assets

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

(d) Right-of-use asset

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

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

(e) Lease liability

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

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

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

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

c. Lessor

(a) Separating components of a contract

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

(b) Classification of leases

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

(c) Sublease classification

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

(d) Recognition and measurement

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

(3) Effect of adopting new standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

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

The investments in associates and joint ventures of the Company made by SoftBank Vision Fund are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(c) Other investments

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

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

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

d. Bridge Investments

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

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

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

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

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

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

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

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

(a) Contribution from Limited Partners other than the Company

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

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

Contributions from Third-Party Investors to SoftBank Vision Fund and Delta Fund are included in "Contributions into SoftBank Vision Fund and Delta Fund from third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in "Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

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

(b) Contribution from the Company

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

2. Segment information

(1) Description of reportable segments

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

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

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

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through Yahoo Japan Corporation (currently Z Holdings Corporation), internet advertising and e-commerce business. In addition, Yahoo Japan Corporation transitioned to a holding company structure on October 1, 2019 and changed its trade name to "Z Holdings Corporation" from "Yahoo Japan Corporation."

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

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

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

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

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

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

(2) Net sales and income of reportable segments

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

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

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

For the six-month period ended September 30, 2018

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	2,219,779	1,741,589	91,691	511,821	4,564,880
Intersegment	-	8,541	82,435	2	13,180	104,158
Total	-	2,228,320	1,824,024	91,693	525,001	4,669,038
Segment income	632,434	524,112	193,328	141,242	(8,873)	1,482,243
Depreciation and amortization	31	251,903	517,328	37,652	2,559	809,473
Gain relating to loss of control over subsidiaries	-	-	-	176,261	-	176,261

	Other	Reconciliations	Consolidated
Net sales			
Customers	88,973	-	4,653,853
Intersegment	5,838	(109,996)	-
Total	94,811	(109,996)	4,653,853
Segment income	(25,116)	(36,411)	1,420,716
Depreciation and amortization	14,535	508	824,516
Gain relating to loss of control over subsidiaries	-	-	176,261

For the six-month period ended September 30, 2019

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	2,366,561	1,667,602	88,360	447,430	4,569,953
Intersegment	-	6,739	67,497	185	11,571	85,992
Total	-	2,373,300	1,735,099	88,545	459,001	4,655,945
Segment income	(572,639)	560,913	102,469	(26,802)	(2,895)	61,046
Depreciation and amortization	127	330,859	586,374	35,054	3,719	956,133
Gain relating to loss of control over subsidiaries	-	11,879	-	-	-	11,879

	Other	Reconciliations	Consolidated
Net sales			
Customers	81,771	-	4,651,724
Intersegment	10,142	(96,134)	-
Total	91,913	(96,134)	4,651,724
Segment income	(46,348)	(30,250)	(15,552)
Depreciation and amortization	19,678	535	976,346
Gain relating to loss of control over subsidiaries	-	-	11,879

For the three-month period ended September 30, 2018

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,129,636	899,101	50,158	264,415	2,343,310
Intersegment	-	2,480	41,681	1	6,758	50,920
Total	-	1,132,116	940,782	50,159	271,173	2,394,230
Segment income	392,490	263,942	95,220	(3,950)	(3,528)	744,174
Depreciation and amortization	25	127,239	263,793	19,115	1,380	411,552
Gain relating to loss of control over subsidiaries	-	-	-	14,914	-	14,914

	Other	Reconciliations	Consolidated
Net sales			
Customers	37,760	-	2,381,070
Intersegment	3,371	(54,291)	-
Total	41,131	(54,291)	2,381,070
Segment income	(17,192)	(21,259)	705,723
Depreciation and amortization	7,630	181	419,363
Gain relating to loss of control over subsidiaries	-	-	14,914

For the three-month period ended September 30, 2019

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Delta Fund	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,203,980	805,627	42,517	219,921	2,272,045
Intersegment	-	4,734	33,829	97	5,710	44,370
Total	-	1,208,714	839,456	42,614	225,631	2,316,415
Segment income	(970,269)	284,264	39,096	(15,231)	(1,647)	(663,787)
Depreciation and amortization	75	165,910	284,080	17,137	1,948	469,150
Gain relating to loss of control over subsidiaries	-	11,879	-	-	-	11,879

	Other	Reconciliations	Consolidated
Net sales			
Customers	43,282	-	2,315,327
Intersegment	5,733	(50,103)	-
Total	49,015	(50,103)	2,315,327
Segment income	(24,126)	(16,455)	(704,368)
Depreciation and amortization	9,766	232	479,148
Gain relating to loss of control over subsidiaries	-	-	11,879

3. SoftBank Vision Fund and Delta Fund business

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

a. Overview

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

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

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Realized gain and loss on sales of investments[1]	146,682	34,805
Unrealized gain and loss on valuation of investments		
Change in valuation for the fiscal year	504,359	(537,932)
Reclassified to realized gain and loss recorded in the past fiscal year[2]	-	(35,788)
Interest and dividend income from investments	2,607	8,337
Effect of foreign exchange translation[3]	(4,291)	1,250
	649,357	(529,328)
Operating expenses	(16,923)	(43,311)
Operating income from SoftBank Vision Fund and Delta Fund	632,434	(572,639)
Finance cost (interest expenses)[4]	(11,711)	(8,688)
Foreign exchange gain and loss	(22)	37
Derivative gain and loss	(80,953)	-
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(199,757)	180,775
Other non-operating income and loss	(535)	1,016
Income before income tax	339,456	(399,499)

Notes:
1. SoftBank Vision Fund partially sold the shares in Guardant Health Inc. in September 2019 and the gain realized on the sale is ¥34,805 million.

2. It represents the unrealized gains and losses on valuation of Guardant Health Inc. shares recorded as "Operating income from SoftBank Vision Fund and Delta Fund" in the past fiscal year, which are reclassified to realized gain on sales of investments due to the disposal of the shares.

3. 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.

4. The amount before elimination of inter-company transactions is ¥(9,224) million for the six-month period ended September 30, 2019.

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

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

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

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

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

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

b. Changes in interests attributable to Third-Party Investors

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

(Millions of yen)

			(For reference purposes only) Links with the condensed interim consolidated financial statements	
	Third-party interests (Total of current liabilities and non-current liabilities)		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
		(Breakdown)		
As of April 1, 2019	4,136,965			
Contributions from third-party investors	1,356,554		-	1,356,554
Changes in third-party interests	(180,775)		180,775	-
Attributable to investors entitled to fixed distribution		85,506		
Attributable to investors entitled to performance-based distribution		(266,281)		
Distribution to third-party investors	(138,379)		-	(138,379)
Fixed distributions		(103,069)		
Performance-based distributions		(35,310)		
Repayment to third-party investors	(478,311)		-	(478,311)
Exchange differences on translating third-party interests*	(122,974)		-	-
As of September 30, 2019	4,573,080			

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

c. Uncalled committed capital from Third-Party Investors
Uncalled committed capital from Third-Party Investors as of September 30, 2019 is $19.6 billion.

(3) Management fees and performance fees to SBIA

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

a. Management fees to SBIA
Management fees to SBIA are, in accordance with Limited Partnership Agreements, calculated by multiplying 1% per annum by Equity contributions and paid to SBIA by each fund quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

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

During the investment period of SoftBank Vision Fund, payments related to the performance fees to SBIA from disposition, dividends or monetization of investments are withheld. Instead, in accordance with the limited partnership agreement, the amount equivalent to the performance fees withheld during the investment period is temporarily distributed to the limited partners. The investment period of SoftBank Vision Fund ended on September 12, 2019. Accordingly, the equivalent amount will be deducted from the performance-based distributions to the limited partners in a post-investment period and distributed to SBIA. The performance fees to SBIA was not distributed in the three-month period ended September 30, 2019. 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:

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Contract assets	113,209	156,780
Tax receivable*	498,026	126,819
Prepaid expense	123,929	102,873
Other	31,392	37,406
Total	766,556	423,878

Note:
* The withholding income tax of ¥422,648 million related to dividends within the group companies was refunded in July 2019.

5. Assets classified as held for sale

Sale of Alibaba shares by variable prepaid forward contract

Alibaba shares of ¥224,201 million related to the settlement of a variable prepaid forward contact using Alibaba shares was recorded as of March 31, 2019 and the contract was settled with Alibaba shares on June 3, 2019. The details are described in "Note 17. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

6. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Buildings and structures	251,786	185,891
Telecommunications equipment	2,293,388	1,350,288
Furniture, fixtures, and equipment	937,181	868,901
Land	88,304	80,786
Construction in progress	387,408	358,076
Other	112,637	116,263
Total	4,070,704	2,960,205

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

7. Intangible assets

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

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Intangible assets with indefinite useful lives		
FCC licenses	4,155,126	4,041,205
Trademarks	693,861	675,499
Other	12,763	12,411
Intangible assets with finite useful lives		
Software	739,879	732,671
Technologies	471,884	413,012
Customer relationships	249,028	202,152
Spectrum migration costs	159,522	154,146
Management contracts[1]	94,723	83,242
FCC licenses[2]	68,092	64,285
Trademarks	56,726	53,449
Favorable lease contracts[3]	13,226	-
Other	177,365	196,075
Total	6,892,195	6,628,147

Notes:
1. The management contracts reflect excess earnings in the future expected from the agreements which Fortress entered into regarding the management of assets under their funds.
2. As a result of the adoption of IFRS 16, the presentation of favorable lease contracts related to FCC licenses that were identified in business combinations in the past and were previously included in "Favorable lease contracts" has been changed to "FCC licenses" with finite useful lives.

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

8. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Current		
Short-term borrowings[1,2]	499,179	1,761,524
Commercial paper	42,000	216,000
Current portion of long-term borrowings[3]	820,899	921,268
Current portion of corporate bonds	1,042,253	376,169
Current portion of lease obligations[4]	334,517	-
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract[5]	730,601	-
Current portion of installment payables	11,511	6,910
Total	3,480,960	3,281,871
Non-current		
Long-term borrowings[1,3]	5,102,091	5,349,662
Corporate bonds	6,538,785	7,380,197
Lease obligations[4]	557,955	-
Installment payables	5,315	3,744
Total	12,204,146	12,733,603

Notes:

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

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Current		
Short-term borrowings	900,406	898,682
Total	900,406	898,682
Non-current		
Long-term borrowings	12,764	12,411
Total	12,764	12,411
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	913,170	911,093
Eliminated amount of inter-company transactions	(876,599)	(286,743)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	36,571	624,350

2. The increases in short-term borrowings for the six-month period ended September 30, 2019 are mainly due to increases of ¥587,779 million and ¥437,002 million at SoftBank Vision Fund and Delta Fund and at SoftBank Corp., respectively.

3. In the SoftBank segment, the Company is a party to lease transactions of software mainly in relation to telecommunications equipment. The Company has not applied IFRS 16 to leases of intangible assets. Accordingly, liabilities associated with the aforementioned transactions that were previously recognized as lease obligations are,

after applying IFRS 16, accounted for as financial liabilities under IFRS 9 and are included in the current portion of long-term borrowings and long-term borrowings. Consequently, the related amounts as of March 31, 2019 have been restated accordingly. The current portion of long-term borrowings and long-term borrowings as of September 30, 2019 include ¥99,983 million (¥102,879 million as of March 31, 2019) and ¥165,288 million (¥191,297 million as of March 31, 2019) of borrowings from these transactions, respectively.

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

5. Decrease was made due to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in “Note 17. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

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

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Net increase of short-term borrowings	53,044	379,674
Net (decrease) increase of commercial paper	(27,000)	174,000
Total	26,044	553,674

(3) Components of proceeds from interest-bearing debt

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Proceeds from borrowings	3,579,252	3,966,627
Proceeds from issuance of corporate bonds	722,744	1,230,000
Proceeds from sale-leaseback of newly acquired equipment	205,710	-
Total	4,507,706	5,196,627

(4) Components of repayment of interest-bearing debt

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Repayment of borrowings	(3,127,092)	(2,664,040)
Redemption of corporate bonds	(757,640)	(922,545)
Repayment of lease obligations	(214,744)	-
Payment of installment payables	(11,151)	(6,190)
Total	(4,110,627)	(3,592,775)

9. Derivative financial liabilities (current liabilities)

Mainly, it was decreased due to the settlement of a variable prepaid forward contract using Alibaba shares. The details are described in “Note 17. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

10. Other current liabilities

The components of other current liabilities are as follows:

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Contract liabilities	252,812	243,327
Deferred revenue	35,339	33,587
Withholding income tax*	428,796	12,138
Short-term accrued employee benefits	201,979	193,416
Consumption tax payable and other	112,090	92,593
Accrued interest expense	69,977	66,756
Other	57,362	46,844
Total	1,158,355	688,661

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

11. Foreign currency exchange rates

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

(1) Rate at the end of the period

(Yen)

	As of March 31, 2019	As of September 30, 2019
USD	110.99	107.92
GBP	144.98	132.69

(2) Average rate for the quarter

For the six-month period ended September 30, 2018

(Yen)

	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018
USD	108.71	111.55
GBP	147.54	145.84

For the six-month period ended September 30, 2019

(Yen)

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019
USD	110.00	107.70
GBP	140.88	132.73

12. Equity

(1) Capital surplus

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

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

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

(2) Other equity instruments

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

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

(3) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Balance at the beginning of the period	11,162	46,827
Increase during the period[1]	1	28,618
Decrease during the period[2]	(600)	(56,873)
Balance at the end of the period	10,563	18,572

Notes:

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

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

(4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Equity financial assets at FVTOCI	6,661	5,702
Debt financial assets at FVTOCI	267	382
Cash flow hedges	(45,791)	(9,608)
Exchange differences on translating foreign operations	329,131	(248,638)
Total	290,268	(252,162)

13. Other operating loss

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
SoftBank segment		
Gain from remeasurement relating to business combination	3,751	-
Other	(81)	-
Spring segment		
Loss on disposal of property, plant and equipment[1]	(37,960)	(50,579)
Impairment loss on property, plant and equipment[2]	-	(22,725)
Gain on contract termination	7,606	1,507
Reversal of favorable lease	(3,810)	-
Other	972	(1,349)
Other		
Income and loss on equity method investments at Fortress	(1,574)	2,889
Total	(31,096)	(70,257)

Notes:

1. ¥50,579 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 six-month period ended September 30, 2019.

2. Sprint entered into a sale and leaseback contract for their corporate headquarters (buildings, land, and other) and accordingly, the related assets were measured at fair value after deducting the sale cost and were less than their carrying amounts. As a result, ¥22,725 million of impairment loss was recorded for the six-month period ended September 30, 2019. The fair value was calculated based on the sale price and classified as level 3 within the fair value hierarchy. In addition, the sale closed and the leaseback contract commenced on July 9, 2019.

14. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Interest expenses	(322,342)	(303,538)

15. Income on equity method investments

The Company applies the equity method to the consolidated financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba to that of the Company due to the contract with Alibaba. Adjustments are made for significant transactions or events which occurred during the intervening period and which were publicly announced by Alibaba.

Alibaba received newly-issued share (a 33% equity interest) of Ant Small and Micro Finance Services Group Co., Ltd. ("Ant Financial") in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly-issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 69.2 billion, which was the result from the transfer of such intellectual property rights and assets to Ant Financial and the basis difference determined based on Alibaba's share of Ant Financial's net assets, net of its corresponding deferred tax effect.

The Company regarded the transactions as significant transactions which occurred during the intervening period, and made an adjustment. As a result, the Company recognized ¥277,175 million of income on equity method investments.

16. Derivative gain (loss)

For the six-month period ended September 30, 2019, ¥129,273 million of loss was recognized due to the decline in fair value of warrants of The We Company ("WeWork") held by a wholly-owned subsidiary of the Company.

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

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

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

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

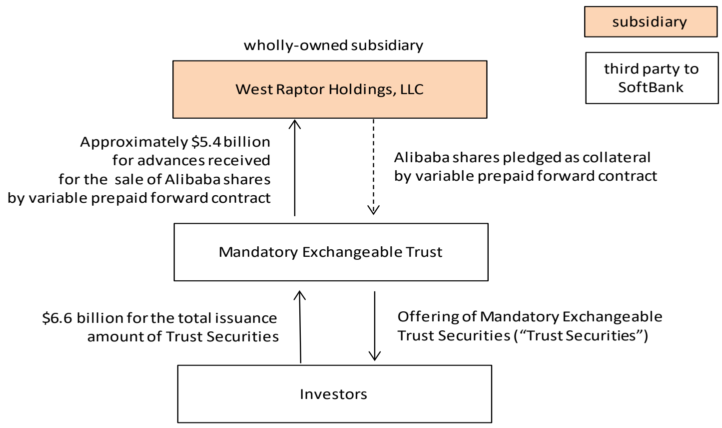
WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

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

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

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

Outline of the transaction



18. Gain (loss) from financial instruments at FVTPL

For the six-month period ended September 30, 2019, ¥374,675 million of loss was recognized due to the decline in fair value of WeWork shares held by a wholly-owned subsidiary of the Company.

In addition, gain and loss on valuation of WeWork shares held by SoftBank Vision Fund and Delta Fund are included in "Operating income from SoftBank Vision Fund and Delta Fund" under the condensed interim consolidated statement of income.

19. Other non-operating income

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

(Millions of yen)

	Six-month period ended September 30, 2018	Six-month period ended September 30, 2019
Dilution gain from changes in equity interest*	30,214	28,611
Interst income	15,200	22,815
Gain from remeasurement relating to discontinuing the use of the equity method	89,209	-
Loss on redemption of corporate bonds	(14,538)	-
Other	(3,166)	4,223
Total	116,919	55,649

Note:
* Mainly, dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.

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

(1) Income taxes paid and income taxes refunded

For the six-month period ended September 30, 2019

Payment of withholding income tax related to dividends within the group companies of ¥449,542 million, payment of income tax mainly related to gain on sales of SoftBank Corp. shares held by SoftBank Group Japan Corporation in December 2018 of ¥321,290 million, and payment of income tax related to deemed dividends on sales of Yahoo Japan Corporation shares held by SoftBank Group Japan Corporation due to an acquisition of its own shares through the Tender Offer by Yahoo Japan Corporation of ¥78,801 million are included in "Income taxes paid."

In addition, refunded withholding income tax related to dividends within the group companies of ¥422,648 million is included in "Income taxes refunded."

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

For the six-month period ended September 30, 2019

The distributions and repayments from SoftBank Vision Fund and Delta Fund to third-party investors are ¥(138,379) million and ¥(478,311) 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."

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

For the six-month period ended September 30, 2019

On June 3, 2019, ¥715,044 million of current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and ¥474,468 million of derivative financial liabilities (current liabilities) recognized for sale of Alibaba shares by variable prepaid forward contract were settled with Alibaba shares. The details are described in "Note 17. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

21. Significant subsequent events

(Funding Commitment from the Company to WeWork)

On October 22, 2019 (ET) the Company and WeWork reached an agreement under which the Company commits to provide funding to WeWork. The agreement includes the following:

(1) Existing Payment Obligation: Execution of the Company's April 2020 $1.5 billion payment obligation in warrants (funding commitment) at $11.60 per share (executed on October 30, 2019);

(2) Tender Offer: Launch of a tender offer worth up to $3 billion to all shareholders other than the Company at a price of $19.19 per share, expected to commence by December 31, 2019, with closing subject to regulatory approvals and other customary closing conditions;

(3) New Debt: Consisting of $1.1 billion in senior secured notes, $2.2 billion in unsecured notes, and a $1.75 billion letter of credit facility. This funding is expected to occur after the completion of the tender offer; and

(4) Joint Venture Share Swap: All of SoftBank Vision Fund's interests in regional joint ventures outside of the Japan joint venture will be exchanged for shares in WeWork at $11.60 per share.

After closing, and following the tender offer, the Company's fully diluted economic ownership of WeWork will be up to 80%. WeWork will not be a subsidiary of the Company since the Company will not hold a majority of voting rights at any general shareholders meeting or board of directors meeting and cannot control WeWork due to its provision of the articles of incorporation and shareholders agreement. WeWork will be an associate of the Company.

WeWork is invested by a wholly-owned subsidiary of the Company and SoftBank Vision Fund. The interest of the wholly-owned subsidiary of the Company is accounted for using the equity method or the fair value method through net profit or loss, and such profit or loss will be recorded as “Income and loss on equity method investments” or “Gain and loss from financial instruments at FVTPL,” depending on the nature of the shares held. With regard to the interest of SoftBank Vision Fund, WeWork shares continue to be measured at fair value, and changes in the fair value are recorded in “Operating income from SoftBank Vision Fund and Delta Fund.”