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 Nine-month Period Ended December 31, 2019 (IFRS)

Tokyo, February 12, 2020

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	%
Nine-month period ended December 31, 2019	**¥7,089,804**	**(1.1)**	**¥(12,964)**	**-**	**¥1,345,378**	**(25.7)**	**¥656,460**	**(58.3)**	**¥476,587**	**(69.0)**	**¥510,581**	**(63.8)**
Nine-month period ended December 31, 2018	¥7,168,452	5.2	¥1,859,007	61.8	¥1,809,834	221.0	¥1,574,457	30.9	¥1,538,396	51.6	¥1,408,776	(14.2)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine-month period ended December 31, 2019	**¥218.55**	**¥212.47**
Nine-month period ended December 31, 2018	¥694.86	¥690.38

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 December 31, 2019	**¥39,406,437**	**¥9,191,419**	**¥7,703,918**	**19.5**
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 from SoftBank Group Corp. and dividend paid to SoftBank Group Corp. to total amount of operating revenue of SoftBank Group Corp.

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

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

Please refer to page 41 “(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 December 31, 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 December 31, 2019:	18,454,576	shares
As of March 31, 2019:	93,653,848	shares

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

As of December 31, 2019:	2,075,041,260	shares
As of December 31, 2018:	2,179,557,470	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 nine-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 February 12, 2020 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company’s website in both Japanese and English at https://group.softbank/en/corp/irinfo/presentations/. The Data Sheet will also be posted on the website on the same day at the same site.

(Appendix)

Contents

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
WeWork	The We Company
The first quarter	Three-month period ended June 30, 2019
The second quarter	Three-month period ended September 30, 2019
The third quarter	Three-month period ended December 31, 2019
The period	Nine-month period ended December 31, 2019
The fiscal year	Fiscal year ending March 31, 2020
The previous fiscal year	Fiscal year ended 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	Q3
USD / JPY	¥108.71	¥111.55	¥112.83	¥110.46	¥110.00	¥107.70	¥108.98

Rates at the end of the period

	March 31, 2019	December 31, 2019
USD / JPY	¥110.99	¥109.56
GBP / JPY	¥144.98	¥143.48

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 (Nine-month period ended December 31, 2019)

1. Highlights of results

- **Operating loss of ¥13.0 billion (deteriorated ¥1.9 trillion yoy)**
  - Operating loss from SoftBank Vision Fund and other SBIA-managed funds was ¥797.8 billion, reflecting unrealized valuation loss (net) of ¥727.3 billion recorded for a decrease in the fair values of investments held by SoftBank Vision Fund at the third quarter-end, such as Uber and WeWork and its three affiliates.[1]
  - The SoftBank segment showed robust growth, with operating income increasing 6.6% yoy.

- **Net income attributable to owners of the parent of ¥476.6 billion (decreased 69.0% yoy)**
  - Income on equity method investments of ¥467.4 billion, including a gain of ¥277.2 billion associated with the receipt of Ant Financial shares by Alibaba.
  - Dilution gain from changes in equity interest of ¥332.2 billion recorded in conjunction with a new issuance of shares by Alibaba upon its listing in Hong Kong.
  - 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.
  - Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds of ¥190.0 billion
  - Finance cost of ¥456.6 billion*
  - Loss from financial instruments at FVTPL (net) of ¥357.4 billion*, reflecting a valuation loss of ¥359.2 billion* recorded for the investment in WeWork held by a wholly owned subsidiary of the Company.

* recorded as a cost for the period

2. Highlights of operations

- SoftBank Vision Fund: Held 88 investments as of the third quarter-end.
- Z Holdings Corporation concluded a definitive agreement relating to its business integration with LINE Corporation in December 2019.
- Merger of Sprint and T-Mobile: Parties won in court in litigation seeking injunction prohibiting the closing of the merger; parties moving to finalize the merger.[*1]

Note:
1. See “Progress on the Merger of Sprint and T-Mobile” under “(c) Sprint Segment” in “b. Results by Segment” for details.

a. Consolidated Results of Operations

(Millions of yen)

	Nine months ended December 31				
	2018	**2019**	Change	Change %	
Net sales	7,168,452	**7,089,804**	(78,648)	(1.1%)	**A**
Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)	1,050,215	**784,799**	(265,416)	(25.3%)	**B**
Operating income from SoftBank Vision Fund and other SBIA-managed funds	808,792	**(797,763)**	(1,606,555)	-	**C**
Operating income	1,859,007	**(12,964)**	(1,871,971)	-	
Finance cost	(479,396)	**(456,616)**	22,780	(4.8%)	**D**
Income on equity method investments	257,533	**467,408**	209,875	81.5%	**E**
Dilution gain from changes in equity interest	33,064	**332,230**	299,166	904.8%	**F**
Foreign exchange gain (loss)	16,908	**(10,320)**	(27,228)	-	
Derivative gain (loss)	544,574	**(19,392)**	(563,966)	-	**G**
Gain relating to settlement of variable pre-paid forward contract using Alibaba shares	-	**1,218,527**	1,218,527	-	**H**
Gain (loss) from financial instruments at FVTPL[*1]	48,964	**(357,353)**	(406,317)	-	**I**
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds[*2]	(453,529)	**190,005**	643,534	-	
Other non-operating loss	(17,291)	**(6,147)**	11,144	-	
Income before income tax	1,809,834	**1,345,378**	(464,456)	(25.7%)	
Income taxes	(235,377)	**(688,918)**	(453,541)	192.7%	**J**
Net income	1,574,457	**656,460**	(917,997)	(58.3%)	
Net income attributable to owners of the parent	1,538,396	**476,587**	(1,061,809)	(69.0%)	
Total comprehensive income	1,408,776	**510,581**	(898,195)	(63.8%)	
Comprehensive income attributable to owners of the parent	1,356,843	**344,500**	(1,012,343)	(74.6%)	

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 other SBIA-managed funds.
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 SoftBank Vision Fund and other SBIA-managed funds, net of management and performance fees payable to SBIA, a wholly owned subsidiary of the Company, and operating and other expenses of SoftBank Vision Fund and other SBIA-managed funds. See “(2) Third-party interests in SoftBank Vision Fund and Delta Fund” under “3. SoftBank Vision Fund and other SBIA-managed funds 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 Other SBIA-Managed Funds)

Segment income improved ¥50,034 million in the SoftBank segment and ¥7,139 million in the Brightstar segment. However, segment income deteriorated ¥117,510 million in the Sprint segment, ¥179,864 million in the Arm segment, and ¥26,150 million in the Other segment. Segment income in 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 Other SBIA-Managed Funds

Unrealized loss on valuation of ¥727,327 million from investments held by SoftBank Vision Fund at the third quarter-end was recorded due to a decrease in the fair values of investments including Uber Technologies, Inc. ("Uber") and WeWork and its three affiliates.[1] See "(a) SoftBank Vision Fund and Other SBIA-Managed Funds Segment" under "b. Results by Segment" for details.

As a result of B and C, operating loss was ¥12,964 million, deteriorating ¥1,871,971 million year on year.

D Finance Cost

Interest expenses increased ¥15,788 million at SoftBank Corp. but decreased ¥52,594 million at SoftBank Group Corp.[2] This was mainly because SoftBank Corp. borrowed ¥1,600 billion through a senior loan 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 ¥187,974 million (67.7%) year on year, to ¥465,445 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. This boosted income on equity method investment related to Alibaba by ¥277,175 million.

F Dilution Gain from Changes in Equity Interest

On November 26, 2019, Alibaba listed its shares on The Stock Exchange of Hong Kong Limited and issued 575 million new shares, including a subsequent overallotment. Mainly due to this impact, the Company recorded a dilution gain from changes in equity interest of ¥331,870 million. There were no changes in the number of shares held by the Company and its wholly owned subsidiaries (5,390 million shares in total).

G Derivative Loss

Derivative loss of ¥29,596 million was recorded in relation to a forward transaction embedded in a variable prepaid forward contract using Alibaba shares concluded between the Company's wholly owned subsidiary, West Raptor Holdings, LLC, and financial institution in November 2019. For details of the contract, see "Note 7" under "(1) Components of interest-bearing debt" in "9. Interest-bearing debt" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes." In the same period of the previous fiscal year, a derivative gain of ¥365,857 million was recorded in relation to a collar transaction embedded in a variable prepaid forward contract using Alibaba shares concluded between West Raptor Holdings, LLC and Mandatory Exchangeable Trust (the "Trust") in June 2016.

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

In June 2019, the Company delivered 73 million American Depositary Shares of Alibaba to the Trust for the settlement of the variable prepaid forward contract using Alibaba shares. This contract was entered into between the Company's wholly owned subsidiary, West Raptor Holdings, 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.

I Loss from Financial Instruments at FVTPL

Loss of ¥359,212 million was recorded due to a decrease in the fair value of investments in WeWork held by the Company's wholly owned subsidiary. See "Investments in WeWork" below for details.

Mainly as a result of B through I, income before income tax decreased ¥464,456 million (25.7%) year on year, to ¥1,345,378 million.

J Income Taxes

The effective tax rate of 51.2% significantly exceeded the statutory income tax rate in Japan of 31.5%. This was mainly because deferred tax assets were not recognized for loss on investments in WeWork by the Company's wholly owned subsidiary. Recording of loss on valuation of investments at certain limited partnerships that form SoftBank

Vision Fund also pushed up the effective tax rate, since the tax rate applicable to those partnerships is lower than the statutory income tax rate in Japan.

Mainly as a result of B through J, net income attributable to owners of the parent decreased ¥1,061,809 million (69.0%) year on year, to ¥476,587 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/.

Investments in WeWork

A wholly owned subsidiary of the Company other than SoftBank Vision Fund has invested in WeWork, which operates the co-working "space-as-a-service" business *WeWork*, and SoftBank Vision Fund has invested in WeWork and its three affiliates — WeWork Greater China Holding Company B.V. ("WeWork China"), WeWork Asia Holding Company B.V. ("WeWork Asia"), and WeWork Japan GK ("WeWork Japan"). As of December 31, 2019, the cumulative amount of investments by the Company's wholly owned subsidiary and SoftBank Vision Fund in WeWork totaled $10.3 billion, with a carrying amount of $5.3 billion. The cumulative amount of investment does not include the investment amount of the ongoing tender offer for WeWork shares worth up to $3 billion.

The Company recognized that the fair value of WeWork's entire equity, taking into account the effect of "(4) Exchange of WeWork China and WeWork Asia Shares for Preferred Stock of WeWork" below, decreased to $7.8 billion as of September 30, 2019, reflecting WeWork's withdrawal of its public offering plan and a significant revision of its business plan, as well as an agreement between the Company and WeWork on October 22, 2019. As of December 31, 2019, the Company's estimate of the fair value of WeWork's entire equity was valued at $7.3 billion, a result obtained by using the income approach (discounted cash flow method).

In accordance with a change in WeWork's corporate governance on October 30, 2019, the Company was given the right to nominate five of the 10 directors on WeWork's board of directors. As a result, WeWork became an associate of the Company.

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 are as follows:

(1) Exercise Price Reduction of Existing Commitment and Early Payment

On October 30, 2019, the Company's wholly owned subsidiary other than SoftBank Vision Fund has paid the full amount of $1.5 billion for the existing commitment that was originally expected to be exercised at $110.00 per share in April 2020, by lowering the exercise price to $11.60 per share. Of this advance payment for investment, a $200 million portion was converted into preferred stock of WeWork in November 2019, with the remaining $1.3 billion portion scheduled to be converted in March 2020, after receiving the necessary regulatory approvals.

(2) Execution of Tender Offer

In November 2019, the Company's wholly owned subsidiary other than SoftBank Vision Fund launched a tender offer worth up to $3 billion to purchase WeWork's common stock and preferred stock from shareholders of We-

Work other than the Company at a price of $19.19 per share. The offer period is until April 1, 2020, unless extended. The closing of the tender offer is subject to regulatory approvals and other customary closing conditions.

(3) Credit Support and Notes Underwriting

The Company agreed to provide to WeWork (a) credit support for a $1.75 billion letter of credit facility provided by financial institutions, and the Company's wholly owned subsidiary other than SoftBank Vision Fund agreed to underwrite or arrange (b) up to $1.1 billion in senior secured notes and (c) up to $2.2 billion in unsecured notes to be issued by WeWork.

Regarding (a), in December 2019, the Company entered into an agreement with financial institutions that designates the Company as a co-obligor with WeWork, while the two parties separately agreed that the Company has the right of indemnification against WeWork whenever the Company services obligations. Regarding (c), the Company's wholly owned subsidiary entered into an agreement with WeWork in December 2019. WeWork is expected to issue unsecured notes as needed on or after April 2020. WeWork has not issued any of the unsecured notes as of February 12, 2020.

With the Company's entry into the agreements regarding (a) and (c), as consideration, the Company has received warrants that are convertible into WeWork preferred stock at an exercise price of $0.01 per share. The warrants are expected to become exercisable in April 2020, after receiving the necessary regulatory approvals.

(4) Exchange of WeWork China and WeWork Asia Shares for Preferred Stock of WeWork

Subject to satisfactory negotiations of definitive documentation and satisfaction of certain closing conditions, it is expected that all of SoftBank Vision Fund's interests in WeWork China and WeWork Asia are expected to be exchanged for preferred stock of WeWork at $11.60 per share. The exchange is expected to take place in early next fiscal year.

Upon completion of these transactions as contemplated in the agreement between the Company and WeWork dated October 22, 2019, the Company's fully diluted economic ownership of WeWork will be up to 80% (up to 60% by the Company and its wholly owned subsidiary other than SoftBank Vision Fund 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 provisions of WeWork's articles of incorporation and shareholders agreement, WeWork will not be a subsidiary of the Company. There is no other party acting as the Company's de facto agent.

The investment in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund consists of common stock, preferred stock, and a $1.5 billion paid commitment, the full amount of which was paid on October 30, 2019 with the exercise price lowered to $11.60 per share. In addition, the Company also owns warrants that are convertible into preferred stock at an exercise price of $0.01 per share that acquired as consideration for the credit support and unsecured notes underwriting commitment. The common stock is accounted for using the equity method from October 30, 2019, the date on which WeWork became an associate of the Company. The preferred stock, advance payment for investment, and warrants that are convertible into preferred stock at $0.01 per share are measured at fair value, with the change recorded as a gain or loss. See "Investments in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund (1) (as of December 31, 2019)" on page 10 and "Investments in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund (2) (as of December 31, 2019)" on page 12 for details.

For the six-month period ended September 30, 2019, the Company recorded a loss of $4,679 million related to investments from the Company's wholly owned subsidiary other than SoftBank Vision Fund, which was the total of loss from financial instruments at FVTPL and derivative loss. For the nine-month period ended December 31, 2019, however, the Company recorded a loss of $3,603 million as the total of loss from financial instruments at FVTPL, loss on equity method investments, derivative loss, and other non-operating loss. This $1,076 million decrease in loss was mainly attributable to measurement of the fair value of the $1.5 billion commitment on December 31, 2019 by considering the drop of exercise price to $11.60 per share from the original $110.00 per share. See (i) in Graph 1 on page 11.

In the meantime, for the shares to be purchased in the ongoing tender offer, the Company expects to record a non-operating loss, which represents the difference between the acquisition cost and the fair value. See (ii) in Graph 1 on page 11.

Upon the execution of the agreements on (a) and (c) in “(3) Credit Support and Notes Underwriting” above, the Company recorded other financial liabilities (current liabilities) in the Condensed Interim Consolidated Statement of Financial Position, which represents the credit support and unsecured notes underwriting commitment recognized at fair value at the time of the execution of the agreements. The Company also recorded derivative assets (non-current assets) in the Condensed Interim Consolidated Statement of Financial Position, for the warrants convertible to preferred stock at an exercise price of $0.01 per share that were received as compensation for (a) and (c) and recognized at fair value at the time of the execution of the agreements. The Company will amortize the liabilities of financial guarantee and loan commitment over the term agreed for the credit support and unsecured notes underwriting commitment and record the amortized amount as non-operating income. See (iii) in Graph 1 on page 11.

With respect to SoftBank Vision Fund’s investments in WeWork and its three affiliates—WeWork China, WeWork Asia, and WeWork Japan—both the common stock and preferred stock continue to be measured at fair value, with the change to be recorded as a gain or loss. As of December 31, 2019, the cumulative amount of these investments totaled $4.3 billion, with fair value of $2.0 billion.

Investments in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund (1) (as of December 31, 2019)

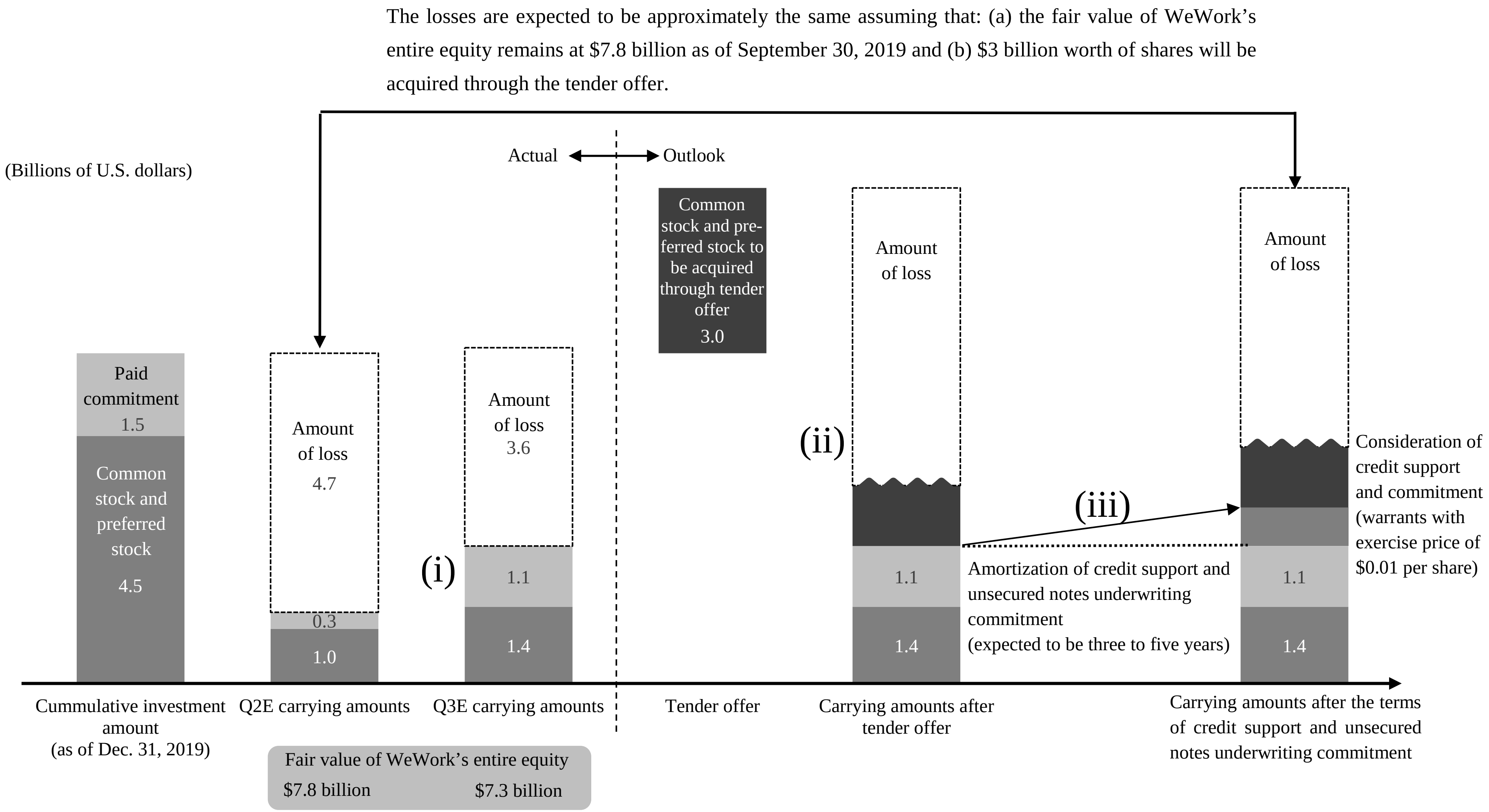
(Millions of U.S. dollars)

Investment type			Cumulative investment amount	Cumulative gain (loss)	Account in condensed interim consolidated statement of financial position	Carrying amounts in the fiscal year		Account in condensed interim consolidated statement of income	Gain (loss) recorded in condensed interim consolidated statement of income in the fiscal year			
						Q2E	Q3E		Q1	Q2	Q3	Q1-3
Common stock			4,500	(3,084)	Investment securities	166	-	Loss from financial instruments at FVTPL	Breakdown omitted	(769)	-	(417)
					Investments accounted for using the equity method	-	59	Loss on equity method investments		-	(29)*1	(29)*1
								Other non-operating loss		-	(78)*2	(78)*2
Preferred stock					Investment securities	833	1,357	Gain (loss) from financial instruments at FVTPL		(2,901)	524	(2,542)
$1.5 billion paid commitment (Exercised on October 30, 2019 with the exercise price of $11.60 per share, down from the original $110.00 per share)	After exercise	After conversion*3	200	(51)		-	149			-	(51)	(51)
		Before conversion*4	1,300	(331)	Other financial assets	-	969			-	(331)	(331)
	Before exercise		-	-	Derivative financial liabilities	(1,196)*5	-	Derivative gain (loss)		(1,011)*5	1,196*5	-
Warrants with exercise price of $0.01 per share	Before exercise		-	(155)	Derivative financial assets	-	713			-	(155)*6	(155)*6
Total			6,000	(3,621)					2	(4,681)	1,076	(3,603)

Notes:
1. WeWork became the Company's associate on October 30, 2019. As a result, net loss of WeWork from October 30, 2019 to December 31, 2019 corresponding to the Company's holding of common stock (2.75% as of December 31, 2019; before dilution) was recorded.
2. Indicates the impairment loss recorded due to the significant reduction in fair value of common stock recognized in the third quarter.
3. The $200 million portion of $1.5 billion paid commitment was converted into preferred stock in November 2019.
4. The $1.3 billion portion of $1.5 billion paid commitment has been paid in advance. This investment is scheduled to be converted into preferred stock in March 2020 after receiving necessary regulatory approvals.
5. The Company recognized a cumulative valuation loss of $1,196 million from the previous fiscal year-end to the second quarter-end, on the warrants (an unexecuted commitment of $1.5 billion) held by the Company's wholly owned subsidiary and recorded it as derivative financial liabilities in the Condensed Interim Consolidated Statement of Financial Position. The Company also recorded the corresponding derivative loss in the Condensed Interim Consolidated Statement of Income for the six-month period ended September 30, 2019. At the third quarter-end, the entire amount of the relevant derivative financial liabilities was reversed, following the Company's payment of $1.5 billion on October 30, 2019 after changing the terms and conditions of the warrants.
6. Derivative loss on warrants with exercise price of $0.01 per share was recognized mainly due to markdown of WeWork's entire equity value from $7.8 billion as of September 30, 2019 to $7.3 billion as of December 31, 2019.

Graph 1: Investments in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund

Outlook of the treatment of transactions agreed on October 22, 2019, for illustrative purposes only



Note: This graph is based on certain presumptions for illustrative purposes only. Actual accumulated investment amount and accumulated amount of loss may vary depending on factors including the changes in the fair value of WeWork's entire equity and the purchase amount of the tender offer.

Investments in WeWork by the Company's wholly owned subsidiary other than SoftBank Vision Fund (2) (as of December 31, 2019)

(Millions of U.S. dollars)

Investment type		Item in consolidated statement of financial position	Fiscal year ended March 2019			Fiscal year ending March 2020				
			Acquisition cost	Valuation gain (loss)	Q4E carrying amounts	Q1: (a) Tender offer and (b) Exercise of warrants	Q2: (c) Conversion of promissory notes and (d) Conversion of warrants	Q3: (e) Exercise of warrants, (f) Exercise and conversion, and (g) Reclassification	Gain (loss) in Q1-Q3	Q3E carrying amounts
Common stock		Investment securities	-	-	-	583	-	(166)	(417)	-
		Investments accounted for using the equity method	-	-	-	(a) -	-	(g) 166	(107)	59
Preferred stock		Investment securities	-	-	-	417	3,066	(f) 200	(2,177)	1,506
Convertible promissory notes		Other financial assets	1,000	(18)	982	-	(c) (876)	-	(106)	-
$2.5 billion warrants (agreement concluded in November 2018)	After exercise; after conversion	Other financial assets	1,500	-	1,500	(b) 1,000	(2,190)	(d) -	(310)	-
$1.5 billion warrants (agreement concluded in January 2019)	After exercise; before conversion	Other financial assets	-	-	-	-	-	Advance payment for investment (e) 1,300	(331)	969
Warrants with exercise price of $0.01 per share	Before exercise	Derivative financial assets	-	-	-	-	-	868	(155)	713
Total			2,500	(18)	2,482	2,000	-	2,368	(3,603)	3,247

Liabilities for credit support and unsecured notes underwriting commitment	Other financial liabilities	-	-	-	-	-	(868)	-	(868)

Concluded the contract for credit support and unsecured notes underwriting commitment, and received its consideration

Investment amounts	2,500			2,000		1,500		

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 Yahoo Japan Corporation became a subsidiary of SoftBank Corp. There are now five reportable segments: SoftBank Vision Fund and Other SBIA-Managed Funds, SoftBank, Sprint, Arm, and Brightstar.

The "SoftBank Vision Fund and Other SBIA-Managed Funds segment" was renamed from the "SoftBank Vision Fund and Delta Fund segment" in the third quarter due to the establishment of new investment vehicles, which will hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned), and investments that have been made by such vehicles. The segment includes such vehicles. Delta Fund held no investments as of the third quarter-end.

The following is a summary of the reportable segments.

Segments	Main businesses	Core companies
Reportable segments		
SoftBank Vision Fund and Other SBIA-Managed Funds	· Investment activities by SoftBank Vision Fund	SB Investment Advisers (UK) Limited SoftBank Vision Fund 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. Z Holdings Corporation
Sprint	· Provision of mobile communications services in the U.S. · Sale and lease of mobile devices and sale of accessories in the U.S. · Provision of fixed-line telecommunications services in the U.S	Sprint Corporation
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools and provision of software services	Arm Limited
Brightstar	· Distribution of mobile devices overseas	Brightstar Corp.
Other	· Alternative investment management business	Fortress Investment Group LLC
	· Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.
	· Smartphone payment business	PayPay Corporation

Note: Income of reportable segments is calculated as follows.
SoftBank Vision Fund and Other SBIA-Managed Funds segment:
Segment income = gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds − operating expenses

Segments other than the SoftBank Vision Fund and Other SBIA-Managed Funds segment:
Segment income = net sales − operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss, for each segment

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

(a) SoftBank Vision Fund and Other SBIA-Managed Funds Segment

1. Segment loss of ¥797.8 billion

- Unrealized loss on valuation of investments (net) of ¥727.3 billion from investments held by SoftBank Vision Fund at the third quarter-end: Fair values of Uber, WeWork and its three affiliates,[1] and other investments decreased.
- Realized gain on sales of investments of ¥14.6 billion by SoftBank Vision Fund: A realized gain was recorded on the sale of a portion of Guardant Health shares, while a realized loss was recorded on the sale of shares of another portfolio company.

2. Progress of investments at SoftBank Vision Fund

- Held 88 investments as of the third quarter-end at cost totaling $74.6 billion, with fair value amounting to $79.8 billion (excluding exited investments).
- During the third quarter, two investees, Vir Biotechnology and OneConnect, became publicly listed issuers.

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds	838,779	**(729,007)**	(1,567,786)	-
Operating expenses	(29,987)	**(68,756)**	(38,769)	129.3%
Segment income	808,792	**(797,763)**	(1,606,555)	-

OVERVIEW

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

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.” The fund’s investment period ended on September 12, 2019, but the fund life will in principle last through November 20, 2029.

For details on the terms and conditions of distributions 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 other SBIA-managed funds 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 December 31, 2019

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollars)	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 run either until November 20, 2022, or until the decision to end the investment period is made by SBIA, as the manager, 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.

Capital Deployment of SoftBank Vision Fund and Delta Fund

As of December 31, 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[3] (B)			
SoftBank Vision Fund	**74.9**	26.9	48.0
Delta Fund	**3.8**	3.8 [4]	- *2
Non-recallable contribution included in (B)			
SoftBank Vision Fund[5]	**(5.5)**	(0.9)	(4.6)
Delta Fund[6]	**(3.5)**	(3.5)	- *2
Remaining committed capital (C) = (A) - (B)			
SoftBank Vision Fund	**23.7**	6.2	17.5
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)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds	838,779	**(729,007)**	(1,567,786)	-
Realized gain and loss on sales of investments	146,682	**14,643**	(132,039)	(90.0%)
Unrealized gain and loss on valuation of investments	693,296	**(754,828)**	(1,448,124)	-
Change in valuation for the fiscal year	693,296	**(727,327)**	(1,420,623)	-
Reclassified to realized gain and loss recorded in the past fiscal year*1	-	**(27,501)**	(27,501)	-
Interest and dividend income from investments	3,092	**10,067**	6,975	225.6%
Effect of foreign exchange translation	(4,291)	**1,111**	5,402	-
Operating expenses	(29,987)	**(68,756)**	(38,769)	129.3%
Segment income	808,792	**(797,763)**	(1,606,555)	-
Finance cost (interest expenses)	(18,919)	**(16,221)**	2,698	(14.3%)
Foreign exchange gain and loss	66	**547**	481	728.8%
Derivative gain and loss	249,439	**-**	(249,439)	-
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(453,529)	**190,005**	643,534	-
Other non-operating income and loss	(910)	**340**	1,250	-
Income before income tax	584,939	**(623,092)**	(1,208,031)	-

Note:

1. Following the sales of a portion of shares in Guardant Health Inc. ("Guardant Health") and shares of another portfolio company in the period, the unrealized gains and loss on valuation of investments of ¥27,501 million (net) recorded in the previous fiscal year for those exited investments were reclassified to "realized gain and loss on sale of investments," including a gain of ¥35,788 million recorded for investment in Guardant Health and a loss of ¥8,287 million recorded for investment in another portfolio company.

Segment income

Segment loss was ¥797,763 million, compared with income of ¥808,792 million in the same period of the previous fiscal year. This was mainly attributable to unrealized loss on valuation of investments of ¥727,327 million ($6,811 million) from investments held by SoftBank Vision Fund at the third quarter-end. On a U.S. dollar basis, while unrealized gain on valuation of investments totaling $5,294 million was recorded due to an increase in the fair values of 29 investments, unrealized loss on valuation of investments totaling $12,105 million was recorded due to a decrease in the fair values of 31 investments including Uber and WeWork and its three affiliates.[1] During the period, the fair values of 28 investments did not change.

Realized gain on sales of investments was ¥14,643 million. This represents a realized gain of ¥34,805 million recorded on the sale of a portion of Guardant Health shares and a realized loss of ¥20,162 million recorded on the sale of shares of another portfolio company.

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 all 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 of SoftBank Vision Fund and Delta Fund

SoftBank Vision Fund

As of December 31, 2019; excludes exited investments

(Billions of U.S. dollars)

Sector	Number of investments	Acquisition cost	Fair value	Change
Consumer	15	10.8	15.4	4.6
Enterprise	8	2.5	3.5	1.0
Fintech	11	4.9	5.6	0.7
Frontier Tech	10	10.8	11.0	0.2
Health Tech	10	2.7	4.8	2.1
Real Estate & Construction	11	9.9	7.9	(2.0)
Transportation & Logistics	23	33.0	31.6	(1.4)
Total	88	74.6	79.8	5.2

New investments in the period

In the period, SoftBank Vision Fund made investments totaling $14.9 billion, including follow-on investments.

Of these, the investments in ANI Technologies Private Limited (Ola) and WeWork China were purchased from the Company for $950 million in total, the fair value at the time the Company made its decision to sell. These two investments were initially acquired by the Company in prior years 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 Purchased from the Company

In addition to direct purchase, some investments of SoftBank Vision Fund are purchased from 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

Other SBIA-Managed Funds 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.

Delta Fund

There were no investments held by Delta Fund as of the third quarter-end.

(b) SoftBank Segment (Including Former Yahoo Japan Segment)

1. **Achieved higher net sales and segment income, driven by steady expansion of telecom service customer base.**
2. **SoftBank Corp. made Yahoo Japan Corporation (currently Z Holdings Corporation) a subsidiary in June 2019.**
3. **Z Holdings Corporation concluded a definitive agreement relating to its business integration with LINE Corporation in December 2019.**

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	3,449,581	**3,617,784**	168,203	4.9%
Segment income	754,857	**804,891**	50,034	6.6%

Note: The results of the SoftBank segment are presented by retroactively including the results of Yahoo Japan Corporation since April 1, 2018, following Yahoo Japan Corporation becoming a subsidiary of SoftBank Corp.

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. This expansion was demonstrated by the cumulative number of smartphone subscribers to the three brands—*SoftBank*, *Y!mobile*, and *LINE MOBILE*—increasing 1,400,000 from the previous fiscal year-end to 23.48 million, and the cumulative number of subscribers to *SoftBank Hikari*, a fiber-optic service, increasing 330,000 from the previous fiscal year-end to 6.25 million. Segment income also increased as a result of increased net sales.

Yahoo Japan Corporation (currently Z Holdings Corporation) became a subsidiary of SoftBank Corp. as of June 27, 2019. Accordingly, the results of the SoftBank segment are presented by retroactively including the results of Yahoo Japan Corporation since April 1, 2018. Operating income of Z Holdings Corporation in this segment increased 5.1% year on year. This was mainly due to consolidation of ZOZO, Inc. and an increase in net sales of existing e-commerce and advertising business.

Consolidation of ZOZO, Inc. by Z Holdings Corporation

On November 13, 2019, Z Holdings Corporation acquired 152,952,900 shares of common shares (50.1% of voting rights) of ZOZO, Inc., an operator of online apparel retail website, for ¥400,737 million with the aim of strengthening its e-commerce business. Accordingly, on the same day ZOZO, Inc. became a subsidiary of the Company, SoftBank Corp., and Z Holdings Corporation. The results of the SoftBank segment are presented by including the results of ZOZO, Inc. from this date until December 31, 2019. For details on the consolidation of ZOZO, Inc. see "4. Business combinations" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

Business Integration of Z Holdings Corporation and LINE Corporation

In December 2019, Z Holdings Corporation and LINE Corporation, along with their respective parent companies SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration (the "Business Integration") with the aim of forming a world-leading AI technology company based in Japan and Asia. As part of the transaction to realize the Business Integration, SoftBank Corp. and NAVER Corporation will jointly conduct a tender offer for the shares of LINE Corporation from May to June 2020. Z Holdings Corporation, as the listed integrated company resulting from the Business Integration, is expected to become a subsidiary of the Company and of SoftBank Corp. The Business Integration is conditioned on the receipt of required competition law and foreign exchange law approvals and other clearances and permits required by applicable laws and regulations.

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 of Sprint and T-Mobile: Parties won in court in litigation seeking injunction prohibiting the closing of the merger; parties moving to finalize the merger.*1**
2. **Segment income decreased, mainly due to a decrease in prepaid revenues and accelerated amortization of the *Virgin Mobile* trademark.**

Note:
1. See “Progress on the Merger of Sprint and T-Mobile” below for details.

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	2,794,447	**2,615,700**	(178,747)	(6.4%)
Segment income	255,318	**137,808**	(117,510)	(46.0%)

U.S. dollar-based results (IFRSs) (Millions of U.S. dollars)

Net sales	25,159	**24,017**	(1,142)	(4.5%)
Segment income	2,305	**1,264**	(1,041)	(45.2%)

FINANCIAL RESULTS

Net sales decreased mainly due to the impact of the stronger yen on the exchange rate used for translation and a decline in revenue for prepaid services and equipment. In accordance with IFRS 15, subsidies to promote mobile phone sales are amortized over the expected time of use as a reduction to service revenue, not as equipment revenue. Following a year-on-year increase in the cumulative number of prepaid customers acquired under the subsidy model, the amount of reduction to service revenue increased year on year. As a result, revenue for prepaid services decreased.

Segment income decreased mainly due to recording amortization expenses of ¥41,525 million ($381 million) to reflect accelerated amortization of the trademark related to *Virgin Mobile*, one of the company’s prepaid brands, following a decision made in the third quarter to discontinue *Virgin Mobile* services, in addition to the decrease in prepaid revenue.

Apart from the above, the Company recorded other operating loss of ¥22,725 million following the sale and leaseback transaction that Sprint executed for its head office, including buildings and land, which is the difference between their carrying amounts and fair values after deducting transaction costs. The Company also recorded other operating income of ¥29,404 million from compensation after winning lawsuits related to patent infringement.

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 (the “Business Combination 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 Federal Communications Commission (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 public state utility commissions, with only approval from the California public utility commission (the “California PUC”) still outstanding. Litigation was 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”); however, on February 11, 2020 (ET), the U.S. District Court for the Southern District of New York issued a ruling in which it rejected the claims brought by the attorneys general. The Transaction remains subject to certain closing conditions, including resolution of all court proceedings in the AG Litigation, and satisfactory resolution of outstanding business issues among the parties.

Note that the time limit after which either party can terminate for convenience the Business Combination Agreement by giving notification was November 1, 2019, which was agreed in the amendment of the Business Combination Agreement on July 26, 2019 (ET). However, as of February 12, 2020 no such notification has been given and the Business Combination Agreement is still effective. The parties are expected to continue to discuss potential further amendments to the Business Combination Agreement, but no agreement on terms of any such amendments has been reached.

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." The Company is continuing to carefully monitor the situation, as the approval from the California PUC is still pending and the Transaction remains subject to certain closing conditions, including resolution of all court proceedings in the AG Litigation, and satisfactory resolution of outstanding business issues among the parties.

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 under net income or loss related to change in scope of consolidation.

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.

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 2.1% yoy. Segment income decreased substantially yoy, due to a one-time gain in the same period of the previous fiscal year

- Royalty revenue (U.S. dollar-based) decreased 5.3% yoy. Royalty revenue for the third quarter increased 22.8% from the previous quarter due to improving industry conditions and ramping shipment of 5G smartphones.
- 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. Start of season to harvest returns from increasing R&D capacity

- Strong licensing of new technologies continued, with the majority of revenues associated with these new products expected to be recognized in future quarters.
- First generation of Arm *Neoverse* processors is being used in Amazon Web Services Inc.'s own-built Graviton2 server chips.

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	146,119	**143,008**	(3,111)	(2.1%)
Segment income	137,205	**(42,659)**	(179,864)	-

Note: Segment income included amortization expenses of ¥37,738 million for the period and ¥43,383 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.

Industry trend and its impact

Semiconductor industry trends can have a significant impact on Arm's financial results. Revenue of parts of the semiconductor industry that are most relevant to Arm's business started to decline in late 2018, and continued to show year-on-year declines from November 2018[7] until a year-on-year increase of 2.5%[7] was seen in November 2019. Despite this recent improvement, the industry remains vulnerable to ongoing trade disputes and sanctions against specific companies. For the fiscal year, these factors could continue to 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. As market conditions normalize, Arm expects that its business will continue to grow again. In addition, Arm is expecting that as technology becomes more advanced, its technology will be further utilized and opportunities will expand over the long term.

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)

	Nine months ended December 31									
	2018				**2019**					
	Q1	Q2	Q3	Total	Q1	Q2	Q3	**Total**	Change	Change %
Technology licensing	85	124	125	334	125	87	130	**342**	8	2.4%
Technology royalties	261	285	305	851	240	254	312	**806**	(45)	(5.3%)
Software and services	35	47	56	138	53	55	63	**171**	33	23.9%
Total net sales	381	456	486	1,323	418	396	505	**1,319**	(4)	(0.3%)

Net sales for the period were almost flat year on year on a U.S. dollar-basis. Although the slowdown in the industry resulted in a decrease in royalty revenue, software and services revenue and licensing revenue increased.

Technology licensing

Licensing revenue increased 2.4% year on year. This was mainly due to a temporary delay in licensing activity following the establishment of a joint venture for business in China in the same period of the previous fiscal year. In addition, the downturn in the semiconductor industry which started from late 2018 started to show signs of recovery in the third quarter. This led to an increase in the number of licenses signed.

Arm is currently undergoing a transition in its product cycle and continues to sign licenses for new technologies that have not been announced. Bookings for these licenses are not recorded as revenue in the period. However, the bookings are expected to be recognized as licensing 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 to boost Arm's revenues for years to come.

Technology royalty

Technology royalty revenue decreased 5.3% year on year. This was mainly due to a deceleration in semiconductor demand including a weakening in global smartphone demand, combined with a general slowdown in global chip sales. Royalty revenue for the third quarter increased 22.8% from the previous quarter due to improving industry conditions and ramping shipment of 5G smartphones.

Software and services

Software and services revenue increased 23.9% year on year, mainly due to Arm's data management business, created following the acquisition of Treasure Data, Inc. in August 2018, growing strongly over the year.

Segment income

Segment income decreased year on year. This was due to recognizing gain relating to 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 as of the third quarter-end increased net 533 people (8.9%) 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.

OPERATIONS

Licensing

	Licenses signed in the third quarter	Cumulative number of licenses signed as of the third quarter-end
Breakdown by processor family		
Classic (*Arm7, Arm9, Arm11*)	-	451
Cortex-A	19	392
Cortex-R	5	113
Cortex-M	18	590
Mali	9	195
Number of processor licenses signed	51	1,741

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

Arm signed 51 processor licenses in the third quarter, the highest number of licenses signed since becoming part of the Company. This included 13 licenses for new technologies that Arm has not yet announced. The customers who signed licenses with Arm in the third quarter intend to use Arm technologies in a very broad range of end markets, including AI processors, automotive applications, IoT, networking infrastructure, servers, and smartphones.

Royalty Units [8]

	2018		2019		
	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30	**Jul 1 to Sep 30**
Royalty units as reported by Arm's licensees	6.2 billion	5.6 billion	4.8 billion	5.6 billion	**6.4 billion**
Growth rate (yoy)	8.8%	(3.4%)	(12.7%)	-	**3.2%**

Arm's licensees reported shipments of 6.4 billion Arm-based chips for the three-month period ended September 30, 2019. Arm's unit shipments increased 3.2% year on year while the semiconductor industry on the whole declined 9.2%[7] 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.
The third quarter	:	Arm announced new AI processors that are scalable to add AI capability to a wide range of consumer devices such as mobile computing and portable gaming devices.

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.
The third quarter	:	· Amazon Web Services Inc. announced that the first generation of Arm *Neoverse* processors is being used in their own-built Graviton2 server chips, which will be used to replace the current generations of server systems and show up to 40% cost savings for its customers. · Supercomputer Fugaku, jointly developed by RIKEN and Fujitsu Limited, has been awarded 1st place in the Green500 supercomputer list, a global ranking based on the energy efficiency of supercomputers, with their Arm-based high-performance chip.

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

(e) Brightstar Segment

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	812,471	**702,734**	(109,737)	(13.5%)
Segment income	(9,222)	**(2,083)**	7,139	-

(f) Other

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	158,696	**159,868**	1,172	0.7%
Segment income	(39,881)	**(66,031)**	(26,150)	-

Operating loss of ¥55,612 million was recorded at PayPay Corporation, which is engaged in smartphone payment services in Japan. This was mainly due to large-scale marketing promotions aimed at gaining users and driving service usage, and continued proactive measures to increase the number of stores where its services can be used.

Results of PayPay Corporation included in the Other segment

(Millions of yen)

	Nine months ended December 31			
	2018	**2019**	Change	Change %
Net sales	-	**4,872**	4,872	-
Operating income	(21,135)	**(55,612)**	(34,477)	-

(2) Overview of Financial Position

1. Status of investments

- **Carrying amount of investments from SoftBank Vision Fund of ¥7.8 trillion, increased ¥728.6 billion from the previous fiscal year-end*1**

  SoftBank Vision Fund made new investments totaling $14.9 billion, while the fair value of Uber, WeWork and its three affiliates,[1] and other investments decreased.

- **Carrying amount of investments in WeWork and its affiliates totaling ¥575.2 billion, decreased ¥290.1 billion from the previous fiscal year-end**
  - Carrying amount of investments from a wholly owned subsidiary of the Company of ¥355.8 billion, increased ¥80.3 billion from the previous fiscal year-end*2
  - Carrying amount of investments from SoftBank Vision Fund of ¥219.4 billion, down ¥370.5 billion from the previous fiscal year-end.

2. The Company's financing activities

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

Notes:
1. Investment in Arm is not included in investments from SoftBank Vision Fund as Arm is a subsidiary of the Company.
2. For details about investments in WeWork, see "Investments in WeWork" under "a. Consolidated Results of Operations" in "(1) Overview of Results of Operations."

(Millions of yen)

	March 31, 2019	**December 31, 2019**	Change	Change %
Total assets	36,096,476	**39,406,437**	3,309,961	9.2%
Total liabilities	27,087,272	**30,215,018**	3,127,746	11.5%
Total equity	9,009,204	**9,191,419**	182,215	2.0%

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	**December 31, 2019**	Change	
Cash and cash equivalents	3,858,518	**3,804,711**	(53,807)	
Trade and other receivables	2,339,977	**2,646,387**	306,410	
Other financial assets	203,476	**150,487**	(52,989)	
Inventories	365,260	**327,909**	(37,351)	
Other current assets	766,556	**571,939**	(194,617)	**A**
Assets classified as held for sale	224,201	**-**	(224,201)	**B**
Total current assets	7,757,988	**7,501,433**	(256,555)	
Property, plant and equipment	4,070,704	**3,116,423**	(954,281)	**C**
Right-of-use assets	-	**2,182,273**	2,182,273	**D**
Goodwill	4,321,467	**4,518,667**	197,200	**E**
Intangible assets	6,892,195	**7,194,628**	302,433	**F**
Costs to obtain contracts	384,076	**410,383**	26,307	
Investments accounted for using the equity method	2,641,045	**3,225,219**	584,174	**G**

	March 31, 2019	**December 31, 2019**	Change	
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	7,115,629	**8,033,558**	917,929	**H**
SoftBank Vision Fund and Delta Fund	7,115,629	**7,844,201**	728,572	
Investment securities	924,614	**1,501,822**	577,208	**I**
Other financial assets	1,185,856	**1,333,464**	147,608	
Deferred tax assets	586,943	**182,275**	(404,668)	**J**
Other non-current assets	215,959	**206,292**	(9,667)	
Total non-current assets	28,338,488	**31,905,004**	3,566,516	
Total assets	36,096,476	**39,406,437**	3,309,961	

Reasons for changes by primary component

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 in June 2019 of the variable prepaid forward contract using Alibaba shares concluded in 2016.
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	· Following the consolidation of ZOZO Inc., goodwill was newly recognized on the date when control was acquired. For details, see "4. Business combinations" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes." · Arm's goodwill decreased ¥28,736 million, due to a stronger yen against the British pound.

Components	Main reasons for changes from the previous fiscal year-end
F Intangible assets	· Following the consolidation of ZOZO Inc., intangible assets such as customer relationships and trademarks were newly recognized on the date when control was acquired. For details, see "4. Business combinations" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes." · Sprint's FCC licenses decreased ¥53,517 million mainly due to a stronger yen against the U.S. dollar, while Sprint's customer relationships and Arm's technologies decreased due to regular amortization. In addition, Sprint conducted accelerated amortization of trademark related to *Virgin Mobile* of ¥41,525 million in the third quarter.
G Investments accounted for using the equity method	The consolidated carrying amount of Alibaba increased due to recording income on equity method investments and dilution gain from changes in equity interest.
H Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	SoftBank Vision Fund made investments of $14.9 billion, while the fair values of investments including Uber and WeWork and its three affiliates[1] decreased and a portion of Guardant Health shares and shares of another portfolio company were sold. For details, see "(a) SoftBank Vision Fund and Other SBIA-Managed Funds Segment" under "b. Results by Segment" in "(1) Overview of Results of Operations."
I Investment securities	· For details of investments in WeWork, see "Investments in WeWork" under "a. Consolidated Results of Operations" in "(1) Overview of Results of Operations." · A wholly owned subsidiary of the Company investing in Latin America made new investments totaling $1.3 billion.
J Deferred tax assets	As a result of the settlement of the variable prepaid forward contract using Alibaba shares concluded in 2016, the corresponding deferred tax assets were reversed.

(b) Liabilities

(Millions of yen)

	March 31, 2019	**December 31, 2019**	Change	
Interest-bearing debt*1	3,480,960	**3,483,105**	2,145	
Lease liabilities*1	-	**602,541**	602,541	
Deposits for banking business	745,943	**863,668**	117,725	
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds*2	29,677	**-**	(29,677)	
Trade and other payables	1,909,608	**2,012,912**	103,304	
Derivative financial liabilities	767,714	**4,048**	(763,666)	**A**
Other financial liabilities	10,849	**101,050**	90,201	
Income taxes payables	534,906	**97,985**	(436,921)	**B**
Provisions	43,685	**23,503**	(20,182)	
Other current liabilities	1,158,355	**898,290**	(260,065)	**C**
Total current liabilities	8,681,697	**8,087,102**	(594,595)	
Interest-bearing debt*1	12,204,146	**13,750,448**	1,546,302	
Lease liabilities*1	-	**1,413,914**	1,413,914	
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds*2	4,107,288	**4,789,338**	682,050	
Derivative financial liabilities	130,545	**120,029**	(10,516)	
Other financial liabilities	57,115	**84,551**	27,436	
Defined benefit liabilities	99,351	**104,091**	4,740	
Provisions	157,478	**161,925**	4,447	
Deferred tax liabilities	1,391,072	**1,533,045**	141,973	**D**
Other non-current liabilities	258,580	**170,575**	(88,005)	
Total non-current liabilities	18,405,575	**22,127,916**	3,722,341	
Total liabilities	27,087,272	**30,215,018**	3,127,746	

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. See "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" under "3. SoftBank Vision Fund and other SBIA-managed funds" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
Current liabilities	
A Derivative financial liabilities	Derivative financial liabilities related to the embedded collar transaction in the variable prepaid forward contract using Alibaba shares concluded in 2016 decreased ¥749,846 million, due to settlement of the contract.
B Income taxes payables	Income tax of ¥321,290 million, which arose from a gain on the sale of Soft-Bank 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.
Non-current liabilities	
D Deferred tax liabilities	Deferred tax liabilities of ¥149,592 million were recorded for intangible as-sets that were newly recognized following the consolidation of ZOZO, Inc. on the date when control was acquired.

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

(Millions of yen)

	March 31, 2019	**December 31, 2019**	Change
SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement*1	7,445,551	**7,933,717**	488,166
SoftBank Group Corp.	6,157,798	**6,706,110**	548,312
Borrowings	13,39,409	**1,469,402**	129,993
Corporate bonds	4,776,389	**5,052,708**	276,319
Others	42,000	**184,000**	142,000
Wholly owned subsidiaries conducting fund procurement*1	1,287,753	**1,227,607**	(60,146)
Borrowings	557,152	**1,031,002**	473,850
Financial liabilities relating to variable prepaid forward contract	730,601	**196,605**	(533,996)
SoftBank Vision Fund and Other SBIA-Managed Funds segment			
SoftBank Vision Fund	36,571	**721,295**	684,724
Borrowings	36,571	**721,295**	684,724
SBIA	-	**366**	366
Lease liabilities	-	**366**	366
SoftBank segment			
SoftBank Corp.	3,186,618	**4,109,981**	923,363
Borrowings	2,392,843	**3,089,440**	696,597
Lease obligations	786,174	**-**	(786,174)
Lease liabilities	-	**912,646**	912,646
Others	7,601	**107,895**	100,294
Z Holdings Corporation*2	130,099	**820,009**	689,910
Borrowings	-	**437,325**	437,325
Corporate bonds	130,000	**359,291**	229,291
Lease obligations	99	**-**	(99)
Lease liabilities	-	**23,393**	23,393
Other subsidiaries	184,737	**421,106**	236,369
Sprint segment			
Sprint	4,428,378	**4,901,513**	473,135
Borrowings	1,730,203	**1,667,700**	(62,503)
Corporate bonds	2,674,649	**2,416,601**	(258,048)
Lease obligations	14,991	**-**	(14,991)
Lease liabilities	-	**810,038**	810,038
Others	8,535	**7,174**	(1,361)
Others			
Other interest-bearing debt	273,152	**250,841**	(22,311)
Lease liabilities	-	**91,180**	91,180
Total	15,685,106	**19,250,008**	3,564,902

Notes:
1. Indicates the interest-bearing debt of Skywalk Finance GK, which made borrowings using Alibaba shares, and West Raptor Holdings, LLC, which concluded a variable prepaid forward contract using Alibaba shares. This interest-bearing debt is non-recourse to SoftBank Group Corp.
2. Includes the interest-bearing debt and lease liabilities of Yahoo Japan Corporation.

Reasons for Changes from Previous Fiscal Year-End by Core Company

SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement

SoftBank Group Corp.

・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.

・SoftBank Group Corp. issued commercial paper in the amount of ¥142.0 billion (net). Interest-bearing debt from this transaction is included in "Others."

(Wholly owned subsidiaries conducting fund procurement)

Skywalk Finance GK

Skywalk Finance GK conducted additional borrowings of $4.37 billion (¥468,859 million) using Alibaba shares.

West Raptor Holdings, LLC

Financial liabilities related to a variable prepaid forward contract decreased by ¥730,601 million due to the settlement of the variable prepaid forward contract using Alibaba shares concluded in 2016. Financial liabilities relating to a variable prepaid forward contract of ¥196,605 million were newly recorded following the conclusion of a new variable prepaid forward contract using Alibaba shares in November 2019.

SoftBank Vision Fund and Other SBIA-Managed Funds segment

SoftBank Vision Fund borrowed for the purpose of monetizing a portion of its investments (the "Portfolio Financing Facility"). The fund also borrowed from a line of credit that was set up mainly to increase the capital efficiency of its investments (the "Fund Level Facility"). In December 2019, a majority portion of the Portfolio Financing Facility was refinanced as long-term borrowings.

SoftBank segment

SoftBank Corp.

・SoftBank Corp. made borrowings to acquire Yahoo Japan Corporation (currently Z Holdings 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, that were 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 ¥232,615 million related to those transactions (¥277,157 million at the previous fiscal year-end) were included at the third quarter-end.

Z Holdings Corporation

・¥400 billion was borrowed as funds for acquiring ZOZO, Inc. shares.

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

Sprint segment

・Sprint redeemed corporate bonds totaling $2 billion and repaid borrowings made through the securitization of receivables.

・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, that were previously included in interest-bearing debt, were reclassified as lease liabilities.

(c) Equity

(Millions of yen)

	March 31, 2019	**December 31, 2019**	Change	
Common stock	238,772	**238,772**	-	
Capital surplus	1,467,762	**1,484,089**	16,327	**A**
Other equity instruments	496,876	**496,876**	-	
Retained earnings	5,571,285	**5,410,776**	(160,509)	**B**
Treasury stock	(443,482)	**(92,372)**	351,110	**C**
Accumulated other comprehensive income	290,268	**165,777**	(124,491)	**D**
Total equity attributable to owners of the parent	7,621,481	**7,703,918**	82,437	
Non-controlling interests	1,387,723	**1,487,501**	99,778	
Total equity	9,009,204	**9,191,419**	182,215	

Reasons for changes by primary component

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 (currently Z Holdings Corporation).
B Retained earnings	While net income attributable to owners of the parent of ¥476,587 million was recorded, retained earnings were reduced by ¥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), and by ¥68,752 million due to dividend payment. 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 from the translation of foreign operations, which arise from translating overseas subsidiaries and associates into yen, decreased ¥165,629 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 amount, 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 and Delta Fund

- Inflows: proceeds from sale of investments of ¥48.8 billion (cash flows from investing activities), proceeds from borrowings of ¥1,132.9 billion (cash flows from financing activities), contributions from third-party investors of ¥1,583.0 billion (cash flows from financing activities)
- Outflows: payments for acquisition of investments of ¥1,517.6 billion (cash flows from investing activities), repayment of borrowings of ¥459.7 billion (cash flows from financing activities), distribution/repayment to third-party investors of ¥688.7 billion (cash flows from financing activities).

2. Investing and financing activities of the Company

- Paid $1.5 billion on October 30, 2019, related to existing commitment agreed in the same month with WeWork.
- Enhanced cash on hand by procuring funds in advance to prepare for redemption of corporate bonds.

(Millions of yen)

	Nine months ended December 31		
	2018	**2019**	Change
Cash flows from operating activities	911,188	**623,709**	(287,479)
Cash flows from investing activities	(2,107,857)	**(3,759,057)**	(1,651,200)
Cash flows from financing activities	3,113,767	**3,064,630**	(49,137)

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 ¥(937,399) million	Sprint acquired leased devices and telecommunications equipment for 5G, and SoftBank Corp. acquired telecommunications equipment including those for 5G.
Payments for acquisition of investments ¥(985,064) million	· A wholly owned subsidiary of the Company acquired preferred stock and common stock of WeWork totaling $2.0 billion in the first quarter, and paid $1.5 billion related to existing commitment of WeWork in October 2019. · A wholly owned subsidiary of the Company investing in Latin America made new investments totaling $1.3 billion.
Payments for acquisitions of investment by SoftBank Vision Fund and other SBIA-managed funds ¥(1,705,911) million	SoftBank Vision Fund made new investments. The newly established investment vehicles, which will hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned), made investments of $1.7 billion.
Proceeds from sale of investments by SoftBank Vision Fund and other SBIA-managed funds ¥48,809 million	SoftBank Vision Fund sold a portion of Guardant Health shares and shares of another portfolio company.
Payments for acquisition of control over subsidiaries ¥(385,626) million	Z Holdings Corporation acquired 152,952,900 shares of common shares (50.1% of voting rights) of ZOZO, Inc. for ¥400,737 million. The amount of payments for acquisition of control over subsidiaries was obtained by deducting cash and cash equivalents of ¥22,876 million held by ZOZO, Inc. on the date when control was acquired from the acquisition cost.

(c) Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥419,214 million	· SoftBank Corp. borrowed ¥140.0 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 (currently Z Holdings Corporation). · SoftBank Group Corp. issued commercial paper in amount of ¥127.0 billion (net).
Proceeds from interest-bearing debt ¥7,398,547 million	
Proceeds from borrowings ¥5,989,402 million*1	· SoftBank Group Corp. made short-term borrowings of ¥1,855.0 billion. · Skywalk Finance GK, the Company's wholly owned subsidiary, borrowed $4.37 billion using Alibaba shares. · SoftBank Vision Fund borrowed $6.81 billion through the Fund Level Facility, which is a form of loan that allows borrowing within a maximum amount of $3.08 billion. In the period, SoftBank Vision Fund made several borrowings and repayments under the facility (see "Repayment of borrowings" below). · SoftBank Vision Fund borrowed $3.65 billion through the Portfolio Financing Facility. In December 2019, a majority portion of the Portfolio Financing Facility was refinanced as long-term borrowings. · SoftBank Corp. borrowed ¥150.5 billion to finance the acquisition of Yahoo Japan Corporation (currently Z Holdings Corporation) shares, and additionally borrowed ¥325.0 billion for the purpose of refinancing the above borrowings into long-term borrowings and other reasons. The company also borrowed ¥678,116 million through the sale of installment sales receivables and the sale and leaseback of telecommunications equipment. · Z Holdings Corporation borrowed ¥400 billion to fund its acquisition of ZOZO, Inc. shares. · Sprint borrowed $4.7 billion in total 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. · Z Holdings Corporation issued domestic straight corporate bonds totaling ¥230 billion.
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract ¥179,145 million	West Raptor Holdings, LLC, the Company's wholly owned subsidiary, concluded a variable prepaid forward contract using Alibaba shares in November 2019 and received ¥179,145 million.
Repayment of interest-bearing debt ¥(4,613,146) million	
Repayment of borrowings ¥(3,682,050) million*1	· SoftBank Group Corp. repaid short-term borrowings of ¥1,688.0 billion. · SoftBank Vision Fund repaid $4.24 billion, mainly for 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 totaling $2 billion.
Repayment of lease liabilities ¥(525,009) million	SoftBank Corp. and Sprint repaid lease liabilities related to telecommunications equipment.

Components	Primary details
Contributions to SoftBank Vision Fund and other SBIA-managed funds from third-party investors ¥1,583,011 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds ¥(688,696) million	· SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling ¥528,789 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 ¥(215,946) million	SoftBank Group Corp. repurchased its own shares.

Note:
1. Proceeds from borrowings and repayment of borrowings include proceeds of ¥3,771,110 million and outlays of ¥2,419,024 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. and Wholly Owned Subsidiaries Conducting Fund Procurement

SoftBank Group Corp.

Cash flows from financing activities	
Proceeds in short-term interest-bearing debt, net ¥127,000 million	Procured funds through commercial paper.
Proceeds from borrowings ¥1,870,700 million	Made borrowings.
Repayment of borrowings ¥(1,727,919) million	Repaid 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 ¥(215,946) million	Repurchased its own shares.

Skywalk Finance GK and West Raptor Holdings, LLC

Cash flows from financing activities	
Proceeds from borrowings ¥468,859 million	Skywalk Finance GK, the Company’s wholly owned subsidiary, borrowed $4.37 billion using Alibaba shares.
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract ¥179,145 million	In November 2019, West Raptor Holdings, LLC, the Company’s wholly owned subsidiary, concluded a variable prepaid forward contract for Alibaba shares and received ¥179,145 million.

SoftBank Vision Fund and Delta Fund

Cash flows from investing activities	
Payments for acquisition of investments ¥(1,517,556) million	SoftBank Vision Fund made new investments.
Proceeds from sales of investments ¥48,809 million	SoftBank Vision Fund sold a portion of Guardant Health shares and shares of another portfolio company.

Cash flows from financing activities	
Proceeds from borrowings ¥1,132,873 million	· SoftBank Vision Fund borrowed $6.81 billion through the Fund Level Facility, which is a form of loan that allows borrowing within a maximum amount of $3.08 billion. In the period, SoftBank Vision Fund made several borrowings and repayments under the facility (see "Repayment of borrowings" below). · SoftBank Vision Fund borrowed $3.65 billion through the Portfolio Financing Facility. In December 2019, a majority portion of the Portfolio Financing Facility was refinanced as long-term borrowings.
Repayment of borrowings ¥(459,691) million	SoftBank Vision Fund repaid borrowings of $4.24 billion, mainly for borrowings made through the Fund Level Facility.
Contributions from third-party investors ¥1,583,011 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment to third-party investors ¥(688,696) million	· SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling ¥528,789 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 presentation of finance cost of SoftBank Group Corp. includes the interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK and West Raptor Holdings, LLC. The interest-bearing debts are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

[3] 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.

[4] The Company's obligation to Delta Fund is offset against the cost of the investment securities in DiDi acquired by the Company and then sold to Delta Fund.

[5] 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 Portfolio Financing Facility.

[6] 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.

[7] World Semiconductor Trade Statistics (WSTS) as of January 2020. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of confidential data submitted by semiconductor companies participating in the survey.

[8] This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended September 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

(Impairment of assets)

For the three-month period ended June 30, 2019, 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. The sale closed and the leaseback contract commenced on July 9, 2019. The details are described in “Note 14. Other operating loss” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Revision to useful life of intangible assets)

For the three-month period ended December 31, 2019, Sprint decided to discontinue its Virgin Mobile services, one of the brands in the prepaid business, and notified Virgin Enterprises Limited that the agreement associated with the usage of trademarks would not be renewed. As a result, Sprint revised the useful life of these trademarks. The details are described in “Note 8. Intangible assets” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Changes in estimate for use of loss carryforwards)

For the three-month period ended December 31, 2019, Sprint transitioned into a net deferred tax liability position on their definite-lived temporary differences. The taxable temporary differences serve as a source of future taxable income, against which definite-lived loss carryforwards may be realized. As a result, Sprint recorded deferred tax assets of ¥31,267 million, for certain loss carryforward where deferred tax assets could not be previously realized, to the extent of the net taxable temporary differences generated and scheduled to reserve in the loss carryforward periods.

(Allowance for doubtful accounts for financial assets other than trade receivables)

For the three-month period ended December 31,2019, expected credit losses for financial assets other than trade receivables were estimated considering the counterparty’s current conditions, forecasts of future economic conditions, and others. As a result, ¥24,979 million of provisions for doubtful accounts was recorded in “Other non-operating loss.”

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
WeWork	The We Company

From the three-month period ended December 31, 2019, the description of “SoftBank Vision Fund and Delta Fund” presented in the names of accounts and reportable segment has been changed to “SoftBank Vision Fund and other SBIA-managed funds” as follows;

Condensed Interim Consolidated Statement of Financial Position

Previous	Current
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL
Third-party interests in SoftBank Vision Fund and Delta Fund	Third-party interests in SoftBank Vision Fund and other SBIA-managed funds

Condensed Interim Consolidated Statement of Income

Previous	Current
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)
Operating income from SoftBank Vision Fund and Delta Fund	Operating income from SoftBank Vision Fund and other SBIA-managed funds
Change in third-party interests in SoftBank Vision Fund and Delta Fund	Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
(Gain) loss on investments at SoftBank Vision Fund and Delta Fund	(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds
Change in third-party interests in SoftBank Vision Fund and Delta Fund	Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds
Proceeds from sales of investments by SoftBank Vision Fund and Delta Fund	Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors

Segment information

Previous	Current
SoftBank Vision Fund and Delta Fund segment	SoftBank Vision Fund and Other SBIA-Managed Funds segment

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	3,858,518	3,804,711
Trade and other receivables	2,339,977	2,646,387
Other financial assets	203,476	150,487
Inventories	365,260	327,909
Other current assets	766,556	571,939
Subtotal	7,533,787	7,501,433
Assets classified as held for sale	224,201	-
Total current assets	7,757,988	7,501,433
Non-current assets		
Property, plant and equipment	4,070,704	3,116,423
Right-of-use assets	-	2,182,273
Goodwill	4,321,467	4,518,667
Intangible assets	6,892,195	7,194,628
Costs to obtain contracts	384,076	410,383
Investments accounted for using the equity method	2,641,045	3,225,219
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	7,115,629	8,033,558
Investment securities	924,614	1,501,822
Other financial assets	1,185,856	1,333,464
Deferred tax assets	586,943	182,275
Other non-current assets	215,959	206,292
Total non-current assets	28,338,488	31,905,004
Total assets	36,096,476	39,406,437

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,480,960	3,483,105
Lease liabilities	-	602,541
Deposits for banking business	745,943	863,668
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	29,677	-
Trade and other payables	1,909,608	2,012,912
Derivative financial liabilities	767,714	4,048
Other financial liabilities	10,849	101,050
Income taxes payables	534,906	97,985
Provisions	43,685	23,503
Other current liabilities	1,158,355	898,290
Total current liabilities	8,681,697	8,087,102
Non-current liabilities		
Interest-bearing debt	12,204,146	13,750,448
Lease liabilities	-	1,413,914
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	4,107,288	4,789,338
Derivative financial liabilities	130,545	120,029
Other financial liabilities	57,115	84,551
Defined benefit liabilities	99,351	104,091
Provisions	157,478	161,925
Deferred tax liabilities	1,391,072	1,533,045
Other non-current liabilities	258,580	170,575
Total non-current liabilities	18,405,575	22,127,916
Total liabilities	27,087,272	30,215,018
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	1,467,762	1,484,089
Other equity instruments	496,876	496,876
Retained earnings	5,571,285	5,410,776
Treasury stock	(443,482)	(92,372)
Accumulated other comprehensive income	290,268	165,777
Total equity attributable to owners of the parent	7,621,481	7,703,918
Non-controlling interests	1,387,723	1,487,501
Total equity	9,009,204	9,191,419
Total liabilities and equity	36,096,476	39,406,437

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

For the nine-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Net sales	7,168,452	7,089,804
Cost of sales	(4,232,353)	(4,129,509)
Gross profit	2,936,099	2,960,295
Selling, general and administrative expenses	(1,991,415)	(2,133,184)
Gain relating to loss of control over subsidiaries	176,261	11,879
Other operating loss	(70,730)	(54,191)
Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)	1,050,215	784,799
Operating income from SoftBank Vision Fund and other SBIA-managed funds	808,792	(797,763)
Operating income	1,859,007	(12,964)
Finance cost	(479,396)	(456,616)
Income on equity method investments	257,533	467,408
Dilution gain from changes in equity interest	33,064	332,230
Foreign exchange gain (loss)	16,908	(10,320)
Derivative gain (loss)	544,574	(19,392)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	1,218,527
Gain (loss) from financial instruments at FVTPL	48,964	(357,353)
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(453,529)	190,005
Other non-operating loss	(17,291)	(6,147)
Income before income tax	1,809,834	1,345,378
Income taxes	(235,377)	(688,918)
Net income	1,574,457	656,460
Net income attributable to		
Owners of the parent	1,538,396	476,587
Non-controlling interests	36,061	179,873
	1,574,457	656,460
Earnings per share*		
Basic earnings per share (Yen)	694.86	218.55
Diluted earnings per share (Yen)	690.38	212.47

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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Net income	1,574,457	656,460
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	367	(12,195)
Equity financial assets at FVTOCI	(8,741)	(725)
Total items that will not be reclassified to profit or loss	(8,374)	(12,920)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	435	(486)
Cash flow hedges	(33,382)	43,588
Exchange differences on translating foreign operations	(134,619)	(189,209)
Share of other comprehensive income of associates	10,259	13,148
Total items that may be reclassified subsequently to profit or loss	(157,307)	(132,959)
Total other comprehensive income, net of tax	(165,681)	(145,879)
Total comprehensive income	1,408,776	510,581
Total comprehensive income attributable to		
Owners of the parent	1,356,843	344,500
Non-controlling interests	51,933	166,081
	1,408,776	510,581

For the three-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended December 31, 2018	Three-month period ended December 31, 2019
Net sales	2,514,599	2,438,080
Cost of sales	(1,509,814)	(1,432,008)
Gross profit	1,004,785	1,006,072
Selling, general and administrative expenses	(703,218)	(794,426)
Other operating income (loss)	(39,634)	16,066
Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)	261,933	227,712
Operating income from SoftBank Vision Fund and other SBIA-managed funds	176,358	(225,124)
Operating income	438,291	2,588
Finance cost	(157,054)	(153,078)
Income on equity method investments	147,195	17,562
Dilution gain from changes in equity interest	2,850	303,619
Foreign exchange loss	(13,034)	(4,597)
Derivative gain	502,167	91,914
Loss from financial instruments at FVTPL	(154,902)	(5,572)
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(253,772)	9,230
Other non-operating loss	(103,996)	(33,185)
Income before income tax	407,745	228,481
Income taxes	296,042	(104,206)
Net income	703,787	124,275
Net income attributable to		
Owners of the parent	698,293	55,035
Non-controlling interests	5,494	69,240
	703,787	124,275
Earnings per share*		
Basic earnings per share (Yen)	316.71	22.75
Diluted earnings per share (Yen)	314.66	21.35

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 December 31, 2018	Three-month period ended December 31, 2019
Net income	703,787	124,275
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	367	9,651
Equity financial assets at FVTOCI	(7,704)	(200)
Total items that will not be reclassified to profit or loss	(7,337)	9,451
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	1,124	(1,108)
Cash flow hedges	(8,944)	6,952
Exchange differences on translating foreign operations	(346,515)	406,611
Share of other comprehensive income of associates	7,577	12,118
Total items that may be reclassified subsequently to profit or loss	(346,758)	424,573
Total other comprehensive income, net of tax	(354,095)	434,024
Total comprehensive income	349,692	558,299
Total comprehensive income attributable to		
Owners of the parent	357,666	481,796
Non-controlling interests	(7,974)	76,503
	349,692	558,299

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 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	-	-	-	1,538,396	-	-	1,538,396
Other comprehensive income	-	-	-	-	-	(181,553)	(181,553)
Total comprehensive income	-	-	-	1,538,396	-	(181,553)	1,356,843
Transactions with owners and other transactions							
Cash dividends	-	-	-	(47,951)	-	-	(47,951)
Distribution to owners of other equity instruments	-	-	-	(16,087)	-	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(434)	-	434	-
Purchase and disposal of treasury stock	-	1,114	-	-	4,391	-	5,505
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	1,165,362	-	-	-	-	1,165,362
Changes in associates' interests in their subsidiaries	-	14,105	-	-	-	-	14,105
Changes in interests in associates' capital surplus	-	2,338	-	-	-	-	2,338
Share-based payment transactions	-	4,682	-	-	-	-	4,682
Other	-	684	-	-	-	-	684
Total transactions with owners and other transactions	-	1,188,285	-	(64,472)	4,391	434	1,128,638
As of December 31, 2018	238,772	1,445,053	496,876	5,714,798	(62,067)	79,012	7,912,444

(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	36,061	1,574,457
Other comprehensive income	15,872	(165,681)
Total comprehensive income	51,933	1,408,776
Transactions with owners and other transactions		
Cash dividends	(30,513)	(78,464)
Distribution to owners of other equity instruments	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	5,505
Changes from business combination	6,115	6,115
Changes in interests in subsidiaries	234,813	1,400,175
Changes in associates' interests in their subsidiaries	-	14,105
Changes in interests in associates' capital surplus	-	2,338
Share-based payment transactions	1,660	6,342
Other	(209)	475
Total transactions with owners and other transactions	211,866	1,340,504
As of December 31, 2018	1,373,945	9,286,389

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 nine-month period ended December 31, 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	-	-	-	476,587	-	-	476,587
Other comprehensive income	-	-	-	-	-	(132,087)	(132,087)
Total comprehensive income	-	-	-	476,587	-	(132,087)	344,500
Transactions with owners and other transactions							
Cash dividends	-	-	-	(68,752)	-	-	(68,752)
Distribution to owners of other equity instruments	-	-	-	(15,344)	-	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(7,596)	-	7,596	-
Purchase and disposal of treasury stock	-	(739)	-	(1,265)	(207,026)	-	(209,030)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	40,875	-	-	-	-	40,875
Changes in associates' interests in their subsidiaries	-	(30,934)	-	-	-	-	(30,934)
Changes in interests in associates' capital surplus	-	4,126	-	-	-	-	4,126
Share-based payment transactions	-	2,999	-	-	-	-	2,999
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	16,327	-	(651,093)	351,110	7,596	(276,060)
As of December 31, 2019	238,772	1,484,089	496,876	5,410,776	(92,372)	165,777	7,703,918

(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	179,873	656,460
Other comprehensive income	(13,792)	(145,879)
Total comprehensive income	166,081	510,581
Transactions with owners and other transactions		
Cash dividends	(157,598)	(226,350)
Distribution to owners of other equity instruments	-	(15,344)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(209,030)
Retirement of treasury stock	-	-
Changes from business combination	191,396	191,396
Changes in interests in subsidiaries	(95,949)	(55,074)
Changes in associates' interests in their subsidiaries	-	(30,934)
Changes in interests in associates' capital surplus	-	4,126
Share-based payment transactions	(2,810)	189
Other	15	15
Total transactions with owners and other transactions	(64,946)	(341,006)
As of December 31, 2019	1,487,501	9,191,419

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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Cash flows from operating activities		
Net income	1,574,457	656,460
Depreciation and amortization	1,254,261	1,513,845
Gain relating to loss of control over subsidiaries	(176,261)	(11,879)
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	(838,779)	729,007
Finance cost	479,396	456,616
Income on equity method investments	(257,533)	(467,408)
Dilution gain from changes in equity interest	(33,064)	(332,230)
Derivative (gain) loss	(544,574)	19,392
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	(1,218,527)
(Gain) loss from financial instruments at FVTPL	(48,964)	357,353
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	453,529	(190,005)
Foreign exchange (gain) loss and other non-operating loss	383	16,467
Income taxes	235,377	688,918
Increase in trade and other receivables	(250,005)	(391,414)
Increase in inventories	(396,730)	(323,685)
Increase in trade and other payables	137,600	165,013
Other	46,938	79,616
Subtotal	1,636,031	1,747,539
Interest and dividends received	35,520	34,947
Interest paid	(455,447)	(430,475)
Income taxes paid	(403,957)	(1,170,817)
Income taxes refunded	99,041	442,515
Net cash provided by operating activities	911,188	623,709
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(1,065,660)	(937,399)
Payments for acquisition of investments	(531,829)	(985,064)
Proceeds from sales/redemption of investments	232,334	183,595
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds	(1,143,044)	(1,705,911)
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds	421,921	48,809
Payments for acquisition of control over subsidiaries	(63,980)	(385,626)
Proceeds from loss of control over subsidiaries, net	91,253	1,518
Payments for acquisition of marketable securities for short-term trading	(277,800)	(57,756)
Proceeds from sales/redemption of marketable securities for short-term trading	290,368	58,494
Payments for loan receivables	(250,875)	(158,027)
Collection of loan receivables	35,095	79,089
Payments into time deposits	(454,475)	(6,480)
Proceeds from withdrawal of time deposits	693,460	693
Other	(84,625)	105,008
Net cash used in investing activities	(2,107,857)	(3,759,057)

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	(7,646)	419,214
Proceeds from interest-bearing debt	5,455,766	7,398,547
Repayment of interest-bearing debt	(5,732,283)	(4,613,146)
Repayment of lease liabilities	-	(525,009)
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	1,892,414	1,583,011
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	(455,280)	(688,696)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	2,350,262	435
Purchase of shares of subsidiaries from non-controlling interests	(229,487)	(84,225)
Distribution to owners of other equity instruments	(16,087)	(15,344)
Purchase of treasury stock	(22)	(215,946)
Cash dividends paid	(47,806)	(68,510)
Cash dividends paid to non-controlling interests	(29,966)	(154,843)
Other	(66,098)	29,142
Net cash provided by financing activities	3,113,767	3,064,630
Effect of exchange rate changes on cash and cash equivalents	52,619	16,911
Increase (decrease) in cash and cash equivalents	1,969,717	(53,807)
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	5,304,367	3,804,711

(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 nine-month period ended December 31, 2019 are calculated based on the estimated effective tax rate and certain defined benefit liabilities as of December 31, 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 "9. 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 the SoftBank Vision Fund and Other SBIA-Managed Funds segment

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

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

The funds 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. The funds are consolidated by the Company for the following reasons.

The various entities comprising the funds make investment decisions through their respective investment committees, 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 the funds. 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 the funds.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from the funds 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 the funds, 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 funds are eliminated in consolidation.

(b) Investments in associates and joint ventures

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

The investments in associates and joint ventures of the Company made by the funds 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 other SBIA-managed funds 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 other SBIA-managed funds” 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 funds are accounted for as financial assets at FVTPL. The presentation of these investments in the condensed interim consolidated statement of financial position and the condensed interim consolidated statement of cash flows are the same as the above “(b) Investments in associates and joint ventures.”

c. Presentation of the results from the SoftBank Vision Fund and other SBIA-managed funds business

Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds 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 other SBIA-managed funds” 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 investment research expenses arising from SBIA and administrative expenses arising from each entity, are included in “Operating income from SoftBank Vision Fund and other SBIA-managed funds.”

d. Bridge Investments

Investments acquired by SoftBank Group Corp. or its subsidiaries with the premise of offering such investments to SoftBank Vision 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 had made those investments from the beginning of the fiscal year. Those items would be presented as “Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL” in the condensed interim consolidated statement of financial position, “Operating income from SoftBank Vision Fund and other SBIA-managed funds” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds” 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 (loss) 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 other SBIA-managed funds 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 (loss) from financial instruments at FVTPL” and “Operating income from SoftBank Vision Fund and other SBIA-managed funds” 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

The funds issue capital calls to their respective limited partners (“Capital Call”).

(a) Contribution from limited partners other than the Company

The interests attributable to limited partners other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” in the condensed interim consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the 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 agreements in a theoretical liquidation scenario at the end of each quarter.

“Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” fluctuates due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Call, 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 other SBIA-managed funds” 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 other SBIA-managed funds 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 other SBIA-managed funds 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

Contributions from the Company as limited partners are eliminated in consolidation.

2. Segment information

(1) Description of reportable segments

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

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 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. "SoftBank Vision Fund and Delta Fund segment" was renamed to "SoftBank Vision Fund and Other SBIA-Managed Funds segment" from the three-month period ended December 31, 2019.

The SoftBank Vision Fund and Other SBIA-Managed Funds segment conducts, mainly through SoftBank Vision Fund, investment activities in a wide range of technology sectors. The segment income of the SoftBank Vision Fund and Other SBIA-Managed Funds segment mainly consists of gain and loss arising from investments recognized at SoftBank Vision Fund and operating expenses incurred by the funds and SBIA. The gain and loss mainly arise from investments held by SoftBank Vision Fund including the investment in the Company's subsidiary and investments which transfer to SoftBank Vision Fund is agreed (gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds)

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 nine-month period ended December 31, 2018 and for the three-month period ended December 31, 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 nine-month period ended December 31, 2018

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	3,433,702	2,645,659	146,043	793,192	7,018,596
Intersegment	-	15,879	148,788	76	19,279	184,022
Total	-	3,449,581	2,794,447	146,119	812,471	7,202,618
Segment income	808,792	754,857	255,318	137,205	(9,222)	1,946,950
Depreciation and amortization	48	386,529	784,013	49,395	4,991	1,224,976
Gain relating to loss of control over subsidiaries	-	-	-	176,261	-	176,261

	Other	Reconciliations	Consolidated
Net sales			
Customers	149,856	-	7,168,452
Intersegment	8,840	(192,862)	-
Total	158,696	(192,862)	7,168,452
Segment income	(39,881)	(48,062)	1,859,007
Depreciation and amortization	28,674	611	1,254,261
Gain relating to loss of control over subsidiaries	-	-	176,261

For the nine-month period ended December 31, 2019

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	3,605,570	2,509,311	142,731	685,551	6,943,163
Intersegment	-	12,214	106,389	277	17,183	136,063
Total	-	3,617,784	2,615,700	143,008	702,734	7,079,226
Segment income	(797,763)	804,891	137,808	(42,659)	(2,083)	100,194
Depreciation and amortization	230	506,588	913,428	52,915	5,505	1,478,666
Gain relating to loss of control over subsidiaries	-	11,879	-	-	-	11,879

	Other	Reconciliations	Consolidated
Net sales			
Customers	146,641	-	7,089,804
Intersegment	13,227	(149,290)	-
Total	159,868	(149,290)	7,089,804
Segment income	(66,031)	(47,127)	(12,964)
Depreciation and amortization	34,347	832	1,513,845
Gain relating to loss of control over subsidiaries	-	-	11,879

For the three-month period ended December 31, 2018

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,213,923	904,070	54,352	281,371	2,453,716
Intersegment	-	7,338	66,353	74	6,099	79,864
Total	-	1,221,261	970,423	54,426	287,470	2,533,580
Segment income	176,358	230,745	61,990	(4,037)	(349)	464,707
Depreciation and amortization	17	134,626	266,685	11,743	2,432	415,503

	Other	Reconciliations	Consolidated
Net sales			
Customers	60,883	-	2,514,599
Intersegment	3,002	(82,866)	-
Total	63,885	(82,866)	2,514,599
Segment income	(14,765)	(11,651)	438,291
Depreciation and amortization	14,139	103	429,745

For the three-month period ended December 31, 2019

(Millions of yen)

	Reportable segments					
	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Sprint	Arm	Brightstar	Total
Net sales						
Customers	-	1,239,009	841,709	54,371	238,121	2,373,210
Intersegment	-	5,475	38,892	92	5,612	50,071
Total	-	1,244,484	880,601	54,463	243,733	2,423,281
Segment income	(225,124)	243,978	35,339	(15,857)	812	39,148
Depreciation and amortization	103	175,729	327,054	17,861	1,786	522,533

	Other	Reconciliations	Consolidated
Net sales			
Customers	64,870	-	2,438,080
Intersegment	3,085	(53,156)	-
Total	67,955	(53,156)	2,438,080
Segment income	(19,683)	(16,877)	2,588
Depreciation and amortization	14,669	297	537,499

3. SoftBank Vision Fund and other SBIA-managed funds business

(1) Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds business included in the condensed interim consolidated statement of income

a. Overview

Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds 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 other SBIA-managed funds." As a result, income before income tax from the SoftBank Vision Fund and other SBIA-managed funds business includes income and loss attributable to the Company as limited partners, management fees and performance fees to SBIA.

b. Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds business

The following table shows income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds business.

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds		
Realized gain and loss on sales of investments[1]	146,682	14,643
Unrealized gain and loss on valuation of investments		
Change in valuation for the fiscal year	693,296	(727,327)
Reclassified to realized gain and loss recorded in the past fiscal year[2]	-	(27,501)
Interest and dividend income from investments	3,092	10,067
Effect of foreign exchange translation[3]	(4,291)	1,111
	838,779	(729,007)
Operating expenses	(29,987)	(68,756)
Operating income from SoftBank Vision Fund and other SBIA-managed funds	808,792	(797,763)
Finance cost (interest expenses)	(18,919)	(16,221)
Foreign exchange gain and loss	66	547
Derivative gain and loss	249,439	-
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(453,529)	190,005
Other non-operating income and loss	(910)	340
Income before income tax	584,939	(623,092)

Notes:

1. For the nine-month period ended December 31, 2019, SoftBank Vision Fund sold a portion of the shares in Guardant Health Inc. The gain realized on the partial sale is ¥34,805 million and the loss realized on the sale of other investment is ¥20,162 million.
2. It represents the unrealized gains and losses on valuation of investments recorded as "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares. For the nine-month period ended December 31, 2019, ¥35,788 million and ¥(8,287) million were reclassified due to the partial sale of the shares in Guardant Health Inc. and the sale of other investment, respectively.

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.

(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 the funds. 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 distributions is paid to each limited partner after the funds receive 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 contributions. 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 other SBIA-managed funds" included in the condensed interim consolidated statement of financial position) are as follows:

(Millions of yen)

	Third-party interests (Total of current liabilities and non-current liabilities)		(For reference purposes only) Links with the condensed interim consolidated financial statements: Consolidated statement of income (Negative figures represent expenses)	(For reference purposes only) Links with the condensed interim consolidated financial statements: Consolidated statement of cash flows (Negative figures represent payments)
		(Breakdown)		
As of April 1, 2019	4,136,965			
Contributions from third-party investors	1,583,011		-	1,583,011
Changes in third-party interests	(190,005)		190,005	-
Attributable to investors entitled to fixed distribution		131,703		
Attributable to investors entitled to performance-based distribution		(321,708)		
Distribution/repayment to third-party investors	(688,696)		-	(688,696)
Exchange differences on translating third-party interests*	(51,937)		-	-
As of December 31, 2019	4,789,338			

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 SoftBank Vision Fund's Third-Party Investors as of December 31, 2019 was $17.5 billion.

(3) Management fees and performance fees to SBIA

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

a. Management fees to SBIA

Management fees to SBIA are, in accordance with the 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 agreements. 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 were withheld. Instead, in accordance with the limited partnership agreement, the amount equivalent to the performance fees withheld during the investment period was temporarily distributed to the limited partners.

After the investment period of SoftBank Vision Fund ended on September 12, 2019, the payment of the amount equivalent to the performance fees due and unpaid to SBIA had been commenced during the three-month period ended December 31, 2019. The amount equivalent to the performance fees temporarily distributed to the limited partners is deducted from return of contributions and performance-based distributions to the limited partners in a post-investment period and paid to SBIA. Of the total amount equivalent to the performance fees due and unpaid, ¥21,681 million ($199 million) was paid to SBIA during the three-month period ended December 31, 2019. The amount equivalent to the performance fees due and unpaid as of December 31, 2019 was ¥26,343 million ($240 million). In addition, the performance fees received, which is triggered under certain conditions based on future investment performance, are subject to a clawback provision.

4. Business combinations

For the nine-month period ended December 31, 2019

ZOZO, Inc.

(1) Overview of combination

With the aim of strengthening its clothing/fashion e-commerce activities in an effort to further expand its e-commerce business, Z Holdings Corporation implemented a tender offer for the common shares of ZOZO, Inc., as resolved at its Board of Directors meeting held on September 12, 2019. This tender offer was completed on November 13, 2019, and the Company acquired ZOZO, Inc.'s 152,952,900 common shares in cash for ¥400,737 million. As a result, the Company holds 50.1% of voting rights ratio in ZOZO, Inc., and ZOZO, Inc. became a consolidated subsidiary of the Company. In addition, in order to procure part of the fund necessary to acquire the target shares for this business combination, the Company entered into a borrowing arrangement for ¥400,000 million.

(2) Summary of acquiree

Name	ZOZO, Inc.
Nature of business	Planning/operation of fashion online shopping website “ZOZOTOWN” Planning/development of private brand “ZOZO” Customer support, operation of logistics center “ZOZOBASE”

(3) Acquisition date

November 13, 2019

(4) Consideration transferred and the component

(Millions of yen)

		Acquisition date (November 13, 2019)
Payment by cash		400,737
Total consideration transferred	A	400,737

(5) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Millions of yen)

		Acquisition date (November 13, 2019)
Cash and cash equivalents		22,876
Trade and other receivables		30,443
Other current assets		7,770
Tangible assets		8,610
Right-of-use assets		20,964
Intangible assets[1]		503,017
Other non-current assets		13,799
Total assets		607,479
Interest-bearing debt (current)		22,000
Lease liabilities (current)		3,854
Trade and other payables		28,362
Other current liabilities		9,263
Lease liabilities (non-current)		16,735
Deferred tax liabilities		150,269
Other non-current liabilities		3,420
Total liabilities		233,903
Net assets	B	373,576
Non-controlling interests[2]	C	185,750
Goodwill[3]	A-(B-C)	212,911

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Moreover, the above amounts, which are fair values based on the best estimate at present, may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:

1. Intangible assets

The components of intangible assets are as follows; the estimated useful lives are from 18 to 25 years for customer relationships.

(Millions of yen)

	Acquisition date (November 13, 2019)
Intangible assets with indefinite useful lives	
Trademarks	178,720
Intangible assets with finite useful lives	
Customer relationships	322,070
Other	2,227
Total	503,017

2. Non-controlling interests

Non-controlling interests are measured based on the proportionate interests in the fair value of the identifiable net assets of the acquiree.

3. Goodwill

Goodwill reflects excess earning power expected from future business development and the synergy between the Company and the acquiree.

(6) Payment for acquisition of control over subsidiaries

(Millions of yen)

	Acquisition date (November 13, 2019)
Payment for the acquisition by cash	(400,737)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	22,876
Payment for the acquisition of control over the subsidiary by cash	(377,861)

(7) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income after the acquisition date are not material.

5. Other current assets

The components of other current assets are as follows:

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Tax receivable*	498,026	263,107
Contract assets	113,209	167,269
Prepaid expense	123,929	101,542
Other	31,392	40,021
Total	766,556	571,939

Note:

* Withholding income tax of ¥422,648 million related to dividends within the group companies was refunded in July 2019. In addition, tax receivable as of December 31, 2019 includes the withholding income tax of ¥102,100 million related to dividends within the group companies.

6. 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 18. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

7. 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 December 31, 2019
Buildings and structures	251,786	194,060
Telecommunications equipment	2,293,388	1,421,332
Furniture, fixtures, and equipment	937,181	931,809
Land	88,304	80,991
Construction in progress	387,408	339,448
Other	112,637	148,783
Total	4,070,704	3,116,423

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.

8. Intangible assets

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

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Intangible assets with indefinite useful lives		
FCC licenses	4,155,126	4,103,878
Trademarks[1]	693,861	863,993
Other	12,763	7,341
Intangible assets with finite useful lives		
Software	739,879	725,343
Customer relationships[1]	249,028	516,412
Technologies	471,884	435,777
Spectrum migration costs	159,522	151,458
Management contracts[2]	94,723	76,993
FCC licenses[3]	68,092	64,292
Trademarks[4]	56,726	12,061
Favorable lease contracts[5]	13,226	-
Other	177,365	237,080
Total	6,892,195	7,194,628

Notes:
1. As a result of the consolidation of ZOZO, Inc. in November 2019, trademarks of ¥178,720 million and customer relationships of ¥322,070 million were recognized. The details are described in “Note 4. Business combinations.”

2. 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.

3. 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.

4. For the three-month period ended December 31, 2019, Sprint decided to discontinue its Virgin Mobile services, one of the brands in the prepaid business, and notified Virgin Enterprises Limited that the agreement associated with the usage of trademarks would not be renewed. As a result, Sprint revised the useful life of these trademarks in future years. As such, compared to the amounts previously recorded, trademarks decreased by ¥41,746 million ($381 million) and selling, general and administrative expenses increased by ¥41,525 million ($381 million) in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2019.

5. 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.

9. 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 December 31, 2019
Current		
Short-term borrowings[1,2]	499,179	1,755,370
Commercial paper	42,000	291,000
Current portion of long-term borrowings[3]	820,899	991,677
Current portion of corporate bonds	1,042,253	439,636
Current portion of installment payables	11,511	5,422
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract[4]	730,601	-
Current portion of lease obligations[5]	334,517	-
Total	3,480,960	3,483,105
Non-current		
Long-term borrowings[1,3,6]	5,102,091	6,161,709
Corporate bonds	6,538,785	7,388,963
Installment payables	5,315	3,171
Financial liabilities relating to sale of shares by variable prepaid forward contract[7]	-	196,605
Lease obligations[5]	557,955	-
Total	12,204,146	13,750,448

Notes:

1. The short-term borrowings and long-term borrowings as of December 31, 2019 include ¥425,552 million (¥36,571 million as of March 31, 2019) and ¥ 295,743 million of borrowings in SoftBank Vision Fund.

2. The increases in short-term borrowings for the nine-month period ended December 31, 2019 are mainly due to increases of ¥427,325 million, ¥388,981 million, and ¥170,516 million in Z Holdings Corporation, SoftBank Vision Fund, and 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 December 31, 2019 include ¥94,996 million (¥102,879 million as of March 31, 2019) and ¥153,714 million (¥191,297 million as of March 31, 2019) of borrowings from these transactions, respectively.

4. Decrease was made due to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in “Note 18. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

5. 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.

6. ¥920,569 million of the listed shares held by SoftBank Vision Fund are pledged as collateral for ¥295,743 million of long-term borrowings as of December 31, 2019. These listed shares are included within “Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of December 31, 2019.

   The long-term borrowings include a cash collateral call clause and a mandatory prepayment clause, which may be triggered under certain circumstances such as a significant decrease in the fair value of pledged listed shares. The cash collateral call clause and the mandatory prepayment clause may require additional collateral in cash or all or part of the borrowings to become due and payable.

   The creditors would be able to dispose of the listed shares pledged as collateral if (among other things) the cash collateral call clause or the mandatory prepayment clause was triggered and SoftBank Vision Fund did not pay the relevant amounts due to the creditors accordingly. The borrowings are limited-recourse debts.

7. In November, 2019, West Raptor Holdings, LLC (“WRH LLC”), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract using Alibaba shares with a financial institution and procured ¥179,145 million ($1.65 billion). At the settlement dates, which are expected to be October and November, 2021, the number of Alibaba shares settled by the variable prepaid forward contract is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives. Embedded derivatives are measured at fair value and ¥14,050 million is recognized as “Derivative financial liabilities (non-current liabilities)” in the condensed interim consolidated statement of financial position as of December 31, 2019.

   WRH LLC has the option (“cash settlement option”) to settle the variable prepaid forward contract by either delivering cash or a combination of cash and Alibaba shares. If WRH LLC elects the cash settlement option, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the market price of the shares, will be paid.

   Alibaba shares held by WRH LLC are pledged as collateral. The Company applies the equity method to these shares and they are included in “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of December 31, 2019. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥51,962 million as of December 31, 2019.

(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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Net increase of short-term borrowings	354	228,214
Net (decrease) increase of commercial paper	(8,000)	191,000
Total	(7,646)	419,214

(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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Proceeds from borrowings	4,415,539	5,989,402
Proceeds from issuance of corporate bonds	747,744	1,230,000
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract*	-	179,145
Proceeds from sale-leaseback of newly acquired equipment	292,483	-
Total	5,455,766	7,398,547

Note:
*The amount is procured under the variable prepaid forward contract using Alibaba shares. The details are described in "Notes 7" under "(1) Components of interest-bearing debt."

(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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Repayment of borrowings	(4,445,333)	(3,682,050)
Redemption of corporate bonds	(955,504)	(922,545)
Payment of installment payables	(14,975)	(8,551)
Repayment of lease obligations	(316,471)	-
Total	(5,732,283)	(4,613,146)

10. 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 18. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

11. Other current liabilities

The components of other current liabilities are as follows:

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Contract liabilities	252,812	250,115
Short-term accrued employee benefits	201,979	217,652
Withholding income tax*	428,796	137,167
Consumption tax payable and other	112,090	108,763
Accrued interest expense	69,977	84,600
Deferred revenue	35,339	38,842
Other	57,362	61,151
Total	1,158,355	898,290

Note:
*Payment of withholding income tax of ¥422,648 million related to dividends within the group companies was made in April 2019. In addition, withholding income tax as of December 31, 2019 includes the withholding income tax of ¥102,100 million related to dividends within the group companies.

12. 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 December 31, 2019
USD	110.99	109.56
GBP	144.98	143.48

(2) Average rate for the quarter

For the nine-month period ended December 31, 2018

(Yen)

	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018	Three-month period ended December 31, 2018
USD	108.71	111.55	112.83
GBP	147.54	145.84	144.48

For the nine-month period ended December 31, 2019

(Yen)

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019	Three-month period ended December 31, 2019
USD	110.00	107.70	108.98
GBP	140.88	132.73	139.55

13. Equity

(1) Capital surplus

On June 27, 2019, Z Holdings Corporation issued 1,511,478,050 new shares for ¥456.5 billion to SoftBank Corp. through a third-party allotment (the “Third-Party Allotment”). Z Holdings 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 Z Holdings 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 Z Holdings Corporation on June 27, 2019.

As a result of the Third-Party Allotment and the Tender Offer, the ownership percentage in Z Holdings 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)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Balance at the beginning of the period	11,162	46,827
Increase during the period[1]	2	28,619
Decrease during the period[2]	(740)	(56,991)
Balance at the end of the period	10,424	18,455

Notes:

1. For the nine-month period ended December 31, 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 December 31, 2019
Equity financial assets at FVTOCI	6,661	5,582
Debt financial assets at FVTOCI	267	82
Cash flow hedges	(45,791)	(3,389)
Exchange differences on translating foreign operations	329,131	163,502
Total	290,268	165,777

14. Other operating loss

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

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 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]	(71,721)	(75,362)
Impairment loss on tangible and intangible assets[2]	-	(25,403)
Litigation[3]	(5,607)	29,404
Gain on contract termination	10,834	4,426
Reversal of favorable lease	(3,810)	-
Other	(237)	6,394
Other		
Income and loss on equity method investments at Fortress	(3,859)	3,351
Other	-	2,999
Total	(70,730)	(54,191)

Notes:

1. For the nine-month period ended December 31, 2019, ¥72,537 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.

2. Mainly, for the nine-month period ended December 31, 2019, 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. 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.

3. Mainly, for the nine-month period ended December 31, 2019, this is the amount received in relation to the legal recoveries for certain patent infringement lawsuits.

15. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Interest expenses	(479,396)	(456,616)

16. Income on equity method investments

For the nine-month period ended December 31, 2019

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.

As a result, the Company recognized ¥277,175 million of income on equity method investments.

17. Dilution gain from changes in equity interest

For the nine-month period ended December 31, 2019

Alibaba issued new shares, in connection with its listing on The Stock Exchange of Hong Kong Limited on November 26, 2019. Accordingly, the Company recorded ¥291,551 million of dilution gain from changes in equity interest related to Alibaba.

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

On June 3, 2019, a variable prepaid forward contract, which WRH LLC, a wholly-owned subsidiary of the Company, entered into with Mandatory Exchangeable Trust (the “Trust”) in June 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 nine-month period ended December 31, 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.

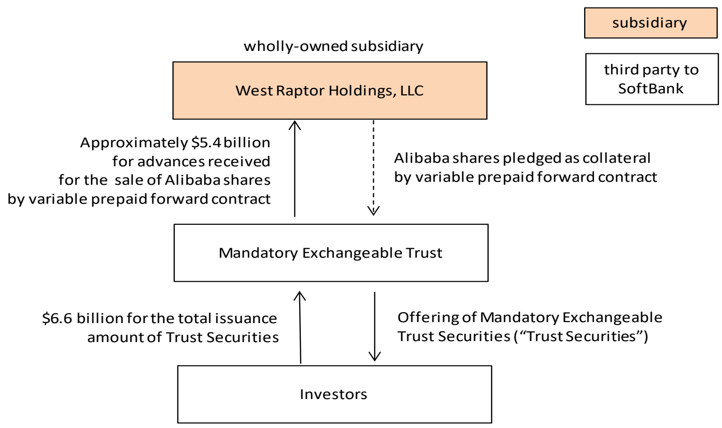
WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

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



19. Gain (loss) from financial instruments at FVTPL

For the nine-month period ended December 31, 2019, ¥359,212 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 are included in "Operating income from SoftBank Vision Fund and other SBIA-managed funds" under the condensed interim consolidated statement of income.

20. Other non-operating loss

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

(Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019
Interst income	22,628	30,571
Provisions for doubtful accounts	(140)	(24,979)
Impairment loss on equity method investments	(47,909)	(11,668)
Gain from remeasurement relating to discontinuing the use of the equity method	24,842	-
Loss on redemption of corporate bonds	(14,538)	-
Other	(2,174)	(71)
Total	(17,291)	(6,147)

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

(1) Income taxes paid and income taxes refunded

For the nine-month period ended December 31, 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 Z Holdings Corporation shares held by SoftBank Group Japan Corporation due to an acquisition of its own shares through the Tender Offer by Z Holdings 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) Non-cash transactions related to sale of Alibaba shares by variable prepaid forward contract

For the nine-month period ended December 31, 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 18. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”