To Our Shareholders:

Disclosed information on the Internet at the Time of Notifying Convocation of the 39th Annual General Meeting of Shareholders

June 4, 2019

SoftBank Group Corp.

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All matters above are provided to shareholders of SoftBank Group Corp. on the website of SoftBank Group Corp. on the Internet (https://group.softbank/) in accordance with all laws and Article 14 of the Articles of Incorporation of SoftBank Group Corp.

Status of SoftBank Group Corp. (“SBG”)

(5) Overview of system to ensure the appropriateness of the operation and its implementation status

The overview of the system established in SBG to ensure the appropriateness of the operations and its implementation status is as follows.

[1] System to ensure the appropriateness of the operation

1. System to ensure that the execution of the duties of directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of SBG

SBG has established the SoftBank Group Officer and Employee Code of Conduct to prescribe the code of conduct to be followed by all directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

(1) A chief compliance officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance SBG’s compliance system, the CCO regularly reports to the Board of Directors on compliance-related issues and the status of addressing those issues.

(2) Internal and external hotlines are established for direct reporting and consultations by directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted on the hotlines will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the hotline in the SoftBank Group Compliance Rules.

(3) The Internal Audit department carries out audits on the effectiveness of the system for compliance with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO. The Internal Audit department also works in cooperation with the Audit & Supervisory Board Members by explaining them with the results of those audits.

2. System for the storage and management of information regarding the execution of duties by directors

SBG has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by directors including minutes and proposals of the Board of Directors meetings and requests for approval:

(1) SBG determines retention periods and methods and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) A chief information security officer (CISO) has been appointed as the person responsible for information security to promote the establishment and reinforcement of the information security system.

3. Regulations and system relating to managing the risk of loss

SBG has established the following system to avoid and minimize risk and to implement necessary measures related to the variety of risks in its business operations:

(1) Responsible departments are designated to address various risks, manage risks in each responsible department and work to reduce risks and prevent the occurrence of risk events based on the Risk Management Regulations. In addition, when an emergency situation arises, an Emergency Response Department will be established according to the designated escalation flow, and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

(2) The General Administration Department will summarize the status of risk evaluation, analysis and response at each responsible department, and regularly report its findings to the Board of Directors.

(3) The Internal Audit department carries out audits on the effectiveness of the risk management process.

4. System to ensure the efficiency of directors in the execution of their duties

SBG has established the following structure to maintain an efficient management system:

(1) SBG has set out the Regulations of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors includes external directors who are independent of SBG.

(3) To ensure that the directors, including external directors, can discuss matters fully at Board of Directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations, authority and responsibilities necessary for operations are clearly defined in the Regulations on Segregation and Authority of Duties.

5. System to ensure appropriateness of the Group operations

SBG has formulated the SoftBank Group Charter to promote fundamental concepts and policies shared throughout the Group and the SoftBank Group companies Management Regulations which spell out policy and system of the Group companies management. In addition, the following have been established to determine rules that should be abided by Group companies as well as their directors and employees, in the light of the size, materiality and other factors of Group companies:

(1) A group compliance officer (GCO) has been appointed to promote the establishment and reinforcement of Group-wide compliance systems, as the person ultimately responsible for compliance throughout the Group. A Group Hotline has also been established to receive reports and provide consultation to directors and employees of Group companies to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have

reported or consulted on the Group Hotline will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the Group Hotline in the SoftBank Group Compliance Rules.

(2) A group chief information security officer (GCISO) has been appointed to promote the establishment and reinforcement of Group-wide information security systems, as the person ultimately responsible for information security throughout the Group.

(3) The representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to SBG, thereby ensuring the accuracy of the annual securities report and other reports submitted by the Group.

(4) The Internal Audit department comprehensively judges the results of past internal audits, financial position, and carries out internal audits of Group companies deemed as having high risk.

(5) While each Group company addresses risk in an effort to reduce and prevent any possible risks, in the event of emergency, each Group company follows the escalation flow of SBG to minimize damage (loss) in accordance with SBG's instruction.

6. System for excluding antisocial forces

SBG clearly states in the SoftBank Group Officer and Employee Code of Conduct its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from antisocial forces and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

7. System relating to support staff that assists the Audit & Supervisory Board Members, matters relating to the independence of the relevant employees from the directors, and matters relating to ensuring the effectiveness of instructions given to the relevant employees

SBG has established the Assistant to Audit Department as an organization to support the work of the Audit & Supervisory Board Members, and has assigned dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board Members to ensure the effectiveness of the instructions and any personnel changes, evaluations, or other such actions, require the agreement of the Audit & Supervisory Board Members.

8. System for reporting to the Audit & Supervisory Board Members

Directors and employees of SBG will report the following matters to the Audit & Supervisory Board Members:

(1) Important matters related to the management, finances, or business execution of the Group companies.

(2) Matters related to the compliance system or use of the hotlines.

(3) The development status of internal control systems.

(4) Matters which could cause significant damage to SBG.

(5) Matters relating to violations of laws, regulations, or the Articles of Incorporation.

(6) Results of audits conducted by the Internal Audit department.

(7) Other matters that the Audit & Supervisory Board Members have decided that need to be reported in

order for them to execute their duties.

9. <u>Other systems to ensure that the audits by the Audit & Supervisory Board Members are conducted effectively</u>

(1) When the Audit & Supervisory Board Members deem it necessary, opportunities shall be provided for them to interview directors or employees of Group companies. In addition, the Audit & Supervisory Board Members periodically meet with the independent auditor and the Audit & Supervisory Board Members of major subsidiaries and other entities for an exchange of information and to ensure cooperation.

(2) SBG ensures that persons who have reported or consulted with the Audit & Supervisory Board Members will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted with the Audit & Supervisory Board Members in the Softbank Group Compliance Rules.

(3) SBG shall pay expenses relating to the independent auditor, the attorneys and other professionals, and other expenses associated with the execution of duties by the Audit & Supervisory Board Members.

[2] Overview of the implementation status of system to ensure the appropriateness of the operation

1. Matters concerning compliance

SBG continues to conduct the compliance training for Directors and employees of the Group, as well as the offering of information and giving of advice, etc., as necessary, to CCO by GCO for enhancing the compliance system. In addition, SBG works to ensure the effectiveness of compliance of the entire Group through setting and operating hotlines so that Directors and employees of the Group can report and consult directly. Effects of these measures are reviewed and improved, as necessary.

2. Matters concerning risk management

Based on the Risk Management Rules, responsible departments of each risk at SBG manage risks and continously work on reducing risks and preventing the occurrence thereof. In addition, the General Administration Department summarizes the status of risk evaluation and analysis, as well as measures against and responses to risks, implemented in each responsible department, and regularly reports its findings to the Board of Directors. The Group companies also manage risks individually and continously work on reducing risks and preventing the occurrence thereof.

3. Matters concerning managing Group companies

In managing and overseeing Group companies as a holding company, SBG has formulated the SoftBank Group Charter, the SoftBank Group companies Management Regulations and other rules to be followed by Group companies and their officers and employees. These rules and regulations are applied to Group companies, except for those including listed companies that are deemed to have a sufficient internal structure in place, companies requiring special handling and special purpose companies. By reviewing the rules and regulations in light of changes in the social environment and the situation of the Group, SBG has continuously been working on enhancing and strengthening the system of Group management.

4. Matters concerning internal audits

The Internal Audit Department carries out audits on the effectiveness of the system for compliance with laws, regulations and the Articles of Incorporation as well as the risk management process at SBG. In addition, the department continuously carries out audits of Group companies deemed as having a high risk and reports the results of the audits to the CEO each time.

5. Matters concerning the execution of duties by Directors and employees

SBG ensures efficiency of the execution of duties by its Directors and employees based on internal regulations such as the Board of Directors Regulations, Internal Approval Regulations and Regulations on Segregation and Authority of Duties. SBG also ensures an environment where matters can be fully discussed at the Board of Directors meetings by Directors including independent External Directors.

6. Matters concerning the execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members attend SBG's important meetings and arrange opportunities to interview Directors and employees of the Group, as necessary. In addition, they continue to enhance cooperation by holding regular meetings with the Independent Auditor and Audit & Supervisory Board Members, etc. of major subsidiaries. Through these efforts, Audit & Supervisory Board Members ensure the effectiveness of audits.

Consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2019)

(Millions of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock
As of April 1, 2018	238,772	256,768	496,876	3,940,259	(66,458)
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	300,615	-
As of April 1, 2018 (after adjustments)	238,772	256,768	496,876	4,240,874	(66,458)
Comprehensive income					
Net income	-	-	-	1,411,199	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,411,199	-
Transactions with owners and other transactions					
Cash dividends	-	-	-	(47,951)	-
Distribution to owners of other equity instruments	-	-	-	(31,736)	-
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(1,101)	-
Purchase and disposal of treasury stock	-	739	-	-	(377,024)
Changes from business combination	-	-	-	-	-
Changes in interests in subsidiaries	-	1,164,459	-	-	-
Changes in associates' interests in their subsidiaries	-	41,579	-	-	-
Changes in interests in associates' capital surplus	-	(1,832)	-	-	-
Share-based payment transactions	-	6,049	-	-	-
Other	-	-	-	-	-
Total transactions with owners and other transactions	-	1,210,994	-	(80,788)	(377,024)
As of March 31, 2019	238,772	1,467,762	496,876	5,571,285	(443,482)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Accumulated other comprehensive income	Total		
As of April 1, 2018	317,959	5,184,176	1,088,846	6,273,022
Effect of retrospective adjustments due to adoption of new standards*	(57,828)	242,787	21,300	264,087
As of April 1, 2018 (after adjustments)	260,131	5,426,963	1,110,146	6,537,109
Comprehensive income				
Net income	-	1,411,199	43,419	1,454,618
Other comprehensive income	29,036	29,036	18,641	47,677
Total comprehensive income	29,036	1,440,235	62,060	1,502,295
Transactions with owners and other transactions				
Cash dividends	-	(47,951)	(30,907)	(78,858)
Distribution to owners of other equity instruments	-	(31,736)	-	(31,736)
Transfer of accumulated other comprehensive income to retained earnings	1,101	-	-	-
Purchase and disposal of treasury stock	-	(376,285)	-	(376,285)
Changes from business combination	-	-	6,115	6,115
Changes in interests in subsidiaries	-	1,164,459	236,191	1,400,650
Changes in associates' interests in their subsidiaries	-	41,579	-	41,579
Changes in interests in associates' capital surplus	-	(1,832)	-	(1,832)
Share-based payment transactions	-	6,049	2,414	8,463
Other	-	-	1,704	1,704
Total transactions with owners and other transactions	1,101	754,283	215,517	969,800
As of March 31, 2019	290,268	7,621,481	1,387,723	9,009,204

Note:
* In accordance with the adoption of IFRS 9, "Financial Instruments", and IFRS 15, "Revenue from Contracts with Customers," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income. The details are described in "Notes Relating to Changes in Accounting Policies."

Non-consolidated Statement of Changes in Equity

(For the fiscal year from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2018	¥238,772	¥472,079	—	¥472,079	¥1,414	¥3,217,737	¥3,219,151
Changes in items during period							
Dividends of surplus	—	—	—	—	—	(47,951)	(47,951)
Net income	—	—	—	—	—	1,977,693	1,977,693
Purchase of treasury shares	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	739	739	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in items during period	—	—	739	739	—	1,929,741	1,929,741
Balance as of March 31, 2019	¥238,772	¥472,079	¥739	¥472,819	¥1,414	¥5,147,478	¥5,148,893

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2018	¥(66,458)	¥3,863,544	¥4,141	¥4,141	¥8,704	¥3,876,390
Changes in items during period						
Dividends of surplus	—	(47,951)	—	—	—	(47,951)
Net income	—	1,977,693	—	—	—	1,977,693
Purchase of treasury shares	(384,102)	(384,102)	—	—	—	(384,102)
Disposal of treasury shares	7,078	7,818	—	—	—	7,818
Net changes in items other than shareholders' equity	—	—	4,391	4,391	6,063	10,454
Total changes in items during period	(377,024)	1,553,457	4,391	4,391	6,063	1,563,912
Balance as of March 31, 2019	¥(443,482)	¥5,417,001	¥8,532	¥8,532	¥14,768	¥5,440,301

Notes to Consolidated Financial Statements
(Basis of Presentation of Consolidated Financial Statements)

1. Basis of preparation of consolidated financial statements
The consolidated financial statements of SoftBank Group Corp. and its subsidiaries are prepared on the basis of International Financial Reporting Standards (“IFRSs”) pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRSs.

Company names and abbreviations used in the notes, except as otherwise stated or interpreted differently in the context, are as follows:

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

2. Scope of consolidation
Number of consolidated subsidiaries: 1,314

Names of main consolidated subsidiaries

SoftBank Corp., Sprint Corporation, Yahoo Japan Corporation, Arm Limited, SoftBank Vision Fund L.P., SB Delta Fund (Jersey) L.P., Brightstar Global Group Inc., and SoftBank Group Capital Limited.

3. Scope of entities applying equity method
Number of entities applying the equity method: 419

Name of the main entity applying the equity method

Alibaba Group Holding Limited

Name of the main associate not accounted for under the equity method and the reason thereof

WeWork Companies, Inc.	Investments in associates made by SoftBank Vision Fund are investments held indirectly through venture capital organizations. Therefore, these investments are measured at fair value through profit or loss in accordance with Paragraph 18 of IAS 28, “Investments in Associates and Joint Ventures.”

4. Matters regarding the equity method associates for the current fiscal year
The Company applies the equity method to its investment in Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to unify the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which are publicly announced by Alibaba.

5. Summary of significant accounting policies
(1) Evaluation standards and methods for financial instruments

a. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets measured at fair value through profit or loss (“financial assets at FVTPL”) and financial liabilities at fair value through profit or loss (“financial liabilities at FVTPL”) are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at the time of initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets at FVTPL or financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified as "financial assets at amortized cost," "debt financial assets at fair value through other comprehensive income" ("debt financial assets at FVTOCI"), "equity financial assets at fair value through other comprehensive income ("equity financial assets at FVTOCI")", and "financial assets at FVTPL." The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

All purchases and sales of financial assets made in a regular way are recognized and derecognized on a trade date basis. Purchases and sales made in a regular way refer to acquiring or disposing of financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace.

(a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" if both of the following conditions are met:

・the financial assets are held within a business model for which the objective is to hold financial assets to collect contractual cash flows; and
・the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(b) Debt financial assets at FVTOCI

Financial assets are classified as "debt financial assets at FVTOCI" if both of the following conditions are met:

・the financial assets are held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
・the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on monetary financial assets classified as debt financial assets at FVTOCI and interest income calculated using the effective interest method relating to debt financial assets at FVTOCI are recognized in profit or loss.

(c) Equity financial assets at FVTOCI

At initial recognition, the Company has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as "equity financial assets at FVTOCI." Subsequent to initial recognition, equity financial assets at FVTOCI are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When financial assets are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at FVTOCI are recognized in profit or loss.

(d) Financial assets at FVTPL

Financial assets are classified as "financial assets at FVTPL," if they are classified as neither "financial assets at amortized cost," "debt financial assets at FVTOCI," nor "equity financial assets at FVTOCI." Please refer to "(12) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment" for the details of "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position. Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, and gains or losses arising from changes in fair value, dividend income, and interest income are recognized in profit or loss.

(e) Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets at amortized cost, debt financial assets at FVTOCI, and contract assets under IFRS 15, "Revenue from Contracts with Customers." At each fiscal period end, the Company assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition, or for credit impaired financial assets, the Company measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses. However, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables and contract assets.

Expected credit losses are estimated in a way that reflects the following:

・an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

・the time value of money; and

・reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Provision of the loss allowance relating to the measurement is recognized in profit or loss. Reversal of the loss allowance is also recognized in profit or loss when events that reduce the loss allowance occur in subsequent periods.

The carrying amount of financial assets is directly reduced against the loss allowance when the Company has no reasonable expectations of recovering financial assets in their entirety, or a portion thereof.

(f) Derecognition of financial assets

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” or “financial liabilities at amortized cost”, and the classification is determined at initial recognition.

Non-derivative financial liabilities are classified into “financial liabilities at FVTPL” when the entire hybrid contract, including more than one embedded derivative, is designated as financial liabilities at FVTPL. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Financial liabilities measured at amortized cost are measured using the effective interest method subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company’s obligations are met or debt is discharged, cancelled, or expires.

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contracts, currency swaps and collar transactions in order to manage its exposure to foreign exchange rates, interest rates and share price risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are substantially measured at their fair values at the end of the fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified into “financial assets at FVTPL”, and derivative financial liabilities not designated as hedging instruments are classified into “financial liabilities at FVTPL.”

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period. Specifically, a hedge is determined to be effective when all of the following criteria are met:

(i) there is an economic relationship between the hedged item and the hedging instrument;

(ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item the Company actually hedges and the quantity of the hedging instrument the Company actually uses to hedge the quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains the same, the Company adjusts the hedge ratio so that the hedging relationship becomes effective again.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income in the year when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of non-financial assets or non-financial liabilities, the Company transfers the accumulated other comprehensive income previously recognized in other comprehensive income and includes them in the measurement of initial cost of the non-financial assets or non-financial liabilities (basis adjustment).

The Company discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria, such as instances when the hedging instrument expires or is sold, terminated, or exercised.

When hedge accounting is discontinued, any related income included in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, any related income included in accumulated other comprehensive income is reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative financial assets host contracts (“embedded derivatives”) are not separated from the host contracts and accounted for as hybrid contracts in its entirety.

When the economic characteristics and risks of the derivatives embedded in non-derivative financial liabilities host contracts (“embedded derivatives”) are not closely related to the economic characteristics and risks of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL, the embedded derivatives are separated from the host contracts and accounted for separately as derivatives. If it is required to separate embedded derivatives from their host contracts, but the Company is unable to measure the embedded derivatives separately either at acquisition or at the end of a subsequent fiscal period, the Company designates and accounts for the entire hybrid contract as financial liabilities at FVTPL.

(2) Evaluation standards and methods for inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated by the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(3) Evaluation standards, valuation methods, and depreciation or amortization methods for property, plant, and equipment and intangible assets

a. Property, plant, and equipment

The Company uses the cost model for measurement of property, plant, and equipment in which the assets are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement, and site restoration.

Property, plant, and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major components of property, plant, and equipment are as follows:

Buildings and structures	
Buildings	30 - 50 years
Other	10 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	5 - 30 years
Towers	10 - 42 years
Other	5 - 40 years
Furniture, fixtures, and equipment	
Leased mobile devices	2 - 3 years
Other	4 - 10 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

b. Intangible assets

The Company uses the cost model for measurement of intangible assets in which the assets are measured at historical cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired individually are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon initial recognition and are measured at fair value at the acquisition date. Any internally-generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally-generated intangible assets). The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives. The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.
The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Technologies	8 - 20 years
Customer relationships	5 - 24 years
Spectrum migration costs	18 years
Management contracts	1.5 - 10 years
Favorable lease contracts	9 - 23 years
Trademarks (with finite useful lives)	2 - 34 years
Other	5 - 20 years

Amortization methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of the existing users to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms.

Intangible assets with indefinite useful lives are as follows:

・Licenses to use specific frequency spectrums granted by the U.S. Federal Communications Commission (“FCC licenses”)
・Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it has been determined that FCC licenses have indefinite useful lives.

The Company determined that “Sprint,” “Boost Mobile,” and other trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues and management’s current plans are to offer services under these trademarks for the foreseeable future.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in “(5) Impairment of property, plant, and equipment; intangible assets; and goodwill.”

(4) Accounting treatment of goodwill

Please refer to “(11) Accounting treatment for business combinations” for the measurement of goodwill at initial recognition. Goodwill is measured at cost, less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually, regardless of any indication of impairment. Impairment is described in "(5) Impairment of property, plant, and equipment; intangible assets; and goodwill."

Any excess of the cost of acquisition of an associate or joint venture over the Company's interest in the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of investment in the relevant company. Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates or joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates the investment may be impaired.

(5) Impairment of property, plant, and equipment; intangible assets; and goodwill

a. Impairment of property, plant, and equipment and intangible assets

At the end of fiscal year, the Company determines whether there is any indication that property, plant, and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value, less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized to the extent the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually, regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and will not be reversed in subsequent periods.

(6) Accounting treatment of defined benefit plans

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2006 and 2007. Liabilities for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until they are paid in the form of a lump sum at the time of future retirement of employees.

Sprint has frozen its defined benefit pension plans since December 2005. Liabilities for the defined benefit pension plans are recognized as defined benefit liabilities until they are paid as pensions after the time of retirement of employees.

The liability recognized in respect of the defined benefit plans (the defined benefit liability) is the present value of the defined benefit obligation, less the fair value of plan assets at the end of the fiscal year.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high-quality corporate bonds over the approximate period of the benefit payments.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and remeasurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above.
The liabilities for the frozen defined benefit plans are calculated on the basis of retirement benefits vested at the time the plans were frozen. Therefore, service cost is not incurred for those defined benefit plans for the current fiscal year.

The Company's remeasurement, which comprises actuarial gains and losses and the return on plan assets (excluding amounts included in net interest), is recognized in other comprehensive income and reclassified to retained earnings immediately from accumulated other comprehensive income.

(7) Criteria for recording significant provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pretax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations, restructuring provisions, provisions for loss on interest repayment, and provisions for unprofitable contracts as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting implementation of the plan or announcing the main features of the plan.

Provision for loss on interest repayment is recorded based on an amount representing future expected claims by debtors and others for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act.

(8) Revenue recognition

The Company's main accounting policy for revenue recognition is as follows:

<u>SoftBank segment and Sprint segment</u>

In the SoftBank segment and Sprint segment, the Company mainly provides mobile telecommunications services, sales of mobile handsets, and fixed-line telecommunications services. In the SoftBank segment, the Company also provides broadband services and distribution services.

a. Mobile telecommunications services and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications, data transmission and related optional services to subscribers, and sells mobile handsets to customers.

In mobile telecommunications services, revenues are mainly generated from basic monthly charges and telecom services and other fees. Also, revenues from the sale of mobile handsets are generated from the sale of mobile handsets and accessories to subscribers or dealers.

The business flow of the above transactions consists of “Indirect sales,” where the Company sells mobile handsets to dealers and enters into telecommunications service contracts with subscribers through dealers, and “Direct sales,” where the Company sells mobile handsets to subscribers and enters into telecommunications service contracts directly with subscribers.

Mobile telecommunications services are invoiced to subscribers on a monthly basis, and the invoice is due within a short timeframe. The sale of mobile handsets in “Indirect sales” are invoiced when the mobile handsets are sold to dealers, and most of the invoices are due within a short timeframe. The sale of mobile handsets in “Direct sales” are invoiced either in a lump sum, where payments are made in full upon sale, or in installments, where the installments are invoiced on a monthly basis over the installment period and the invoice is due within a short timeframe. The Company has determined that these transaction prices do not include a significant financing component arising from the timing of payments, and therefore, no adjustments are made.

The Company has obligations for returns and refunds for mobile telecommunications services and sales of mobile handsets over a certain period of time after contract inception. The estimated amount of obligations for returns and refunds is determined by the type of product and service based on past experiences and is deducted from the transaction prices.

In the SoftBank segment, the Company provides extended warranty for mobile handsets as an optional service and such service is considered as a separate performance obligation in the contract under which such service is provided.

Revenues from the sale of mobile handsets that are subject to lease contracts are recognized over the lease term under operating leases at inception under finance leases.

Under prepaid contracts, prepaid amounts from the customer are recognized as contract liabilities and recognized as revenue based on the ratio of usage to the total expected usage amount.

(a) Indirect sales

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when dealers are deemed to have obtained control of the mobile handsets. In the SoftBank segment, commissions paid to dealers related to the sales of mobile handsets are estimated based on experience and deducted from revenues.

Revenues from mobile telecommunications services are recognized when services are provided to subscribers. Discounts on the communication charges are deducted from mobile telecommunications service revenues.

Activation fees and upgrade fees are initially recognized as contract liabilities and reclassed to reverse as the Company provides mobile telecommunications services.

(b) Direct sales

As the sales of mobile handsets and mobile telecommunications services, including fees, are considered to be one transaction, the total transaction price is allocated to mobile handsets and mobile telecommunications services based on the relative stand-alone selling price. Discounts for both the sale of mobile handsets and mobile telecommunications charges are deducted from the total transaction price.

As a result of the price allocation above, if the revenue recognized at the sales of mobile handsets exceeds the consideration received from subscribers, the difference will be recognized as a contract asset and transferred to trade receivables when the right to invoice is established as mobile telecommunications services are provided. If the consideration received from subscribers exceeds the revenue recognized at the sales of the mobile handset, the difference will be recognized as a contract liability. Such contract liabilities will be reclassed to reverse as the Company provides mobile telecommunications services.

Stand-alone selling prices for the mobile handsets and mobile telecommunications services are based on observable selling prices when the Company sells the mobile handsets and mobile telecommunications service separately to customers at the start of the contract.

The amount allocated to the sale of mobile handsets is recognized when mobile handsets are delivered to subscribers, which is when the subscribers obtain control of mobile handsets.

The amount allocated to mobile telecommunications services is recognized when the service is provided to the subscriber.

Contract assets are included in “Other current assets” or “Other non-current assets”, and contract liabilities are included in “Other current liabilities” or “Other non-current liabilities” in the consolidated statement of financial position.

b. Fixed-line Telecommunications service

In the fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services (“revenues from fixed-line telecommunications service”).

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to subscribers, based upon fixed monthly charges plus the usage of the network.

The Company’s accounting policy for revenue recognition of broadband services and distribution services in the SoftBank segment is as follows:

c. Broadband services

For broadband services, revenues are mainly generated from basic monthly charges, telecom services (“revenues from broadband services”) primarily related to internet connection and other fees.

Revenues from broadband services are recognized as revenues when services are provided to subscribers, based upon fixed monthly charges plus the usage of the network.

d. Distribution services

For distribution services, revenues are generated mainly from the sales of PC software, peripherals, and mobile handset accessories in Japan. Revenues from distribution services are recognized when the customer is deemed to have acquired control over the goods, which is the point in time at which the goods are delivered to the customer.

For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

<u>Yahoo Japan segment</u>

In the Yahoo Japan segment, revenues are generated mainly from sponsored search advertising, display advertising, product sales, e-commerce related commission fees and revenue from membership.

Sponsored search advertising revenue is recognized when a visitor to the website clicks the advertisement.

Display advertising comprises premium advertising, Yahoo! Display Ad Network (“YDN”) and other services.

Revenue from premium advertising is recognized over a period in which related advertisement is displayed.

Revenue from YDN is recognized when a visitor to the website clicks the advertisement on the webpage with the related content.

Revenue from product sales is recognized when the customer obtains control of the product, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product.

Revenue from e-commerce related commission fees is mainly generated from Yahoo! Auctions. Yahoo! Auctions provides online auction services to individual and corporate customers. When products are sold, system usage fees for successful bids from sellers are recognized as revenue at the time of closing.

Revenue from membership fees is generated from the sale of “Yahoo! Premium,” which provides various benefits to individual customers, and is recognized over the membership period.

Arm segment

In the Arm segment, revenue is mainly generated from licenses to Arm's technology and royalties arising from the subsequent sale of licensees' chips that contain Arm's technology.

The license revenue related to right to use intellectual property is recognized when the customer obtains control of the license, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the license.

Royalty revenues are generated from the sale of the licensees' chips that contain Arm technology and are recognized at the time of licensee chip sales. The Company estimates the royalty revenue that will be generated from the licensee's chip sales in the current quarter. These are then trued-up in the subsequent quarter following the receipt of the licensee's royalty report.

Brightstar segment

In the Brightstar segment, revenues are generated mainly from distribution of mobile handsets to telecommunication service providers and retailers overseas, and sales of Personal Computer software, peripherals, and mobile handsets accessories in Japan.

Revenue in the Brightstar segment is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

(9) Costs to obtain contracts

The Company recognizes the costs that would not have been incurred if the telecommunications service contract had not been obtained and that are expected to be recovered as assets from the costs to obtain contracts. The Company capitalizes mainly the sales commissions that the Company pays to dealers for obtaining and maintaining mobile telecommunications service contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period during which goods or services related to such costs are expected to be provided. At each fiscal year end and quarterly period end, the Company assesses the capitalized costs to obtain contracts for impairment.

Using a practical expedient in accordance with IFRS 15, the Company accounts for the costs to obtain contracts as expenses when incurred if the amortization period of the costs to obtain contracts is one year or less.

(10) Criteria for foreign currency translation

a. Transactions denominated in foreign currencies

Financial statements of each group company are prepared in the currency based on the primary economic environment in which it operates ("functional currency"). Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary available-for-sale financial assets measured through other comprehensive income, and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income and expenses are translated into Japanese yen using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income, and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

(11) Accounting treatment for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

・deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12, “Income Taxes” and IAS 19, “Employee Benefits,” respectively;
・liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date; and
・assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 “Non-current Assets Held-for-Sale and Discontinued Operations.”

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree’s identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured at fair value at the acquisition date and gain or loss from the remeasurement, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.
If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles) as of the date of transition to IFRSs and recorded by that amount after an impairment test.

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

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

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

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

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates

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

The investments in associates and joint ventures of the Company made by SoftBank Vision Fund are accounted for as financial assets at FVTPL in accordance with Paragraph 18 of IAS 28 and presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position.

(c) Other investments

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

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

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

d. Bridge Investments

Investments acquired by SoftBank Group Corp. or its subsidiaries under the premise of offering to SoftBank Vision Fund and Delta Fund that were made in accordance with the investment eligibility criteria of the SoftBank Vision Fund at the time of acquisition ("Bridge Investments") are accounted for as financial assets at FVTPL. The

Company makes 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 approval from relevant regulatory authorities. The Company changes the presentation of Bridge Investments in its consolidated financial statements in the annual period in which the Company made the decision to transfer such investments (hereafter phrased as "the transfer is agreed") as further described below.

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

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

On the other hand, if the investments had not yet been agreed to as of March 31, 2019, the Company would present items relevant to those investments as "Investment securities" in the consolidated statement of financial position, "Other non-operating income (Gain from financial instruments at FVTPL)" in the consolidated statement of income.

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

Investments made in the fiscal year ended March 31, 2019

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

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

For investments that are not Bridge Investments, when the transfer is agreed, the Company continues to apply the same accounting treatment followed in the periods prior to the agreement. They are accounted for as financial assets at FVTPL for the fiscal year ended March 31, 2019.

If the transfer were agreed to in the fiscal year ended March 31, 2019, the Company would present the carrying amounts of those investments as of March 31, 2019 as if the investments had been made by SoftBank Vision Fund on the date the transfer was agreed to. Those investments would be presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the consolidated statement of financial position as of March 31, 2019, the difference between the carrying amount and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value as of March 31, 2019 as "Other non-operating income (Gain and loss from financial instruments at FVTPL)" and "Operating income from SoftBank Vision Fund and Delta Fund" in the consolidated statement of income for the fiscal year ended March 31, 2019, respectively.

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

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

(a) Contribution from Limited Partners other than the Company

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

"Third-party interests in SoftBank Vision Fund and Delta Fund" fluctuate due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Calls, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of

SoftBank Vision Fund and Delta Fund are presented as “Change in third-party interests in SoftBank Vision Fund and Delta Fund” in the consolidated statement of income.

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

(b) Contribution from the Company

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

(13) Accounting method for consumption taxes

National consumption tax and local consumption tax are excluded from transaction amounts.

(Notes Relating to Changes in Accounting Policies)

Adoption of new standards and interpretations

The Company has adopted the following standards during the fiscal year ended March 31, 2019.

<table>
<tr><th colspan="2">Standard/interpretation</th><th>Outline of the new/revised standards</th></tr>
<tr><td>IFRS 9</td><td>Financial Instruments</td><td>IFRS 9 replaces the previous IAS 39. Main revisions are:
・to revise classification into measurement categories of financial instruments (amortized cost and fair value) and measurement;
・to revise the treatment of changes in fair value of financial liabilities measured at fair value;
・to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and
・to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.</td></tr>
<tr><td>IFRS 15</td><td>Revenue from Contracts with Customers</td><td>IFRS 15 replaces the previous IAS 11 and IAS 18. Main revisions are:
・to require revenue recognition by the following five steps:
a. identify the contract with the customer
b. identify the performance obligations in the contract
c. determine the transaction price
d. allocate the transaction price to each performance obligation in the contract
e. recognize revenue when (or as) a performance obligation is satisfied
・to revise the treatment for contract costs, license, and guarantee of products; and
・ to increase the disclosure related to revenue recognition.</td></tr>
</table>

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

In accordance with the transitional provisions of IFRS 9, the Company applied this standard retrospectively to financial instruments held as of the date of initial application (April 1, 2018) and recognized the cumulative effect of applying the standard as an adjustment to the opening retained earnings and accumulated other comprehensive income at the date of initial application.

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

(Consolidated Statement of Financial Position)
As of April 1, 2018

(Millions of yen)

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

(Consolidated Statement of Financial Position)
As of March 31, 2019

(Millions of yen)

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

(Consolidated Statements of Income)
Fiscal year ended March 31, 2019

(Millions of yen)

	Before adoption	IFRS 9 adjustment amount	IFRS 15 adjustment amount	After adoption
Net sales[1]	9,542,926	-	59,310	9,602,236
Cost of sales[1]	(5,733,204)	-	(14,467)	(5,747,671)
Gross profit	3,809,722	-	44,843	3,854,565
Selling, general and administrative expenses[2]	(2,910,922)	4,334	119,914	(2,786,674)
Operating income from SoftBank Vision Fund and Delta Fund[5]	1,121,114	135,527	-	1,256,641
Operating income	2,049,338	139,861	164,732	2,353,931
Income on equity method investments	365,768	(48,974)	-	316,794
Other non-operating income[3, 5]	76,644	5,765	(141)	82,268
Income taxes	(220,867)	23,411	(39,228)	(236,684)
Net income	1,209,192	120,063	125,363	1,454,618
Basic earnings per share (Yen)	1,061.72	112.41	94.02	1,268.15
Diluted earnings per share (Yen)	1,050.46	112.21	93.86	1,256.53

Notes:

1. Mobile telecommunications services and sales of mobile handsets

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

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

2. Capitalization of costs to obtain contracts

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

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

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

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

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

As of April 1, 2018

(Millions of yen)

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

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

As of April 1, 2018

(Millions of yen)

Major financial assets	Previous standard (IAS 39)		New standard (IFRS 9)	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Equity securities				
Investments from SoftBank Vision Fund and Delta Fund	FVTPL	2,817,160	FVTPL[6]	2,817,160
Other equity securities	Available-for-sale	525,951	FVTOCI[7]	102,368
			FVTPL	423,583
	FVTPL	1,802,152	FVTPL[6]	1,802,152
Bonds	Available-for-sale	240,921	Amortized cost	100
			FVTOCI[8]	224,090
			FVTPL	16,731
Trade and other receivables	Amortized cost	2,314,353	Amortized cost	2,314,428

6. Financial assets previously designated as financial assets at FVTPL are classified as financial assets at FVTPL in accordance with the criteria regarding classification under IFRS 9.

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

8. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI since they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(Notes Relating to Changes in Presentation)

Consolidated Statement of Financial Position

"Derivative financial liabilities (current)", which was included in "Other financial liabilities (current)" in the previous consolidated fiscal year, has been presented separately for the consolidated fiscal year ended March 31, 2019, as its quantitative materiality increased.

(Notes Relating to Changes in Accounting Estimates)

1. Accounting estimates for measurement of third-party interests in SoftBank Vision Fund and Delta Fund
   The details are described in "(12) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment" of "5. Summary of significant accounting policies" under "(Basis of Presentation of Consolidated Financial Statements)."

2. Fair values of financial instruments
   The Company estimates fair values of investments made by SoftBank Vision Fund and Delta Fund, investments made by SoftBank Group Corp. and its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund, and preferred stock investments those features are substantively different from those of common stock as financial assets at FVTPL. The details for the investments relating to SoftBank Vision Fund and Delta Fund are described in "2.SoftBank Vision Fund and Delta Fund business" under "(Notes Relating to Consolidated Statement of Income)."

3. Impairment loss on equity method investments
   The details are described in "6. Other non-operating loss" in "Notes Relating to Consolidated Statement of Income."

4. Assets classified as held for sale
   The details are described in "1. Transaction for sale of Alibaba shares by variable prepaid forward contract" in "(Other Notes)."

5. Assessment of recoverability of deferred tax assets
   The details are described in "2. Income taxes" under "(Other Notes)."

(Notes Relating to Consolidated Statement of Financial Position)

1. Borrowings by asset pledged and equity securities-lending contract

(1) Assets pledged as collateral and associated liabilities

Assets pledged as collateral and secured liabilities by the Company are as follows:

	(Millions of yen)
Assets pledged as collateral:	
Cash and cash equivalents	7,461
Trade and other receivables	14,202
Other financial assets (current)	12,280
Other current assets	1,640
Assets classified as held for sale[1]	224,201
Property, plant, and equipment	638,388
Intangible assets	8,147
Investments accounted for using the equity method[1, 2]	561,656
Investment securities	10,352
Total	1,476,327
Secured liabilities:	
Interest-bearing debt	
Short-term borrowings	4,472
Current portion of long-term borrowings	140,077
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract[1,]	730,601
Current portion of installment payables	623
Long-term borrowings[2]	811,865
Installment payables	1,672
Derivative financial liabilities (non-current)	278
Total	1,689,588

Notes:

1 ¥730,601 million of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥263,457 million of financial liability for variable prepaid forward contract as of March 31, 2019. The details are described in “1. Transaction for sale of Alibaba shares by variable prepaid forward contract” in “(Other Notes).”

2 ¥557,152 million of Alibaba shares (carrying amount on a consolidated basis) held by a wholly-owned subsidiary of the Company, is pledged as collateral for ¥520,400 million of long-term borrowings of the subsidiary as of March 31, 2019. The borrowings include an early settlement clause and an early settlement may be elected under certain circumstances such as a significant decrease in the fair value of pledged Alibaba shares. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement was demanded and the subsidiary did not repay the borrowings, accordingly.

Other than the above, the following assets are pledged as collateral:

a. Sprint

Approximately $71.0 billion (before consolidation adjustments) in assets of Sprint is pledged as collateral for approximately $11.5 billion in total borrowings and bonds.

b. Brightstar

Approximately $1.8 billion (before consolidation adjustments) in assets of Brightstar is pledged as collateral for the $0.5 billion of borrowings.

c. Fortress

Based on a term loan agreement of $1.2 billion which was entered into to finance the acquisition of Fortress, the equity interests of Fortress and four wholly-owned subsidiaries within the acquisition structure are pledged as collateral.

d. Other

¥61,595 million of investment securities are pledged as collateral for financing and exchange settlement by a subsidiary operating banking business. Also, other financial assets (non-current) include ¥77,655 million of margin deposits with a central counterparty.

(2) Borrowings related to equity securities lending contract

The Company entered into securities lending contracts regarding the stock of certain subsidiaries. The amount of cash received is recognized as short-term borrowings and included in interest-bearing debt.

	Interest-bearing debt (Millions of yen)
Short-term borrowings	199,200

(3) Others

a. Assets with limited property rights due to the installment purchase

Assets with limited property rights due to the installment purchase by the Company and the associated interest-bearing debt are as follows:

	(Millions of yen)
Assets with limited property rights:	
Property, plant, and equipment	15,861
Intangible assets	4,666
Total	20,527
Interest-bearing debt	
Current portion of installment payables	7,601
Installment payables	686
Total	8,287

b. Deposits at the Bank of Japan

A subsidiary operating banking business is obliged to deposit certain amounts, which is determined by a fixed ratio against the deposits it receives from its customers (“the legal reserve requirement”), in the Bank of Japan in accordance with the Act on Reserve Requirement System in Japan. As of March 31, 2019, cash and cash equivalents include ¥237,018 million of deposits at the Bank of Japan which is more than the legal reserve requirement.

2. Allowance for doubtful accounts directly deducted from assets

	(Millions of yen)
Trade and other receivables	61,131
Other financial assets (non-current)	38,917
Total	100,048

3. Accumulated depreciation and accumulated impairment losses of property, plant, and equipment

(Millions of yen)
4,596,554

4. Contingency

(1) Lending commitments

The lending commitments that the Company is engaged in are mainly shopping and cashing credit limits provided to the credit card members in the Yahoo Japan segment.

Due to the nature of the credit limits, wherein there are maximum amounts which the credit card members are allowed to spend within a certain range, but that are not necessarily fully spent, and because the Company can arbitrarily increase or decrease the limits, the amounts included in outstanding unfunded balance are not expected to be funded in full amounts.

Also, maturities of unfunded lending commitments are within one year because they are payable on demand.

	(Millions of yen)
Lending commitments	4,184,284
Funded	327,376
Unfunded	3,856,908

(2) Credit guarantee

Guarantees that the Company provides when loans are taken from affiliate financial institutions to individuals regarding the credit guarantee business are as follows:

	(Millions of yen)
Total amount of financial guarantee contract	15,030
Guarantee balance	7,810

(3) Litigation

SoftBank Group Corp. and certain of its subsidiaries are party to a number of currently-pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

a. Litigation in which SoftBank Corp. is involved as a Party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (herein after referred to as “JPiT”), claiming for payment of remuneration, for additional services provided in connection with the installation of telecommunication lines, that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group’s business sites existing countrywide. SoftBank Corp. performed such services, and upon JPiT’s request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract.

Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration, (approximately ¥14.9 billion), for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (herein after referred to as “NRI”) as co-defendants.

In such lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages.

SoftBank Corp. intends to fully contest JPiT’s claims in this lawsuit.

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015.

As a result of close inspection of the remuneration with respect to additional services provided in relation to lawsuit (a) above, SoftBank Corp. modified the amount of the claim from approximately ¥14.9 billion to approximately ¥20.4 billion on November 13, 2015. SoftBank Corp. further modified the amount of claim from approximately ¥20.4 billion to approximately ¥22.3 billion on October 12, 2016, and from approximately ¥22.3 billion to approximately ¥24.0 billion on September 7, 2017 in response to matters such as the change in purchase price of a telecommunication line provided to JPiT.

b. Legal and administrative proceedings to which Sprint and its subsidiaries are party

(a) On April 22, 2019, a complaint was filed in federal court in New York against Sprint and two of Sprint’s executive officers in their capacities as such. The lawsuit, entitled Meneses, et al. v. Sprint Corporation, et al., and purportedly brought on behalf of a class of Sprint shareholders, alleges that, between January 2019 and April 2019, the defendants violated federal securities laws and rules by failing to properly disclose that certain postpaid net subscriber additions were driven by free lines and included less valuable tablet and other non-phone devices, as well as prepaid to postpaid migrations. The plaintiff seeks damages and reasonable costs and attorneys’ fees. Sprint believes the lawsuit is without merit.

(b) On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications had fraudulently failed to collect and pay more than $100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint also sought recovery of triple damages under the State False Claims Act, as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint

Communications appealed that order and the intermediate appellate court affirmed the order of the trial court. On October 20, 2015, the Court of Appeals of New York affirmed the decision of the appellate court that the tax statute required us to collect and remit the disputed taxes. Our petition for certiorari to the U.S. Supreme Court on grounds of federal preemption was denied. We previously paid the principal amount of tax at issue, under protest, while the suit was pending. On December 21, 2018, Sprint Communications and the State of New York settled the dispute, as well as an unrelated tax matter. As a result, Sprint recognized an additional $50 million of litigation expense during the year ended March 31, 2019.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain of its current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court. Two suits were filed in state court in Johnson County, Kansas, and one of those suits was dismissed as premature and five suits are pending in federal court in Kansas. The remaining Kansas suits have been stayed pending resolution of the Attorney General's suit.

(c) Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require us to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, we would be indemnified for monetary losses that we incur with respect to the actions of our suppliers or service providers.

(d) In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability ("NALs") to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to Sprint's Assurance Wireless business. No NAL has yet been issued with respect to Sprint, and Sprint does not know if one will be issued. Further, Sprint is not able to reasonably estimate the amount of any claim for penalties that might be asserted.

(e) Various other suits, inquiries, proceedings, and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against Sprint or Sprint's subsidiaries. If Sprint's interpretation of certain laws or regulations, including those related to various federal or state matters, such as sales, use or property taxes, or other charges, were found to be mistaken, it could result in payments by Sprint. During the three-month period ended September 30, 2018, we settled a state tax matter for which we had previously accrued $114 million, with no material impact on our financial position or results of operations upon financial settlement.

c. Legal and administrative proceedings to which Brightstar Corp. and its subsidiaries are party

Brightstar Corp. and its subsidiaries are party to various legal and administrative proceedings globally and particularly in Latin American countries, including disputes relating to tax, labor, contract, and other matters currently pending. These mainly consist of administrative proceedings and lawsuits between tax authorities in Brazil and the subsidiary of Brightstar Corp. involving failure by such entity to pay a portion of taxes owed due to, e.g., differences in understanding between such entity and the tax authorities, for which such authorities have claimed an aggregate of approximately $170 million.

5. Financial covenants

(1) Financial covenants on interest-bearing debts of SoftBank Group Corp.

SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows:

a. The amount of SoftBank Group Corp.'s net assets at the end of the year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.

b. The consolidated statement of financial position of the Company at the end of the fiscal year and the balance sheet of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.

c. In the Company's consolidated statement of income, operating income (loss) or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

d. Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter.

Notes:

1. Adjusted net interest-bearing debts: Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made, such as excluding certain listed subsidiaries such as Sprint, from the subject.

2. Leverage ratio: Adjusted net interest-bearing debt / adjusted EBITDA[3]

3. Adjusted EBITDA: Certain adjustments are made to EBITDA, such as excluding listed subsidiaries such as Sprint.

(2) Financial covenants on interest-bearing debts of SoftBank Corp.

SoftBank Corp.’s interest-bearing debt includes financial covenants. The major financial covenants are as follows:

a. The amount of net assets in SoftBank Corp.’s consolidated statement of financial position at the end of the year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s net assets at the end of the previous year.

b. The amount of net assets in SoftBank Corp.'s statement of financial position at the end of the year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s net assets at the same dates during the previous fiscal year.

c. In SoftBank Corp.'s consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.

d. In SoftBank Corp.’s statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.

e. Net leverage ratios[1] of SoftBank Corp. must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter.

Notes:

1. Net leverage ratio: Net debt[2] / Adjusted EBITDA[3]

2. Net debt: The total amount of interest-bearing debt shown in the consolidated statement of financial position of SoftBank Corp. after deducting cash and cash equivalents adjusted for certain items. Interest-bearing debt is adjusted for certain items, such as an exclusion of interest-bearing debt resulting from financing transactions using an asset securitization scheme.

3. Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

(3) Financial covenants on interest-bearing debts of Sprint

Major covenants on the interest-bearing debts issued by Sprint are as follows:

a. Holders of a portion ($23.9 billion) of interest-bearing debts of Sprint are provided with the right to require Sprint to repurchase the interest-bearing debts if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable interest-bearing debts by the Rating Services.

b. It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness[1] to adjusted EBITDA[2] should not exceed a certain threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 3.75 as of March 31, 2019.

Notes:

1. Total indebtedness: The sum of Sprint’s outstanding debt (excluding trade payables) and guarantees of indebtedness, with certain adjustments defined in contracts with lenders.

2. Adjusted EBITDA: Trailing four quarters EBITDA, including adjustments defined in contract with lenders.

(Notes Relating to Consolidated Statement of Income)

1. Gain relating to loss of control over subsidiaries

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

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

2. SoftBank Vision Fund and Delta Fund business

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

a. Overview

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

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

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

	(Millions of yen)
Gain and loss on investments at SoftBank Vision Fund and Delta Fund	
Realized gain and loss on sales of investmenmts[1]	296,531
Unrealized gain and loss on valuation of investments	
Change in valuation for the fiscal year	1,378,553
Reclassified to realized gain and loss recorded in the past fiscal year[2]	(365,325)
Interest and dividend income from investments	4,522
Effect of foreign exchange translation[3]	(11,443)
	1,302,838
Operating expenses	(46,197)
Operating income from SoftBank Vision Fund and Delta Fund	1,256,641
Finance cost (interest expenses)[4]	(33,141)
Foreign exchange gain and loss	68
Derivative gain and loss[5]	177,373
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(586,152)
Other non-operating income and loss	(232)
Income before income tax	814,557

Notes:

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

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

2. This represents the unrealized gains and losses on valuation of NVIDIA shares recorded as "Operating income from SoftBank Vision Fund and Delta Fund" in the fiscal year ended March 31, 2018, which are reclassified to realized gain on sales of investments due to the disposal of the shares.

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 of. Foreign currency translation effects arise from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.

4. The amount before elimination of inter-company transactions is ¥(33,643) million for the fiscal year ended March 31, 2019.

5. Derivative gain mainly arises from collar transactions whose underlying is NVIDIA shares.

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

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

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

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

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

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

b. Changes in interests attributable to Third-Party Investors

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

(Millions of yen)

	Third-party interests (Total of current liabilities and non-current liabilities)	
		(Breakdown)
As of April 1, 2018	1,844,679	
Contributions from third-party investors	2,133,682	
Changes in third-party interests	586,152	
Attributable to investors entitled to fixed distribution		102,712
Attributable to investors entitled to performance-based distribution		483,440
Distribution to third-party investors	(267,400)	
Fixed distributions		(91,694)
Performance-based distributions*		(175,706)
Repayment to third-party investors	(218,988)	
Exchange differences on translating third-party interests[2]	58,840	
As of March 31, 2019	4,136,965	

Note:

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

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from Third-Party Investors as of March 31, 2019 is $30.7 billion.

(3) Management fees and performance fees to SBIA

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

a. Management fees to SBIA

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

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

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

3. Other operating loss

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

	(Millions of yen)
Softbank segment	
Other	(81)
Sprint segment	
Loss on disposal of property, plant and equipment[1]	(126,169)
Legal reserves	(8,309)
Reversal of favorable lease	(3,810)
Gain on contract termination	10,800
Other	(60)
Yahoo Japan segment	
Gain from remeasurement relating to business combination	3,751
Other	(6,669)
Other	
Loss on liquidation of a subsidiary[2]	(14,842)
Income and loss on equity method investments at Fortress	(1,473)
Total	(146,862)

Notes:

1. Mainly consisted of ¥54,744 million of loss related to cell site construction costs no longer expected to be used as a result of changes in Sprint's network plans and ¥71,425 million of loss 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.

2. Due to the realization of a foreign currency translation adjustment resulting from the liquidation of Kahon 2 Oy, a wholly owned subsidiary of the Company.

4. Finance cost

The components of finance cost are as follows:

	(Millions of yen)
Interest expense	(633,769)

5. Derivative loss

A derivative gain was recorded for ¥2,876 million related to the Alibaba share collar transaction included in the variable prepaid forward contract. The details are described in "1. Transaction for sale of Alibaba shares by variable prepaid forward contract" under "(Other Notes)."

In addition, derivative gain of ¥177,373 million was recorded in SoftBank Vision Fund. The details are described in "b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business" in "(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income" in "2. SoftBank Vision Fund and Delta Fund business" under "(Notes Relating to Consolidated Statement of Income)."

6. Other non-operating loss

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

	(Millions of yen)
Dilution gain from changes in equity interest[1]	44,068
Interest income	32,404
Gain from remeasurement relating to discontinuing the use of the equity method[2]	24,842
Impairment loss on equity method investments[3]	(55,292)
Loss on redemption of corporate bonds	(14,538)
Other	1,196
Total	82,268

Notes:

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

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

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

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

(Notes Relating to Consolidated Statement of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2019

   Common stocks 1,100,660,365 shares

   As described in (Notes relating to Significant Subsequent Events), the Company passed a resolution to conduct share split of its ordinary shares on a two-for-one basis on the record date, June 27, 2019, at the Board of Directors meeting held on May 9, 2019.

2. Matters regarding dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 20, 2018	Common stocks	23,969	22	March 31, 2018	June 21, 2018	Retained earnings
Board of Directors' meeting held on October 31, 2018	Common stocks	23,982	22	September 30, 2018	December 10, 2018	Retained earnings

(2) Dividends for which record date is in the fiscal year ended March 31, 2019, and effective date for payment is in the following fiscal year

Resolution plan	Class of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date	Resource of dividend
Shareholders' meeting held on June 19, 2019	Common stocks	23,184	22	March 31, 2019	June 20, 2019	Retained earnings

3. Number of shares for stock acquisition rights as of March 31, 2019

   (Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)

   Common stocks 3,184,000 shares

4. Other equity instruments

   On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years ("NC6") Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years ("NC10") 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.

   The payment of interest was completed on the interest payment dates, July 19, 2018 and January 22, 2019 and "Retained earnings" decreased by ¥16,087 million and ¥15,649 million respectively as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.

   Also, as of March 31, 2019, accrued interest, which is not recognized as a distribution to owners of other equity instruments because the payment has not yet been determined, is ¥6,333 million.

(Notes Relating to Financial Instruments)

1. Matters regarding conditions of financial instruments

As we operate in a wide range of markets, the Company faces a variety of financial risks (foreign exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks. Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

(1) Market risk

a. Currency risk

The Company is engaged in international businesses through investments, financial contributions, and establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies through foreign currency-denominated borrowings, issuing foreign currency-denominated bonds, lending and borrowing from foreign subsidiaries and transaction with foreign parties. Consequently, there is currency risk that arises from changes in currency rates, mainly in the U.S. dollar, Indian Rupee, and British pound.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also uses foreign currency forward contracts to hedge the risk. Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules for derivative transactions and are limited to the extent of actual demands.

b. Price risk

For the purpose of its business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk. To manage this risk, the Company continuously monitors the financial condition of security issuers and stock market fluctuations.

c. Interest rate risk

The Company raises funds through issuing interest-bearing debts. Certain interest-bearing debts are issued with floating interest rates, and are exposed to interest rate risk. Interest-bearing debts with floating interest rates have the risk that interest expenses would increase due to rising interest rates. In order to prevent and reduce interest rate risk, the Company maintains an appropriate mixture of fixed and floating interest rate debts. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debts, the Company continuously monitors interest rate fluctuations.

(2) Credit risk

In the course of the Company's business, trade and other receivables and other financial assets (including deposits, equity securities, and derivatives) are exposed to credit risk of its counterparties. In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage the credit risk, the Company performs due date controls and balance controls for each customer in accordance with internal customer credit management rules and regularly screens major customers' credit status.

(3) Liquidity risk

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fundraising sources, including both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and its current/non-current debts ratio into consideration. Funds are mainly invested in short-term deposits and money management funds. The Company also continuously monitors forecasted and actual cash flows and liquidity.

2. Matters regarding fair value of financial instruments

The carrying amounts and fair values of financial instruments are as follows. Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table below. Financial instruments that are measured at fair value on a recurring basis are also excluded because their fair values are the same as their carrying amounts.

(Millions of yen)

	Carrying amount	Fair value
Interest-bearing debt (non-current)		
Long-term borrowings	4,910,794	4,949,288
Corporate bonds	6,538,785	6,766,365
Lease obligations	749,252	757,915
Installment payables	5,315	5,513
Total	12,204,146	12,479,081

(1) Fair value measurement of financial instruments

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings

Fair values of long-term borrowings are measured using quoted prices in active markets if such prices are available. Where such prices in active markets are not available, fair values of long-term borrowings with variable rates other than its current portion are measured based on the discounted cash flow method using observable inputs, such as market interests, and fair values of long-term borrowings with a fixed rate other than its current portion are measured based on a discounted cash flow method using an interest rate, including the credit spread that would be used for a borrowing with the same terms and maturity.

b. Corporate bonds

Fair values of corporate bonds other than its current portion are mainly measured using quoted prices in active markets for identical bonds.

c. Lease obligations

Fair values of lease obligations other than its current portion are measured based on the discounted cash flow method using an interest rate that would be used for a lease agreement with the same terms and maturity.

d. Installment payables

Fair values of installment payables other than its current portion are measured based on the discounted cash flow method using the interest rate considering the remaining repayment period and credit risk.

(2) Redemption schedule for interest-bearing debt and deposits for banking business

Redemption schedule for interest-bearing debt and deposits for banking business is as follows:

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years
Interest-bearing debt				
Short-term borrowings	499,179	499,979	499,979	-
Commercial paper	42,000	42,000	42,000	-
Long-term borrowings (including current portion)	5,628,813	5,694,286	719,494	1,568,924
Corporate bonds (including current portion)	7,581,038	7,641,406	1,041,234	326,485
Lease obligations	1,186,649	1,186,649	437,397	322,813
Financial liability for variable prepaid forward contract	730,601	732,534	732,534	-
Installment payables	16,826	17,173	11,734	2,723
Deposits for banking business*	768,048	768,224	745,953	6,038
Total	16,453,154	16,582,251	4,230,325	2,226,983

	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Interest-bearing debt				
Short-term borrowings	-	-	-	-
Commercial paper	-	-	-	-
Long-term borrowings (including current portion)	577,663	534,694	1,090,046	1,203,465
Corporate bonds (including current portion)	1,225,718	766,176	1,129,565	3,152,228
Lease obligations	221,787	137,171	52,241	15,240
Financial liability for variable prepaid forward contract	-	-	-	-
Installment payables	2,238	404	46	28
Deposits for banking business*	5,951	3,160	2,773	4,349
Total	2,033,357	1,441,605	2,274,671	4,375,310

Note:

* Deposits for banking business payable on demand are included in “Within 1 year.”

(Notes Relating to per Share Data)

Equity per share attributable to owners of the parent*	¥6,760.66
Basic earnings per share	¥1,268.15

Note:

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

(Notes Relating to Significant Subsequent Events)

(Share split)

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

(1) Purpose of the share split

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

(2) Method of the share spilt

a. Number of shares to be increased upon the share split
The aggregate number of issued ordinary shares of the Company as of June 27, 2019, multiplied by one.

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

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

c. Record date
June 27, 2019

d. Effective date
June 28, 2019

(3) Partial change in the articles of incorporation regarding the share split

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

(4) Impacts on the earnings per share information

Earnings per share information, assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2019, is as follows.

	Fiscal year ended March 31, 2019
Equity per share attributable to owners of the parent (Yen)	3,380.33
Basic earnings per share (Yen)	634.08

(Other Notes)

1. Transaction for sale of Alibaba shares by variable prepaid forward contract

(1) Transaction Details

On June 10, 2016, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust (the "Trust"), and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

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

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

(2) Assets classified as held for sale

The Company has the option ("cash settlement option") to settle the variable prepaid forward contract by either delivering cash, a combination of cash and Alibaba shares, or Alibaba shares under the contract. It is probable that the Company will settle the variable prepaid forward contract by Alibaba shares, not by the cash settlement option, and therefore Alibaba shares of 224,201 million related to the settlement were transferred from "Investments accounted for using the equity method" to "Assets classified as held for sale" in the consolidated statement of financial position as of March 31, 2019. The number of Alibaba shares classified as "Assets classified as held for sale" is determined by the share price as of March 31, 2019 since the number of Alibaba shares sold by the variable prepaid forward contract is determined by the share price of Alibaba shares on the settlement date. The assets classified as held for sale are measured by the carrying amount as the fair value, after deducting expenses arising from the sale (expected sale price). As of March 31, 2019, the FV is higher than the carrying amount.

(3) Financial liabilities relating to the sale of shares through the variable prepaid forward contract and derivatives

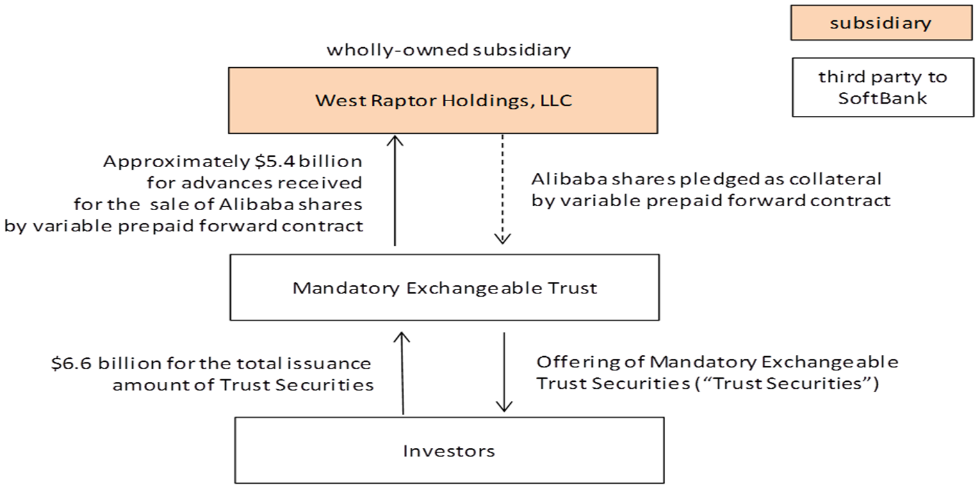
On June 10, 2016, the Company accounted for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value.

¥730,601 million is recognized as the current portion of financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (current liabilities), and ¥749,846 million is recognized as derivative financial liabilities (current liabilities) in the consolidated statement of financial position as of March 31, 2019; ¥2,876 million is recognized as a derivative gain in the consolidated statement of income for the fiscal year ended March 31, 2019.

Alibaba shares held by WRH LLC are pledged as collateral under the variable prepaid forward contract. The carrying amount of Alibaba shares pledged as collateral by the Company is as follows.

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

Outline of the transaction



2. Income taxes

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

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

3. Sprint's merger with T-Mobile US, Inc.

On April 29, 2018 (EST), Sprint and T-Mobile US, Inc. ("T-Mobile") have entered into a definitive agreement to merge in an all-stock transaction at a fixed exchange ratio of 0.10256 T-Mobile shares for each Sprint share (or the equivalent of 9.75 Sprint shares for each T-Mobile share).

The transaction is subject to Sprint and T-Mobile shareholders approval, regulatory approvals and other customary closing conditions. The transaction is expected to close by the first half of 2019.

Upon completion of the transaction, the combined company is expected to become an equity method associate of the Company, and Sprint will no longer be a subsidiary of the Company.

(1) Purpose of Merger

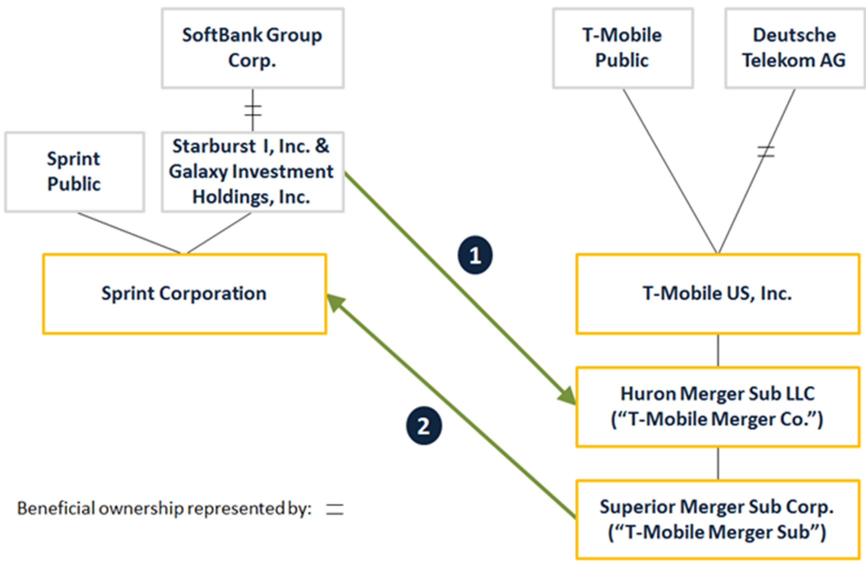
The Company assumes that the transaction will benefit the Company's shareholders by giving the Company an equity interest in a stronger and more competitive combined company that itself will benefit from significant expected synergies.

The Company assumes that the combined company ("New T-Mobile") will be a force for positive change in the U.S. wireless, video, and broadband industries, and will have lower costs, greater economies of scale, and the resources to provide U.S. consumers and businesses with lower prices, better quality, unmatched value, and greater competition.

(2) Transaction Details

The transaction is structured as an all-stock transaction involving two consecutive and related mergers.

a. Mergers



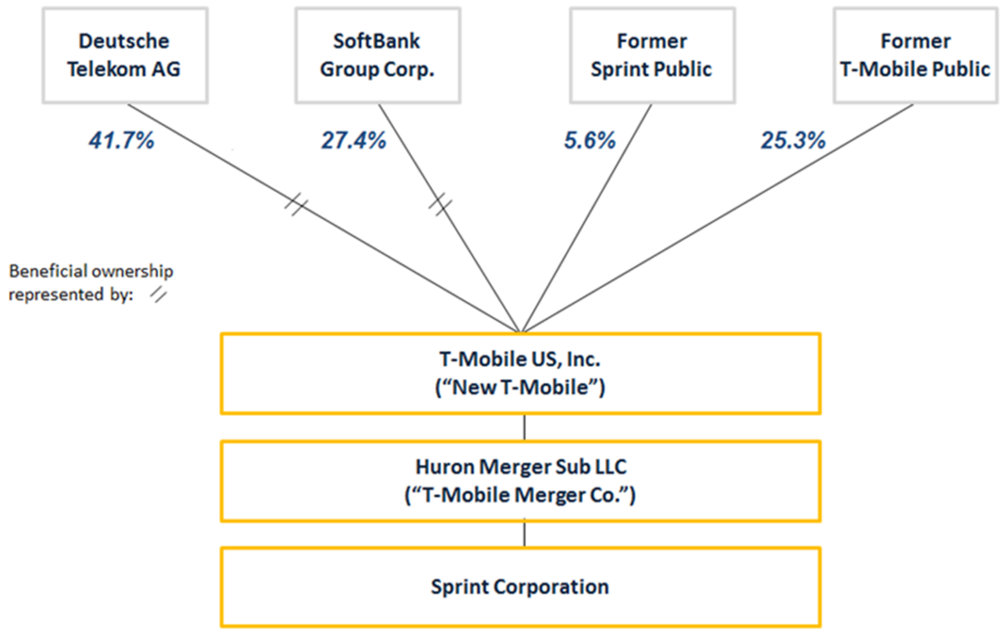
Following receipt of Sprint and T-Mobile shareholders and regulatory approvals and the satisfaction or waiver of the other closing conditions to the transaction, each of Starburst I, Inc. and Galaxy Investment Holdings, Inc. will merge with and into Huron Merger Sub LLC, a U.S. subsidiary owned directly by T-Mobile ("T-Mobile Merger Co."), with T-Mobile Merger Co. as the surviving company (the "HoldCo Mergers").

Immediately following the HoldCo Mergers, Superior Merger Sub Corp. ("T-Mobile Merger Sub"), a U.S. subsidiary owned directly by T-Mobile Merger Co., will merge with and into Sprint, with Sprint as the surviving company (such merger together with the HoldCo Mergers, the "Merger Transactions").

As a result of the Merger Transactions:

- Sprint will become an indirect wholly-owned subsidiary of New T-Mobile;
- The Company will beneficially own approximately 27.4% of the fully-diluted common stock of New T-Mobile;
- Each option to purchase Sprint common shares (other than under Sprint's employee stock purchase plan) will be converted into an option to purchase common stock of New T-Mobile.

b. Post-transaction



Post-closing, Deutsche Telekom AG (“Deutsche Telekom”) and the Company are expected to hold approximately 41.7% and 27.4% of diluted economic ownership of the combined company, respectively, with the remaining approximately 30.9% held by the public.

The Board will consist of 14 directors: 9 nominated by Deutsche Telekom and 4 nominated by the Company.

Subject to certain exceptions, (i) New T-Mobile shares beneficially owned by the Company and its controlled affiliates will be subject to a proxy granted to Deutsche Telekom (pursuant to which the Company will exercise the voting rights in respect of the shares of T-Mobile held directly or indirectly by the Company as directed by Deutsche Telekom), in order to enable Deutsche Telekom to consolidate New T-Mobile into Deutsche Telekom’s consolidated financial statements following the consummation of the Merger Transactions, certain transfer restrictions, and a right of first refusal in favor of Deutsche Telekom; and (ii) New T-Mobile shares beneficially owned by Deutsche Telekom and its controlled affiliates will be subject to a right of first refusal in favor of the Company and certain transfer restrictions. Furthermore, the Company and Deutsche Telekom (in each case, including certain of their respective affiliates) will be subject to certain non-compete restrictions until such time as their respective ownership in New T-Mobile has been reduced below an agreed threshold.

The transaction is expected to close no later than the first half of 2019.

(3) About New T-Mobile

(a) Name	T-Mobile US, Inc.
(b) Headquarters	Bellevue, Washington Overland Park, Kansas (second headquarters)
(c) Name and title of representative	Chief Executive Officer John Legere
(d) Nature of business	Telecommunications
(e) Major shareholders and their approximate holdings*	Deutsche Telekom 41.7% The Company 27.4%

Note:

* This is an estimate based on fully diluted shares inclusive of the exercise of the Company’s existing warrants to acquire shares of Sprint. Figures represent shares beneficially owned.

(4) Number of Shares Held by the Company Before and After the Merger Transactions[1]

(a) Number of shares of Sprint held before the Merger Transactions (as of April 25, 2018)	3,445,374,483 shares (number of voting rights: 3,445,374,483) (voting ratio: 83.0%)
(b) Number of shares of New T-Mobile held after the Merger Transactions[2]	353,357,607 shares (number of voting rights: 353,357,607)[3] (voting ratio: 27.4%)

Notes:

1 Figures represent shares beneficially owned and include warrants.

2 This is an estimate based on fully diluted shares assuming cash exercise of the Company’s existing warrants to acquire shares of Sprint.

3 The Company’s voting rights will be subject to proxy arrangements granted in favor of Deutsche Telekom.

Notes to Non-consolidated Financial Statements

(Significant accounting policies）

1. Basis and methods of valuation for assets

(1) Marketable securities and investment securities

Investments in subsidiaries and associates:	Stated at cost determined by the moving-average method
Available-for-sale securities	
With market quotations:	Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is reported as a separate component of equity, net of tax; cost of sales is determined by the moving-average method)
Without market quotations:	Stated at cost determined by the moving-average method
(2) Derivative instruments:	Stated at fair value

2. Depreciation and amortization

(1) Property and equipment:	Calculated using the straight-line method
(2) Intangible assets:	Calculated using the straight-line method Software for internal use is amortized using the straight-line method based on the estimated useful life (five years).

3. Accounting principles for allowances and provisions

(1) Allowance for doubtful accounts

In anticipation of uncollectible receivables, general allowance for doubtful accounts (excluding receivables from subsidiaries) is calculated based on past credit loss experience. Individual allowances for doubtful accounts deemed to be uncollectible and receivables from subsidiaries are calculated based on the collectability of the account.

(2) Provision for bonuses

Provision for bonuses is calculated based on SoftBank Group Corp.'s computation rule for expected payment.

4. Other basis of presentation of financial statements

(1) Deferred assets

Bond issuance cost: Amortized each month over the redemption period

(2) Accounting for hedge transactions

Currency swaps

① <Hedge accounting>

Corporate bonds and bond interests denominated in foreign currencies for which foreign currency swap contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate if the swap contracts qualify for hedge accounting.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging:	Currency swap contracts
Hedged items:	Foreign currency-dominated corporate bonds and bond interests

③ <Hedging policy>

In accordance with SoftBank Group Corp.'s policy, SoftBank Group Corp. uses derivatives to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

Currency swaps qualify for hedge accounting. Effectiveness of the hedge transaction is omitted.

(3) Accounting method for consumption taxes

National consumption tax and local consumption taxes are excluded from transaction amounts.

(Changes in accounting policies due to revisions in accounting standards)

Application of the “Guidance on the application of accounting standards for tax effect accounting”

SoftBank Group Corp. applied “Guidance on the application of accounting standards for tax effect accounting” (ASBJ Guidance No. 28, February 16, 2018). There was no effect on retained earnings.

(Notes on changes in presentation)

Balance Sheet

Effective from the beginning of the current accounting period, SoftBank Group Corp. adopted “Ordinance for the Revisions of the Corporate Calculation Regulations” (Ordinance of the Ministry of Justice No. 5, March 26, 2018) based on the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018). As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities, and Notes relating to tax effect accounting have changed.

In the Notes relating to tax effect accounting, the contents described in the explanatory note (Note 8) (1) (excluding the total amount of valuation allowance) of “Accounting Standard for Tax Effect Accounting” defined in Paragraph 4 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” have been added.

Statement of Income

Dividends from subsidiaries and associates were previously presented as non-operating income, however, the role and function of SoftBank Group Corp. have transformed to those of a strategic holding company which aims to accomplish the Cluster of No.1 Strategy, and the core of its revenue structure has shifted from brand royalties to dividends from subsidiaries and associates. Therefore, effective from the beginning of the current accounting period, classification of dividends from subsidiaries and associates has been changed from non-operating income to operating revenue to better reflect the Company’s statement of income.

As a result of this change, "Selling, general and administrative expenses " has also been reclassified and presented as operating expenses.

(Notes relating to Balance Sheet)

	Millions of yen
1. Accumulated depreciation of property and equipment	¥1,948

2. Borrowings by securities lending agreements

SoftBank Group Corp. lends shares under securities lending agreements. Cash received as collateral under such lending agreements is presented as follows:

	Millions of yen
Short-term loans payable	¥200,000

The shares subject to the transaction above represent a portion of shares borrowed from a subsidiary under securities lending agreements. SoftBank Group Corp. has the right to dispose of the shares by selling or collateralizing the borrowed shares. In addition, an external borrower has the right to dispose of the shares by selling or collateralizing the lent shares.

With regard to the shares borrowed from the subsidiary under the securities lending agreement, the market values of self-owned shares and lent shares are as follows:

	Millions of yen
Market value of self-owned shares	¥172,463
Market value of lent shares	¥286,772
Market value of borrowed shares	¥459,235

3. Guarantee obligation

Guarantee（Nature of guarantee obligation）	Millions of yen
[Guarantee obligation]	
SB Crayon (Cayman) Limited (Derivative transaction)	¥7,576
SoftBank Group Capital Limited (Lease contract of office space）	1,765
Subtotal	9,341
[Letter of awareness for management service]	
SBG Cleantech ProjectCo Private Limited (Sponsor support agreement)	34,403
Subtotal	34,403
Total	¥43,745

4. Monetary receivables from and payables to subsidiaries and associates

	Millions of yen
Short-term monetary receivables	¥607,152
Long-term monetary receivables	911,463
Short-term monetary payables	931,715
Long-term monetary payables	1,720,075

5. Monetary receivables from and payables to board members and corporate auditors

	Millions of yen
Monetary receivables	¥22,560
Monetary payables	3,201

6. The contribution in kind to SoftBank Vision Fund L.P.

SoftBank Group Corp. invests in SoftBank Vision Fund L.P. through cash and share contributions. Although the amount of investment in cash is recorded as “Investments in consolidated and affiliated Godo Kaisha and partnerships” on the Balance Sheet, the shares transferred as contribution-in-kind are not treated as a transfer of financial instruments, pursuant to Article 40 of the “Practical Guidelines on Accounting Standards for Financial Instruments” (JICPA Accounting Practice Committee Statement No. 14). As a result, a part of the amount of the investment in SoftBank Vision Fund L.P. is recorded as “Shares of subsidiaries and associates” on the Balance Sheet.

The amount of the investment in kind in SoftBank Vision Fund L.P. recorded as “Shares of subsidiaries and associates” on the Balance Sheet is as follows:

	Millions of yen
SVF HOLDCO (UK) LIMITED	¥610,068

(Notes relating to Statement of Income)

Transactions with subsidiaries and associates

	Millions of yen
Operating revenue	¥2,070,057
Operating expenses	22,824
Non-operating transactions	1,150,955
Purchase of equity securities	520,050
Receipt of liquidating dividends	363,359
Sales of equity securities	120,339

(Notes relating to Statement of Changes in Equity)

Class and number of treasury stocks as of March 31, 2019

Number of common stocks	46,826,924 shares

(Notes relating to tax effect accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets	Millions of yen
Investments in subsidiaries and associates	¥817,281
Tax loss carryforwards	747,425
Deferred taxable loss on the sale of shares of a subsidiary to a 100%-owned subsidiary under Japanese group taxation regime	202
Deferred assets	16,566
Others	37,540
Gross deferred tax assets	1,619,014
Less: valuation allowance on loss carry-forwards	(747,425)
Less: valuation allowance on deductible temporary differences	(684,767)
Total valuation allowance	(1,432,192)
Total deferred tax assets	186,822

Deferred tax liabilities	Millions of yen
Investments in subsidiaries and associates	(186,822)
Deferred taxable gain on the sale of shares of a subsidiary to a 100%-owned subsidiary under Japanese group taxation regime	(12,725)
Gain recorded in specified foreign subsidiaries	(22,573)
Foreign exchange gain	(902)
Valuation difference on available-for-sale securities	(6,038)
Others	(2,815)
Total deferred tax liabilities	(231,876)
Net deferred tax liabilities	¥(45,054)

(**Notes relating to Related-Party Transactions with SoftBank Group Corp.**)

1. Subsidiaries and associates

Category	Name	Voting rights (%) (Note 4)	Nature of transaction	Note	Amount of transaction (Note 16)	Account	Balance at March 31, 2019 (Notes 15, 16)
					Millions of yen		Millions of yen
Subsidiary	SoftBank Corp.	Indirect 66.5%	Receipts of short-term loans receivable (net of lending)		1,361,127	Short-term loans receivable	—
			Interest receipt	6	15,909	Other current assets	—
Subsidiary	SoftBank Group Japan Corporation (Note 1)	Direct 100%	Dividend receipts		2,069,777		
			Borrowing of long-term loans payable (net of repayment)		838,026	Long-term loans payable	1,058,168
			Interest payment	7	2,279	Accrued expenses	122
			Return of the contribution	8	1,677,459		
Subsidiary	Net Culture GK	Direct 100.0%	Capital contribution		292,009		
			Lending of long-term loans receivable (net of receipts)		179,044	Long-term loans receivable	179,044
			Interest receipt	6	1,238	Other current assets	—
Subsidiary	Skywalk Finance GK	Direct 100.0% Indirect 0.0%	Repayment of long-term loans payable (net of borrowing)		288,260	Long-term loans payable	551,136
			Interest payment	7	34,411	Accrued expenses	1,210
			Payment of refinance-related expenses	9	4,997	Accounts payable - other	4,428
						Accrued expenses	794
Subsidiary	SBBM Corporation (Note 2)	—	Repayment of short-term loans payable (net of borrowing)		9,500		
			Interest payment	7	111		
Subsidiary	SoftBank Group Capital Limited	Direct 100%	Capital contribution	10	1,713,051		
			Receipt of long-term loans receivable (net of lending)		290,606	Long-term loans receivable	309,729
			Interest receipt	6	7,140	Other current assets	6,503
			Borrowing of short-term loans payable (net of repayment)		550,812	Short-term loans payable	550,812
			Interest payment	7	1,108	Accrued expenses	—
			Purchase of equity securities	11	397,816		
Subsidiary	SB Cayman 1 Ltd.	Indirect 100%	Lending and receipt of short-term loans receivable		875,457	Short-term loans receivable	—
			Interest receipt	6	1,860	Other current assets	—

Category	Name	Voting rights (%) (Note 4)	Nature of transaction	Note	Amount of transaction (Note 16)	Account	Balance at March 31, 2019 (Notes 15, 16)
					Millions of yen		Millions of yen
Subsidiary	SB Cayman 2 Ltd.	Indirect 100%	Receipt of short-term loans receivable		814,436	Short-term loans receivable	—
			Interest receipt	6	15,190	Other current assets	—
Subsidiary	SoftBank Vision Fund L.P.	— (Note 5)	Capital contribution	12	484,701		
			Return of contribution and fund distribution		201,132		
Subsidiary	Kahon3 Oy	Direct 80.0% Indirect 20.0%	Repayment of short-term loans payable (net of borrowing)		428,929	Short-term loans payable	24,160
			Interest payment	7	237	Accrued expenses	—
Subsidiary	Kahon2 Oy (Note 3)	—	Return of residual assets		363,329		
Subsidiary	SB WW Holdings (Cayman) Limited	Direct 100%	Capital contribution		273,676		
Subsidiary	SB INVESTMENT HOLDINGS (UK) LIMITED	Indirect 100%	Lending of short-term and long-term loans receivable (net of receipts)		157,939	Short-term loans receivable	555,028
						Long-term loans receivable	156,496
			Interest receipt	6	23,280	Other liabilities	449
Subsidiary	SB Crayon (Cayman) Limited	Direct 100%	Lending of long-term loans receivable (net of receipts)		36,516	Long-term loans receivable (Note 13)	36,516
			Interest receipt	6	3,510	Other current assets	728
Subsidiary	SoftBank Group Capital Europe Limited	Direct 100%	Borrowing of short-term loans payable (net of repayment)		6,456	Short-term loans payable	150,861
			Interest payment	7	3,088	Accrued expenses	—
Subsidiary	SVF GP (Jersey) Limited	Direct 100%	Limited partnership expenses	13	6,149		

The terms of transactions and the policies

(Notes) 1. SoftBank Group International GK reorganized and changed its name to SoftBank Group Japan Corporation effective June 15, 2018.

2. SoftBank Group Corp. absorbed SBBM Corporation effective January 1, 2019. “Amount of transaction” represents the amount between the beginning of this fiscal year and January 1, 2019.

3. Kahon 2 Oy was liquidated on March 1, 2019.

4. For Godo Kaisha, this column represents the ratio of investment amount to total capital and capital surplus.

5. The commitment ratio of Softbank Group Corp. is 28.50% of total committed capital contribution.

6. The interest rates for loans to related parties are determined in reference to market interest rates.

7. The interest rates for borrowings from related parties are determined in reference to market interest rates.

8. Return of the contribution herein primarily represents return of the contribution-in-kind of equity shares.

9. The payment of refinancing-related expenses is determined by negotiation, with reference to market conditions.

10. Capital contribution herein primarily represents the contribution-in-kind of equity shares.

11. The purchase price of equity securities was determined in consideration of the investment ratio in the equity securities.

12. Capital contribution herein includes the contribution-in-kind of SVF HOLDCO (UK) LIMITED shares.
13. Limited partnership expenses are determined based on the limited partnership agreement.
14.The amount of ¥25,422 million has been accrued as allowance for doubtful accounts for the long-term loans receivable to SB Crayon (Cayman) Limited.
15. The foreign currency-denominated balance is translated at the exchange rate (USD 1=JPY 110.99, EUR 1=JPY 124.56) as of March 31, 2019.
16. Consumption taxes are included in the year-end balance, but not included in the transaction amount.

2. Directors and major individual shareholders

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 7)	Account	Balance at March 31, 2019 (Note 7)
					Millions of yen		Millions of yen
Director and shareholder (individual)	Masayoshi Son（Son Assets Management LLC)	Owned directly 21.2%	Temporary advance for expenses on behalf of Son Assets Management LLC		¥296	Other current assets	¥24
			Office facility usage	1	42		
			Refund of guarantee deposit		—	Non-current liabilities Other liabilities	174
Director	Marcelo Claure	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	2, 4, 5, 6	11,109	Long-term loans receivable	11,109
			Interest receipt	2, 4, 5, 6	213	Other current assets	213
Director	Katsunori Sago	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	3, 4, 6	5,554	Long-term loans receivable	5,554
			Interest receipt	3, 4, 6	52	Other current assets	52
			Borrowing of long-term loans payable	3	3,000	Long-term loans payable	3,000
			Interest payment	3	27	Accrued expenses	27
Director	Ken Miyauchi	Owned directly 0.2%	Lending of long-term loans receivable (net of receipts)	3, 4, 6	5,555	Long-term loans receivable	5,555
			Interest receipt	3, 4, 6	52	Other current assets	52

The terms of transactions and policies
(Notes) 1. “Office facility usage” is determined based on the percentage of facility used similar to subsidiaries and associates.
2. The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028 and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may

agree to extend the term of the loan for an additional five－year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then- outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.

3. The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five－year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.
4. The following assets of the borrower were pledged as collateral in the transactions.

・Shares of SoftBank Group Corp. purchased with the funds of loans, and all proceeds of the shares.

Also, when default occurs, SoftBank Group Corp. is entitled to receive future cash compensation for the borrowers payable by SoftBank Group Corp. and subsidiaries as repayment of the loan (such rights to receive the asset, “Additional Rights”).

5. When the fair market value of the collateral assets is less than 70% of the then outstanding principal amount before the maturity date, SoftBank Group Corp. may require the borrowers to create and procure a pledged and security interest over additional property.
6. Total shortfall calculated by deducting the amount received through fully exercised rights in respect to collateral and Additional Rights, from all amounts that become due and payable by the borrowers is guaranteed by Masayoshi Son, who is Chairman & CEO of SoftBank Group Corp..
7. Consumption taxes are included in the year-end balance, but not included in the transaction amount.

(Notes relating to per share data）

Shareholders’ equity per share	¥5,148.38
Net income per share	¥1,818.47

(Other notes)

1. Equity commitment

Main undrawn commitment as of March 31, 2019

SoftBank Vision Fund L.P. and its alternative investment vehicles	$13.3billion
SB Delta Fund (Jersey) L.P.	$0.7billion

2. Asset retirement obligations

The asset retirement obligation for the restoration of a building was previously borne entirely by SoftBank Group Corp.. However, SoftBank Group Corp. and SoftBank Corp. entered into estate lease contracts, according to the area ratio used by each of them, with the landlord; SoftBank Group Corp. partially reversed the amount of asset retirement obligations in response to the decrease in area for exclusive use. The balance of asset retirement obligations is as follows.

	Millions of yen
Balance as of April 1, 2018	¥5,226
The amount of adjustment due to passage of time	36
The amount of adjustment due to decrease in area for exclusive use	(3,865)
Balance as of March 31, 2019	¥1,398

(Significant subsequent events)

Share split

SoftBank Group Corp. passed a resolution to conduct a share split and partially amend the articles of incorporation at the Board of Directors meeting held on May 9, 2019.

1. Purpose of the share split

SoftBank Group Corp. will conduct the share split to reduce the investment unit of its ordinary shares and further facilitate an environment wherein investors can make investments easier.

2. Method of the share spilt

(1) Number of shares to be increased upon the share split

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

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

(2) Method of the split

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

(3) Record date

June 27, 2019

(4) Effective date

June 28, 2019

3. Partial amendment of the articles of incorporation regarding the share split

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

4. Impact on the earnings per share information

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

Shareholders’ equity per share	¥2,574.19
Net income per share	¥909.23