To Our Shareholders:

Disclosed information on the Internet at the Time of Notifying Convocation of the 40th Annual General Meeting of Shareholders

June 10, 2020

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 duties by directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of SBG

SBG has established the SoftBank Group’s Officer and Employee 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 periodically reports to the Board of Directors on compliance-related issues and the status of addressing those issues.

(2) Internal and external hotlines (whistle-blowing system) 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 using the hotlines will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in the Internal Reporting Regulations.

(3) The Internal Audit Department carries out audits on the effectiveness of the system for compliance in line 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 the results of those audits to them.

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) SBG appoints a Chief Information Security Officer (CISO) as the person responsible for information security, and the CISO promotes the establishment and reinforcement of information security system of SBG.

3. Regulations and systems related to risk management

SBG has established the following systems to avoid or 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 SoftBank Group's Risk Management Rules. 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 summarizes the status of risk evaluation, analysis, and response at each responsible department, and periodically reports its findings to the Board of Directors.

(3) The Internal Audit Department carries out audits on the effectiveness of the risk management processes

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 sets out the Board of Directors Regulations to clarify matters to be resolved by and reported to the Board of Directors and lays out the Internal Approval Regulations and other regulations related 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 shall include external directors who are independent of the Company.

(3) To ensure that the directors, including external directors, can discuss matters fully at the Board of Directors meetings, SBG shall provide them 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 Organization Management Regulations.

5. System to ensure appropriateness of the Company's operations

SBG has formulated the SoftBank Group's Charter to promote fundamental concepts and policies shared throughout the Company and the SoftBank Group's Company Management Rules, which spell out the management policies and systems of group companies. In addition, the SoftBank Group's Code of Conduct and the SoftBank Group's CSR Principles are set out with which group companies must comply, as well as their directors and employees. Based on the regulations, the following systems have been established, giving consideration to the scale and materiality of group companies:

(1) A Group Compliance Officer (GCO) is appointed to promote the establishment and reinforcement of groupwide compliance system, as the person ultimately responsible for compliance throughout the

Company. 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 for having done so by prohibiting such treatment of persons on such grounds in the Group Company Management Regulations of the SoftBank Group.

(2) The Chief Information Security Officer ("CISO") of SoftBank Group Corp. promotes the establishment and reinforcement of groupwide information security systems.

(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 documents submitted by the Group companies.

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

(5) While each group company addresses risks 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 instructions.

6. System for excluding organized crime and other criminal elements

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

7. System related to support personnel who assist the Audit & Supervisory Board members, matters related to the independence of the relevant employees from the directors, and matters related 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 assigns 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 shall report the following matters to the Audit & Supervisory Board members:

(1) Important matters related to the management, finances, or business execution of theCompany

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

(3) The development status of internal control system

(4) Matters that could cause significant damage to SBG

(5) Matters related 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 deem necessary to be reported in order for them to execute their duties

9. **Other systems to ensure that the audits by the Audit & Supervisory Board members are conducted effectively**

(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 to exchange information and ensure cooperation.

(2) SBG ensures that persons who have reported or consulted with the Audit & Supervisory Board members will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds Internal Reporting Regulations and the Group Company Management Regulations of the SoftBank Group.

(3) SBG shall pay expenses related to the independent auditor, 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 continosuly 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 continosuly 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, 2020)

(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, 2019	238,772	1,467,762	496,876	5,571,285	(443,482)
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	13,997	-
As of April 1, 2019 (after adjustments)	238,772	1,467,762	496,876	5,585,282	(443,482)
Comprehensive income					
Net income	-	-	-	(961,576)	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(961,576)	-
Transactions with owners and other transactions					
Cash dividends	-	-	-	(68,752)	-
Distribution to owners of other equity instruments	-	-	-	(31,071)	-
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(17,179)	-
Purchase and disposal of treasury stock	-	(739)	-	(2,748)	(216,270)
Retirement of treasury stock	-	-	-	(558,136)	558,136
Changes from business combination	-	-	-	-	-
Changes in interests in subsidiaries	-	42,358	-	-	-
Changes in associates' interests in their subsidiaries	-	(24,843)	-	-	-
Changes in interests in associates' capital surplus	-	3,583	-	-	-
Share-based payment transactions	-	2,204	-	-	-
Transfer of accumulated other comprehensive income held for sale	-	-	-	-	-
Other	-	-	-	-	-
Total transactions with owners and other transactions	-	22,563	-	(677,886)	341,866
As of March 31, 2020	238,772	1,490,325	496,876	3,945,820	(101,616)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total		
As of April 1, 2019	290,268	7,621,481	-	7,621,481	1,387,723	9,009,204
Effect of retrospective adjustments due to adoption of new standards*	-	13,997	-	13,997	(1,357)	12,640
As of April 1, 2019 (after adjustments)	290,268	7,635,478	-	7,635,478	1,386,366	9,021,844
Comprehensive income						
Net income	-	(961,576)	-	(961,576)	160,816	(800,760)
Other comprehensive income	(464,011)	(464,011)	-	(464,011)	(25,568)	(489,579)
Total comprehensive income	(464,011)	(1,425,587)	-	(1,425,587)	135,248	(1,290,339)
Transactions with owners and other transactions						
Cash dividends	-	(68,752)	-	(68,752)	(157,894)	(226,646)
Distribution to owners of other equity instruments	-	(31,071)	-	(31,071)	-	(31,071)
Transfer of accumulated other comprehensive income to retained earnings	17,179	-	-	-	-	-
Purchase and disposal of treasury stock	-	(219,757)	-	(219,757)	-	(219,757)
Retirement of treasury stock	-	-	-	-	-	-
Changes from business combination	-	-	-	-	191,325	191,325
Changes in interests in subsidiaries	-	42,358	-	42,358	(94,359)	(52,001)
Changes in associates' interests in their subsidiaries	-	(24,843)	-	(24,843)	-	(24,843)
Changes in interests in associates' capital surplus	-	3,583	-	3,583	-	3,583
Share-based payment transactions	-	2,204	-	2,204	(750)	1,454
Transfer of accumulated other comprehensive income held for sale	(205,695)	(205,695)	205,695	-	-	-
Other	-	-	-	-	(632)	(632)
Total transactions with owners and other transactions	(188,516)	(501,973)	205,695	(296,278)	(62,310)	(358,588)
As of March 31, 2020	(362,259)	5,707,918	205,695	5,913,613	1,459,304	7,372,917

Note:
* As a result of the adoption of IFRS 16 “Leases,” cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings. The details are described in “Notes Relating to Changes in Accounting Policies.”

Non-consolidated Statement of Changes in Equity

(For the fiscal year from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
						Retained earnings brought forward	
Balance as of April 1, 2019	¥238,772	¥472,079	¥739	¥472,819	¥1,414	¥5,147,478	¥5,148,893
Changes in items during period							
Dividends of surplus	—	—	—	—	—	(68,752)	(68,752)
Net loss	—	—	—	—	—	(964,714)	(964,714)
Purchase of treasury shares	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	(739)	(739)	—	(2,748)	(2,748)
Retirement of treasury stock	—	—	—	—	—	(558,136)	(558,136)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in items during period	—	—	(739)	(739)	—	(1,594,350)	(1,594,350)
Balance as of March 31, 2020	¥238,772	¥472,079	—	¥472,079	¥1,414	¥3,553,128	¥3,554,543

	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, 2019	¥(443,482)	¥5,417,001	¥8,532	¥8,532	¥14,768	¥5,440,301
Changes in items during period						
Dividends of surplus	—	(68,752)	—	—	—	(68,752)
Net loss	—	(964,714)	—	—	—	(964,714)
Purchase of treasury shares	(231,980)	(231,980)	—	—	—	(231,980)
Disposal of treasury shares	15,710	12,221	—	—	—	12,221
Retirement of treasury stock	558,136	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	(35,258)	(35,258)	1,386	(33,872)
Total changes in items during period	341,866	(1,253,224)	(35,258)	(35,258)	1,386	(1,287,096)
Balance as of March 31, 2020	¥(101,616)	¥4,163,777	¥(26,725)	¥(26,725)	¥16,153	¥4,153,205

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.	
SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
Delta Fund	SB Delta Fund (Jersey) L.P.
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
WeWork	The We Company

Beginning the fiscal year ended March 31, 2020, the description of "SoftBank Vision Fund and Delta Fund" presented in the names of accounts and reportable segment has been changed to "SoftBank Vision Fund and other SBIA-managed funds" as follows:

Consolidated Statement of Financial Position

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

Consolidated Statement of Income

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

2. Scope of consolidation

Number of consolidated subsidiaries: 1,475

Names of main consolidated subsidiaries

SoftBank Vision Fund L.P., SoftBank Corp., Sprint Corporation, Arm Limited, Brightstar Global Group Inc., and SoftBank Group Capital Limited.

Name of the main entity newly consolidated and the reason thereof

ZOZO, Inc. Newly acquired

3. Scope of entities applying equity method

Number of entities applying the equity method: 427

Name of the main entity applying the equity method

Alibaba Group Holding Limited

The We Company

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

The We Company	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.” Preferred stock investments made by the Company’s wholly owned subsidiaries, other than SoftBank Vision Fund, (the wholly owned subsidiaries of the Company that invest in WeWork or are parties to contracts with WeWork are collectively referred to as the “WeWork Investment Subsidiary”), have features that are substantively different from those of common stock; therefore the above investments in associate are measured at fair value through profit or loss. In addition, for common stock investments by the WeWork Investment Subsidiary, the investments in the associate are accounted for under the equity method.

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 “(13) Significant accounting policies for SoftBank Vision Fund and other SBIA-managed funds segment” for the details of “Investments from SoftBank Vision Fund and other SBIA-managed funds 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 devices 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	10 - 50 years
Other	3 - 22 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	5 - 15 years
Towers	10 - 42 years
Other	5 - 30 years
Furniture, fixtures, and equipment	
Leased mobile devices	2 - 3 years
Other	2 - 20 years
Machinery	
Power plant and related equipment	25 years
Other	3 - 5 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.

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 by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	5 - 10 years
Technologies	8 - 20 years
Customer relationships	8 - 25 years
Spectrum migration costs	18 years
Management contracts	3 - 10 years
Trademarks (with finite useful lives)	8 - 10 years
Other	2 - 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.

Intangible assets with indefinite useful lives are as follows:

・Trademarks (with indefinite useful lives)

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 “(6) Impairment of property, plant, and equipment; right-of-use assets; intangible assets; and goodwill.”

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

(4) Lease

a. Overall

(a) Identifying a lease

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

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

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

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

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

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

(b) Lease term

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

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

b. Lessee

(a) Separating components of a contract

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

(b) Lease transactions of intangible assets

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

(c) Right-of-use asset

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

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

(d) Lease liability

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

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

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

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

c. Lessor

(a) Separating components of a contract

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

(b) Classification of leases

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

(c) Sublease classification

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

(d) Recognition and measurement

Lease receivables in finance leases are recorded as the uncollected amount of net lease receivables, as of the date the lease is determined and through its maturity. Lease receivables are apportioned between financing income and the repayments of the lease receivables. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest rate is recognized in profit or loss.

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

(5) Accounting treatment of goodwill

Please refer to “(12) 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 “(6) Impairment of property, plant, and equipment; right-of-use assets; 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.

(6) Impairment of property, plant, and equipment; right-of-use assets; intangible assets; and goodwill

a. Impairment of property, plant, and equipment; right-of-use assets; and intangible assets

At the end of fiscal year, the Company determines whether there is any indication that property, plant, and equipment, right-of-use assets; 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.

(7) 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.

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.

(8) 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 and provisions for loss on interest repayment.

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.

(9) Revenue recognition

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

SoftBank segment

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

a. Mobile communications services and sales of mobile devices

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

In mobile communications services, revenues are mainly generated from basic monthly charges and telecom services (“Telecom service revenues”) and other fees. Also, revenues from the sale of mobile devices are generated from the sale of mobile devices “Revenues from sales of mobile devices”) and accessories to subscribers or dealers.

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

In mobile communications services, the Company determines the contractual period during which the parties to the contract have their current enforceable rights and obligations based on the terms and conditions of the contract with the customer. In addition, the Company determines whether the option will provide a “material right” to the customer if the customer has the option to renew the contract based on the terms and conditions of the contract with the customer it identifies the option as a separate performance obligation.

As a practical alternative to estimating the stand-alone selling price of the option, the SoftBank Segment allocates the transaction price to the telecommunications services pertaining to the option by reference to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the customer.

Mobile communications services are invoiced to subscribers on a monthly basis, and the invoice is due within a short timeframe. The sale of mobile devices in “Indirect sales” are invoiced when the mobile devices are sold to dealers, and most of the invoices are due within a short timeframe. The sale of mobile devices 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 as a result of qualitative and quantitative analysis, and therefore, no adjustments are made.

In addition, the Company utilizes the practical expedient that allows the Company not to adjust for the significant financing component when incurred if the period between the revenue recognition and the payment is one year or less.

The Company has obligations for returns and refunds for mobile communications services and sales of mobile devices 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, additional optional warranty services are provided for mobile devices, and in contracts where these services are provided, additional warranty services are identified as a separate performance obligation and are recognized as income when the services are provided to the subscriber.

(a) Indirect sales

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

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

Activation fees and upgrade fees are initially recognized as contract liabilities and reversed as the Company provides mobile communications services.

(b) Direct sales

As the sales of mobile devices and mobile communications services, including fees, are considered to be one transaction, the total transaction price is allocated to mobile devices and mobile communications services based on the relative stand-alone selling price. Discounts for both the sale of mobile devices and mobile communications 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 devices 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 communications 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 reversed as the Company provides mobile communications services.

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

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

The amount allocated to mobile communications 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. Broadband service

For broadband services, revenues are mainly generated from basic monthly charges. For telecom services (“revenues from broadband services”), revenues are 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. Activation fees are recognized as contract liabilities, then reversed when the broadband services are provided, and are recognized as revenue.

c. 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.

d. Distribution services

For distribution services, revenues are generated mainly from the sales of hardware, software, and services compatible with ICT, Cloud, and IoT solutions for enterprise customers in Japan, as well as sales of mobile accessories, PC software, and IoT products for individual customers. 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.

e. Internet advertising-related services

Revenues from paid search advertising are recognized based on the per-click rate set by a customer when a visitor of 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 based on the per-click rate set by a customer when a visitor to the website clicks the advertisement on the webpage with the related content.

f. E-commerce services

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.

Brightstar segment

In the Brightstar segment, revenues are generated mainly from distribution of mobile devices to telecommunication service providers and retailers overseas.

Revenue in the Brightstar segment is recognized when the customer gains control over the products in which the customer is able to direct the use of the product and obtain almost all of the remaining benefits from the products.

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.

(10) 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 communications services 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, 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.

(11) 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.

(12) 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.

(13) Significant accounting policies for the SoftBank Vision Fund and other SBIA-managed funds segment

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

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

The funds are limited partnerships established by their respective general partners which are wholly-owned subsidiaries of the Company, and by their form of organization, qualify as structured entities. The funds are consolidated by the Company for the following reasons.

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

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

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

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by the funds are accounted for as financial assets at FVTPL. The presentation of these investments in the 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 other SBIA-managed funds business

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

d. Bridge Investments

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

If the transfer was agreed from the beginning of the fiscal year to the end of the fiscal year, the Company presents items relevant to those investments as if SoftBank Vision Fund had made those investments from the beginning of the fiscal year. Those items would be presented as "Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL" in the consolidated statement of financial position, "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the consolidated statement of income.

On the other hand, if the investments have not yet been agreed to be transferred at the end of the fiscal year, the Company presents items relevant to those investments as "Investment securities" in the consolidated statement of financial position and "Gain (loss) from financial instruments at FVTPL" 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, if the transfer was agreed from the beginning of the fiscal year to the end of the fiscal year, the Company continues to apply the same accounting treatment followed in the periods prior to the agreement. They are accounted for as financial assets at FVTPL.

If the transfer was agreed from the beginning of the fiscal year to the end of the fiscal year, the Company presents the carrying amounts of those investments at the end of the fiscal year as if the investments had been made by SoftBank Vision Fund on the date the transfer was agreed. Those investments would be presented as "Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL" in the consolidated statement of financial position at the end of the fiscal year, the difference between the carrying amount at the beginning of the fiscal year and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value at the end of the year as "Gain (loss) from financial instruments at FVTPL" and "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the consolidated statement of income, respectively.

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

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

(a) Contribution from limited partners other than the Company

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

"Third-party interests in SoftBank Vision Fund and other SBIA-managed funds" fluctuates due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Call, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SoftBank Vision Fund and Delta Fund are presented as "Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds" in the 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

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

(14) Accounting method for consumption taxes

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

(Notes Relating to Changes in Accounting Policies)

(1) Adoption of new standards and interpretations

The Company has adopted the following standards during the fiscal year ended March 31, 2020.

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

There is no significant impacts to the consolidated financial statements due to the adoption of new accounting standards or interpretations other than IFRS16.

In accordance with the transitional provisions of IFRS 16 “Leases,” the Company retrospectively recognized the cumulative effect arising from initial adoption of this standard by adjusting the balance of retained earnings as of April 1, 2019.

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

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

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

・A practical expedient that allows a lessee to rely on its assessment of whether lease contracts are onerous applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” on a lease-by-lease basis as an alternative to performing an impairment review.
・A practical expedient that allows a lessee to exclude initial direct costs from the measurement of the right-of-use asset on a lease-by-lease basis at the date of initial adoption.
・A practical expedient that allows a lessee to use hindsight on a lease-by-lease basis, such as in determining the lease term if the contract contains options to extend or terminate the lease.
・A practical expedient that allows, on a lease-by-lease basis, measurement of a right-of-use asset at the date of initial adoption for leases previously classified as an operating lease applying IAS 17 at an amount equal to the lease liability.

(2) Effect of adopting new standards and interpretations

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

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

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

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

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

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

(Notes Relating to Changes in Presentation)

Consolidated Statement of Financial Position

"Defined benefit liabilities," which was presented separately in the previous fiscal year has been included in "Other non-current liabilities" for the fiscal year ended March 31, 2020, as its quantitative materiality decreased.

Consolidated Statement of Income

Operations have been classified and presented as "Continued operations" and "Discontinued operations" for the fiscal year ended March 31, 2020. The details are described in "(Discontinued operations)."

"Gain relating to loss of control over subsidiaries," which was presented separately in the previous fiscal year has been included in "Other non-operating income" for the fiscal year ended March 31, 2020, as its qualitative materiality decreased.

"Dilution gain from changes in equity interest" and "Gain (loss) from financial instruments at FVTPL," which were included in "Other non-operating income (loss)" in the previous fiscal year, have been presented separately for the fiscal year ended March 31, 2020, as their 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 "(13) Significant accounting policies for SoftBank Vision Fund and other SBIA-managed funds 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 other SBIA-managed funds, investments made by SoftBank Group Corp. and its subsidiaries based on the premise of transferring to SoftBank Vision Fund and other SBIA-managed funds, 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 other SBIA-managed funds are described in "1.SoftBank Vision Fund and other SBIA-managed funds business" under "(Notes Relating to Consolidated Statement of Income)."

3. Impairment of assets
   The details are described in "2. Other operating loss (Note)" in "Notes Relating to Consolidated Statement of Income."

4. Impairment loss on equity method investments and allowance for doubtful accounts for financial assets other than trade receivables
   The details are described in "8. Other non-operating loss" in "Notes Relating to Consolidated Statement of Income."

5. Allowance for loan commitment losses and financial guarantee contract losses
   The details are described in "8. Other non-operating loss (Note 2) (Note 3)" in Notes Relating to Consolidated Statement of Income.

6. Impact of the novel coronavirus ("COVID-19")

   With the recent global outbreak of COVID-19, the Company's investment businesses, particularly SoftBank Vision Fund, have already been adversely effected, with SoftBank Vision Fund recording an investment loss of ¥1.1 trillion in the fourth quarter due to a decline in the fair value of its investments. However, for each business other than the investment businesses, the impact on the latest results was limited. The duration and extent of the effects over longer terms cannot be reasonably estimated at this time. If the pandemic continues, the Company expects that uncertainty will remain in its investment businesses over the next fiscal year. There are risks and uncertainties in the future earnings, cash flows and financial conditions of the Company and its investees, depending on the nature and duration of self-restraint of economic activities and the longer term effects on the demand for our products and services.

   Under such circumstances, significant estimates used in the preparation of our financial statements including those associated with evaluations of goodwill, tangible assets, right-of-use assets, and intangible assets for impairment, the fair value of investments and the expected credit losses on the Company's receivables, loan commitments, and credit guarantees are based on information and the facts available at the time when the financial statements are prepared and estimated at reasonable amounts, taking into account the duration of the spread of COVID-19 infection and the risks and uncertainties associated with its impact. However, future uncertainties may cause a discrepancy between the estimated amount as a result of the best estimate and the subsequent results.

(Note Relating to Discontinued Operations)

As of March 31, 2020, it is highly probable that Sprint will merge with T-Mobile US, Inc. ("T-Mobile") and will no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint are classified as a disposal group as held for sale. The disposal group classified as held for sale is measured at the carrying amount as the fair value of T-Mobile shares which the Company acquires from the merger transaction is higher than the carrying amount of Sprint shares. Operating results related to Sprint are presented separately from continuing operations, as discontinued operations, in the consolidated statement of income.

On April 1, 2020, the merger transaction of Sprint and T-Mobile was completed. As a result, Sprint is no longer a subsidiary of the Company and the combined new company, T-Mobile US, Inc. became an equity method associate of the Company. The details of the merger is described in "1. Completion of the merger of Sprint and T-Mobile" in "(Notes Relating to Significant Subsequent Events)."

(1) Disposal group classified as held for sale

	(Millions of yen)
Assets classified as held for sale	
Cash and cash equivalents	240,982
Trade and other receivables	385,511
Other financial assets	7,166
Inventories	97,712
Other current assets	131,240
Total current assets	862,611
Property, plant and equipment	1,890,600
Right-of-use assets	763,529
Goodwill	322,978
Intangible assets	5,082,956
Costs to obtain contracts	196,438
Investments accounted for using the equity method	3,049
Investment securities	3,225
Other financial assets	47,140
Other non-current assets	63,522
Total non-current assets	8,373,437
Total assets	9,236,048
Liabilities directly relating to assets classified as held for sale	
Interest-bearing debt	331,881
Lease liabilities	202,743
Trade and other payables	395,415
Income taxes payables	1,949
Provisions	8,720
Other current liabilities	292,041
Total current liabilities	1,232,749
Interest-bearing debt	3,591,777
Lease liabilities	583,348
Derivative financial liabilities	5,189
Other financial liabilities	4,298
Provisions	81,261
Deferred tax liabilities	746,834
Other non-current liabilities	209,515
Total non-current liabilities	5,222,222
Total liabilities	6,454,971

Accumulated other comprehensive income directly relating to assets classified as held for sale	
Cash flow hedges	(3,454)
Exchange differences on translating foreign operations	209,149
Total accumulated other comprehensive income	205,695

(2) Results of operations from discontinued operations

	(Millions of yen)
Net sales	3,321,535
Cost of sales	(2,131,312)
Selling, general and administrative expenses	(956,029)
Other operating loss	(78,346)
Non-operating loss	(303,396)
Income from discontined operations before income tax	(147,548)
Income taxes	108,993
Net income from discontiued operations	(38,555)

Net income from discontiued operations	(38,555)
Other comprehensive income from discontinued operations	(82,211)
Comprehensive income from discontinued operations	(120,766)

(Note Relating to Business Combinations)

ZOZO, Inc.

(1) Overview of the business combination

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

(2) Summary of the acquiree

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

(3) Acquisition date

November 13, 2019

(4) Consideration transferred and the component

(Millions of yen)

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

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

(Millions of yen)

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

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration was completed during the three-month period ended March 31, 2020.

Notes:

1. Intangible assets

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

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

2. Non-controlling interests

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

3. Goodwill

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

(6) Payment for acquisition of control over subsidiaries

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

(7) Sales and net income of the acquiree

The amounts of the acquiree’s sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2020, are ¥57,462 million and ¥5,773 million, respectively.

In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

(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	3,309
Trade and other receivables	7,024
Other financial assets (current) [1]	21,981
Inventories	1,803
Other current assets	173
Property, plant, and equipment	100,040
Right-of-use assets	1,851
Intangible assets	9,200
Investments accounted for using the equity method [2,3]	776,309
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL [1]	857,356
Investment securities	10,184
Other financial assets (current)	1,646
Total	1,790,876
Secured liabilities:	
Interest-bearing debt	
Short-term borrowings	354
Current portion of long-term borrowings [1, 2]	1,041,811
Long-term borrowings [1, 4]	748,131
Financial liabilities relating to sale of shares by variable prepaid forward contract [3]	196,101
Derivative financial liabilities (current)	657
Derivative financial liabilities (non-current)	347
Total	1,987,401

Notes:

1. Certain listed shares held by SoftBank Vision Fund are pledged as collateral for long-term borrowings. The facility agreement for the long-term borrowings include a margin call provision, which may be triggered under certain circumstances such as a significant decrease in the market value of pledged collateral and a mandatory prepayment clause requiring all or part of the borrowings to be prepaid in certain circumstances. The creditors would be able to dispose of the pledged listed shares if the margin call clause or the mandatory prepayment clause were triggered and SoftBank Vision Fund did not pay the relevant amounts to creditors when due. The long-term borrowings are limited-recourse debts.

   In March, 2020, in light of current market conditions, and significant decreases in the market value of the pledged listed shares, an aggregate amount of ¥102,125million was partially and voluntarily prepaid by SoftBank Vision Fund. In the same month, the facility agreement for the borrowings was amended and pursuant to the terms of this amendment, SoftBank Vision Fund made an additional ¥17,949 million voluntary partial repayment and pledged cash as collateral. Such cash collateral amount is intended to be applied in April 2020 towards a further voluntary repayment of the outstanding long-term borrowings.

   As a result, ¥849,088 million of the listed shares held by SoftBank Vision Fund and ¥10,883 million of cash (the carrying amounts of each asset as of March 31, 2020) were pledged as collateral for ¥162,195 million of long-term borrowings and ¥10,883 million of current portion of long-term borrowings as of March 31, 2020. The aforementioned pledged shares are included within “Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL” and the cash collateral is included within “Other financial assets (current) “in the consolidated statement of financial position as of March 31, 2020.

2. ¥721,856 million of Alibaba shares (carrying amount on a consolidated basis) held by a wholly-owned

subsidiary of the Company, is pledged as collateral for ¥1,027,839 million of current portion of long-term borrowings of the subsidiary as of March 31, 2020. 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.

3. The carrying amount of Alibaba shares ¥54,453 million (in the consolidated financial position) is pledged as collateral for ¥196,101 of the financial liabilities relating to sale of shares by variable prepaid forward contract by the Company. In November, 2019, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract using Alibaba shares with a financial institution and procured ¥179,145 million ($1.65 billion). At the settlement dates, which are expected to be October and November, 2021, the number of Alibaba shares settled by the variable prepaid forward contract is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives. Embedded derivatives are measured at fair value and ¥5,009 million is recognized as "Derivative financial assets (non-current)" in the consolidated statement of financial position as of March 31, 2020.

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

   Alibaba shares held by WRH LLC are pledged as collateral. The Company granted the right of use to financial institutions, however can release the collateral by cash settlement at its own discretion. The Company applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2020.

4. 929,022,669 shares out of 3,182,919,470 shares of SoftBank Corp. held by the Company is pledged as collateral for ¥497,356 million of long-term borrowings of Moonlight Finance GK (previously Hinode 1 GK), a wholly-owned subsidiary of the Company, as of March 31, 2020. The borrowings include an early settlement clause and an early settlement may be elected by the creditors under certain circumstances such as a significant decrease in the fair value of pledged SoftBank Corp. shares. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement was demanded and Moonlight Finance GK did not repay the borrowings, accordingly. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

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

a. Brightstar

Approximately $1.4 billion (before consolidation adjustments) in assets of Brightstar is pledged as collateral for the $0.2 billion of borrowings.

b. Fortress

Based on a term loan agreement of $1.0 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.

c. Other

¥47,831 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 ¥115,273 million of margin deposits with a central counterparty.

(2) Others

a. Assets for sale and leaseback transactions that are not accounted for as sales

Assets for sale and leaseback transactions that continue to be recognized as property, plant and equipment but to which the Company does not have legal title because the transactions are not accounted for as sales are as follows:

	(Millions of yen)
Property, plant, and equipment	287,417

The liabilities related to the assets to which the Company does not have legal title are as follows:

	(Millions of yen)
Current portion of long-term borrowings	81,383
Long-term borrowings	220,947
Total	302,330

b. Assets under lease contracts for intangible assets

Assets that are restricted to be transferred, subleased or pledged as collateral by the Company because they are acquired under lease contracts for the intangible assets, to which IFRS 16 is not applied, are as follows:

	(Millions of yen)
Intangible assets	348,522

The liabilities related to the assets that are restricted to be transferred, subleased or pledged as collateral are as follows:

	(Millions of yen)
Current portion of long-term borrowings	107,690
Long-term borrowings	208,896
Total	316,586

c. 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, 2020, cash and cash equivalents include ¥311,897 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	27,933
Other financial assets (non-current)	142,540
Total	170,473

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

(Millions of yen)
1,569,268

4. Accumulated depreciation and accumulated impairment losses of right-of-use assets

(Millions of yen)
1,282,722

5. 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 SoftBank 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	5,083,157
Funded	511,092
Unfunded	4,572,065

In addition, WeWork Investment Subsidiary will acquire the unsecured notes of up to $2.2 billion which will be issued by WeWork on or after April 2020. The details are described in "(Other notes) 1. Details and progress of the agreement between the Company and WeWork."

(2) Credit guarantee

Guarantees that the Company provides are as follows:

	(Millions of yen)
Total amount of financial guarantee contract	304,478
Guarantee balance	244,482

These mainly consist of credit support for a $1.75 billion letter of credit facility to WeWork by financial institutions, which the total amount of the guarantee contract is ¥190,453 million and the guarantee balance is ¥145,338 million. The details are described in "1. Details and progress of the agreement between the Company and WeWork" in "Other notes."

In addition, the Company's wholly owned subsidiaries provide credit guarantees when the loans are taken from the financial institutions.

(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. WeWork Tender Offer Litigation

On April 7, 2020, a special committee of the Board of Directors of WeWork, filed a complaint in the Court of Chancery of the State of Delaware on behalf of WeWork against the Company and SoftBank Vision Fund (AIV M1) L.P., entitled The We Company v. SoftBank Group Corp. et al., alleging breach of contract and breach of fiduciary duty arising from SoftBank Group Corp.'s termination of a tender offer to purchase up to $3 billion of shares of WeWork held by WeWork stockholders other than the Company ("WW Tender Offer"). SoftBank Group Corp. previously terminated the WW Tender Offer on April 2, 2020 in accordance with the terms of the Master Transaction Agreement, dated October 22, 2019, by and among WeWork, SoftBank Group Corp., SoftBank Vision Fund (AIV M1) L.P., Adam Neumann and We Holdings LLC, because certain conditions to the closing of the WW Tender Offer were not satisfied.

On May 4, 2020, Adam Neumann and We Holdings LLC also filed a complaint in the Court of Chancery of the State of Delaware against SoftBank Group Corp. and SoftBank Vision Fund (AIV M1) L.P., entitled Neumann, et al. v. SoftBank Group, Corp. et al., alleging breach of contract and breach of fiduciary arising from SoftBank Group Corp.'s termination of the WW Tender Offer. On May 5, 2020, Adam Neumann and We Holdings LLC filed a motion to consolidate its May 4, 2020 action against SoftBank Group Corp. with the April 7, 2020 action brought by the special committee of the Board of Directors of WeWork.

The plaintiffs in both actions seek declaratory relief, specific performance to close the WW Tender Offer (or, in the alternate, compensatory damages) and an award of attorneys' fees and costs. The Company believes these actions are without merit and intends to vigorously contest the plaintiffs' claims.

b. 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.

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 $110 million.

(4) Others
The Company may indemnify Sprint, T-Mobile and its subsidiaries against any losses incurred by Sprint and its subsidiaries due to the cessation of T-Mobile's and its subsidiaries' access to the frequencies of Sprint and its subsidiaries under certain circumstances based on the business combination agreement in principle (the "Business Combination Agreement", which the Company entered into with the parties, including Sprint, T-Mobile and Deutsche Telekom AG ("Deutsche Telekom") on April 29, 2018 (EST) ("Business Combination Agreement," which was previously amended by an amendment dated July 26, 2019 and February 20, 2020). The Company did not record any provision for this event as of March 31, 2020.

6. 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 Z Holdings Corporation

Z Holdings Corporation's interest-bearing debt includes financial covenants. The major financial covenants are as follows:

a. The amount of net assets in Z Holdings Corporation's statement of financial position at the end of the year must not fall below 75% of Z Holdings Corporation's net assets as of September 30 2019.

b. The amount of net assets in Z Holdings Corporation'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 Z Holdings Corporation's net assets as of September 30 2019.

c. The balance sheet of Z holdings Corporation at the end of the fiscal year must not show a net capital deficiency.

d. The consolidated statement of financial position of Z Holdings Corporation at the end of the year and at the end of the second quarter must not show a net capital deficiency.

e. In Z Holdings Corporation's statement of income, operating income (loss) or net income (loss) must not result in losses for the fiscal years.

f. In Z Holdings Corporation's consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for the fiscal year.

g. Net leverage ratios[1] of Z Holdings Corporation 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 Z Holdings Corporation 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. Such adjustments are applied to interest-bearing debt and cash and cash equivalents of the Japan Net Bank, Limited.
3. Adjusted EBITDA: EBITDA adjusted for certain items as specified in the loan agreement with the financial institutions.

(Notes Relating to Consolidated Statement of Income)

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

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

a. Overview

Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds 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 SoftBank Vision Fund and Delta Fund attributable to Third-Party Investors are accounted for as a component of non-operating income or loss, and presented as "Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds." As a result, income before income tax from the SoftBank Vision Fund and other SBIA-managed funds business includes income and loss attributable to the Company as limited partners, management fees, and performance fees to SBIA.

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

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

	(Millions of yen)
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds	
Realized gain and loss on sales of investments	58,340
Unrealized gain and loss on valuation of investments	
Change in valuation for the fiscal year	(1,877,682)
Reclassified to realized gain and loss recorded in the past fiscal year[1]	(40,012)
Interest and dividend income from investments	12,848
Derivative gain and loss	145
Effect of foreign exchange translation[2]	1,494
	(1,844,867)
Operating expenses	(86,478)
Operating income from SoftBank Vision Fund and other SBIA-managed funds	(1,931,345)
Finance cost (interest expenses)	(22,459)
Foreign exchange gain and loss	321
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	540,930
Other non-operating income and loss	1,067
Income before income tax	(1,411,486)

Notes:

1. It represents the unrealized gains and losses on valuation of investments recorded as "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.

2. Unrealized gains and losses on investments are translated using the average exchange rate for the quarter in which the gains and losses were recognized, while realized gains and losses on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.

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

a. Terms and conditions of contribution from/ distribution to limited partners

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

Performance-based distributions attributed to limited partners, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance of the funds. Those performance-based distributions and performance fees attributed to SBIA will be allocated using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to limited partners will be allocated to each limited partner based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each limited partner after the funds receive cash through dividend, or disposition or monetization of investments.

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

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

b. Changes in interests attributable to Third-Party Investors

Changes in interests attributable to Third-Party Investors (“Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” included in the consolidated statement of financial position) are as follows:

(Millions of yen)

	Third-party interests (Total of current liabilities and non-current liabilities)	
		(Breakdown)
As of April 1, 2019	4,136,965	
Contributions from third-party investors	1,843,660	
Changes in third-party interests	(540,930)	
Attributable to investors entitled to fixed distribution		179,778
Attributable to investors entitled to performance-based distribution		(720,708)
Distribution/repayment to third-party investors	(771,282)	
Exchange differences on translating third-party interests	(83,994)	
As of March 31, 2020	4,584,419	

c. Uncalled committed capital from Third-Party Investors
Uncalled committed capital from SoftBank Vision Fund’s Third-Party Investors as of March 31, 2020 was $15.8 billion.

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

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

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

During the investment period of SoftBank Vision Fund, payments related to the performance fees to SBIA from disposition, dividends or monetization of investments were withheld. Instead, in accordance with the limited partnership agreement, the amount equivalent to the performance fees withheld during the investment period was temporarily distributed to the limited partners.

After the investment period of SoftBank Vision Fund ended on September 12, 2019, ¥47,943 million ($439 million) of the total amount equivalent to the performance fees temporarily distributed to the limited partners was deducted from the return of contributions and performance-based distributions to the limited partners, and fully paid to SBIA before March 31, 2020.

In addition, the performance fees received are subject to a clawback provision which is triggered under certain conditions based on future investment performance.

2. Other operating loss

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

	(Millions of yen)
SoftBank segment	
Gain relating to loss of control over subsidiaries	11,879
Impairment loss on assets	(3,404)
Other	
Loss relating to investment fund business in Latin America	(62,212)
Impairment loss on assets *	(46,044)
Loss on equity method investments at Fortress	(14,442)
Other	5,051
Total	(109,172)

Note:
* Mainly, ¥25,710 million of impairment loss was recognized because the recoverable amounts of management contracts were less than the carrying amounts.

3. Finance cost
The components of finance cost are as follows:

	(Millions of yen)
Interest expense	(300,948)

4. Income on equity method investments
Alibaba received newly-issued share (a 33% equity interest) of Ant Small and Micro Finance Services Group Co., Ltd. ("Ant Financial") in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly-issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 71.6 billion, which was the result from the transfer of such intellectual property rights and assets to Ant Financial and the basis difference determined based on Alibaba's share of Ant Financial's net assets, net of its corresponding deferred tax effect.

As a result, the Company recognized ¥286,473 million of income on equity method investments.

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

6. Gain relating to settlement of variable prepaid forward contract using Alibaba shares
On June 3, 2019, a variable prepaid forward contract, which WRH LLC, a wholly-owned subsidiary of the Company, entered into with Mandatory Exchangeable Trust (the "Trust") in June 2016, in order to sell Alibaba shares, was settled by 73,240,200 shares of Alibaba (equivalent to 2.8% of voting right of Alibaba as of March 31, 2019). Subsequently, ¥1,218,527 million of gain relating to settlement of variable prepaid forward contract using Alibaba shares was recorded for the fiscal year ended March 31, 2020.

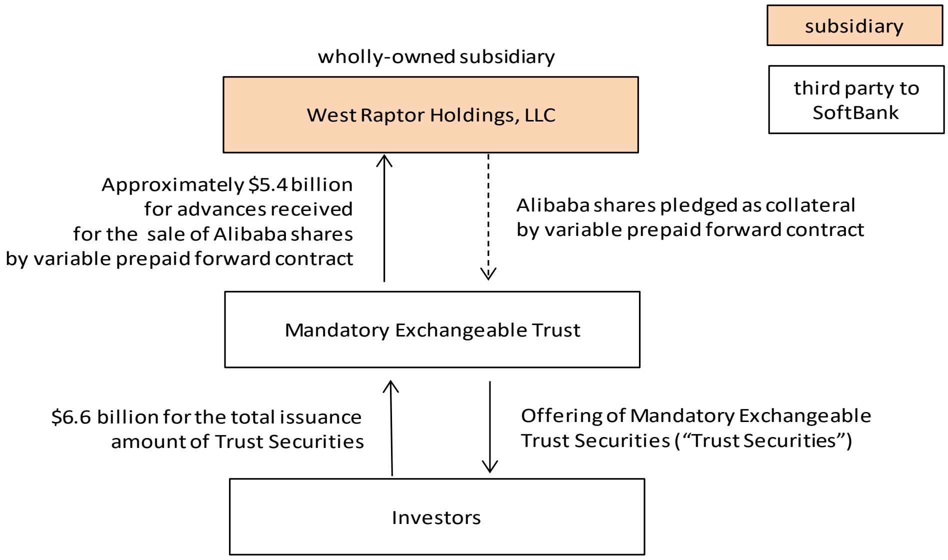
Alibaba shares held by WRH LLC were pledged as collateral under the variable prepaid forward contract and subsequently, the relevant collateral contract was terminated.

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

WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.
The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American Depositary Shares ("ADSs") of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and cover expenses for the issuance of the Trust Securities.

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

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



7. Gain (loss) from financial instruments at FVTPL

For the fiscal year ended March 31, 2020, ¥488,479 million of loss was recognized due to the decline in fair value of WeWork shares held by the WeWork Investment Subsidiary.

In addition, gain and loss on valuation of WeWork shares held by SoftBank Vision Fund are included in "Operating income from SoftBank Vision Fund and other SBIA-managed funds" under the consolidated statement of income.

8. Other non-operating loss

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

	(Millions of yen)
Interest income	34,587
Provisions for allowance for doubtful accounts [1]	(102,947)
Provisions for allowance for loan commitment losses [2]	(90,210)
Impairment loss on equity method investments [1]	(73,721)
Provisions for allowance for financial guarantee contract losses [3]	(59,902)
Foreign exchange loss	(11,107)
Other	6,631
Total	(296,669)

Notes:

1. On March 27, 2020 (EST), OneWeb Global Limited, an equity method associate of the Company, filed for relief under Chapter 11 of the Bankruptcy Code. Subsequently, for the fiscal year ended March 31, 2020, the Company estimated the recoverable amount of equity method investment in OneWeb Global Limited to be zero and ¥49,198 million of impairment loss was recorded. In addition, ¥65,913 million of loan receivable from the entity was estimated to be difficult to recover and the allowance for doubtful accounts was fully provided. In addition, the fair value of the entity's warrants convertible into shares was measured to be zero and ¥54,455 million was recorded as "loss arising from financial instrument at FVTPL" in the consolidated statement of statement of income for the fiscal year ended March 31, 2020.

2. ¥90,210 million of provisions for allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit loss was higher than the amount at the initial recognition less accumulated amortization. The details are described in "(Other notes) 1. Details and progress of the agreement between the Company and WeWork."

3. ¥52,349 million of provisions for allowance related to credit support for a letter of credit facility to WeWork by financial institutions was recorded as expected credit loss was higher than the amount at the initial recognition less accumulated amortization. The details are described in "(Other notes) 1. Details and progress of the agreement between the Company and WeWork."

(Notes Relating to Consolidated Statement of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2020
   Common stocks 2,089,814,330 shares

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 19, 2019	Common stocks	23,184	22 *	March 31, 2019	June 20, 2019	Retained earnings
Board of Directors' meeting held on October 16, 2019	Common stocks	45,567	22	September 30, 2019	December 9, 2019	Retained earnings

Note:
* The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. The dividend per share for the fiscal year ended March 31, 2019 is actual dividend amount before the share split.

(2) Dividends for which record date is in the fiscal year ended March 31, 2020, 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 25, 2020	Common stocks	45,496	22	March 31, 2020	June 26, 2020	Retained earnings

3. Number of shares for stock acquisition rights as of March 31, 2020
   (Excluding stock acquisition rights for which the commencement date of exercise period has not yet arrived)
   Common stocks 12,902,000 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, 2019 and January 21, 2020 and "Retained earnings" decreased by ¥15,344 million and ¥15,727 million respectively as "Distribution to owners of other equity instruments" in the consolidated statement of changes in equity.

   Also, as of March 31, 2020, accrued interest, which is not recognized as a distribution to owners of other equity instruments because the payment has not yet been determined, is ¥6,210 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	3,821,473	3,802,631
Corporate bonds	5,268,883	4,888,602
Total	9,090,356	8,691,233

(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.

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

Redemption schedule for interest-bearing debt, lease liabilities, 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	1,529,458	1,532,008	1,532,008	-
Commercial paper	206,000	206,000	206,000	-
Long-term borrowings (including current portion)	5,771,044	5,803,721	1,955,283	1,289,287
Corporate bonds (including current portion)	5,428,821	5,470,964	160,000	865,000
Financial liability for variable prepaid forward contract	196,101	201,277	-	201,277
Installment payables	458	458	186	146
Lease liabilities	1,140,326	1,140,326	378,383	267,701
Deposits for banking business*	894,124	894,250	873,099	6,770
Total	15,166,332	15,249,004	5,104,959	2,630,181

	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)	906,918	558,319	951,273	142,641
Corporate bonds (including current portion)	580,079	652,199	666,458	2,547,228
Financial liability for variable prepaid forward contract	-	-	-	-
Installment payables	54	44	13	15
Lease liabilities	175,577	96,091	45,992	176,582
Deposits for banking business*	6,278	2,661	2,331	3,111
Total	1,668,906	1,309,314	1,666,067	2,869,577

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*	¥2,619.32
Basic earnings per share	
Continued operations	¥(463.29)
Discontinued operations	¥(15.21)
Total	¥(478.50)

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. In addition, the Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” is calculated assuming that the share split was conducted at the beginning of the fiscal year.

(Notes Relating to Significant Subsequent Events)

1. Completion of merger of Sprint and T-Mobile

On April 1, 2020, the merger of Sprint and T-Mobile in an all-stock transaction (“the Transaction”)) was completed under a definitive agreement which the Company, Sprint, T-Mobile, Deutsche Telekom AG (“Deutsche Telekom”), and the other parties entered into (the “Business Combination Agreement”.)

In connection with the completion of the Transaction, the parties waved the condition to closing set forth in the Business Combination Agreement with respect to the final consent of the California public utility commission (the “CPUC”), to the extent required such that all regulatory approvals required for the Transaction to be completed on April 1, 2020 were satisfied or waived as of such date. Subsequently, the CPUC approved the Transaction on April 16, 2020.

Upon completion of the Transaction, from April 1, 2020, Sprint is no longer a subsidiary of the Company and the combined company T-Mobile US, Inc. (“New T-Mobile”) became an equity method associate of the Company with an approximately 24% shareholding (fully diluted basis).

a. Purpose of merger

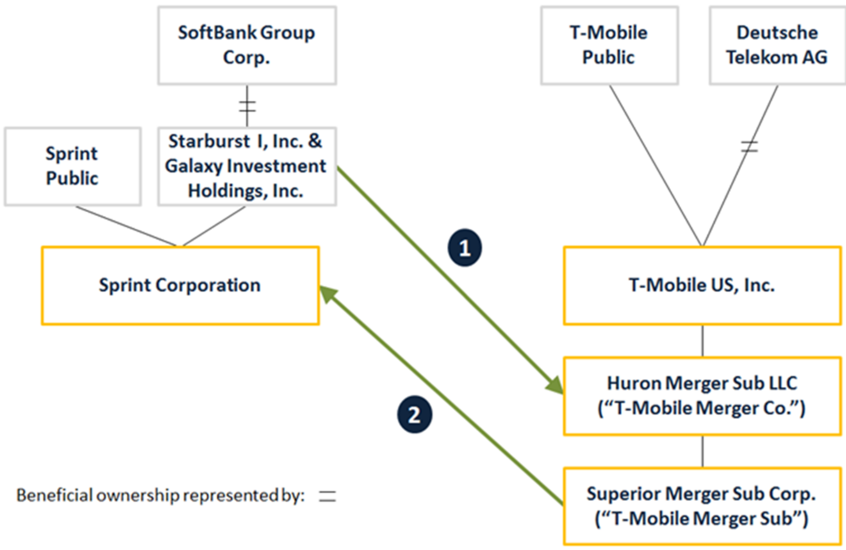
The Company assumes that the transaction will benefit the Company’s shareholders by giving the Company an equity interest in a stronger and more competitive combined company that itself will benefit from significant expected synergies.

The Company assumes that 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.

b. The Transaction details

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

(a) Merger



On April 1, 2020, each of Starburst I, Inc. and Galaxy Investment Holdings, Inc. merged 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”).

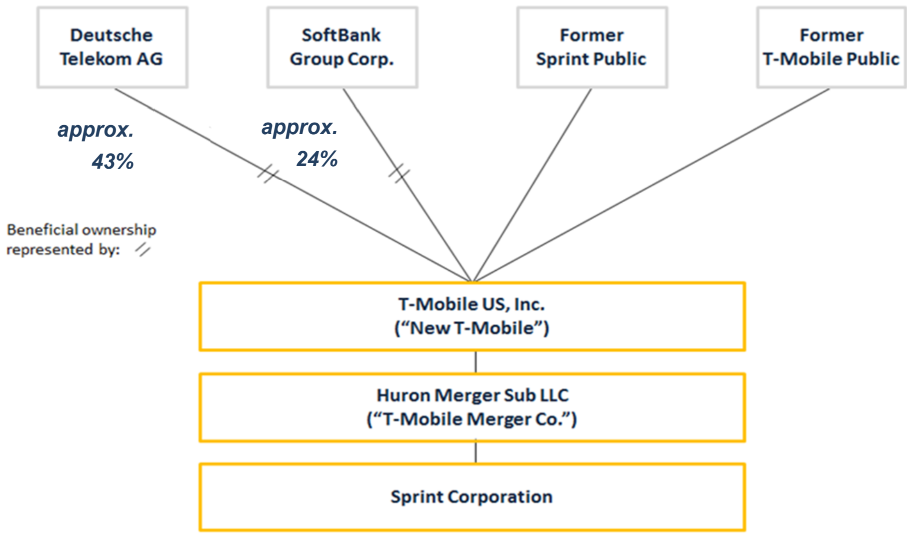
Immediately following the HoldCo Mergers, Superior Merger Sub Corp. (“T-Mobile Merger Sub”), a U.S. subsidiary owned directly by T-Mobile Merger Co., merged with and into Sprint, with Sprint as the surviving company (such merger together with the HoldCo Mergers, the “Merger Transactions”).

As a result of the Merger Transactions:

· Sprint became an indirect wholly-owned subsidiary of New T-Mobile.

· Each option to purchase Sprint common shares (other than under Sprint’s employee stock purchase plan) was converted into an option to purchase common stock of New T-Mobile.

(b) Post-transaction



Under the Transaction, the share exchange ratio is approximately at 9.75 Sprint shares for each T-Mobile share. In the meantime, the Company surrendered to New T-Mobile an aggregate of 48,751,557 shares of New T-Mobile common stock, of the 353,357,607 shares to be received from the Transaction, effective immediately following the closing of the Transaction. Immediately following the closing, and after giving effect to such surrender, Deutsche Telekom and the Company hold approximately 43% and 24%, respectively, of New T-Mobile common shares, with the remaining approximately 33% held by public shareholders (each percentage is based on fully diluted basis and indirect holdings are included). This resulted in an effective exchange ratio, immediately following the closing of the Transaction, of the equivalent of approximately 11.00 Sprint shares (approximately 11.31 shares for Sprint stock owned by the Company and its subsidiaries) for each share of T-Mobile common stock. If the trailing 45-day volume-weighted average price per share of New T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than USD 150.00 at any time during the period commencing on the second anniversary of the closing date and ending on December 31, 2025, New T-Mobile will re-issue to the Company, for no additional consideration, a number of shares of New T-Mobile common stock equal to the abovementioned number of shares to be surrendered (the "contingent consideration"), subject to the terms and conditions included as part of the Business Combination Agreement.

New T-Mobile Board of Directors consists of 14 directors, 9 nominated by Deutsche Telekom, and 3 nominated by the Company, however after New T-Mobile's 2020 annual meeting of shareholders, it is expected to be 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 subsidiaries 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 New 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 Company has also agreed to indemnify New T-Mobile and its subsidiaries following the closing of the Transaction against (i) any monetary losses arising out of or resulting from certain specified matters and (ii) the loss of value to New T-Mobile and its subsidiaries arising out of or resulting from cessation of access to spectrum of Sprint or its subsidiaries under certain circumstances.

c. 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 Mike Sievert
(d) Nature of business	Telecommunications
(e) Major shareholders and their holdings (fully diluted basis*)	Deutsche Telekom: approximately 43% The Company: approximately 24%

Note:
* The figures are calculated based on number of shares including fully diluted shares (including indirect holdings)

d. Number of shares held by the Company before and after the Merger Transactions

(a) Number of shares of Sprint held before the Merger Transactions (as of March 31, 2020)	3,445,374,483 shares (number of voting rights: 3,445,374,483) (voting ratio: 83.7%)
(b) Number of shares of New T-Mobile held after the Merger Transactions[1]	304,606,050 shares (number of voting rights: 304,606,050)[2] (voting ratio: approximately 24% (fully diluted basis))

Notes:
1. Figures are calculated based on number of shares including indirect holdings (including fully diluted shares related to warrants).
2. The voting rights will be subject to proxy arrangements granted in favor of Deutsche Telekom.

e. Impact on the consolidated financial results

Upon completion of the Transaction, for the fiscal year ending March 31, 2021, the difference between the total fair value of acquired New T-Mobile shares (304,606,050 shares) and contingent consideration (48,751,557 shares) as of April 1, 2020 and the carrying amount of Sprint in the consolidated statement of income of the Company will be recorded as a gain relating to loss of control in net income from discontinued operations, however, the amount of gain relating to loss of control has not been determined as of March 31, 2020.

2. Prepaid forward contracts using Alibaba shares

In April and May, 2020, West Raptor Holdings 2, LLC (“WRH2 LLC”) and Skybridge LLC, wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured aggregated amount of $11.5 billion.

a. Forward Contract：Procured amount $1.5 billion
The settlement is expected in April, 2024. The share price and the number of Alibaba shares settled by the prepaid forward contract are fixed regardless of changes in market share price in the future.

b. Floor Contract：Procured amount $1.5 billion
The settlement is expected in December, 2023 and January, 2024. The number of Alibaba shares settled by the prepaid forward contract is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.

c. Collar Contract：Procured amount $8.5 billion
The settlement is expected from January, 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contract is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

The above prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

WRH2 LLC and Skybridge LLC have the option (“cash settlement option”) to settle all of the prepaid forward contracts by either delivering cash or a combination of cash and Alibaba shares. If WRH2 LLC and Skybridge LLC elect the cash settlement option, in case of a. Forward Contract, cash amount equal to the number of shares multiplied by the share price for the settlement, or in case of b. Floor Contract and c. Collar Contract, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the market price of the shares, will be paid.

Alibaba shares held by WRH2 LLC and Skybridge LLC are pledged as collateral in accordance with all of the prepaid forward contracts, and the Company granted the right of use to financial institutions, however the collateral can be released by cash settlement at the Company’s discretion. Alibaba continues to be our affiliated company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. The Company applies equity method accounting to the Alibaba shares and will continuously apply the equity method to the Alibaba shares which are pledged as collateral because the Company practically holds economic benefit occurred from these shares. The carrying amount of Alibaba shares pledged as collateral by the Company as of March 31, 2020 is ¥311,680 million.

The impact of the transactions on the Company’s consolidated financial results for the fiscal year ending March 31, 2021 has not been determined.

3. Repurchase of its own shares

On May 15, 2020, SoftBank Group Corp., at the Board of Directors meeting, resolved the repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3. The details are as follows:

a. Purpose of the repurchase

Based on the program announced in “SoftBank Announces JPY 4.5 trillion (USD 41 billion) Program to Repurchase Shares and Reduce Debt” dated March 23, 2020.

b. Details of the repurchase

(a) Class of shares to be repurchased	Common stock of SoftBank Group Corp.
(b) Total number of repurchased shares	135,000,000 shares (maximum) (6.70% of the total number of shares issued (excluding treasury stock))
(c) Total repurchase amount	¥500.0 billion (maximum)
(d) Repurchase period	From May 18, 2020 to March 31, 2021

(Other Notes)

1. Details and progress of the agreement between the Company and WeWork

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

(1) Exercise price reduction of existing commitment and early payment

On October 30, 2019, the WeWork Investment Subsidiary paid the full amount of $1.5 billion for the existing commitment that was originally expected to be invested in April 2020, by lowering the exercise price from $110.00 per share to $11.60 per share. Of this advance payment for investment, a $200 million portion was converted into preferred stock of WeWork in November 2019 while the remaining $1.3 billion portion was converted into preferred stock of WeWork in April 2020. The remaining $1.3 billion portion was recorded as “other financial assets (non-current)” accounted for as financial instrument at FVTPL in the consolidated statement of financial position as of March 31, 2020.

(2) Tender Offer

The WeWork Investment Subsidiary agreed to commence a tender offer (the “Tender Offer”) worth up to $3 billion to purchase WeWork’s common stock and preferred stock from shareholders of WeWork other than the Company at a price of $19.19 per share. The Company launched the Tender Offer in November 2019, but as several of the closing conditions were not satisfied by the deadline of April 1, 2020, the Company withdrew and terminated the Tender Offer at that time.

(3) Credit support and notes purchase

The Company agreed to provide to WeWork (a) credit support for a $1.75 billion letter of credit facility provided by financial institutions, and the WeWork Investment Subsidiary agreed to purchase or arrange (b) up to $1.1 billion in senior secured notes and (c) up to $2.2 billion in unsecured notes to be issued by WeWork. Regarding (a), in December 2019, the Company entered into an agreement with financial institutions that designates the Company as a co-obligor with WeWork, while the two parties separately agreed that the Company has the right of indemnification against WeWork whenever the Company services obligations. Regarding (c), the WeWork Investment Subsidiary entered into an agreement with WeWork in December 2019. WeWork has not issued any of the unsecured notes as of March 31, 2020. Regarding (b), the Company’s obligation ceased to exist upon the termination of the Tender Offer as it was subject to the completion of the Tender Offer.

With the Company’s entry into the agreements regarding (a) and (c), as consideration, the Company has received warrants that are convertible into WeWork preferred stock at an exercise price of $0.01 per share. The warrants have become exercisable after receiving the necessary regulatory approvals in April 2020. The fair value of ¥94,195 million was recognized as “Derivative assets” when the Company entered into the agreement. The Company recorded ¥76,259 million as “Derivative loss” in the consolidated statement of financial income, which is a change of the fair value of these warrants between the time of the agreement and the fiscal year end (as of March 31, 2020)

The (a) credit support for a $1.75 billion letter of credit facility provided by financial institutions to WeWork above corresponds to a financial guarantee contract and the (c) purchase of up to $2.2 billion in unsecured notes to be issued by WeWork corresponds to a commitment to provide a loan at a below-market interest rate (the “loan commitment”). Upon the execution of the contract, the Company recorded allowance for loss on valuation for expected credit losses of ¥39,107 for the financial guarantee contract and ¥55,088 million for the loan commitment under “Other financial liabilities (current)” in the consolidated statement of financial position. The financial liabilities are measured to be the higher of the amount at the initial recognition less accumulated amortization or expected credit losses. On March 31, 2020, the expected credit losses for the financial guarantee contract and loan commitment exceeded the initially recognized amount less accumulated amortization, and the Company therefore recognized provisions for loss allowance on valuation of ¥52,349 million and ¥90,210 million, respectively. As of March 31, 2020, the Company recorded allowance for loss on valuation of ¥89,202 million for the financial guarantee contract and ¥145,133 million for the loan commitment under “Other financial liabilities (current)” in the consolidated statement of financial position.

(4) Exchange of WeWork China and WeWork Asia shares for preferred stock of WeWork

Subject to satisfactory negotiations of definitive documentation and satisfaction of certain closing conditions, it was agreed that all of SoftBank Vision Fund’s interests in WeWork China and WeWork Asia were to be exchanged for preferred stock of WeWork at $11.60 per share. Of this, the exchange of WeWork Asia shares for WeWork’s preferred stock was completed in April 2020.

2. Business Integration of Z Holdings Corporation and LINE Corporation

SoftBank Corp., NAVER Corporation (“NAVER”, and SoftBank and NAVER are collectively referred to as the

“Proposing Parties”), Z Holdings Corporation, a consolidated subsidiary of SoftBank (“ZHD”), and LINE Corporation, a consolidated subsidiary of NAVER (“LINE”), have been discussing and evaluating a business integration between ZHD and its subsidiaries (the “ZHD Group”) and LINE and its subsidiaries (the “LINE Group”) (the “Business Integration”.)

On December 23, 2019, the four companies have entered into a business integration agreement, which is a definitive and legally-binding agreement regarding the Business Integration (the “Definitive Integration Agreement”), and on the same day, the Proposing Parties have entered into a legally-binding transaction agreement regarding the Definitive Integration Agreement and joint venture agreement (the “Joint Venture Agreement”).
As one step in the series of transactions to realize the Business Integration, the Proposing Parties have decided to jointly conduct a tender offer in Japan and the United States (the “Joint Tender Offer”).

ZHD, the publicly listed integrated company following the Business Integration (the “Combined Company”), is expected to be a consolidated subsidiary of the Company. The Business Integration is conditioned on the receipt of required competition law and foreign exchange law approvals and other clearances and permits required by applicable law and regulation, which it is expected to be completed by October, 2020. The details of the method of Business Integration is described in “(2) Summary of the Business Integration.”

(1) Purpose of the Business Integration

The Business Integration will be conducted on an equal basis by ZHD and LINE with the aim of forming a business group that can overcome fierce domestic and global competition through the ZHD Group and the LINE Group bringing together their business resources and through the Combined Company group, following the Business Integration, pursuing synergies in their respective business areas as well as implementing business investment targeting growth in the areas of AI, commerce, Fintech[1], advertising, and O2O[2] and other new business areas.

Notes:

1. Fintech is a term made up of “finance” and “technology,” and it refers to activities to attempt to resolve inefficiencies in existing financial services and to innovate financial services through the utilization of smart devices including smartphones and tablets and technologies that utilize big data.
2. O2O stands for “Online to Offline,” and it refers to measures for online (internet)-based information to influence offline (real world) purchasing activities

(2) Summary of the Business Integration

In the Definitive Integration Agreement, SoftBank, NAVER, ZHD, and LINE agreed broadly on the following method of Business Integration. Please also refer to “Attachment 1 Schematic Diagram of the Business Integration” for the method of Business Integration.

① SoftBank and NAVER or its wholly owned subsidiary (a Japanese entity) (NAVER and such wholly owned subsidiary, the “NAVER Offerors”) will implement the Joint Tender Offer for the purpose of taking LINE private.

② In the event that, following the completion of the Joint Tender Offer, a portion of the Target Shares [1] have not been tendered and acquired, SoftBank and the NAVER Offerors will implement squeeze-out procedures (with the intended result that post-squeeze out, SoftBank and the NAVER Offerors shall be the only shareholders of LINE) using a reverse share split or other methods permitted by law to take LINE private (the “Squeeze-out”, and together with the Joint Tender Offer, the “Transaction to Take LINE Private”), and deliver consideration for the Squeeze-out in the same amount as the tender offer price to LINE shareholders in the Joint Tender Offer.

③ LINE will make a tender offer for ZHD shares (the “Tender Offer for ZHD Shares”) [2] for the purpose of acquiring all of ZHD shares (the “Shares to be Tendered”) held by Shiodome Z Holdings Corporation (“Shiodome Z Holdings”), which is a consolidated subsidiary of SoftBank [3].

④ Prior to the settlement of the Tender Offer for ZHD Shares, LINE will issue a corporate bond with SoftBank as the underwriter for the underwriting amount equivalent to the aggregate amount of the purchase price for the Tender Offer for ZHD Shares in order to secure the purchase funds for Tender Offer for ZHD Shares (the “Bond Issuance”).

⑤ After completion of the settlement for the Tender Offer for ZHD shares, an absorption-type merger (the “Merger”) will be conducted between Shiodome Z Holdings as the company ceasing to exist in the Merger and LINE as the surviving company. Assuming the total number of issued and outstanding LINE Shares and shares of ZHD are those of September 30, 2019 (excluding treasury shares), 180,882,293 new LINE Shares will be issued in consideration of the Merger[4], all of which will be allocated to SoftBank, which is the parent of Shiodome Z Holdings.

⑥ One day prior to the date of commencement of settlement for the Tender Offer for ZHD shares, SoftBank and the NAVER Offerors will undertake a shareholding adjustment transaction in order to make the ratio of voting rights in LINE held by SoftBank and the NAVER Offerors 50:50 immediately after the Merger becomes effective, which transaction shall take the form of a transfer of a portion of LINE Shares held by SoftBank from SoftBank to the NAVER Offerors (the “JV Conversion Transaction”). Through the Merger and the JV Conversion Transaction, LINE will become a consolidated subsidiary of SoftBank.

⑦ At the same time the Merger becomes effective, LINE will contribute all of its business (except for its shares in ZHD and the status, rights, and obligations in connection with the contracts entered into by LINE with respect to the Business Integration and any other rights and obligations specified in the absorption-type demerger agreement) to a newly formed wholly owned subsidiary (the “LINE Successor”) in an absorption-type demerger (the “Corporate Demerger”).

⑧ After the Corporate Demerger becomes effective, a share exchange will be conducted with ZHD shares as consideration whereby ZHD becomes the wholly owning parent company and the LINE Successor becomes the wholly owned subsidiary company (the “Share Exchange”).

Notes:

1. Line common shares, share options and the convertible bonds, and American depositary receipts (excluding the shares held by NAVER and the treasury shares held by Line are collectively referred to as “Target Shares.”

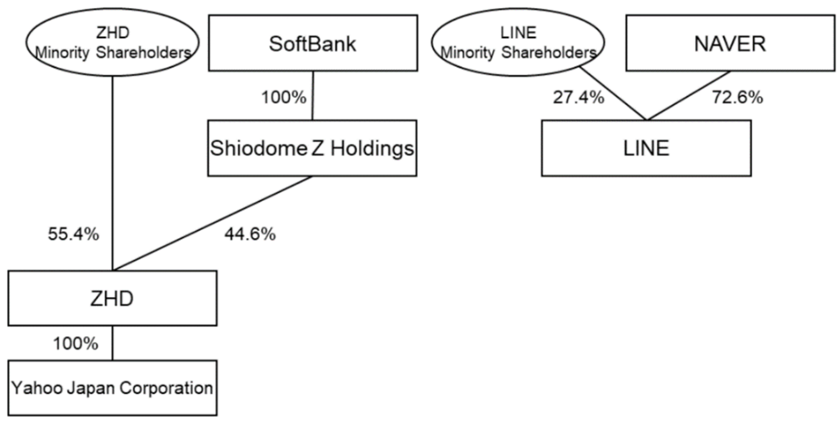
2. As disclosed in the announcement dated November 18, 2019, by SoftBank titled “Announcement of Transfer of Shares of Z Holdings Corporation through Secondary Distribution to Shiodome Z Holdings Co., Ltd.”, in connection with the Business Integration, SoftBank transferred its shares in ZHD to its wholly owned consolidated subsidiary Shiodome Z Holdings, with an execution date of December 18, 2019. In addition, Shiodome Z Holdings Co., Ltd. was reorganized into a limited liability company as of March 31, 2020.

3. Because the Tender Offer for ZHD Shares is scheduled to be conducted approximately nine months after today and will be conducted in accordance with an agreement between SoftBank and NAVER to transfer the Shares to be Tendered from Shiodome Z Holdings to LINE, the method and terms of the transfer of the Shares to be Tendered from Shiodome Z Holdings to LINE may change to the extent permitted by applicable law and regulation. In addition, the Tender Offer for ZHD Shares will not be conducted, directly or indirectly, in the United States, and will not be extended to, or for the benefit of, shareholders in the United States, who are definitively excluded from the Tender Offer for ZHD Shares.

4. However, based on the result of the Squeeze-out or if there is any other reason that requires reasonable adjustment, SoftBank and NAVER intend to make appropriate adjustments according to such result or reason through a separate agreement.

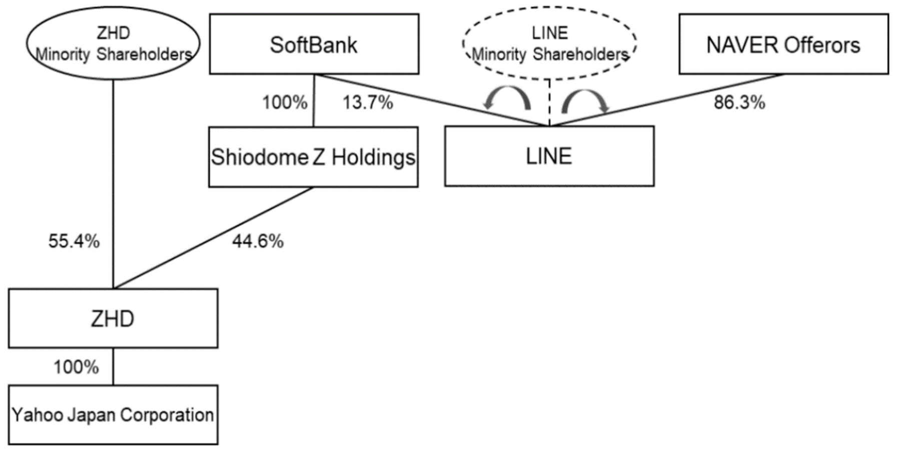
The details of the method of Business Integration are described in “Schematic Diagram of the Business Integration” below.

Schematic Diagram of the Business Integration

As of December 23, 2019	

<table>
<tr>
<td rowspan="2">① The Joint Tender Offer
(Joint tender offer for LINE shares, etc.)

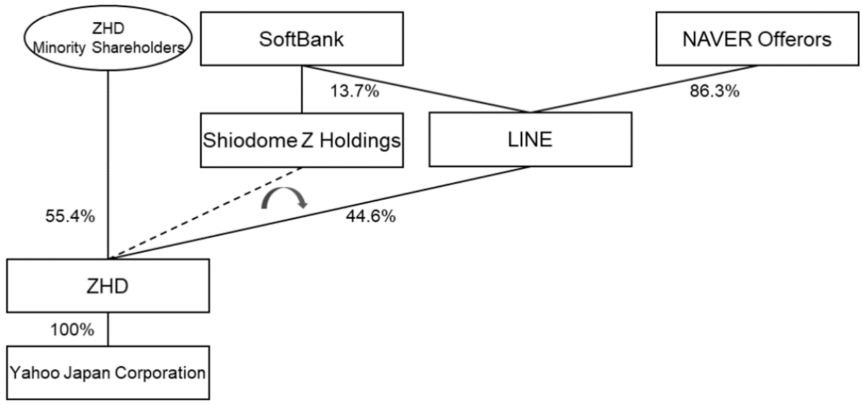
And

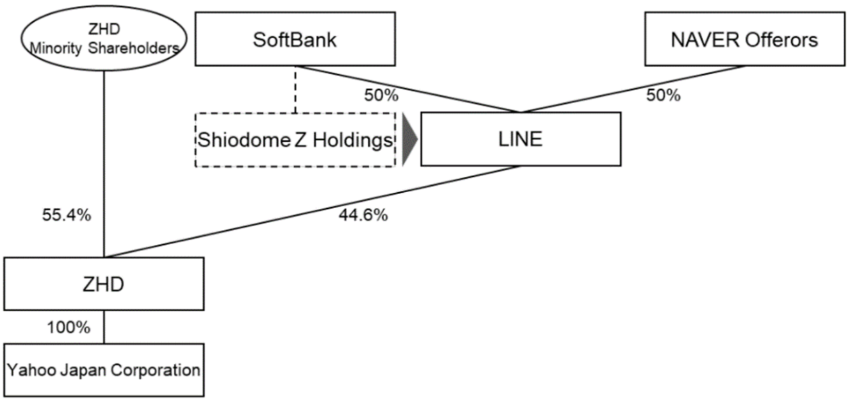
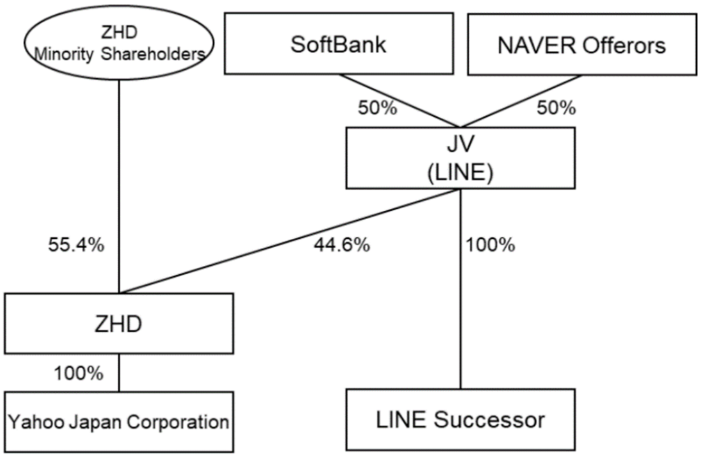
② The Squeeze-out</td>
<td>
</td>
</tr>
<tr>
<td>① SoftBank and the NAVER Offerors will jointly conduct the Joint Tender Offer for the purpose of taking LINE private. The commencement of the Joint Tender Offer is targeted to occur during the period from May to June 2020, and the Tender Offer Period is intended to be at least 30 business days, but it is difficult to accurately predict the amount of time required for procedures with the competition authorities in Japan and abroad, and therefore the detailed schedule of the Joint Tender Offer will be announced as soon as it is finalized. The aggregate amount of the purchase price is expected to be approximately 372.0 billion yen, with SoftBank and the NAVER Offerors each purchasing 50%.

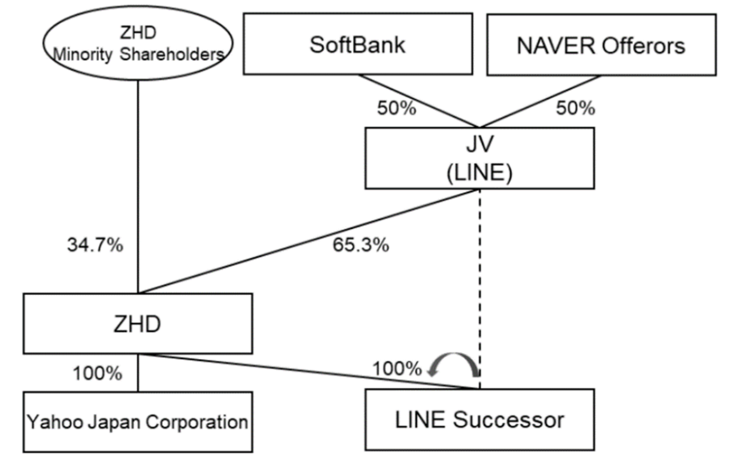
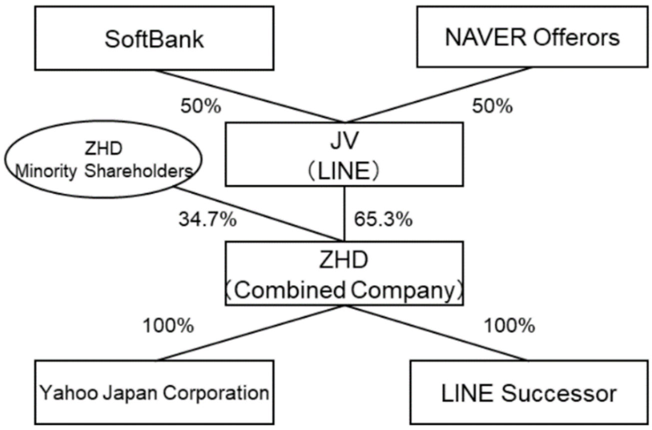
② In the event that the Joint Tender Offer is completed and all of the Target Shares have not been acquired in the Joint Tender Offer, the Squeeze-out using a reverse share split or other methods will be deployed to take LINE private and to make SoftBank and the NAVER Offerors the only shareholders of LINE, and will provide LINE shareholders with the same amount as the Tender Offer Price in the Joint Tender Offer.</td>
</tr>
</table>

<table>
<tr><td rowspan="2">③ The Tender Offer for ZHD Shares

And

④ The Bond Issuance (Issuance of corporate bond by LINE)</td><td>
</td></tr>
<tr><td>③ LINE will conduct the Tender Offer for ZHD Shares for the purpose of acquiring all ZHD shares held by Shiodome Z Holdings. The commencement of the Tender Offer for ZHD Shares is targeted to occur in early September 2020, but it is difficult to accurately predict the amount of time required for procedures with the competition authorities in Japan and abroad, and therefore, the detailed schedule of the Tender Offer for ZHD Shares will be announced as soon as it is finalized. In addition, the aggregate amount of the purchase price will be the number of shares to be purchased (2,125,366,950 shares) multiplied by the tender offer price pertaining to the Tender Offer for ZHD Shares (348 yen (or, if the lesser of (i) the closing price of ZHD shares on the First Section of the Tokyo Stock Exchange on the business day before the date of commencement of the Tender Offer for ZHD Shares and (ii) the simple average closing price over the past one month to the same date, discounted by 5% (rounded down to the nearest yen), is below 348 yen, then the amount of (i) or (ii), whichever is less than 348 yen); however, the specific amount is still to be finalized.
④ Prior to the settlement of the Tender Offer for ZHD Shares, LINE will issue bonds with SoftBank as the underwriter in order to secure the purchase funds for the Tender Offer for ZHD Shares. SoftBank and NAVER have agreed that the amount to be paid for the Bond Issuance will be equivalent to the aggregate amount of the purchase price in the Tender Offer for ZHD Shares.</td></tr>
</table>

⑤ The Merger (Merger of Shiodome Z Holdings and LINE) And ⑥ The JV Conversion Transaction (Transaction to adjust the voting rights ratio in LINE held by SoftBank and the NAVER Offerors to 50:50)	 ⑤ After completion of the settlement of the Tender Offer for ZHD Shares, the Merger will be conducted with Shiodome Z Holdings as the company ceasing to exist in the Merger and LINE as the surviving company. Assuming the total number of issued and outstanding LINE Shares and shares of ZHD is that of September 30 2019 (excluding treasury shares), 180,882,293 new LINE Shares will be issued in consideration of the Merger, all of which will be allocated to SoftBank, which is the parent of Shiodome Z Holdings. ⑥ One day prior to the settlement start date of the Tender Offer for ZHD Shares, SoftBank and the NAVER Offerors will undertake a shareholding adjustment transaction in order to make the ratio of voting rights in LINE held by SoftBank and the NAVER Offerors 50:50 immediately after the Merger becomes effective, which transaction shall take the form of a transfer by SoftBank of a portion of the LINE Shares held by SoftBank to the NAVER Offerors immediately after the Merger becomes effective. Through the Tender Offer for ZHD Shares and the JV Conversion Transaction, LINE will become a consolidated subsidiary of SoftBank.
⑦ The Corporate Demerger (Demerger by LINE of all of its business to the LINE Successor)	 ⑦ At the same time the Merger becomes effective, LINE will contribute all of its business (except for its shares in ZHD and the status, rights, and obligations in connection with the contracts entered into by LINE with respect to the Business Integration and any other rights and obligations specified in the absorption-type demerger agreement) to the LINE Successor to be newly established by LINE in the Merger.

<table>
<tr><td rowspan="2">⑧ The Share Exchange (Share exchange between ZHD and LINE)</td><td>
</td></tr>
<tr><td>⑧ After the Corporate Demerger becomes effective, a share exchange will be conducted with ZHD shares as consideration whereby ZHD becomes the wholly owning parent company and the LINE Successor becomes the wholly owned subsidiary company. The exchange ratio for the Share Exchange (allotted ratio of ZHD Shares to be exchanged for one share of the LINE Successor) is 11.75, and the Share Exchange is scheduled to be effective in October 2020.</td></tr>
<tr><td>After the Business Integration</td><td>
</td></tr>
</table>

(3) Outline of the parties

a. Parties involved in the Business Integration

(a) Outline of subsidiary subject to change

①	Name	LINE Corporation
②	Address	4-1-6 Shinjuku, Shinjuku-ku, Tokyo
③	Name and title of representative	Takeshi Idezawa, Representative Director and President
④	Nature of business	Advertising service based on the mobile messenger application “LINE,” core businesses including the sales of stamp and game service, and strategic businesses including Fintech, AI, and commerce service.
⑤	Share capital	JPY 96,535 million (as of September 30, 2019)
⑥	Major shareholders and shareholding ratios (as of June 30, 2019)	NAVER 72.64% MOXLEY & CO LLC 3.64% JAPAN TRUSTEE SERVICES BANK, LTD. 2.11%

b. Parties to the Merger

(a) Company ceasing to exist in the Merger

①	Name	Shiodome Z Holdings Co., Ltd.
②	Address	1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo
③	Name and title of representative	Kazuhiko Fujihara, Representative Director
④	Nature of business	Business preparation company
⑤	Share capital	JPY 10 million (As of March 31, 2019)

⑥	Major shareholders and shareholding ratios (as of September 30, 2019)	SoftBank Corp.	100%

Note: Shiodome Z Holdings Co., Ltd. was reorganized into a limited liability company as of March 31, 2020.

(b) Surviving company in the Merger

For an overview of LINE, which will be the surviving company in the Merger, please refer to "(a) Outline of subsidiary subject to change" in "a. Parties involved in the Business Integration" under "(3) Outline of the parties."

(c) Status of the surviving company after the Merger

①	Name	LINE Corporation
②	Address	4-1-6 Shinjuku, Shinjuku-ku, Tokyo
③	Name and title of representative	Takeshi Idezawa, Representative Director and President
④	Nature of business	Advertising service based on the mobile messenger application "LINE," core businesses including the sales of stamp and game service, and strategic businesses including Fintech, AI, and commerce service.
⑤	Share capital	JPY 96,535 million (as of September 30, 2019)

Note:

The status prior to the Corporate Demerger becoming effective is shown. LINE plans to transfer all of its business to the LINE Successor through the Corporate Demerger, and after the Corporate Demerger becomes effective, LINE (the JV) will hold ZHD (the Combined Company) shares in order to run the business that controls and manages ZHD business activities and to run associated operations. In addition, the name of LINE (the JV) will be changed after the Corporate Demerger becomes effective, but the name after the change has not yet been decided.

c. Outline of the parties

(a) Wholly owning parent company in the Share Exchange and the wholly owned subsidiary in the Share Exchange

		Wholly owning parent company in Share Exchange		Wholly owned subsidiary company in Share Exchange	
①	Company name	Z Holdings Corporation		Preparatory corporation for demerger of LINE	
②	Address	Tokyo Garden Terrace Kioi-cho Kioi Tower, 1-3, Kioicho, Chiyoda-ku, Tokyo		4-1-6 Shinjuku Shinjuku-ku, Tokyo	
③	Name and title of representative	Kentaro Kawabe, Representative Director, President and CEO		Takeshi Idezawa, Representative Director	
④	Nature of business	Management of group companies and related operations		Company for preparation of operations	
⑤	Capital	JPY 237,404 million (as of September 30, 2019)		150 million yen (as of the founding date of December 13, 2019)	
⑥	Major shareholders and shareholding ratios * (as of September 30, 2019)	SoftBank Corp.	44.6%	LINE Corporation	100%
		STATE STREET BANK AND TRUST COMPANY 505325	3.0%		
		SSBTC CLIENT OMNIBUS ACCOUNT	1.9%		
		JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	1.8%		
		The Master Trust Bank of Japan, Ltd. (Trust account)	1.8%		
		GOLDMAN, SACHS & CO. REG	1.7%		
		JP MORGAN BANK LUXEMBOURG S. A. 1300000	1.5%		
		JP MORGAN CHASE BANK 385632	1.2%		
		BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	1.1%		
		JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	1.0%		

Note:
*ZHD is also holding 60,021,000 treasury shares in addition to the above.

(b) Outline of the wholly owning parent company in share exchange after the Share Exchange

①	Company name	Z Holdings Corporation
②	Address	Tokyo Garden Terrace Kioi-cho Kioi Tower, 1-3, Kioicho, Chiyoda-ku, Tokyo
③	Name and title of representative	Takeshi Idezawa, Representative Director and Co-CEO Kentaro Kawabe, Representative Director, President and Co-CEO
④	Nature of business	Management of group companies and related operations
⑤	Share capital	Not yet finalized.

(4) Impact on the future performance

Impact on the results of our business and operations due to the Joint Tender Offer and the Business Integration are not determined.

(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 associates) is calculated based on past credit loss experience. Individual allowances for doubtful accounts deemed to be uncollectible and receivables from associates 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.

(Notes on changes in presentation)

Statement of Income

"Reversal of allowance for doubtful accounts," which was included in "Other" in non-operating income in the previous fiscal year, is presented separately from this fiscal year because of its increasing importance in terms of amount. In addition, "Reversal of allowance for doubtful accounts" in the previous fiscal year was 1,046 million yen.

(Notes relating to Balance Sheet)

	Millions of yen
1. Accumulated depreciation of property and equipment	¥2,889

2. Guarantee obligation

Guarantee（Nature of guarantee obligation）	Millions of yen
[Guarantee obligation]	
Cayman Project 2 Limited (Financial guarantee contract)	¥ 90,037
SB Investment Advisers (UK) Limited (Clawback contract)	47,819
SoftBank Group Capital Limited (Lease contract of office space）	1,472
Subtotal	139,328
[Letter of awareness for management service]	
SBG Cleantech ProjectCo Private Limited (Sponsor support agreement)	32,700
Subtotal	32,700
Total	¥ 172,028

Joint and several obligor（Nature of Joint and several obligation）	Millions of yen
[Joint and several obligation]	
WeWork Companies LLC (Letter of credit for real estate lease agreement) (Note)	¥145,338
Subtotal	145,338

(Notes) If SoftBank Group Corp. fulfills the joint and several obligation, it will have the right to obtain reimbursement against WeWork Companies LLC. In addition, the guarantee limit is $ 1.75 billion.

3. Dispute

For details, please refer to “Notes to Consolidated Financial Statements (Notes Relating to Consolidated Statement of Financial Position)” “5 Contingency (3) Litigation” “a. WeWork Tender Offer Litigation”, “Notes to Consolidated Financial Statements (Notes Relating to Consolidated Statement of Financial Position)” “5 Contingency (4) Others”.

4. Monetary receivables from and payables to subsidiaries and associates

	Millions of yen
Short-term monetary receivables	¥100,697
Long-term monetary receivables	971,594
Short-term monetary payables	1,927,604
Long-term monetary payables	1,695,954

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

	Millions of yen
Monetary receivables	¥66,850
Monetary payables	174

6. The contribution in kind to the funds .

SoftBank Group Corp. invests in SoftBank Vision Fund L.P. and Softbank Vision Fund Ⅱ- Latin America L.P. through cash and share contributions-in-kind. 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 , and a part of the amount of the investment in Softbank Vision Fund Ⅱ- Latin America L.P. is recorded as “Investments in consolidated and affiliated Godo Kaisha and partnerships” on the Balance Sheet.

The amount of the investment in kind to the funds on the Balance Sheet is as follows:

	Millions of yen
SVF HOLDCO (UK) LIMITED	¥610,068
LA BI Holdco LLC	46,759

(**Notes relating to Statement of Income**)

1. Loss on valuation of shares of subsidiaries and associates

The component is mainly as follows:

	Millions of yen
SB WW Holdings (Cayman) Limited	¥537,010
ONEWEB GLOBAL LIMITED	57,726

2. Loss on valuation of investments in consolidated and affiliated partnerships

The component is mainly as follows:

	Millions of yen
The We Company(Warrant)	¥60,225
ONEWEB GLOBAL LIMITED(Warrant)	46,966

3. Provision of allowance for doubtful accounts

The component is mainly as follows:

	Millions of yen
ONEWEB GLOBAL LIMITED	¥73,642

4. Transactions with subsidiaries and associates

	Millions of yen
Operating revenue	¥101,542
Operating expenses	13,658
Non-operating transactions	394,121
Purchase of equity securities	30,979
Sales of equity securities	228,046

(**Notes relating to Statement of Changes in Equity**)

Class and number of treasury stocks as of March 31, 2020

Number of common stocks	21,818,471 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	¥865,687
Tax loss carryforwards	741,385
Deferred taxable loss on the sale of shares of a subsidiary to a 100%-owned subsidiary under Japanese group taxation regime	202
Deferred assets	11,552
Investments in consolidated and affiliated Godo Kaisha and partnerships	28,177
Others	79,266
Gross deferred tax assets	1,726,271
Less: valuation allowance on loss carry-forwards	(741,385)
Less: valuation allowance on deductible temporary differences	(798,082)
Total valuation allowance	(1,539,468)
Total deferred tax assets	186,803

Deferred tax liabilities	Millions of yen
Investments in subsidiaries and associates	(186,803)
Deferred taxable gain on the sale of shares of a subsidiary to a 100%-owned subsidiary under Japanese group taxation regime	(288)
Foreign exchange gain	(3,733)
Valuation difference on available-for-sale securities	(2,755)
Others	(4,960)
Total deferred tax liabilities	(198,541)
Net deferred tax liabilities	¥(11,738)

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

1. Subsidiaries and associates

Category	Name	Voting rights (%) (Note1)	Nature of transaction	Note	Amount of transaction (Note 11)	Account	Balance at March 31, 2020 (Notes 10, 11)
					Millions of yen		Millions of yen
Subsidiary	Skywalk Finance GK	Direct 100.0% Indirect 0.0%	Borrowing of long-term loans payable		¥464,861	Current portion of long-term loans payable	¥1,015,997
			Interest payment	5	29,263	Accrued expenses	1,245
			Payment of refinance-related expenses	6	5,793	Accounts payable - other	4,469
Subsidiary	SoftBank Group Japan Corporation	Direct 100.0%	Borrowing of long-term loans payable (net of repayment)		343,634	Long-term loans payable	1,401,802
			Interest payment	5	3,534	Accrued expenses	1,373
Subsidiary	Net Culture GK	Direct 100%	Capital contribution		300,000		
			Lending of long-term loans receivable (net of receipts)		13,892	Long-term loans receivable	192,936
			Interest receipt	7	2,493		
Subsidiary	SBG Managers GK	Direct 100%	Lending of long-term loans receivable (net of receipts)		178,489	Long-term loans receivable	178,489
			Interest receipt	7	2,980	Other current assets	1,586
Subsidiary	SoftBank Vision Fund L.P.	– (Note 2)	Capital contribution		741,680		
Subsidiary	SB INVESTMENT HOLDINGS (UK) LIMITED	Indirect 100.0%	Receipts of short-term and long-term loans receivable (net of lending)		689,738	Short-term loans receivable	9,814
						Long-term loans receivable	11,971
			Interest receipt	7	8,762	Other current assets	49
						Investments and other assets	737
Subsidiary	SoftBank Group Capital Limited	Direct 100.0%	Receipts of short-term loans receivable		309,729		
			Interest receipt	7	13,634	Other current assets	14,181
			Repayment of short-term loans payable (net of borrowing)		132,622	Short-term loans payable	418,190
			Interest payment	5	8,948	Accrued expenses	1

Category	Name	Voting rights (%) (Note1)	Nature of transaction	Note	Amount of transaction (Note 11)	Account	Balance at March 31, 2020 (Notes 10, 11)
					Millions of yen		Millions of yen
Subsidiary	SB WW Holdings (Cayman) Limited	Direct 100%	Capital contribution		¥405,340		
Subsidiary	SB Delta Fund (Jersey) L.P.	- (Note 3)	Return of contribution and fund distribution		382,337		
Subsidiary	SB Triangle Holdco (Jersey) Limited	Indirect 100.0%	Lending of short-term loans receivable (net of receipts)		302,256	Short-term loans receivable	319,571
			Interest receipt	7	8,185	Other current assets	4,039
Subsidiary	SoftBank Vision Fund II-2 L.P	- (Note 4)	Capital contribution		206,037		
Subsidiary	West Raptor Holdings, LLC	Indirect 100.0%	Borrowing of long-term loans payable		181,909	Long-term loans payable	181,909
			Interest payment	5	3,557	Non-current liabilities Other liabilities	3,548
Subsidiary	Hayate Corporation	Direct 100%	Borrowing of short-term loans payable (net of repayment)		135,263	Short-term loans payable	135,263
			Interest payment	5	2,102		
Associate (Including subsidiaries of the associate)	The We Company	Indirect 34.78%	Credit support for payment guarantee	8	-		
			Receipt of penny warrant (conversion price of USD 0.01)	9	-		

The terms of transactions and the policies

(Notes) 1. For Godo Kaisha, this column represents the ratio of investment amount to total capital and capital surplus.

2. The commitment ratio of Softbank Group Corp. is 28.50% of total committed capital contribution.
3. The commitment ratio of Softbank Group Corp. is 100% of total committed capital contribution.
4. The commitment ratio of Softbank Group Corp. is 100% of total committed capital contribution.
5. The interest rates for loans to related parties are determined in reference to market interest rates.
6. The interest rates for borrowings from related parties are determined in reference to market interest rates.
7. The payment of refinancing-related expenses is determined by negotiation, with reference to market conditions.
8. SoftBank Group Corp. provides credit support to the US $ 1.75 billion payment guarantee facility to a subsidiary of The We Company by a financial institution. For details, please refer to “Consolidated Note (Other Notes) 1 (3)”..
9. This warrant can be converted into preferred shares of The We Company for $ 0.01 per share, which was received in consideration of the purchase of unsecured bonds totaling US $ 2.2 billion issued by The We Company by limited partnership a wholly owned by SoftBank Group Corp. and credit support for the guarantee of payments to a subsidiary of The We Company by financial institutions. For details, please refer to “Consolidated Note (Other Notes) 1 (3)”.
10. The foreign currency-denominated balance is translated at the exchange rate (USD 1=JPY 108.83, EUR 1=JPY 119.55) as of March 31, 2020.
11. 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 11)	Account	Balance at March 31, 2020 (Note 11)
					Millions of yen		Millions of yen
Director and shareholder (Individual)	Masayoshi Son（Son Assets Management LLC)	Owned directly 21.3%	Temporary advance for expenses on behalf of Son Assets Management LLC		¥359	Other current assets	¥127
			Office facility usage	1	39		
			Refund of guarantee deposit		-	Non-current liabilities Other liabilities	174
Director	Ken Miyauchi	Owned directly 0.2%	Exercise of stock acquisition rights		1,540		

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.

Incentive plan

As part of the incentive plan, SoftBank Group Corp. has provided certain executives of SoftBank Group Corp. with loans for which purchase of SoftBank Group Corp. shares as the purpose of the funds.

(1) Incentive plan in April / July 2018

SoftBank Group Corp. loaned ¥10,992 million to certain executives of the Company in February 2020, as a part of the incentive plan approved by the Board of Directors in April 2018. Transaction amounts and balance at end of period related to the incentive plan approved by the Board of Directors in April 2018 and July 2019 between SoftBank Group Corp. and related parties for the year ended March 31, 2020 are as follows.

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 11)	Account	Balance at March 31, 2020 (Note 11)
					Millions of yen		Millions of yen
Director	Marcelo Claure	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	2, 4 5, 6	-	Long-term loans receivable	¥11,109
			Interest receipt	2, 4 5, 6	327	Other current assets	274
Director	Katsunori Sago	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	3, 4, 6	-	Long-term loans receivable	5,554
			Interest receipt	3, 4, 6	81	Other current assets	67
			Borrowing of long-term loans payable	3	3,000		
			Interest payment	3	42		

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 11)	Account	Balance at March 31, 2020 (Note 11)
					Millions of yen		Millions of yen
Director	Rajeev Misra	Owned directly 0.2%	Lending of long-term loans receivable (net of receipts)	2, 4 5, 6	¥10,992	Long-term loans receivable	¥10,992
			Interest receipt	2, 4 5, 6	43	Other current assets	43
Director	Ken Miyauchi	Owned directly 0.2%	Lending of long-term loans receivable (net of receipts)	3, 4 6	-	Long-term loans receivable	5,555
			Interest receipt	3, 4 6	81	Other current assets	67

The terms of transactions and policies

(Notes) 2.The interest rate for the loan is set at a fixed rate of 2.94%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. 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 set at a fixed rate of the 1.45%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. 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..

(2) Incentive plan in February 2020

SoftBank Group Corp. loaned ¥32,976 million to certain executives of SoftBank Group Corp. in February 2020, as a part of the incentive plan approved by the Board of Directors in February 2020. Transaction amounts and balance at end of period related to the incentive plan approved by the Board of Directors in February 2020 between SoftBank Group Corp. and related parties for the year ended March 31, 2020 are as follows

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note 11)	Account	Balance at March 31, 2020 (Note 11)
					Millions of yen		Millions of yen
Director	Marcelo Claure (Claure Holdings LLC)	Owned directly 0.1%	Lending of long-term loans receivable (net of receipts)	7, 8 9, 10	¥16,488	Long-term loans receivable	¥16,488
			Interest receipt	7, 8 9, 10	43	Other current assets	43
Director	Rajeev Misra	Owned directly 0.2%	Lending of long-term loans receivable (net of receipts)	7, 8 9, 10	16,488	Long-term loans receivable	16,488
			Interest receipt	7, 8 9, 10	43	Other current assets	43

The terms of transactions and policies

(Notes) 7.The interest rate for the loan is set at a fixed rate of 1.93%, which was determined based on market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the loan periods. The maturity date for the loans is seven years after the loan execution date and the borrower is required to make a single payment at maturity. 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.

8. Transfer of shares of SoftBank Group Corp. purchased through this loan is restricted for 12 months from the effective date of the contract. After that, the shares that can be transferred will increase by 20% every 3 months, and after 24 months all the shares will be transferable.

9. If a 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”).

10. 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..

11. 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	¥2,000.51
Net loss per share	¥465.10

Note: SoftBank Group Corp. conducted a share split at a ratio of two-for-one effective June 28, 2019. “Net loss per share” is calculated assuming that the share split was conducted at the beginning of the current fiscal year.

(Other notes)

1. Equity commitment

Main undrawn commitment as of March 31, 2020

SoftBank Vision Fund L.P. and its alternative investment vehicles	$3.7billion
SB Delta Fund (Jersey)L.P.	$0.6billion

2. Impact of the novel coronavirus (“COVID-19”)

With the recent global outbreak of COVID-19, SoftBank Group Corp.'s latest business performance has already been adversely effected. The duration and extent of the effects over longer terms cannot be reasonably estimated at this time. If the pandemic continues, SoftBank Group Corp. expects that uncertainty will remain in its businesses over the next fiscal year. The risks and uncertainties in the future earnings, cash flows and financial condition of SoftBank Group Corp.'s investees, depend on the nature and duration of self-restraint of economic activities and the longer term effects on the demand for their products and services.

Under such circumstances, significant estimates used in the preparation of our financial statements including those associated with evaluations of SoftBank Group Corp.'s investments, loans and guarantee obligations are based on information and the facts available at the time when the financial statements are prepared and estimated at reasonable amounts, taking into account the duration of the spread of COVID-19 infection and the risks and uncertainties associated with its impact. However, future uncertainties may cause a discrepancy between the estimated amount as a result of the best estimate and the subsequent results.

(Significant subsequent events)

1. In-kind contribution of Alibaba shares

SoftBank Group Corp. made the following contribution-in-kind on April 6, 2020.

(1) Reason for contribution-in-kind

Financing through prepaid forward contracts using Alibaba shares

For details, please refer to “Notes to Consolidated Financial Statements (Significant subsequent events)”“2.Prepaid forward contracts using Alibaba shares”.

(2) Counterparty of contribution-in-kind

SoftBank Group Japan Corporation (wholly-owned subsidiaries of SoftBank Group Corp.)

(3) Type of transferred assets

Alibaba Group Holding Limited shares

(4) Timing of transfer

April 6, 2020

(5) Transfer price

¥377,543 million

(6) Other important covenants

The outline of the financing is as follows.

① Use of funds

General business purpose of the company

② Name of borrower

SoftBank Group Japan Corporation(wholly-owned subsidiaries of SoftBank Group Corp.)

③ Borrowing amount and borrowing conditions Timing of borrowing, repayment deadline

Borrowing on April 17, 2020: ¥161,910 million. Base interest rate: TIBOR one month + spread 0.2%. Repayment date: June 30, 2021.

Borrowing on April 30, 2020: ¥160,546 million. Base interest rate: TIBOR one month + spread 0.2%. Repayment date: June 30, 2021.

Borrowing on May 7, 2020: ¥275,372 million. Base interest rate: TIBOR one month + spread 0.2%. Repayment date: June 30, 2021.

Borrowing on May 14, 2020: ¥364,346 million. Base interest rate: TIBOR one month + spread 0.2%. Repayment date: June 30, 2021.

④ Content of collateral assets or guarantee
Not applicable

⑤ Other important covenants
Not applicable

2. Repurchase of its own shares
For details, please refer to “Notes to Consolidated Financial Statements (Significant subsequent events)”“3. Repurchase of its own shares”.